

## Daily Economic News Summary: 16 August 2017

### India @70: Independence Day Special

#### 1. Modi's Independence speech is all about creating a 'New India'

Source: Business Standard ([Link](#))

Independence Day speech of Prime Minister Narendra Modi looked beyond the Lok Sabha polls due in April 2019 to give a call for building a “new India” by 2022...Modi said by 2022, the 75th anniversary of India's independence, he envisioned a country where each family would have a concrete house, electricity, and power supply; farmers would earn twice of what they get currently; the country would be free of terrorism, communalism, casteism, corruption, and nepotism; and it would be clean and healthy... he spoke at length about the successes of his government, including demonetisation and the roll-out of the goods and services tax (GST). The PM also said he would ensure completion of 99 unfinished projects he announced last year by 2019...Modi said his government's efforts had resulted in more taxpayers filing income-tax returns. The numbers, he said, had more than doubled from 2.2 million last year to 5.6 million this year. He said over 1.8 million people have been identified who earned more than their declared income...On the GST roll-out, the PM said it had increased efficiency by 30% and brought corruption down. He said truck drivers were saving 30% in travel time. The PM also said digital transactions had increased by 34% since last year, while prepaid transactions had increased 44%.

#### 2. It is consumer focus that builds successful firms, big or small

Source: Business Standard ([Link](#))

In the last decade, two home-grown companies Flipkart and IndiGo have redefined services that have become the benchmark for consumers...IndiGo redefined flying for consumers, bringing in an assembly line approach to ensure on time performance and connect crucial routes, which became the benchmark that passengers expected airlines to deliver. The same goes for Flipkart. It is not the first e-commerce firm, there were dozens before it. Flipkart's customer service and promise to deliver goods made it the biggest e-commerce company in the country...There have been firms, both local and multinational, that have begun delivering services and products to Indian consumers, the cream of whom have been exposed to global brands. The success of Flipkart has made Amazon set up shop in India and become aggressive in grabbing marketshare...The opportunity in India is unlimited. “We

have to unlearn the offshoring business, unlearn investing in proven business models, emulate China, and relearn how to develop products for Indian customers,” says Bhagavatula chairperson, Entrepreneurial Ecosystem Development, IIM, Bangalore.

### **3. Independence Day 2017: GST rollout improves business efficiency by 30%, says PM Narendra Modi**

**Source: Financial Express ([Link](#))**

The abolition of inter-state check posts after the implementation of GST has reduced time for movement of goods by 30 per cent and saved thousands of crores of rupees, Prime Minister said...Goods and Services Tax, which unified more than a dozen central and state levies, is a result of cooperative federalism and its smooth rollout from July 1 has increased efficiencies of business. Modi said technology has made the rollout smooth in a short span of time. “Trucks (carrying goods) are saving 30 per cent (travel) time post GST as check posts have been removed. This has helped save thousands of crores of rupees and more importantly time,” he said. Business efficiency, he said, has increased. “Efficiency has increased in transport sector by 30 per cent and because of GST such a big change has happened,” he said...The new indirect tax regime has subsumed over a dozen state and central levies like excise duty, service tax and VAT, and has replaced them with four tier tax structure of 5, 12, 18 and 28 per cent for goods and services across the country. GST has removed inter-state barriers to convert India into a single market where goods and services can flow seamlessly. State border check posts scrutinised material and location-based tax compliance, resulting in delays in delivery of goods and cause environment pollution as trucks queue up for clearance.

### **4. India's retail inflation rises to 2.36 percent in July**

**Source: The Economic Times ([Link](#))**

India's annual consumer price inflation picked up to 2.36 percent in July from 1.54 percent in June, as a decline in food prices slowed sharply, government data showed on Monday. The rise was faster than the 1.87 percent forecast by economists in a Reuters poll. Inflation was 1.54 percent in June - the slowest pace since India started releasing retail inflation data in January 2012 based on combined data for rural and urban consumers. Commenting on the figures, Anjali Verma, economist, Phillipcapital India, said: "(Inflation of) 2.36 percent is in line with our expectations. This has largely been led by higher vegetable prices, which is also reflecting in WPI...Puneet Pal, head of fixed

income, BNP Paribas Mutual Fund, said: "It's too early to say if inflation in India is undergoing a structural shift. By March 2018, expect overall inflation to be below 4 percent. The only caveat to this are food prices since right now we are seeing only vegetable prices going up.

#### **5. India, Mexico plan to set up CEO Forum to boost trade ties**

**Source: The Hindu: Business Line ([Link](#))**

India and Mexico are planning to set up a CEO Forum of top businesses to coincide with Mexican President Enrique Pena Nieto's proposed visit to India next year. While the initiative to bring the industry closer follows Prime Minister Narendra Modi's visit to Mexico last year, US President Donald Trump's decision to cold shoulder its long-term ally and neighbour may have speeded up things, a government official told. Mexico, which is looking at intensifying its economic partnership with big markets such as China and India following the cooling of relations with the US, believes that bilateral trade with India could touch \$10 billion in the next five years from \$6.41 billion at present with the right kind of policy push. India, too, is eager to have closer business relations with the country which could be an alternative destination for Indian IT companies located in the US if the country stiffens its visa rules further. Top companies such as TCS and Infosys already have operations in Mexico.

#### **6. India, Turkmenistan hold talks on crucial transit corridor via Iran, Oman**

**Source: The Hindu: Business Line ([Link](#))**

India and Turkmenistan on Monday discussed ways to establish a transport transit corridor between Iran, Oman and Turkmenistan...The two sides discussed India's joining the Ashgabat Agreement that envisages establishment of International Transport and Transit Corridor between Iran, Oman and Turkmenistan, said an official source. They also discussed ways to expand and deepen bilateral cooperation. The meeting comes within days of Gadkari visiting Iran and stating that Chabahar port would be operational next year. Turkmenistan is known for having one of the largest gas reserves globally...Further, this move would also be in synch with India's efforts to implement the International North South Transport Corridor (INSTC) for enhanced connectivity. INSTC-Express Corridor is a transport link between India and Russia.

## **7. Indian brands await global recognition**

**Source: The Hindu: Business Line ([Link](#))**

As the seventh largest economy in the world, India is home to some major brands that continue to remain mostly unnoticed on the global stage. Though there are a number of Indian businesses that are global, many have not been able to establish themselves as global brands, according to branding experts at Interbrand, a global brand consultancy. Corporate chieftains, advertising and branding experts in India beg to differ. Seventy years of Independence has taught us one thing, they say — No Indian brand is going to stand by and watch multinational brands walk away with the laurels. Indian brands have evolved to become containers of trust, says YK Hamied, Chairman of pharma giant Cipla. “The Indian brand today stands for respectability, responsibility, ethical practices and quality,” he says, adding that the intellectual property rights to brands have become containers of great value on the global stage, and not just in the case of medicines...Bisleri International Chairman Ramesh Chauhan, however, begs the question: “Has any Indian brand made a mark on the world stage. An emphatic no. Other than Africa and South East Asia, which Indian brand has made an impact in the overseas market? Most Indian brands don’t exist in Europe and America.” Experts also point to the legacy businesses. If one looks at the Indian brands table, it is dominated by legacy businesses. These businesses are India’s best bet to grow global. “In some business-to-business sectors, such as steel and IT, the Tata brand is very well known and respected.

## **8. India economic cycle entering strongest phase: Report**

**Source: Financial Express ([Link](#))**

The Indian economy is at the cusp of entering its strongest growth phase and a full blown bull market is yet to play out with the wide-based Nifty expected to touch 11,500 in 2018, says a report. An economy enters the strongest phase of growth when stocks, bonds and commodities all rally together. “We believe that India is at the cusp of entering this phase and full blown bull market is yet to play out,” Edelweiss Investment Research said. According to Edelweiss Investment Research, consumption and exports are boosting economic growth in the country. While consumption has displayed sharp recovery after the cash crunch in early 2017, investments are witnessing only a government supported recovery which is inadequate but effective for a few sectors like railways, roads and power transmission and distribution (T&D), it said. Regarding the uptick in equities, the report said, stock markets are driven by low inflation, profitability and increase in financial

savings...Regarding trade, which is a key driver for India's growth engine, the report said synchronous global growth is likely to boost international trade as well as Indian exports. "Export growth is held up despite facing pressure from a strong rupee. We expect exports to remain healthy with global industrial activity reviving," the report said. Moreover, consumption which had slowed post demonetisation is slowly picking up in India as reflected in 2-wheeler and passenger vehicle sales and this in turn is likely to lead to a revival in investments."We believe that India's strong consumption story will drive in investment as witnessed from 2003-08 and earlier episodes," it said.

**9. Investments key to ensure growth in the country: Subba Rao**

**Source: Financial Express ([Link](#))**

Investments, especially in the manufacturing sector, is the key to ensure sustained growth in the country, former RBI Governor D Subba Rao has said. "I am sure all of you have read about economic survey that was presented to the Parliament last week. What the economic survey said was that in a situation where you have such low real investment, low export volume, low credit growth, you cannot sustain seven plus per cent growth. "So, if you ask me give a one word answer to what should be done to get India to continue to grow, I would say investment," he said...Investment and growth rate have a strong correlation, he said. "When we grew at nine plus per cent before the global financial crisis from 2003 to 2008, there was very high investment. Again after the crisis, growth dropped because investment dropped. Today, there is no investment taking place. So, unless investment is jacked up, it is difficult to accelerate growth," he said.

**10. Strengthen policy reforms, create jobs: CII to Govt**

**Source: Business Standard ([Link](#))**

Lauding the government's efforts to deal with corruption and black money, industry chamber CII on Tuesday called for strengthening policy reforms, including a new industrial policy, creating jobs and empowering women at the workplace..."While welcoming lower inflation and downward interest rate cycle, CII called for strengthening policy reforms including a new industrial policy, entrepreneurship and employment creation, and empowerment of women in the workforce," the industry body said in a statement. CII President Shobana Kamineni said, "The development task to 2022 is challenging and will require strong policy action across multiple economic and social

sectors. The government has made a significant beginning, and all of us will need to put our hands together to move the needle of development." "The Prime Minister has outlined a vision of a secure, prosperous and capable nation by 2022, driven by the collective power of 125 crore citizens of India," she said. CII's India@75 campaign launched in 2008 is in line with Prime Minister's objectives and emphasises crowd-sourcing of ideas and spread of volunteerism to build a developed India, she added.