

Daily Economic News Summary: 16 March 2017

1. Council meeting to pave way for GST Bill in Parliament, Assemblies

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

The Goods and Services Tax (GST) Council's approval to key Bills on Thursday will play a crucial role for their passage in the current session of Parliament. This would also set the stage for tabling of the state GST (SGST) Bills in the respective state Assemblies, but the Jammu and Kashmir (J&K) Assembly will need to pass even central GST (CGST) and integrated GST (IGST) Bills as well. According to the Constitution, constitutional amendments do not directly apply to J&K, as it gets a special treatment. Government sources pointed out that CGST and IGST will appear in different forms in the case of J&K. Service tax for instance, which is a central levy, does not apply to J&K. But central excise is applicable. J&K Finance Minister Haseeb Drabu told Business Standard that no Act of the government of India can directly apply to J&K. Hence, it will have to follow a process to implement GST. "Unlike other states, which will need to get just SGST passed by their Assemblies, we will need to get approval for CGST and IGST," Drabu said. "The legislature will convene shortly and will take these Bills up," he added. If state Assemblies also pass their respective GST Bills in time, the new indirect taxation regime could be introduced from July 1.

2. Harvard Business Review calls Modi's election win a Bollywood blockbuster

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

After PM Narendra Modi took a dig at Harvard University alumni during his election campaign, the university has responded with an insightful critique of demonetisation by looking at it in the context of the BJP's resounding electoral victory in the recently concluded state elections. The article, titled 'Early Lessons from India's Demonetization Experiment', authored by Bhaskar Chakravorti, was published in *Harvard Business Review* on March 14. Chakravorti, a public policy professor at Tufts University, was one of the first critics of demonetisation. In a paper published on December 14, 2016, in *Harvard Business Review*, Chakravorti had called demonetisation a "case study in poor policy and even poorer execution. Unfortunately, it is also the poor that bear

the greatest burden.”In his latest paper, Chakravorti says: “Four months passed. The country emerged with few obvious scars. Although the impact on corruption remains to be seen, Prime Minister Narendra Modi’s government was rewarded with victory in mid-term state-level elections, seen as a referendum on its unprecedented action. Short of any singing, dancing, and costume changes, this sequence could have been taken from Bollywood, a movie industry widely known for its fantastical flights of fancy.”

3. India solar power producers may get module prices relief

Source: Live Mint ([Link](#))

Global prices of solar modules, a key component in setting up solar power plants, could fall by as much as one-fifth this year, companies and analysts say. That will come as a shot in the arm for Indian producers of solar power and could increase the financial viability of projects. India has a target of setting up 100 gigawatts (GW) of solar and 60GW of wind energy capacity by 2022. Installed solar power had crossed 9GW as of December and is likely to double to 18GW in 2017 as large projects go on stream. Modules make for nearly 60% of a solar project’s total cost and their prices fell by about 26% in 2016 alone, benefitting new and under-construction solar projects in India. Bidders for solar projects have quoted record-low power tariffs. In a February auction, rates touched a record low of Rs2.97 per kilowatt hour. “Prices are likely to continue to fall and in the second half of this year, tier-1 module prices are likely to be between 27-30 cents (per watt peak),” said Sanjeev Aggarwal, managing director and chief executive of solar energy firm Amplus Energy Solutions Pvt. Ltd.

4. Exports jump 17.5% to \$24.5 bn in February

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

Rising for the sixth straight month, exports posted a 17.48 per cent year-on-year hike in February, the highest rate in more than five years. A low base effect and increasing crude oil prices boosted the export of engineering goods and petroleum products, respectively, which in turn aided the growth in exports. The previous high was 36.3 per cent, in September 2011. Exports touched \$24.49 billion in February; it was \$20.84 billion in the same month last year, according to data issued by the commerce and industry ministry on Wednesday. The huge year-on-year jump is, however, a bit of a statistical illusion. Export growth in February was only slightly higher than in January (\$22 billion). In fact, the absolute figures in the past two months were lower than June (\$22.57 billion), September (\$22.88 billion), October (\$23.51 billion) and December (\$23.88 billion). The current financial year (FY17) began in April 2016. Demand for goods remained low all over the world, according to the World Trade Organization estimates.

5. Aadhaar wins World Bank praise amid ‘big brother’ fears

Source: Live Mint ([Link](#))

A new internet is being built: it has 1.1 billion users, a third of the world wide web. Indian banks are running transactions on it and Microsoft has embedded it into Skype. The biometric identifier program Aadhaar—or “foundation” in Hindi—has taken on a life of its own, authenticating loans and job seekers, pensions and money transfers across India. And last week’s landslide state election win could embolden Prime Minister Narendra Modi to push Aadhaar beyond its early cost-saving goal, even as questions are raised about the security of its data and the proliferation of private companies seeking to profit from the information it stores. Other countries are also looking at similar programs, but research shows it’s best to develop one standardized system so people can carry their IDs wherever they go in the world, said Paul Romer, chief economist at the World Bank. “The system in India is the most sophisticated that I’ve seen,” Romer said. “It’s the basis for all kinds of connections that involve things like financial transactions. It could be good for the world if this became widely adopted.”

6. TIES funding to be capped at Rs. 20 crore per project

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

The Centre's new scheme —Trade Infrastructure for Export Scheme (TIES) — for financing State's infrastructure projects, will provide grant-in-aid up to half of the equity being put in by implementing agencies with a ceiling of ₹ 20 crore per project, Commerce & Industry Minister Nirmala Sitharaman has said. The scheme, to be implemented from next month for a three-year period, has been designed to meet the demand of States for infrastructure funding after the Centre stopped funding an earlier scheme called the Assistance to States for creating Infrastructure for Development and growth of Exports (ASIDE). "The focus is not just to create infrastructure but to make sure it is professionally run and sustained," Sitharaman said this while addressing a press conference on Wednesday. The scheme would provide assistance for setting up and upgradation of infrastructure projects with "overwhelming export linkages" like border haats, land customs stations, quality testing and certification labs, cold chains, trade promotion centres, dry ports, export warehousing and packaging, SEZs and ports/airports cargo terminuses, Commerce Secretary Rita Teatia said.

7. Pakistan becoming world's terrorism factory, says India at UNHRC

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

Slamming Pakistan's intentions of making fallacious references about situation of minorities in India, New Delhi on Wednesday said not only has Islamabad become a terrorism factory but has also alienated its own people through continued mistreatment of religious minorities. Putting its foot down heavily, India said minorities in the country have been Prime Ministers, Presidents, Vice-Presidents, senior Cabinet Ministers, senior civil servants, cricket team captains, Bollywood superstars, questioning if the minorities of Pakistan claim even a shadow of this. "Apart from becoming world's terrorism factory, Pakistan has also alienated its own people through continued mistreatment of Hindus, Christians, Shias, Ahmadiyas and other minorities," India responded to Pakistan at the 34th session of United Nations Human Rights Council (UNHRC). Reiterating that terrorism is the grossest violation of human rights and should be acknowledged, India said part of the territories of Jammu and Kashmir remain under the forcible and illegal occupation of Pakistan. "It is unfortunate that in recent times the people

of Pakistan Occupied Kashmir have become victims of sectarian conflict, terrorism and extreme economic hardship because of Pakistan's occupation and discriminatory policies," it said.