

Daily Economic News Summary: 18 April 2017

1. Economy to grow 7.2% in FY18; GST to have positive impact: World Bank

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

Having seen a "modest setback" due to demonetisation last fiscal, the Indian economy will claw back to 7.2 per cent growth this financial year and rise further to 7.5 per cent in 2018-19, says a World Bank report. In its report on South Asian Economy, the World Bank said that "significant risks" to economic growth could emanate from the fallout of demonetisation on small and informal economy, stress in the financial sector and uncertainty in global environment. Also, a rapid increase in oil and other commodity prices could have a negative implication for the economy, it added. The country's economic growth is expected to see an uptick at 7.2 per cent this fiscal and further accelerate to 7.5 per cent in 2018-19, the report said. The growth slowed down to 6.8 per cent in 2016-17 due to a combination of weak investments and the impact of demonetisation, the World Bank said, adding that timely and smooth implementation of the GST could prove to be a significant "upside risk" to economic activity in 2017-18.

2. Modi hints at laws to push doctors to prescribe affordable, generic drugs

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

Prime Minister Narendra Modi on Monday indicated that his government may bring in a legal framework under which doctors will have to prescribe generic medicines, which are cheaper than equivalent branded drugs, to patients. Modi said his government brought in a health policy after 15 years and capped the prices of medicines and stents, which has angered some pharmaceutical companies. Speaking at the inauguration of a charitable hospital here, he exhorted the wealthy people to come forward and contribute towards health care of the needy people. This country has not been built by the kings and leaders alone but by the power of the people, he said. "Doctors write prescriptions in such a way that poor people do not understand the handwriting, and he has to buy that medicine from private stores at high prices," Modi said. "We will bring in a legal framework by which if a doctor writes a prescription, he has to write in it that it will be enough for patients to buy generic medicine and he need not buy any other medicine," he said. "In our country doctors are less, hospitals are less and medicines are expensive. If one person falls ill in a middle

class family, then the financial health of the family gets wrecked. He cannot buy a house, cannot conduct the marriage of daughter," he pointed out. "It is the government's responsibility that everybody should get health services at minimal price," the PM said. "We have recently declared a health policy. The health policy has been brought in after 15 years," he said.

3. PM Modi's note ban to have positive impact in long term, says World Bank

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

Temporary setbacks notwithstanding, Prime Minister Narendra Modi's note ban will have a positive development impact in the long term as it accelerates financial deepening, foster financial inclusion and increase transparency, the World Bank has said. In a report titled 'South Asia Economic Focus - Globalisation Backlash', it said eliminating tax evasion and corruption -- the most talked objectives of junking old 500 and 1,000 rupee notes -- is "typically a demanding process involving multiple measures overtime". Demonetisation caused an immediate cash crunch, hurting economic growth, it said. In November last year, the government withdrew from circulation 86 per cent of the currency and gradually replaced them with new 500 and 2,000 rupee notes, making demonetisation a massive currency exchange. "The most prominent reasons brought forward for this far- reaching move were to curb black money, to eliminate counterfeit notes, and to promote the use of electronic payments," the report said. Eliminating tax evasion and corruption is typically a demanding process, involving multiple measures over time, it said. "However, demonetisation could accelerate financial deepening, foster financial inclusion, and increase transparency, thereby having a positive development impact in the longer term," it said. But for this to happen, there should be a large and durable shift from cash to electronic payment methods. World Bank said the changes in the use of specific digital payment tools over the last few months suggest that a permanent change might have taken place.

4. Easier visa regime will boost services sector, says Sitharaman

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

Facilitation of visas, including issuing e-visas, is important for boosting the services sector of the country and India had taken a number of measures to liberalise visas for businesses, tourists and students from April 1, said Nirmala Sitharaman, Commerce and Industry Minister. Speaking at the third edition of Global Exhibition on Services 2017 (GES) on Monday, the Minister said that obtaining a visa in the country was now a simple process through online. Sitharaman pointed out that medical tourist visa numbers had increased to 96,000 during the first half of 2016 as compared with 1.34 lakh in 2015 and 75,000 in 2014. The Minister said that Indian services sector must gear up to take advantage of Industrial Revolution 4.0 ushered in by high-tech manufacturing. "There is a 'servicification' of manufacturing globally and there is so much opportunity for India," she said. In the last three years, the GES has moved from strength to strength with focus on 20 services this time from 10 in the first edition, Sitharaman pointed out. Six Ministers from different countries are participating at the GES 2017, jointly organised with CII and SEPC, which brings together 550 exhibitors from 70-plus countries, an official release said. More than 20,000 visitors are expected to attend the exhibition. The exhibition will see over 5,000 business meetings and deliberations at more than 30 seminars. Commerce Secretary Rita Teotia said that one needed to focus on the quality aspects of services as well. Foreign direct investment has increased to 3.2 per cent of GDP this year compared to 1.7 per cent in the previous year and much of it has flown into the services sector, she added.

5. India has achieved 12,200 MW of solar capacity, says Piyush Goyal

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

Stating that India has already achieved 12,200 MW of solar capacity so far, Union power minister Piyush Goyal said on Monday reiterated that the country is well poised to reach its target of 100 GW capacity by 2022. "The country's solar power generation capacity was 2,600 MW in 2014 and it has now jumped to 12,200 MW now," Goyal said at an event here. He was in the city to attend the signing of power purchase agreement between Delhi Metro Rail Corporation (DMRC) and authorities concerned for buying power from the 750 MW Rewa Ultra Mega Solar (RUMS) project in Madhya Pradesh. Goyal said the earlier UPA government had set a target to generate 20,000 MW solar energy by 2022. "This mark, we are going to achieve by this year-end,

five years ahead of the target set by the earlier government. We are confident that we will achieve our 100 GW target by 2022," Goyal added. Speaking on the occasion, Union Urban Development Minister Venkaiah Naidu said the DMRC will now get green energy for around Rs 3.30 per unit from RUMS. "Right now, DMRC is getting power for around Rs 6 per unit. But now it will get green energy at a very cheaper rate of just Rs 3.30 per unit," he said.

6. WPI eases to 5.7% in March, food inflation rises to 3.12%

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

India's wholesale inflation eased to 5.70% in March from a three-year high of 6.55% in the previous month thanks to a slower increase in prices of fuel and in manufacturing sector, even as costlier vegetables pushed up food inflation during the month. Food inflation firmed up to 3.12% in March from 2.69% in February, led by an inflation in vegetable prices that had been falling for the past six months. Wholesale price inflation had declined 0.45% in March last year, data released by the commerce and industry ministry on Monday showed. "We believe that there is an upside risk to the inflation with the increasing global commodity prices and expectation of possible below-normal monsoon. A clearer picture will emerge in July-August," said Madan Sabnavis, chief economist at CARE Ratings. Core wholesale inflation declined to 2.1% in March. Last week, government data showed consumer inflation accelerating to a five-month high of 3.81% in March largely due to increased fuel prices. Wheat inflation subsided in view of the expected arrival of the new crop, but rice inflation inched up. Fuel and power inflation rose 18.16% in March from 21.02% in the previous month.

7. E-way bills under GST get mixed signals from logistics players

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

The proposed electronic way bill under the goods and services tax regime (GST) has evoked a mixed reaction from from logistics players, who expect challenges in operationalising it in its present form in the short run. However, they agree that ultimately this would lead to easier funds flow. The Central Board of Excise and Customs (CBEC) put out a proposal on e-way bill, as a part of easing inter-State traffic movement under the GST regime. "The proposed e-way bill in the GST regime will put an additional layer of documentation by way of prior online registration of the consignment for transporting shipments exceeding ₹50,000. The objective of the GST is to bring

a lot of ease in doing business. “However, the requirement of securing e-way bill for inspection by GST officials in transit seems a dilution, as this is likely to lead to interception of vehicles in all inter-State and intra-State movement of goods,” said K Satyanarayana, Co-founder and Director, Ecom Express Private Ltd. Ecom Express said that unforeseen circumstances leading to transfer of goods from one vehicle to another may nullify the earlier e-way bill and transporters would have to create a new e-way bill on the GSTN portal before moving ahead.