

Daily Economic News Summary: 12 November 2015

1. Narendra Modi eyes \$15 billion of deals during his first UK visit

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

Prime Minister Narendra Modi was set to arrive in Britain on Thursday on a three-day visit that is expected to see \$15 billion in defence and trade deals being signed. This is Modi's first visit to Britain; the Indian prime minister visited France and Germany in April but a visit to Britain, India's former colonial ruler, was reportedly deferred then given that Britain was to go into general elections in May.

India will be looking at attracting more British investments into India in the areas of defence manufacturing; there could be an agreement for Britain's BAE Systems to sell 20 more Hawk trainer jets to India. India also has plans to market rupee-denominated "masala bonds" in London, an *AFP* report said. In terms of outcomes, Indian foreign secretary S. Jaishankar told reporters in New Delhi earlier this week that besides a joint statement at the conclusion of the visit, India and Britain would issue a statement on defence and security partnership and another on development partnership. *"Today, both India and Britain provide overseas development assistance, do projects abroad. So, we see some advantages in working together there. There would be a statement on energy and climate change, and possibly some sort of a broader statement, a vision statement sort of thing,"* Jaishankar said.

Outlining the importance of Modi's visit to London which comes nine years after the last bilateral visit by then prime minister Manmohan Singh, Jaishankar described Britain as a *"major power with a considerable global influence, and engaging such a power is important for (Indian) foreign policy."* London was also an important financial centre, Jaishankar pointed out, adding that at a time when India was looking to source investment, technology and best practices from abroad to rejuvenate its economy, *"the investment and economic aspects of this visit will be important"*.

2. Govt eases FDI norms in 15 major sectors

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

The National Democratic Alliance (NDA) government eased foreign direct investment (FDI) norms across 15 sectors, including defence, civil aviation and broadcasting, to attract overseas funds and boost economic growth, signalling that the ruling coalition will not allow the electoral debacle in Bihar to come in the way of economic reform. The steps include allowing

foreign investment under the automatic route subject to caps in key sectors including defence and removing restrictions in sectors such as construction and single-brand retail.

The Narendra Modi government is banking on the measures to improve India's ranking in the World Bank's ease of doing business index and, coupled with measures introduced in recent months, help accelerate job creation—a key electoral promise of the NDA. India ranked 130 out of 189 countries in the index released last month. It's also seeking to allay concerns that the Bharatiya Janata Party's debacle in the Bihar assembly election may set back the government's economic reforms agenda. On Monday, the government awarded two key railway projects to be built in Bihar to General Electric Co. and Alstom SA. *"FDI is an additionality of resource. This is required if the cycle of economic activity has to go on,"* said finance minister Arun Jaitley. *"Reforms are an ongoing process. There is no finishing line. As and when sectoral requirements so warrant, we will look into it,"* he said when asked about which sectors will see such changes in the future.

3. India can be next global powerhouse but barriers remain: The Economist Intelligence Unit

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

India can be a China-like global growth powerhouse of 2020s, but it needs to address several challenges including infrastructure and gender gap to realise the potential, Economist Intelligence Unit has said. *"India is the only country that has the potential to change the world in the 2020s in the way that China changed it in the 2000s. It will probably take a little longer than that before India really takes off but, even so, it is going to be a global growth powerhouse of the 2020s,"* EIU's Chief Economist Simon Baptist said.

In a newsletter, Baptist further said that a key driver could be expanding India's industrial base. Acknowledging that this was indeed the idea behind the government's ambitious 'Make in India' campaign, a policy to turn the country into a manufacturing hub, he said *"the preconditions for a Chinese-style take-off of manufacturing do not yet exist in India"*. His comments follow a special report on 'what is needed to unlock India's growth potential', prepared by EIU for ABB, a global leader in power and automation technologies.

4. Incredible India attracts 6.80 lakh foreign tourists in October

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

The 'Incredible India' campaign attracted 6.80 lakh foreign tourists in October this year as against 6.68 lakh in the same month last year, thus registering a growth of 1.7 per cent. However, there was a

decline in foreign exchange earnings in October, according to Tourism Ministry data. The maximum number of tourists who visited India during this time came from Bangladesh (15.22 per cent), followed by USA (12.99 per cent), UK (11.31 per cent), Sri Lanka (3.69 per cent), Germany (3.62 per cent), Canada (3.58 per cent) and Australia (3.37 per cent).

5. DGCA allows domestic carriers to roll out zero bag charges

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

Aviation regulator DGCA has now allowed domestic carriers to roll out "zero bag" fares and charge penalty against check-in baggage for tickets booked under such an offer. At present all domestic private airlines except national carrier Air India allow a flyer to carry up to 15 kgs of check-in baggage without any cost. Air India allows its passengers to carry up to 23 kgs of check-in baggage free of cost. *"Airlines are allowed to offer no check-in baggage/hand baggage only fare scheme subject to the condition that the penalty to be imposed on a passenger, who avails such schemes but turns up with baggage for check-in at airline counter, cannot exceed the amount of incentive offered compared to lowest fare,"* Directorate General of Civil Aviation (DGCA) said in its updated Air Transport Circular for Circular for unbundling of services.

6. Coal India invites global firms to set up washery in Jharkhand

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

In a bid to provide quality coal to its customers, including power plants, state-owned CIL has invited bids from international companies to set up a coal washery in Jharkhand. The government had earlier said that challenge is not quantity but quality of the fossil fuel.

The washery would be set up under build-operate-maintain (BOT) model. *"Tenders are invited from reputed and experienced bidders through e-tendering on CIL portal for the work of setting up of 7.0 MTY non-coking coal Konar Washery at B&K area of CCL on 'Build-Operate-Maintain'(BOM) concept,"* Central Coalfields Ltd (CCL), a Coal India (CIL) subsidiary, said. Coal washing is a process of separation mainly based on difference in specific gravity of coal and associated impurities like shale, sand and stones etc, so that we get relatively pure marketable coal without changing its physical properties. Bid documents will be available to the prospective bidders from November 10, to January 1, CCL said.

By Harsha Hazarika