Daily Economic News Summary: 12 October 2015

1. PM Narendra Modi lays foundation stone of JNPT's Rs 7900 crore 4th terminal

Source: **Economic Times** (Link)

Prime Minister Narendra Modi today laid the foundation stone of an ambitious project which will more than double the capacity of the country's largest container port JNPT in next two years. Modi laid the foundation stone at Jawaharlal Nehru Port Trust (JNPT), situated off the financial capital's eastern seafront, for the Rs 7,900 crore fourth terminal project to be carried out in two phases.

The port aspires to be among the top 15 of the world with the implementation of several infrastructure projects, including the fourth terminal. At present it is ranked 31st. The terminal will help the exim trade, and comes at a time when the country is aspiring to be a manufacturing powerhouse which is clear through the government's flagship 'Make in India' initiative.

2. Steel consumption declines 5.2% in September

Source: **The Hindu** (Link)

India's steel consumption declined by more than five per cent in September to 6.2 million tonnes compared with the earlier month, a development that indicates a weakness in the business sentiment. Moreover, the production of the metal too went south by 1.3 per cent last month to 7.34 million tonnes compared with August 2015, latest data by the Steel Ministry's Joint Plant Committee (JPC) showed. *"Domestic steel consumption in September 2015 (6.2 million tonnes) declined by 5.2 per cent compared to August 2015 and increased by 5 per cent compared to September 2014,"* JPC said.

However, in the first half of the fiscal, the consumption of total finished steel grew by 4.1 per cent to 39.14 million tonnes compared with April-September 2014-15, it added. According to experts, although the demand in the first half shows optimism, there is a huge dip in demand when the consumption in August is analysed in comparison to July 2015.

3. Uzbekistan invites Indian companies at International Investment Forum

Source: **Economic Times** (Link)

As many as 80 Indian companies from various sectors including textiles, pharmaceuticals, finance, chemicals and fertilizers have been invited by the Uzbekistan government at an International Investment Forum on November 5-6 in capital Tashkent to implement the vision of stronger Indo-Uzbek economic partnership as well as ndia's growing ties with Central Asia following PM Narendra Modi's visit to all five countries in the region last July.

Uzbekistan has established three Free Economic Zones where Indian companies will be given first preference, an Uzbek government official told ET. Tashkent is pushing to implement vision enunciated during PM Modi's visit to the country which was first stop in his tour to Central Asia and Russia. The objective of the International Investment Forum is to facilitate interface between the leading enterprises of Uzbekistan and strategic foreign investors capable of ensuring modernization and help in manufacturing of goods competitive in both domestic and external markets, as well as introduction of modern corporate governance practices.

The Forum will be attended by members of the Uzbek Government, heads of ministries and departments of Uzbekistan, investment funds and banks, as well as international financial institutions: the World Bank, the International Finance Corporation, the Asian Development Bank among others.

4. India, Ecuador ink pact to set up JETCO to boost trade

Source: **Economic Times** (Link)

India and South American nation Ecuador today signed an agreement to set up a Joint Economic and Trade Committee (JETCO) to strengthen the trade relations between the countries. The protocol for establishment of the "India-Ecuador Joint Economic and Trade Committee" was signed during the meeting of Ambassador of Ecuador to India, Mentor Villagomez and Commerce Secretary Rita Teotia.

During the meeting, both the sides also discussed measures to enhance trade and investment relations. During 2014-15, the bilateral trade stood at USD 1.29 billion, the Commerce Ministry said in a statement. It said that JETCO was signed with an aim to further improve, deepen and strengthen the existing trade relationship. *"The JETCO will function as the primary forum for discussion and other promotional activities on trade and investment issues and will be meeting once in every two years,"* it said.

5. Modi govt's fresh approach: SEZs set to lose tax incentives in rationalization

Source: **Economic Times** (Link)

The government will soon forge ahead with plans to cut through the clutter of exemptions that litter the corporate tax code. Tax breaks for special economic zones and units, investment allowances, employment generation, plantation, packaging, highways and accelerated depreciation are some of the incentives that could get end dates as part of the cleanup drive as the rate of tax on companies is lowered to 25% over the next four years.

The introduction of a firm sunset date in open-ended exemptions that do not have this option would ensure there is no disruption from the phasing out of these benefits running into thousands of crores of rupees. The finance ministry is working on proposals for amendments that will set an expiry date on benefits along with a grandfathering provision for existing beneficiaries to ensure a smooth transition. That means old rules will apply to existing projects and not new ones.

6. India oasis of growth in barren eco terrain: DIPP Secretary Amitabh Kant

Source: **Economic Times** (Link)

FT has said that India is ahead of China in FDI inflows. Not merely FT, the Foreign Policy magazine has said India is the most attractive destination for investors. India was also ranked first in a study by Frost & Sullivan, based on its parameters on GIL (growth, investment and leadership). The FT study is saying that the rankings are based on committed investment. It demonstrates and reaffirms the huge interest for FDI in India. From October 2014, when 'Make in India' was launched, FDI jumped 40% when inflows around the world dropped 16%. India is the only oasis of growth in the midst of a very barren economic landscape.

There are sectors such as insurance where investors have concerns over how control is defined. The Railways does not seem to have begun offering projects, and the big defence projects are not coming. Are you looking at some policy changes?

Ambitabh Kant: The FDI policy is a continuous process of opening up, with an open mind. You need to constantly look around the world to see what's happening since investors have the choice of going to any destination. We need to realize that investors will create wealth and jobs for India. Defence will be the biggest change agent. Not only the big players such as Boeing and Airbus, but the entire supply chain to be built around it, will come. India will see many young entrepreneurs become part of this supply chain and there will be several startups in defence manufacturing, which will be a key driver of 'Make in India'. The Railways is new to the game of

FDI and it is streamlining several programmes. Very soon, it is likely to announce the results of the international bids for locomotive units in Madhepura and Varanasi.

7. India seeks more FDI in insurance, other key sectors: President PRanab Mukherjee

Source: **Economic Times** (Link)

India seeks greater Foreign Direct Investment (FDI) in insurance, construction, defence and railway sectors which have been opened up through policies that will encourage investors, President Pranab Mukherjee said today. In his address to the University of Jordan, where he was conferred honorary doctorate, Mukherjee said India is emerging as one of the largest economies in the world. It has experienced an average annual growth rate of more than seven per cent over the past decade, and is, presently, one of the fastest growing emerging markets in the world.

Mukherjee noted that India's bilateral trade with Jordan has crossed $2 billion last year and a trade target of $5 billion by 2025 has been set. *"We can achieve this if we expand the range of items in our trade basket, increase the share of high technology and value-added products and enhance exchanges and cooperation in the services sector. Our priorities are healthcare, IT and IT-enabled services, financial services, transport and logistics,"* he said.

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