

Daily Economic News Summary: 17 November 2015

1. PM Modi for Bali trade pact, warns against raft of regional deals

Source: **Times of India** ([Link](#))

Prime Minister Narendra Modi on Monday called for full implementation of all the elements of the Bali trade package and warned against fragmentation of the global trading system through regional trade agreements. *"It is absolutely vital that the Doha Development Round achieves its goals. We look forward to a successful outcome at the Nairobi meeting in December,"* Modi said in his remarks at the G20 leaders' session on trade and energy. *"Slowdown in global trade is a major concern. Prospects for increase in trade momentum remain bleak in the prevailing global economic environment. Efforts to accelerate global economic growth will help trade,"* he said.

Modi called for a transparent, equitable, non-discriminatory and rule-based global trading system which he said was essential for the global economy. The statement was seen as an endorsement for the World Trade Organization which is fighting a battle for survival given a spate of regional trade agreements led by the US. The PM said balanced and sustained global economic growth also needed increase in labour mobility and skill portability. He said with respect to energy, there were three basic challenges: energy to power growth in developing countries, meeting the needs of the hundreds of millions without access to energy, and, increasing the use of clean and renewable energy.

2. India, EU set to resume FTA talks: Sitharaman

Source: **Times of India** ([Link](#))

After suspending talks for a bilateral trade agreement with the European Union, India is set to return to the negotiating table to discuss lower import duty for European cars and wines in return for pushing some of its farm products, garments and IT services into the trading bloc. Commerce and industry minister Nirmala Sitharaman told TOI that the dates for resuming the dialogue are being discussed and the government was trying to push the pedal with the EU trade pact, along with those with Australia and Canada. After taking charge in the summer of 2014, the government had ordered a review of all proposed trade agreements and it was only later that it decided to restart negotiations.

In August, days before talks were to resume, the government had suspended the dialogue with EU, while protesting against a ban on the import of 700 generic medicines from Indian

pharmaceutical firms, such as GVK Biosciences. *"We have gone back to negotiations because in Bangalore, the Prime Minister (Narendra Modi) had taken up the issue with Angela Merkel (German chancellor) and she had responded positively, saying 'she will look into it and EU will do justice'. So, we have no reason now to doubt their intentions. Our intention was not to dismantle the talks. It was more to make the point about unilateral action by EU,"* the minister said.

3. Govt enhances duty drawback rates to boost exports

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

The government today raised duty refund rates on a host of items, including iron, steel, garments and marine products with a view to promoting exports which are on a decline for the past 11 months. The central government has notified the Schedule of revised All Industry Rates of Duty Drawback effective from November 23, 2015, the Finance Ministry said. Duty drawback is refund of duties on imported inputs for export items.

The Finance Ministry further said that *to "expeditiously address exporters' concerns", if any, arising from the new Schedule of Rates, "feedback from Export Promotion Councils shall be taken into account"* by an Expert Committee that will make further recommendations in January 2016 to the Government. *"These revised rates are based on average incidence of Customs and Central Excise Duties and Service Tax related with the manufacture of export goods and involve substantial total drawback for exporters,"* the Ministry said. Apart from the rate changes, many new items have been included to "better differentiate" export products with higher duty incidence and also to address classification issues. For the first time brand rate route has been extended to wheat export.

4. Hiring activity across sectors in India grew by 2% in October 2015, says TimesJobs Recruitex

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

Diwali saw hiring activity across sectors pick up by 2% in October 2015, according to Recruitex - TimesJobs' recruitment index. This is in sharp contrast to October 2014 when there was a double-digit drop in talent demand. Between August and October 2015, talent demand has reported a steady rise of 2% on average while it had posted a 2% drop during the same three months last year. IT, telecom, ITeS and consulting services sectors are the top employment generators in October 2015. The consulting services are emerging as the fastest growing employment generator with a significant 9% rise in talent demand.

The demand for engineers has seen a 9% rise after a two-month slump. *"Hi-Tech skills and the burgeoning tech-based entrepreneurial spirit are the new growth engines of the Indian economy. Initiatives like Digital India, Smart Cities, Make in India, etc. when coupled with easy availability of capital and improved networking infrastructure are creating unforeseen opportunities and changing the economy. The job-markets are reflecting this economic paradigm shift."* said Vivek Madhukar, COO, TimesJob.com in a release.

The demand for junior/entry-level professionals with 0-2 years of experience is witnessing a whopping 11% rise in demand. The category as a whole has registered an average 4% rise in demand over the last three months.

5. Revenue sharing mode for energy exploration

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

The government on Monday proposed to introduce a revenue-sharing model with operators for exploration and development of oil and gas blocks, replacing the current profit-sharing mechanism, earlier criticised by the Comptroller and Auditor General. The plan, which aims to set new rules for auctioning exploration blocks, includes pricing and marketing freedom for natural gas produced from blocks awarded under the new regime.

A consultation paper put out by the ministry also proposed a uniform licensing policy that will allow operators to explore all forms of oil and gas resources, including coal-bed methane, shale gas and oil, tight gas and gas hydrates. The ministry has suggested an open acreage licensing that will allow companies to bid for exploration blocks of their choice. Under open acreage licensing, which will replace the existing New Exploration Licensing Policy, the upstream regulator will apply its own geological data to authenticate the expressions of interest submitted by companies for an area and carve out blocks. This will be followed by invitation of bids from all interested parties. The new rules, which have been sent to oil exploration companies for their opinion by the end of this month, are aimed at "ease of doing business," the paper said.

6. India to overtake US internet user base by December

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

India will have the second largest number of internet users worldwide, overtaking US by December 2015. The internet user base in India will end 50% higher compared to a year ago, by end 2015, that is 402 million users, ahead of US and behind China's 600 million users. According to Internet and Mobile Association of India (IAMAI) and IMRB, the number of Internet users in India is expected to reach 402 million by December 2015, registering a growth of 49% over 2014.

While Internet in India took more than a decade to move from 10 million to 100 million and three years from 100 to 200 million, it took only a year to move from 300 to 400 million users. Clearly, Internet is mainstream in India today, said IAMA in a statement. The large internet users base is definitely a good news for the overall growth of the digital industry, e-commerce and internet startups. In October 2015, there were 375 million internet users in India. Currently, India has the third largest internet users' base in the world but it is estimated that by December, India will overtake the US as the second largest Internet users' base in the world. China currently leads with more than 600 million internet users. This makes India the second largest internet user's base in the world behind China, but is ranked first as the largest internet users in a free market democratic setup.

By Harsha Hazarika