

Daily Economic News Summary: 22 September 2015

1. Indian Diaspora in USA launches “Mission 2022”

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

The three million strong Indian diaspora in the US has launched "Mission 2022" in partnership with the Confederation of Indian Industries to make US-India partnership a defining partnership of the 21st century. "We have set a goal called Mission 2022, which is to have a series of dialogues with the diaspora over the next seven years as India turns 75," entrepreneur M R Rangaswami said during a reception hosted by CII and Indian diaspora, which among others was attended by US Commerce Secretary Penny Pritzker and Commerce Minister Nirmala Sitharaman.

These dialogues would be held every six months. *"The goal is that by 2022, the US-India partnership is a defining partnership of the 21st century,"* he said. Highlighting the significant positive change taking place within India, CII president Sumit Sumter invited the Diaspora to invest in India's transformation, avail the immense opportunities available today and be part of the mutual growth story.

2. Narendra Modi seeks to cut transport costs with Rs 40,000 crore waterways goal

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

They cost 50% less than highways. Yet for decades India has failed to develop 14,500 kilometers (9,000 miles) of its inland waterways as a viable alternative to move cargo and ease congestion on land. That was a lost opportunity owing to a lack of a vision and funds, Amitabh Verma, chairman of the Inland Waterways Authority of India, a 29-year-old statutory body responsible for creating infrastructure on waterways, said in an interview. That indifference is changing after NTPC Ltd, India's biggest power producer, showed the Ganges can be used to transport coal.

Prime Minister Narendra Modi is stepping up efforts to realize a long-pending plan to link the nation's rivers and get companies to move cargo from foodgrains, cement and fertilizer to cars using waterways. More than Rs.40,000 crore (\$6 billion) will be needed to develop the new fairways and funding will come from the World Bank, Asian Development Bank and Japan International Cooperation Agency besides the federal budget, Verma said. *"In two years, we will be having some success stories to tell,"* he said. *"The government wants to do something new and different."* While there is acceptance that transportation by waterways, both coastal and

inland, is fuel efficient, environmentally friendly and more economical than rail or road, the share of goods transported via India's inland waterways is only 0.4%, compared with 42% in the Netherlands, 8.7% in China and more than 8% in the US.

The transportation cost for inland waterways is Rs.1.06 per tonne per kilometer, while it is Rs.2.58 for highways, according to the Indian ministry of shipping. Modi's government presented legislation in May that would grant the government rights to regulate and develop 101 channels across 24 states for shipping and navigation, in addition to the existing 4,382 kilometers of five main waterways.

3. Energy sector is the highest spender on CSR

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

Energy companies spent the highest on corporate social responsibility (CSR) initiatives in the year ended 31 March, the first year after rules were implemented requiring companies to spend 2% of their net profit on social development.

The energy sector was followed by financial services and IT when it came to firms that committed to CSR, according to data collected from the annual reports of 85 publicly traded companies by NextGen, a CSR management firm. Consumer goods companies were, however, the only companies that exceeded the mandatory spending limit of 2% of annual profits. The telecom sector spent only Rs.51 crore, while it was expected to spend Rs.194 crore.

India's companies law requires companies with net worth of more than Rs.500 crore to spend 2% of their net profit on social sector initiatives. With oil and gas companies being among the largest corporations in India by revenue and profit, they emerged as the highest spenders. They spent Rs.1,945 crore in 2014-15, or 38% of the total CSR money spent, according to NextGen.

4. ADB revises down Asia growth forecast as China, India slow

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

Weaker growth in China this year is expected to cause a slowdown in the rest of Asia, the Asian Development Bank (ADB) said on Tuesday as it became the latest major body to revise down its forecasts for the world's number two economy. It also warned central banks to prepare for an expected Federal Reserve interest rate rise, with many nations already seeing huge capital outflows as dealers look for better, safer US investments.

The update to its flagship 'Asian Development Outlook' report released in March comes as markets are swiped by extreme volatility driven by fears over the Chinese economy—and its leaders' management of it—after last month's surprise devaluation of its yuan currency. Forecast for India's gross domestic product (GDP) growth was lowered to 7.4% in 2015 from an earlier estimate of 7.8%, weighed by the slow pace of reform by the new government and weak external demand, the report said. *"The combination of a moderating prospect in China and India, together with delayed recovery of advanced countries, weighed on our forecast for the region as a whole,"* said ADB chief economist Shang-Jin Wei, who presented the report at the Foreign Correspondents' Club in Hong Kong.

5. Bimstec meet: Free trade talks come a cropper

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

A meeting of the trade negotiating committee of the seven-nation grouping Bimstec (Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation) to revive a proposed free trade deal failed to reach a consensus, after India's proposal to revise tariff cuts decided a decade ago was opposed by other members, especially Thailand.

The trade officials of India, Sri Lanka, Bangladesh, Nepal, Bhutan, Myanmar and Thailand met in Bangkok from 7-9 September. A Indian government official, with knowledge of the negotiations, said that while India is not contesting the modalities or the formula that drives negotiations, it suggested the need for fresh offers for tariff cuts in goods as those made 10 years ago do not hold good at present.

"During negotiations, India proposed to make fresh offers on schedules. While most members do not have a problem, Thailand opposed the proposal holding that if every country reopens its offer, it will lead to endless negotiations. But India insisted that in 10 years' time, profiles and competence of industries have changed," a government official said speaking under condition of anonymity.

The official further said that once the record of the discussion is circulated, India will send its formal reply. While Bimstec has been an under-performer, as the same countries are also engaged under more vibrant groupings, such as the South Asian Association for Regional Cooperation (Saarc), Association of Southeast Asian Nations (Asean) and the Regional Comprehensive Economic Partnership (RCEP), no member is ready to call it quits.

6. WTO: Istanbul meet next month to seal fate of deliverables

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

An informal meeting of the trade ministers of India, China, Brazil, the US, the European Union (EU), Japan and Australia on 5 October in Istanbul, Turkey, will decide the fate of a package of “deliverables” for the World Trade Organization’s (WTO) 10th ministerial conference in Nairobi, and may end up scuttling New Delhi’s demands for “comprehensive” and “credible” outcomes for poor farmers.

The US has launched a sustained campaign for a small “package” of outcomes for the Nairobi meeting, which fails to take on board specific demands raised by India and a majority of countries on agriculture and other areas. Developing countries, on their part, have expressed concern over efforts to bring the curtains down on the Doha negotiations at the Nairobi meeting, beginning on 15 December.

The developed countries, however, seem determined to dismantle the special and differential treatment flexibilities and less-than-full reciprocity for undertaking commitments between the developed and developing countries, said an African trade envoy, who asked not to be identified.

By Harsha Hazarika