

Daily Economic News Summary: 23 December 2015

1. India may see slow, but sustainable recovery: Morgan Stanley

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

The Indian economy is likely to witness a "slow but sustainable" recovery and is expected to clock a GDP growth of 7.5 per cent this fiscal, a Morgan Stanley report says. According to the global financial services major, the revival will be driven by a pick-up in capex (more public than private), urban consumption and normalization in exports. *"We expect GDP growth (new series, on market prices) to accelerate gradually to 7.5 per cent in financial year 2016 and 8.1 per cent in fiscal year 2017,"* Morgan Stanley said in a research note.

On prices, the report said inflation is expected to remain below 5 per cent over the two years. The global brokerage firm said, *"We expect a slightly slower pick-up in growth trajectory, given the trailing weakness from external demand and concerns about agriculture growth, with related impact on rural consumption."* According to Morgan Stanley, the government's policy actions and RBI's monetary policy response have led to improvement in macro stability — India is decidedly moving out of the macro adjustment phase and into the recovery phase. However, this would be a *"longer-duration expansion cycle for India with low risks of overheating in the next two years, considering the overall policy approach of the government and RBI"*.

2. Visa fee hike to hamper trade ties with US: FICCI

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

Terming the hike in visa fee as "discriminatory", industry body FICCI on Tuesday said the move will have a negative impact on efforts made by India and the US to build stronger trade ties. Such legislation will also hamper the growth of the US economy as it will hurt huge tax revenues coming from Indian IT firms, it said. *"FICCI feels that the hike in special fee on the popular H-1B and L-1 visas for James Zadroga 9/11 Health and Compensation Act of 2010 will hamper the growth of the US economy and will be discriminatory for Indian IT companies,"* FICCI said in a statement. Almost all Indian IT companies would pay between \$8,000 and \$10,000 per H-1B visa from April 1, when the next annual H-1B visa filing session starts, thus making it quite economically unsustainable for them.

This is not only because of the \$4,000 new fee imposed on Indian IT companies under the Consolidated Appropriations Act 2016, which was signed into law by President Barack Obama, but also due to the series of other fee that the Congress has added in the H-1B visa

application over the past one decade. Notably, the original H-1B visa application fee is \$325. India has been in talks with the US in this regard. *"Indian IT industry is of the opinion that the additional fee is unjustified similar to the earlier border security and now Health and compensation Act it has little relation with the technology industry,"* FICCI said. Such legislations not only impact business of the Indian IT sector but also limit access to skilled IT personnel for US companies, it added.

3. Green bid: Govt issues strict norms for thermal plants

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

Moving towards stricter emission norms to minimize pollution, the Union environment ministry has notified revised norms of emission standards for coal-based thermal power plants in the country and made it mandatory for the existing plants to meet those parameters within two years. Besides tightening the emission norms, the ministry through the notification - issued on December 7 - also fixed water consumption parameters for all the existing and new plants, making it mandatory to use water more efficiently.

Under the revised norms, the new power plants (to be commissioned from January 1, 2017 onwards) will have to achieve "zero waste water discharge" standard through putting up adequate captive infrastructure. All the upcoming power plants will be given environmental clearance only after getting such commitments under the new norms. *"The new standards are aimed at reducing emission of PM10 (particulate matter), Sulphur Dioxide, and Oxide of Nitrogen, which will in turn help in bringing about an improvement in the Ambient Air Quality (AAQ) in and around thermal power plants",* said the ministry in a statement.

4. Maharashtra to take Israel help for strengthening jail security: CM

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

Maharashtra Chief Minister Devendra Fadnavis today informed the State Legislative Assembly that his government will take help of the Israel government in strengthening the security system across the prisons in the state. *"The Consular General of Israel met me the other day here and discussed the security cover for jails and the Israel assistance will begin with Central Prison in Nagpur,"* Fadnavis said in the Lower House. Replying to Trimbakrao Bhise (Congress), Fadnavis admitted that there were many challenges in maintaining tight security in jail premises. The Chief Minister said the jammers installed in the jail premises were not functioning in most effective manner because the jails were mostly located in residential premises and there are mobile towers in the vicinity.

Fadnavis also admitted that there was insufficient security staff and vacant posts (at the jails) were not filled all these years. He said now his government has decided to recruit the prison security staff on priority and also treat jail security personnel on par with the state police. *"The recruitment of police and jail staff will be conducted simultaneously"*, Fadnavis said while acknowledging the requirement of additional manpower for effective manning the jails. Leader of Opposition Radhakrishna Vikhe Patil (Congress) said that the home department was not functioning effectively due to non-availability of a Minister of State for Home who is in charge of jail. Jayant Patil (NCP) said that since most of the jails are full to capacity and a huge amount was spent on transporting accused and criminals to local court.

5. Adani to gain as Oz clears expansion of key port

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

Australia on Tuesday approved a controversial coal port expansion plan to support projects, like the Gautam Adani-led Indian mining giant Adani's \$6.5-billion Carmichael mine, despite warnings from environmentalists that it will damage the fragile Great Barrier Reef, the world's largest coral reef system. The Abbot Point port involves dredging 1.1 million cubic metres near the Great Barrier Reef Marine Park, which will then be disposed of on land rather than at sea. The approval lists a number of strict conditions that the project must fulfil before going ahead, including how and where the sediment can be moved. The decision comes two months after the government approved Adani's plan to build one of the world's biggest mines. *"The approval is a big boost for Indian companies Adani and GVK, which have ambitions to build coal mines in Queensland's Galilee Basin and export via the expanded Abbot Point,"* Brisbane Times commented.

Abbot Point is located about 25 km north of Bowen on the north Queensland coast, about 400 km from the vast coal reserves of the Galilee Basin. The expansion will create a huge port capable of handling up to 120 million tonnes of coal per annum and would enable coal to be shipped from proposed mining projects in the Galilee Basin, like Adani's Carmichael mine.

6. GAIL extends bidding for its \$7 BN LNG carriers deadline

Source: **The Pioneer** ([Link](#))

State gas utility GAIL India has extended last date of bidding for its \$7 billion tender for hiring nine newly built ships for ferrying LNG from the US by over two months to allow Indian shipyards to tie up technology for building the specialised vessels. Bids for charter hiring of nine ships quoted in three lots of three ships each were due last week but have now been extended till February 29, 2016, official sources said. One ship in each lot is to be built at an Indian shipyard.

The extension in the bid date has been done to accommodate request of Indian shipyards for allowing them time to tie up technology for building the specialized cryogenic carriers. After postponing the deadline thrice, GAIL had in February scrapped the tender to hire nine LNG carriers to ferry gas from the US, with a caveat that three of them be made in India. At that time no foreign shipyard was willing to share LNG shipbuilding technology.

7. Cabinet approves Lucknow Metro project at an estimated cost of Rs 6928 crore

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

Cabinet today approved the construction of first phase of the Metro Rail Project in Lucknow at an estimated cost of Rs 6,928 crore. Chaired by Prime Minister Narendra Modi, the Cabinet approved the Lucknow Metro Rail Project Phase - 1A covering 22.878 km distance between Chowdhary Charan Singh Airport and Munshi Pulia with 22 stations. The cost of the project will be Rs 6,928 crore which will be supported by the Centre with Rs 1,300 crore in the form of equity and subordinate debt, according to a release. The project will be implemented by Lucknow Metro Rail Corporation (LMRC) which will be reconstituted into a 50:50 jointly owned company of the Centre and Uttar Pradesh government. Out of the total route length of 22.878 km, elevated route will be 19.438 km while underground route length will be 3.440 km with total 19 elevated and three underground metro stations. The metro train will ply between Chowdhary Charan Singh Airport and Munshi Pulia.

By Harsha Hazarika