

## Daily Economic News Summary: 8 December 2015

### 1. Ahead of WTO's Nairobi meet, India digs in its heels on food security

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

India is digging its heels in to pursue its demand for a permanent solution that will entitle poor countries to public stockholdings of food grains, and safeguards to protect them from sudden import surges. The National Democratic Alliance (NDA) government made its stand clear ahead of a ministerial meeting of the World Trade Organization starting in Nairobi on 15 December. India's strong position may thwart attempts by developed countries to wind up the 14-year-old Doha Development Round in the Kenyan capital to move on to a new round of negotiation.

The country was involved in an acrimonious face-off with advanced economies in the multilateral trade body last year, forcing the WTO to amend an agreement and committing it to an indefinite interim solution on public stockholdings for food security. The original agreement had envisaged an interim solution for a period of four years. *“Even though we have a peace clause in place, a permanent solution was agreed to be delivered post-Bali. So that can't be a negotiable instrument. That will be part of my draft ministerial declaration. It should in fact be in the WTO draft itself, not just India's draft,”* trade minister Nirmala Sitharaman said on Monday.

The issue of food security and farm subsidies are politically sensitive issues in India, given that around 58% of India's rural households depend on agriculture while over 22% of its population live below the poverty line. After Prime Minister Narendra Modi came to power in May 2014, he took a strong exception to the four-year peace clause agreed at a ministerial meeting in Bali, Indonesia, in 2013, under which developing countries cannot be legally challenged if they breach the WTO ceilings on public stockholding for food security purposes.

### 2. Government sets up team for policy directives on startups

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

The government has constituted a team which will assist in policy formulations for creating a conducive ecosystem for startups, the Parliament was informed today. Besides, the Centre has also appointed a consulting agency to help the team in its work, commerce and industry minister Nirmala Sitharaman said in a written reply to the Lok Sabha. After the ambitious 'Make in India' drive, Prime Minister Narendra Modi in his Independence Day speech

had announced a new campaign 'Start-up India, Stand up India', aimed at promoting entrepreneurship in the country.

Replying to a separate question, she said that India has imported electronics goods worth Rs 1,32,976.76 crore during April-September this year, against Rs 2,29,615.17 crore in 2014-15. Answering a question on DMIC project, she said the Delhi-Mumbai Industrial Corridor Development Corporation (DMICDC), the implementing agency, has received the feasibility report in respect of Shendra Ecocity and other industrial cities. DMICDC has also received the feasibility study for the decentralized smart service multi-infrastructure station/pilot project for the Shendra Ecocity, which was conducted by Japanese consortium as part of the smart community projects in Maharashtra.

### **3. Indian digital commerce market to touch \$128 BN by 2017**

Source: **The Hindu Business Line** ([Link](#))

Country's digital commerce market is likely to touch USD 128 billion in 2017 from the current level of USD 42 billion on the back of higher mobile and Internet penetration and mobile-commerce sales, says a study. *"Increasing mobile and Internet penetration, m-commerce sales, advanced shipping and payment options, exciting discounts, and push into new international markets by e-businesses are the major drivers of this unprecedented growth,"* a joint study by Assocham-Deloitte said.

The Indian digital commerce market is expected to reach USD 128 billion in 2017 from the current level of USD 42 billion, it added. However, Assocham Secretary General D S Rawat said the supply chain and logistics in e-commerce business are highly complex to manage in a vast country like India where infrastructure is not well-developed to reach every remote and rural area. *"The taxation policies for the e-businesses are not well-defined depending on different business models and transaction type. The complexity has further amplified with transactions happening across borders for online selling of goods and services,"* Rawat said.

The e-commerce companies are building communities on social media networks to better understand customer needs and drive effective marketing strategies, the study observed. It also said, the government's ambitious 'Digital India' project that aims to offer a one-stop shop for government services will further bolster the sector by introducing internet and broadband to remote corners of the country and increase trade. This initiative through a targeted investment of nearly USD 17 billion will transform India into a connected economy, attract investment in electronics manufacturing and create millions of jobs, said Rawat.

#### 4. Iran in talks for \$4.5 Billion undersea gas pipeline to Gujarat

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

Iran is discussing a plan to lay a \$4.5 billion subsea pipeline to export natural gas to India, but the proposal of another pipeline between the two countries through Pakistan is off the table due to waning Indian interest, National Iranian Gas Export Company's managing director Alireza Kameli said. *"We are negotiating with our counterpart SAGE company on behalf of Indian gas consumers to discuss about laying the sea pipeline from Iran to India,"* said Kameli. New-Delhi-based SAGE, or South Asia Gas Enterprise, is the leader of a private consortium that has been marshalling support for an undersea pipeline between Iran and India for years and is pinning hopes on the waiver of sanctions imposed by the Western nations on Iran to help expedite the project.

The proposed Iran-India subsea pipeline, with a carrying capacity of about 31 million cubic metres of gas a day, can be constructed in about two years after the policy, financing and purchase tie-ups are firmed up. *"These are all geopolitically sensitive projects, but now the time has come because Iran sanctions are going away,"* said Subodh Kumar. Jain, director at SAGE, has appointed SBI Cap as its financial adviser for the project.

#### 5. Foreign partners go for more stakes in insurance JVs

Source: **Indian Express** ([Link](#))

The insurance sector is finally buzzing with activity with more foreign partners coming forward to hike their stake in Indian joint ventures to 49 per cent, the maximum permissible stake allowed in an Indian insurance firm as per the amended Insurance Act. AIA Group Limited is the fourth foreign insurance major to hike the stake in Indian firms with the foreign firm announcing that it will increase its shareholding in Tata AIA Life Insurance Company, a joint venture company by Tata Sons and AIA, from the current level of 26 per cent to 49 per cent through the purchase of another 23 per cent stake in the company.

Earlier, foreign partners in Aegon Religare, Birla Sun Life and Reliance Life Insurance also hiked their stakes to 49 per cent while ICICI sold small stakes in its insurance ventures. Another three or four companies, including SBI Life and HDFC Life, are likely to announce a hike in foreign stakes in the coming weeks, insurance sources said. AIA and Tata Sons did not disclose the financial details of the deal. *"This transaction remains subject to securing all necessary regulatory and governmental approvals and proceeding to completion. The transaction is subject to confidentiality obligations and therefore, no transaction details shall be provided,"* Tata Sons said.

**6. Alibaba.com aims to more than double India user base**

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

Alibaba group's B2B arm Alibaba.com on Monday said it aims to more than double its user base in India over the next few years through on-boarding of over 5 million businesses on its wholesale trading platform. Alibaba.com, which connects buyers and wholesale suppliers globally, has 40 million users globally and 4.5 million users in India. *"India is a very important market for us. It is the second largest for us after China. SMEs are an important contributor to any economy and the same is the case with India... In the next few years, we hope to have 10 million businesses from India on our platform,"* Alibaba.com Global Business Development Timothy Leung told reporters here.

He added that Alibaba aims to support the trading business of SMEs in India to help them grow and scale up. As part of the strategy, Alibaba.com has partnered with Indian organisations to launch an online platform SMILE (Small and Medium Industries Leveraging Export). *"SMILE aims to provide Indian SMEs access to global business trading counterparts as well as one-stop trading solutions, including financing, logistics (domestic and cross-border), inspections and certifications, technology and SME trade-linked education,"* he said.

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