

Daily Economic News Summary: 21 August 2017

1. 6 groups, 16 ministers! How India Inc will help Narendra Modi build his template for country

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

After lending an ear to startups and upcoming entrepreneurs, Prime Minister Narendra Modi will meet more experienced hands from the industry on Monday for their policy inputs to build a “New India”. The list includes Rajiv Bajaj of Bajaj Auto, Nikhil Nanda of Escorts, Avni Biyani of Future Retail, Sangeeta Reddy of Apollo Hospitals, Bunty Bohra of Goldman Sachs, Sanjay Nayar of KKR, Priya Nair of Hindustan Unilever, and Sanjeev Bikhchandani of Naukri.com. The industry leaders will make presentations to the Prime Minister on policy initiatives for doubling farmer incomes, creating cities of tomorrow, taking forward Make in India, reforming financial sector and building world-class infrastructure under the aegis of ‘Champions of Change’ initiative of government think tank Niti Aayog. The industry leaders have been divided into six groups and tasked with formulating strategies on these topics. These groups may be attached to the ministries concerned as part of the institutionalisation process to ensure that they act as guiding lights to crucial issues. Sixteen cabinet ministers and secretaries of various ministries and departments will also be present at the presentations...The subject common to both groups is New India-2022, something that the PM is keen to get policy inputs on...The initiative aims at bringing fresh, innovative and practical thinking in the policy-making space.

2. Steps taken to strengthen economic ties with Southeast Asia: Sitharaman

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

Union Commerce and Industries Minister Nirmala Sitharaman today said that steps have been taken to strengthen economic ties with several South East Asian countries especially neighbouring Myanmar. The Centre will be working together with Manipur government to pursue this course to improve international trade relations, Sitharaman told reporters at Imphal airport. She said India has been trying to expand trade relations with SE Asian countries in association with the state government. The union minister said efforts are on to establish border haats at the Indo-Myanmar border town of Moreh.

3. Govt may soon allow 100% FDI in defence

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

Hundred per cent foreign direct investment in defence manufacturing has been termed the need of the hour with senior government officials pushing for the inclusion and participation of foreign companies in the manufacture of military transport aircraft, battle tanks and armoured vehicles. Finance Minister Arun Jaitley had held a meeting with government officials recently and conducted a review of the current Foreign Direct Investment (FDI) policy. The government has been looking to further liberalise the FDI regime to attract foreign investments in various sectors, including defence and retail...Senior officials in the DIPP said a proposal sent by NITI Aayog regarding encompassing more foreign participation in defence production was discussed at the meet, as was the urgent need for India to partake of the large global demand for tanks and armoured vehicles...The DIPP officials maintain that FDI in defence has been slow given the uncertainty of returns on investment and the ambiguous nature of government orders, whereas increasing FDI in defence could help reverse the trend of India's complete dependence on defence equipment imports...Under the automatic route, 76 per cent FDI is allowed for producing fighter aircraft and helicopters. However, "this has not really propelled the 'Make in India' initiative in the defence sector," officials charged.

4. Trade policy review may look to help exporters with GST blues

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

The mid-term review of the Foreign Trade Policy (FTP) — likely next month — may provide relief to exporters reeling under the impact of the new Goods and Services Tax (GST) regime, with the Centre examining if some lost benefits could be restored. The Commerce Ministry is in talks with the Finance Ministry and the GST Council to expand the scope of the popular 'Advance Authorisation' scheme to allow Integrated GST (IGST) exemption on imported inputs, in addition to basic customs duty, a government official told...Changes are also likely to rules on supplies to export-oriented units (EOUs) from the domestic tariff area (DTA), which are currently not being treated as 'deemed exports'. It is accepted international practice — in countries where GST and VAT exist — to give exemptions to exporters from such taxes on imported inputs, he added. Under the GST regime, DTA manufacturers supplying to EOUs are not allowed to import the inputs without payment of duty under Advance Authorisation. "The DTA suppliers have to pay the basic customs duty, cesses and IGST

for imported inputs. They are entitled to input tax credit of only IGST. Basic customs duty and cesses thereon are cost to them,” points out the Engineering Export Promotion Council.

5. Exxon, Shell, Total, RIL lead line-up to explore oil in India

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

The Ministry for Petroleum & Natural Gas has been caught by surprise by the unexpected response it has got within weeks of India opening its oil and gas exploration space. From international players — ExxonMobil to Shell to BP to Total — to home-grown Reliance Industries, Essar, erstwhile Cairn (now Vedanta), and public sector giants like ONGC, all are all assessing data. As on August 18, almost 280 entities were assessing the prospects; ₹4 crore (USD \$6 million) worth of data available with the National Data Repository (NDR) has been sold; and 45 Expression of Interests (EoIs) received, an official told...NDR is the key to the Open Acreage Licensing (OAL) policy, which allows entities to carve out their own exploration areas...as India has never been a priority destination for hydrocarbon hunt, those involved said, “agreed India’s hydrocarbon space is no North Sea or Gulf of Mexico, but with NDR data the companies now have a better sense of where they want to drill or risk their money.”

6. GST to enable brand licensing industry to grow in India

Source: Financial Express ([Link](#))

The implementation of Goods and Services Tax (GST) will enable brand licensing industry to grow in India and also allow retail industry to start respecting intellectual property rights, an official said on Sunday. “Modern retail would unlock itself because of GST. The new tax system will provide level playing field for all the players. We will start respecting lot of intellectual property rights (IPs) now and it will boost the brand licensing business” License India’s Chairman Gaurav Marya said on the sidelines of the India Licensing Expo 2017. Brand licencing is basically renting the brand to an industry manufacturer or retailer to use it for promoting their own products in the potential market. The GST also provides opportunities to lot of international brands to look at India, not only as a “big consumption market” but also as “level playing field”, he said adding that the government has been supportive of regularising the trade.

7. Centre issues clarification over number of taxpayers added post demonitisation

Source: Financial Express ([Link](#))

The Ministry of Finance on Friday released a clarification regarding the number of taxpayers that have been added after demonetisation. Asserting that various news reports have appeared in the media regarding ‘inconsistency’ in the estimates of the number of taxpayers added after demonetization, the Ministry issued a clarification in a statement. The Prime Minister mentioned in his Independence Day speech that additional 56 lakh people filed Personal Income Tax Returns from 1st April to 5th August, 2017. Last year for the same period, the figure was 22 lakh, The Economic Survey Vol.2 released on August 12, 2017 mentions that 5.4 lakh new taxpayers were added post demonetisation...The Ministry further said that it has “clarified” that there is no inconsistency in the data provided by the Government.

8. Job growth in IT drops, negative in telecom: CARE

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

Growth of employment in IT sector dropped to 2.6 per cent over the last financial year compared to 6.7 per cent last year, said a CARE report on employment growth in organised sector this week. IT sector is the largest job provider in corporate India with 22.7 per cent of the employment pie. Telecom fell from 3.6 per cent employment growth last year to a negative growth of 6.8 per cent. Telecom numbers, however, do not include employment contribution of Reliance Jio since it is not a listed company. S president Donald Trump has been pushing industries to hire Americans instead of using H1B visas to hire foreign technical help. Infosys, TCS and Wipro among others have spiked up their hiring and media engagements across the country to portray a strong pro-American outlook. In India, IT companies like Cognizant, Tech Mahindra, Wipro and Syntel have already been accused by former employees of sacking them citing performance issues.

9. Forex reserves may hit \$400-bn record high by September: Morgan Stanley

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

India's forex reserves are expected to hit \$400 billion by September, driven by robust capital inflows and weak credit offtake, says a Morgan Stanley report. According to the global financial services major, Indian forex reserves are at an all-time high and have risen at the fastest pace since 2015. As of August 4, forex reserves hit a record high of \$393 billion. Morgan Stanley attributed two major reasons for the rise in forex reserves -- robust capital inflows and weak credit offtake. The

report, however, noted that as capital flows remained buoyant, it would put appreciation pressures on the rupee and could lead to excess liquidity, which in turn would create challenges for the RBI to manage its monetary policy. But, RBI is not likely to cut policy rates and lower real rates to prevent further currency appreciation, as the central bank is following a flexible inflation targeting regime, the report said.

10. Anti-dumping duty should not hurt power firms, says Fortum India MD

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

With the Indian government taking a strong stand against imports in the renewable sector, Finnish energy major Fortum believes that power developers should be protected against any impact...India recently initiated an investigation into the dumping of solar panels coming from China, Malaysia and Taiwan — for the second time in the past three years. Fortum imports solar panels from Malaysia which, Aggarwal said, undergo strict quality tests...The government is also bringing in a quality policy to filter inferior quality imports in the power sector Aggarwal, however, said the policy should be for both imports and indigenous products...“Power market has changed and for the good. Disruption has come in but solar is here to stay. We are not clear on the pace, as the hiccups are already visible from this year,” said Aggarwal, citing the latest incidents of states backing out of renewable projects or renegotiating power-purchase agreements.

11. New Rs 50 currency note image, features and everything else you want to know

Source: Financial Express ([Link](#))

The Reserve Bank of India (RBI) announced that it will soon be releasing new Rs 50 currency notes. These new notes will be in the Mahatma Gandhi (New) Series, bearing the signature of Dr Urjit R. Patel, Governor, Reserve Bank of India. The news was confirmed by the RBI through a statement on Friday evening confirming that the image that had gone viral earlier in the day was indeed of the new note. The new note has the motif of Hampi with Chariot on the reverse, depicting the country's cultural heritage. RBI has kept the base colour of the note Fluorescent Blue and it also has other designs, geometric patterns aligning with the overall colour scheme, both at the obverse and reverse. As per the press release issued by RBI, the banknotes in the denomination of Rs 50 issued by the Reserve Bank in the earlier series will continue to be legal tender.