

## Daily Economic News Summary: 21 September 2017

### **1. India, Afghanistan to Hold 4-day Trade Show in Delhi from Sep 27**

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

India and Afghanistan will hold a mega trade & investment show in Delhi between Sep 27-30, facilitated by the US in the backdrop of Donald Trump's call to the Modi government to expand socio-economic projects for the Afghans. The show will feature Afghan entities from agriculture, health, education, and energy sectors seeking trade and investment opportunities with India... CEOs from major Indian companies will also be participating, and thematic panel sessions on relevant topics will be held throughout the event. Afghanistan is being assisted by United States Agency for International Development for this trade and investment show aimed at developing stronger India-Afghanistan relations by forging business deals for Afghan products such as produce, spices, carpets and gems and connecting Indian investors with Afghan companies and government entities in the education, healthcare, infrastructure, energy and agricultural sectors. This comes close on the heels of Indo-Afghan decision to launch New Development Partnership involving 116 new High Impact Development Projects that would be jointly implemented in the suburban and rural communities in 31 provinces of landlocked country.

### **2. Indian investments into GCC touching \$3 billion: Report**

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

India's share of total investments into the six-member Gulf Cooperation Council has risen from 4.7 per cent in 2011 to 16.2 per cent in 2016, according to a research report. The Gulf Cooperation Council (GCC) investments into India also continued to rise from 0.7 per cent in 2011 to 2.95 per cent in 2016, the 'GCC-India Corridor Investment Opportunities and Challenges' report said. The GCC is a political and economic alliance of Saudi Arabia, Kuwait, the UAE, Qatar, Bahrain, and Oman. It was established in 1981. In contrast to the overall decline in total FDI into the GCC, investments from India grew at a compound annual growth rate (CAGR) of 15.9 per cent from USD 1.4 billion in 2011 to \$2.9 billion in 2016, the report, published by Alpen Capital, an investment banking advisory firm, said. During the period, India's share of the total investments into the GCC increased substantially from 4.7 per cent to 16.2 per cent, it added. The report presents the state of

economic relations between the GCC and India by analysing the trend in investment flows and the strategic government initiatives to strengthen ties.

### **3. Suresh Prabhu says working on roadmap to create jobs through exports, fast tracking refunds**

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

A day after exporters flagged worries related to refund of the Goods and Services Tax (GST) and blockage of working capital to a revenue secretary chaired committee, commerce and industry minister Suresh Prabhu has said that the government is working to address their concerns...the minister said the commerce ministry is working with the finance ministry to address the blockage of working capital and with NITI Aayog to create jobs through exports. “Speeding up refunds of taxes paid by exporters and making incentives for exporters more attractive,” Prabhu. Exporters have asked the government to fast-track the GST refund process to improve their liquidity, claiming Rs 65,000 crore could get stuck for the July-October period if the current mechanism continues. India’s exports rose 10.3% on year in August on year but the growth was due to pre-GST contracts, composite duty drawback facility available till September 30 and low base effect. The commerce ministry is expected to announce incentives to boost exports in the review of the foreign trade policy, which is scheduled to be released next month.

### **4. South Korea calls for wider trade deal ahead of Prabhu’s Seoul visit**

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

The government of South Korea has expressed a desire to widen the existing trade agreement with India, a day before commerce and industry minister Suresh Prabhu is to visit Seoul for a review. However, the Government of India might not be keen on broadening the terms, a senior commerce department official indicated. Pointing to the massive gold import from Korea in recent months apart from remaining non-tariff barriers, he said many parts of the Comprehensive Economic Partnership Agreement (CEPA) of 2009 needed working on. Young Sam Kim, the Korean deputy minister for trade, industry and energy, observed that the CEPA had increased bilateral trade volumes by 50 per cent. And, added that the list of items covered could be increased; the terms on rules of origin should be strengthened...Indian companies have repeatedly contended that the CEPA benefits Korean companies much more than Indian ones... The latest data shows Indian import of \$12.6 bn of goods from Korea and export of \$4.2 bn in return. While import dependency can be brought down in major categories such as plastic and related products (\$ 1.2 bn) and organic chemicals (\$700 million), this

is not true for India's reliance on machinery products (\$2.8 bn) from Korea or select iron and steel shipments (\$1.5 bn), the two largest import categories, a trade expert said.

## **5. Policy makers discuss ways to boost economy**

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

As the Narendra Modi government plans measures to boost economic growth and create jobs, economists and business fora say it will have to continue its strong spending spree, perhaps at the cost of fiscal deficit targets, to create an enabling environment for the private sector to come in again, and take a hard look at viable but stuck infrastructure projects. Top policy makers...met to discuss ways for boosting economic activity. A number of such meetings are planned before the prime minister is given a detailed presentation on the economy. The activity shows the top rungs of government are looking for solutions to arrest the slide in gross domestic product (GDP) growth. April-June growth dropped to its lowest under the current administration at 5.7 per cent; petrol and diesel prices rose to a near three-year high, in spite of low crude oil prices and a stable rupee...India Inc has flagged the need to get demand back on track if economic growth is to be brought back. "The demand generation mechanism needs to be shored up across the nation and especially in rural areas," said Pankaj Patel, head of business chamber FICCI.

## **6. India, Turkmenistan look to expand North-South Transport Corridor**

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

India and Turkmenistan will explore the possibility of expanding the International North-South Transport Corridor (INSTC) by linking it to the Kazakhstan-Turkmenistan-Iran rail link. This was decided at the the 13 th meeting of the India-Kazakhstan Inter-Governmental Commission (IGC). From the Indian side Minister of Petroleum and Natural Gas and Skill Development and Entrepreneurship, Dharmendra Pradhan led a delegation to Astana, Kazakhstan. Pradhan was the co-chair at the meeting and the Minister of Energy of Republic of Kazakhstan, Kanat Bozumbayev, co-chaired the meeting from Kazakh side...Bozumbayev invited Indian investments in the hydrocarbon sector, infrastructure, peaceful use of nuclear energy, co-production of films, cooperation in food processing and information technology. At the end of the meeting, both the sides expressed satisfaction on the outcome of the meeting and expressed confidence that it will further strengthen the engagement in all areas of mutual interests.

## **7. Lessons for Make in India from World Bank report**

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

The government's Make in India initiative and its plans to set up coastal economic zones can both take a leaf out of the World Bank report, which says that advances in technology and altering trade patterns are affecting opportunities for export-led manufacturing. The report, *Trouble in the Making? The Future of Manufacturing-Led Development*, says smart automation, advanced robotics, and 3-D printing are the new factors influencing locations conducive to production. While these shifts threaten significant disruptions in future employment, particularly for low-skilled workers, they also offer opportunities, says the report...It underscores the resulting changes in the manufacturing sector's ability to create jobs and lift people out of poverty in developing countries. It encourages policymakers to adjust their approach to spurring job creation in manufacturing and readying workers for jobs of the future...The report comes at a time when India is struggling to generate jobs. Political battle lines have been drawn to score points over lack of jobs.

## **8. PM Modi long way from creating 10 million jobs a year; India may see further 30-40 per cent reduction of jobs**

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

Prime Minister Narendra Modi has a jobs problem. He swept to power three years ago promising India's poor and middle classes he'd restore their "dignity" after years of swelling inequality, with job creation central to his pitch. But now, the jobs market has been sluggish by last November's shock cash ban and July's imposition of a goods and services tax. And things look like they're about to get worse: India is set to see a further 30 percent-to-40 percent reduction of jobs in the manufacturing sector compared with last year, according to TeamLease Services Ltd., one of the country's biggest recruitment firms. While other surveys aren't quite so bleak, they also suggest Modi is a long way from creating the 10 million jobs a year needed to keep up with his young and rapidly expanding workforce...Manufacturing accounts for some 18 percent of GDP and directly employs 12 percent of the population, government data show. Loliwala said that many of those who lose their jobs stay unemployed because they lack the communication skills required for the services sector, which accounts for 62 percent of GDP. The struggle to create jobs threatens a key plank of Modi's populist push to reverse decades of widening income inequality, a problem highlighted in a new study by Lucas Chancel and Thomas Piketty published this month. The top 1 percent of India's population

hold an unprecedented 22 percent of the nation's wealth, while the middle 40 percent benefited the least compared with China, France and the U.S. over 1980-2014, the study found.

#### **9. Over 100 nations back India-China plan on farm subsidies before WTO meet**

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

More than 100 countries have backed a joint proposal by China and India for eliminating the most trade-distorting farm subsidies of \$160 billion in the US, the European Union, Japan, Canada, Norway, and Switzerland among other nations at the upcoming World Trade Organization's 11th trade ministerial summit in Buenos Aires, said people familiar with the development...On another mandated issue concerning the permanent solution for public stock-holding (PSH) programmes in developing countries, India has served notice to its the European Union, Australia, Argentina, Brazil, Paraguay and Pakistan among others that New Delhi will not offer any further concessions for market access or enter into trade-offs in the negotiations for a permanent solution on PSH programmes at the Buenos Aires meeting...The time has come for India's core demand for an effective permanent solution for PSH programmes for food security in developing countries at the Buenos Aires meeting, he said, according to the person present at the meeting. Indonesia, India, China and other members of the G33 coalition tabled a draft legal text for finalizing the permanent solution on PSH programmes. The G33 proposal called for incorporating a new annex in the WTO's Agreement on Agriculture for exempting PSH programmes from subsidy reduction-commitments. Indonesia said the group will not accept "onerous and cumbersome transparency requirements" as demanded by some opponents.

#### **10. India replaces China as top retail destination in 2017: Study**

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

India has replaced China as the numero uno retail destination in 2017 as part of the global retail development index, according to industry experts. "India has replaced China this year as the top retail destination as part of the study on global retail development index," AT Kearney partner said... The change in ranking was an outcome of four factors including increased consumer spending, beyond essentials, rising mobile and internet penetration, favourable foreign investment climate and bold action on cashless transaction and GST, Roy explained. "This has triggered the entry of global brands into India with transparency and ease," he added. According to India Retail Report 2017, over the

past 12-15 months, 100 per cent cash and carry operations are gaining significance in India with Thailand's Siam Makro being the latest entrant in this space following Metro, Walmart and Booker. Furthermore, Swedish-furniture maker Ikea plans to open its lone distribution centre or warehouse in the country in Pune by end 2017 and its first store in Hyderabad by early 2018 with overall plans to invest \$1.56 billion to set up 25 stores in India.

**11. Foreign exchange from tourism rose in August 2017 as against August 2016, says ministry**  
**Source: Financial Express ([Link](#))**

Foreign exchange earnings (FEEs) from tourism in the month of August this year were Rs 1369 crore more than that during the same period last year, the tourism ministry has said. The ministry, which records FEEs every month, said the earnings in August 2017 stood at Rs 13,922 crore (Rs 139.22bn) as against Rs 12,553 crore (Rs 125.53bn) in August 2016 and Rs 11,411 crore in August 2015. There was a 10.9 per cent growth in FEEs in rupee terms in August 2017 over August 2016. The earnings rose by 10.0 per cent in August 2016 over August 2015, it said in a statement. FEEs during January-August 2017 were worth Rs 1,16,004 crore (Rs 1.16 trillion), which showed a growth of 16.5 per cent over the same period the previous year. In January-August 2016, FEEs stood at Rs 99,587 crore (Rs 995.87bn), recording a growth of 13.9 per cent over January-August 2015.