

Daily Economic News Summary: 23 August 2017

1. FDI jumps 37% to 10.4 billion during April-June 2017

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

Foreign direct investment (FDI) into the country grew by 37 per cent to USD 10.4 billion during the first quarter of the current fiscal, DIPP said. According to the figures of the Department of Industrial Policy and Promotion (DIPP), India had received USD 7.59 billion FDI during April-June 2016-17. The main sectors which attracted the highest foreign inflows include services, telecom, trading, computer hardware and software and automobile. Bulk of the FDI came in from Singapore, Mauritius, the Netherlands and Japan. The government has announced several steps to attract foreign inflows. The measures include liberalisation of FDI policy and improvement in business climate - Foreign investments are considered crucial for India, which needs around USD 1 trillion for overhauling its infrastructure sector such as ports, airports and highways to boost growth...The DIPP through its 'Make in India' twitter handle also stated that FDI equity inflow in manufacturing sector grew by 31 per cent to USD 4.19 billion during April-June this fiscal.

2. India an important trade and investment partner for: Australia's Trade Minister

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

Indian visitors are expected to contribute 1.9 billion dollars to the Australian economy by 2020, Australia's Trade Minister said, describing India as an important trade and investment partner. For the year-ending March 2017, Australia welcomed 274,500 visitors from India, 15.3 per cent more than the previous year, Steve Ciobo said...The minister said that India was a growing and important tourism market for Australia and Indian visitors were expected to be worth 1.9 billion dollars to the Australian economy by 2020...Describing India as an important trade and investment partner for Australia, the minister said that he will lead a business mission to Australia Business Week in India, at the end of the month, which will promote Australian capability and expand Australia's trade, investment and education relationships.

3. PM Modi asks young CEOs to be soldiers of development

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

Prime Minister Narendra Modi called upon chief executive officers (CEOs) and entrepreneurs to identify and develop five items whose imports could be stopped by 2022 so that the country's needs could be met by domestic production. He said an atmosphere must be created to take the poor along in every sphere of life. India continues to have a significant trade deficit in goods even as it has reduced since 2014-15. In 2016-17, merchandise exports stood at \$276.28 billion even as imports soared to \$384.31 billion. The \$108.03-billion deficit has been explained in terms of skewed trade relations with manufacturing hub China as well as India's dependence on exporting raw materials rather than finished goods...“We develop products keeping in mind markets and claim that they are cheaper than others; but have we ever thought of developing products that help in solving our domestic problems,” Modi asked...He said among many sectors that had the potential of creating jobs, tourism held great promise but it was not exploited fully due to psychological issues.“We Indians don't take pride in our rich heritage. If we begin talking about our tourist destinations with pride, the world will be desperate to visit India,” Modi said.

4. ADB praises GST, says it will reduce costs for lower-income sections

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

The Goods and Services Tax (GST) regime in India will tend to lessen the burden on the lower income section of the society but at the same time, increase the costs for higher income households, according to a blog posted on the Asian Development Bank (ADB) website. "With the GST, in general, the tax rate on goods is likely to be reduced as compared to previously, and the tax rate on services increased. As households progress towards higher income brackets, the share of household budget spent on services increases and on goods declines," according to the blog written by Mukul Asher, Professorial Fellow, Lee Kuan Yew School of Public Policy...It has been about six weeks since GST became operational on July 1. "Its impact on the overall economy business, households, and the government organisations is expected to be multi-faceted, and will be felt by different sectors over differing time periods in a dynamic and non-linear pattern," it said.

5. NITI Aayog CEO Amitabh Kant to launch Mentor India Campaign tomorrow

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

NITI Aayog CEO Amitabh Kant will tomorrow launch the Mentor India Campaign, a strategic nation building initiative to engage leaders who can nurture and guide students at more than 900 Atal Tinkering Labs. Atal Tinkering Labs have been established across the country as a part of the Atal Innovation Mission. The Mentor India Campaign is aimed at maximising the impact of Atal Tinkering Labs, an official statement said...According to the statement, NITI Aayog is looking for leaders who can spend anywhere between one to two hours every week in one or more such labs to enable students experience, learn and practice future skills such as design and computational thinking.

6. Boost for Narendra Modi government, FSDC has THIS to say about Indian economy

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

India's macro-economic stability remains strong on the back of an improvement in fundamentals, structural reforms with the launch of the goods and services tax and steps to tackle the twin balance sheet problems, according to the deliberations at a meeting of the Financial Stability and Development Council (FSDC) on Tuesday, chaired by finance minister Arun Jaitley. The Council, consisting mostly of regulators and secretaries of the finance ministry, also took note of investor confidence in financial markets, which is reflected in high and rising bond and stock valuations and long-term positive consequences of demonetisation, according to a finance ministry statement. Chief economic advisor Arvind Subramanian made a presentation on the state of Indian economy at the meeting. The twin balance sheet problem refers to overleveraged companies and bad-loan-encumbered banks, which has dented investments in the economy.

7. Govt to check piracy, build IPR awareness: Sitharaman

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

The government is trying to build awareness about protection of intellectual property rights (IPRs) and is also working closely with the music and film industry to check piracy, Commerce & Industry Minister Nirmala Sitharaman has said...“We are going to bring in certain level of credibility and build awareness among people who are IP holders and institutions which should know where they have to intervene, so that rule of law plays its role,” she said. The workshop has been organised by the Cell for IPR Promotion and Management (CIPAM), a professional body under the aegis of the Department of Intellectual Property and Promotion (DIPP)... Sitharaman said that special courts

were being set up for speedy resolution of disputes and the Ministry was also encouraging institutionalised arbitration processes to settle cases outside courts.

8. Smuggling piracy hindering India's manufacturing growth: FICCI

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

Widespread smuggling, counterfeiting and piracy can affect India's goal of becoming a manufacturing hub of the world, industry body Ficci today said. The market for contraband, smuggled and counterfeit goods is thriving in India and is today one of the biggest challenges faced by the domestic industry, it said in a statement. "India today has the potential to become a global manufacturing hub. However, widespread smuggling, counterfeiting and piracy can act as a dampener in achieving this goal," the chamber said. It said according to a CASCADE (Committee against Smuggling and Counterfeiting Destroying the Economy) study, supply of illicit goods have increased 44.4 per cent between 2012 and 2014 in sectors such as tobacco, alcoholic beverages, auto components, computer hardware and FMCG. "The genuine goods collectively suffered an annual sales loss of Rs. 32,412 crore, while the government's loss in tax revenue went up by Rs. 13,049 crore," it added. The statement also said illegal money generated through illicit trade is a major source to finance terrorism, insurgency and other organised crimes.

9. Government planning to issue drug permits valid for life

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

The government is close to finalizing a proposal to grant licences in perpetuity to pharmaceutical companies, scrapping the existing policy that required renewal of licences every five years. Aimed at enhancing the ease of doing business in India, the government has proposed that manufacturers be granted licences that will remain valid as long as they comply with good manufacturing practices (GMP). India's drug regulator has also proposed an inspection of drug manufacturing plants every three years by both central and state inspectors to verify compliance with the conditions of licence and provisions of the Drugs and Cosmetics Act, 1940. The suggested changes in the existing Drugs and Cosmetics rules will soon be sent to the law ministry for vetting after which they will be notified.

10. Companies urge Arun Jaitley for zero GST on fortified staples

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

Companies selling fortified staples like wheat flour have urged finance minister Arun Jaitley to reduce the goods and services tax (GST) from 5% to zero percent on all fortified staples bearing a registered trademark ...Before the GST, the applicable tax on branded wheat flour, including the fortified ones, was around two percent. Fortification, which is a process of adding essential micronutrients like vitamins and iron to food grains or commodities, came into focus after the country's food regulator Food Safety and Standards Authority of India (FSSAI)...FSSAI and the ministry of women and child development jointly drafted a plan to make supply of fortified food mandatory for government-supported schemes like Mid-day meal at schools by December 2019, Integrated Child Development Services (ICDS) by December 2018 and Public Distribution System (PDS) by January 2020 to fight malnutrition in India where about 70% pre-school children suffer from malnutrition...According to the representation of the companies, fortification is a cost-effective way to improve public health. To encourage fortification, the government needs to revisit the tax slab proposed under the GST regime and ensure revenue neutrality, it added.

11. Amazon on course to become India's most popular online retail firm

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

Amazon India is on course to becoming the most popular shopping platform in India, matching arch-rival Flipkart for the second consecutive quarter, according to the latest RedSeer E-tailing Leadership Index (ELI). A faster and more consistent browsing experience as well as the growing adoption of Amazon Prime helped Amazon India clock the same score as Flipkart in the sixth version of ELI. According to the April edition of the RedSeer ELI, Flipkart and Amazon India were both locked at the top of the rankings with a score of 95, *Mint reported* on 25 April. Both Flipkart and Amazon India came in with the same scores during the June quarter as well. However, Amazon India is increasing its score at a much faster rate than Flipkart, indicating that unless Flipkart improves its delivery speed, browsing experience, brand image and other aspects, it will soon be overtaken by Amazon India as the country's most popular shopping platform...According to the report, Amazon India is growing slightly faster than Flipkart in terms of user experience. The rapid strides that Amazon India has undertaken to improve customer experience have also reflected in the strength of its brand.

12. Reserve Bank of India to introduce Rs 200 notes beginning of September

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

Reserve Bank of India appears to be giving highest emphasis on how to avoid the possibility of an illegal trade of currency notes as it prepares to introduce Rs 200 denominated bank notes for the first time in history. RBI is likely to put the proposed Rs 200 bank notes in circulation by the end of August or in the first week of September, according to people in the know. Most importantly, it is taking all steps to stop black marketing and is building a stack of about 50 crore notes of the new denomination to start with so there is no scarcity or possibility of illegal trade, sources said... There were reports of illegal hoarding of the Rs 2000 bank notes and black marketing after it was introduced dramatically to remonetise the withdrawn currency from the system. The plan to introduce the Rs 200 currency notes is in tandem with the broader exercise to stop counterfeiting and curbing untaxed cash in Asia's third-biggest economy.