

Daily Economic News Summary: 24 April 2017

1. Govt's generic push will dent Rs 90,000-cr branded pharma market

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

Pharma companies may soon start wooing chemists as the Narendra Modi government plans to make it mandatory for doctors to prescribe pure-generic drugs, instead of branded generics as they do now. Though the plan was first announced in this year's Budget, the prime minister spoke about it for the first time at a public event on Monday. The health ministry has now started working on amending the Drugs and Cosmetics Act to this effect. "Indian patients may face quality issues without price benefit as intense competition among marketers will lead to incentivising a chemist," says D G Shah, secretary-general of the Indian Pharmaceutical Alliance. India, like most of other emerging markets, is predominantly a branded generics play with a 90 per cent share in the Rs 1-lakh-crore market. Which means that drug makers sell these off-patent drugs through their relationships with doctors. In developed countries such as the US, only patented drugs are sold under a brand, which is marketed through their ties to doctors. Off-patent drugs are sold only as pure generic, without using any brand name. It helps in making pure generics cheaper.

2. Economy to grow over 3-folds to \$ 7.25 trillion y 2030: Arvind Panagariya

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

India will be a Rs 469 lakh crore, or \$7.2 trillion, economy by 2030, growing at an average rate of 8 per cent, Niti Aayog, the government's premier think-tank, has projected as part of its 15-year vision document. This would be a more than three-fold expansion from Rs 137 lakh crore, or \$2.1 trillion, in 2015-16. The increase of Rs 332 lakh crore (\$5.1trillion) in 15 years compares with the addition of \$8.1 trillion in China's GDP over the past 15 years. "The future is extremely bright for India's economic growth, primarily because of an extremely large GDP base and a projection of average 8 per cent growth over the next 15 years," Niti Aayog vice chairman Arvind Panagariya told the media after the third meeting of its governing council. India's economy grew by 7 per cent in the third quarter of 2016-17 compared with 7.4 percent in the second quarter. The Central Statistics Office retained its projection of 7.1 per cent growth in 2016-17, slowing from 7.6 percent in the previous financial year. The IMF estimated India's GDP growth at 7.2% for 17-18.

3. India's GST challenge makes Donald Trump's tax overhaul look easy

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

The challenge is daunting: Convert an economy of more than 1 billion consumers, 29 states, 22 official languages, 9 million businesses all operating under a spider's web of taxes, arcane regulations and competing political ambitions into a unified common market. But that's the goal as India gets ready to roll out a goods and services tax (GST) after a 10-year battle to win over the country's powerful states and fractious federal parties. Designed to free up trade, foster tax compliance and make it easier to do business in the world's fastest growing major economy, the GST is scheduled to go into effect on 1 July. "It has been a huge challenge with countless man hours," said Anita Rastogi, partner, indirect taxes at PricewaterhouseCoopers LLP, New Delhi, in a telephone interview. "The July 1 target is looking feasible. And the effort that has been put in is worth it because this will lead to greater tax compliance and better efficiency." Until now, a product or service in India is taxed multiple times at different rates as components are added and shipped between states. Everyday more than 20,000 truck drivers wait in queues up to three kilometers long to pay an entry fee at 122 New Delhi checkpoints, food rotting, tempers fraying, costs rising. The new levy will apply at the final point of consumption, reducing the cascading effect of taxes on tax, allowing producers to easily claim credits and minimizing the opportunity for corruption. Those trucks at the New Delhi border? They'll see their waiting time at check points drop by half, according to economists at Nomura Holdings Inc. Prime Minister Narendra Modi's government says introduction of the tax may bolster growth by as much as 2 percentage points.

4. Arun Jaitley in US: Rise in protectionism will hurt global economy

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

Finance minister Arun Jaitley said the rise in protectionism across the globe will hurt the world economy and welfare of people. "We need to bond together and renew our compact to protect the world from falling into a spiral of slow economic growth, rising inequality and irreversibly altered climate, conflict and fragility," Jaitley said in Washington DC. He was speaking at the plenary meeting of the development committee of the World Bank and the International Monetary Fund and Restricted Session of the International Monetary and Finance Committee (IMFC). India has expressed concern over the rising trend of developed countries like the US, Australia and New Zealand putting curbs on the movement of skilled professionals. That primarily puts Indian

technology companies that send thousands of computer programmers and consultants from India to work at client sites abroad in the cross hairs, hurting their ability to serve customers and win orders. Jaitley said the confidence in a global recovery remains weak owing to the risks associated with the future course of economic policies and the monetary policy stance of advanced economies; the resurgence of commodity price pressures; and the increasing recourse to protectionism. During his visit to Washington, Jaitley held a bilateral meeting with his US counterpart and the US treasury secretary Steven Mnuchin. “Jaitley raised the issue of H-1B visas for skilled professionals from India and highlighted the contribution which Indian companies and professionals are making to the US economy. Issues related to terror funding were also discussed and the US treasury secretary appreciated the role of India in this regard, including Indo-US cooperation in FATF (Financial Action Task Force),” a finance ministry statement said.

5. To realise ‘New India’ vision, States too must pitch in: PM

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

In what is widely perceived as an indication for a shift of the financial year, Prime Minister Narendra Modi today urged States to consider January-December fiscal instead of the current April-March. Stating that in a country where farm income is exceedingly important, Modi said budgets should be prepared immediately after the receipt of agricultural income for the year. The Prime Minister was speaking at the closing session of the third Governing Council meeting of the NITI Aayog here on Sunday. Modi said that as a former chief minister, he is convinced that the vision of a ‘New India’ can only be realised through the combined effort and cooperation of all States. He urged the States, all local bodies and non-governmental organisations to decide on goals for 2022, and work in mission mode towards achieving them. The Prime Minister said that the vision document in circulation is a draft, and all suggestions given by chief ministers will be taken into account before finalising it. He laid emphasis on good governance and said it leads to optimum utilisation of resources even if they are limited. Modi noted the issue of regional imbalance raised by a number of chief ministers. He agreed that this has to be addressed on a priority basis, both at the national and State levels.

6. India may move gas-fired power plants to Indonesia

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

India is discussing with Indonesia the possibility of relocating its natural gas-based power plants to the South-East Asian nation. This was one of the subjects discussed at the 1st India Indonesia Energy Forum, held in Jakarta on Friday, said a statement from the Government of India. It quotes the Indonesian Minister of Energy and Mineral Resources, Ignasius Jonan, as saying that a 19-member team of energy officials from Indonesia will visit India soon, and one of the topics discussed will be the relocation of gas-fired power plants. India has 25,329 MW of gas-based power plants, of which 14,305 MW are technically “stranded” — fully or partly inoperative due to want of gas supply. These plants are estimated to have consumed investments of ₹1.24 lakh crore. In 2016-17, they operated at a mere 22.51 per cent plant load factor, producing 49 billion units of electricity. The idea of relocating some of the plants to other countries has been knocking about for some time.

7. Mega defence deals in the pipeline during PM’s visit to Israel

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

Mega defence deals, including procurement of an air defence system for the Indian Navy, are likely to be sealed during Prime Minister Narendra Modi’s upcoming visit to Israel which will be first by an Indian Prime Minister to the Jewish nation. Ahead of the visit, which is likely to take place in July, Israeli envoy Daniel Carmon said it will be a “big” visit, reflecting the depth of cooperation between the two countries in a range of key areas - **Missile systems, ‘Good relationship’**