

Daily Economic News Summary: 26 April 2017

1. India a bright spot despite disruptive reforms: Survey

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

India continues to remain an economic bright spot despite some bold but disruptive reforms, according to a recent survey. The FICCI-PwC India Manufacturing Barometer (IMB) survey stated that about 63 per cent of respondents were "somewhat optimistic" about the prospects of the Indian economy for the coming year, representing a significant jump over last year's 58 per cent. "There is greater optimism about the Indian economy compared to last year. The manufacturing industry is looking to focus on new products/services, IT, and expanding its facilities in select sectors," Nilesh Narwekar, Partner, PwC strategy said. Lack of digital culture and talent is a key internal challenge. As the industry prepares for immediate changes like GST implementation, the key expectation from the government continues to be the creation of a clear, stable policy environment that can facilitate long-term business and investment planning, he added. Around 25 per cent of those surveyed were very optimistic about the future prospects of the India economy, while a large section believed growth would be in the range of 7-8 per cent.

2. Italy sending its biggest trade delegation to India to explore investments opportunities

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

Riding on the recent efforts to introduce GST that is being viewed as a major economic reform to attract foreign capital, Italy — Europe's second biggest manufacturing hub — is sending its biggest trade and investor delegation to India this week, seeking greater participation in the machinery, automative, ICT, infrastructure and textile sectors. Led by Italy's Deputy Trade Minister, the delegation of 60 Italian companies will explore business and investment opportunities in India, according to Italy's Trade Commissioner to India Francesco Pensabene. Italy is currently the 13th largest investor in India with a presence of 400 firms and has a market share of 1% among foreign investors here. Total Italian FDI between 2000 and 2016 was around 2 billion euros. The Italian official pointed out that implementation of GST will lead to harmonisation of taxes, which will enhance foreign capital into India, including from Italy.

3. Team from Russia's Chelyabinsk explore Andhra opportunities

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

A high-level delegation from Chelyabinsk region of Russia visited Andhra Pradesh on Monday to explore opportunities of cooperation. The 50-member team led by Boris Dubrovsky, Governor of Chelyabinsk, expressed interest in heavy industry, agriculture, infrastructure and technology as areas where the two can work together. Participating in a conference organised by the Andhra Pradesh Economic Development Board, a single-point of contact for investments in Andhra Pradesh, Dubrovsky said India and Russia are natural partners and the two can scale up the volume of trade. "India and Russia will gain in promoting the International North-South Transport Corridor, which would reduce transit time by almost 40% between India and Russia," he added. Ganta Srinivasa Rao, Andhra minister for human resource development, urged the Chelyabinsk region to forge partnerships and alliances with the state. J Krishna Kishore, CEO, Andhra Pradesh Economic Development Board, said Chelyabinsk can cooperate in manufacturing and industrialisation, "especially in heavy industry, metallurgy and military industry".

4. GST impact: Government may slap customs duty on imported mobile phones

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

The government may slap customs duty on imported mobile phones after switching to the goods and services tax (GST) regime as it seeks to give a boost to local manufacturing, ward off Chinese imports and induce companies like Apple to make in India. Such a move could, however, increase the price of imported smartphones by 5-10%. The ministry of electronics and information technology has secured legal opinion from the attorney-general who has said that imposing customs duty on phones will not violate the Information Technology Agreement (ITA), an international pact which mandates signatory countries to allow duty-free imports of certain electronics products. An inter-ministerial committee, comprising representatives from the finance, commerce, and telecom and IT ministries, has been set up to examine the issue in detail. These developments follow a growing thought in the government that zero customs duty is not helping the case of manufacturing in the country. In addition, certain exemptions that are currently available to domestic handset makers — such as no countervailing duty on imported electronic components — will have to go after the GST regime comes into force. Imposition of customs duty

will protect local manufacturers. Though no final decision has been taken on the quantum of the duty, it is expected to be 5-10%.

5. US moves to bridge \$24 billion trade deficit with India

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

After the IT industry, it is now the turn of the manufacturing sector to brace itself for a possible jolt from the Donald Trump regime in the US. Washington DC has officially sounded out to New Delhi that it would soon take steps to bridge the \$24-billion bilateral trade gap, which is in India's favour. Assistant US Trade Representative Mark Linscott, who met senior officials from the Commerce Ministry last week, said his government would identify the barriers to trade impeding American exports through trade policy dialogue so that steps could be taken to redress the problem, a government official told *BusinessLine*. "Linscott said that the USTR office had every intention to work on reducing the trade gap between the two countries as it was adversely affecting the American industry and it would also explore why Indian exports had surged," the official added. The Indian Commerce Ministry team, led by Additional Secretary Anup Wadhawan, emphasised that bilateral trade was mutually beneficial as both were sourcing things from each other that were more competitive and gave consumers more value for money. It was also pointed out to that the US had traditionally followed the policy of benevolence towards economically less developed countries and running a trade deficit with them was never a problem.

6. PM Modi permits surplus power sale to Pakistan: Amrinder Singh

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

Punjab chief minister Amarinder Singh today said that Prime Minister Narendra Modi has given green signal to the state to sell surplus power to Pakistan. The chief minister had earlier sought Centre's sanction to supply power across border to curtail expenditure on fixed costs and costly power that state is obligated to buy as per Power Purchase Agreements. The chief minister revealed about the positive response from the PM to a CII delegation headed by chairman & CEO, Renew Power Ventures Sumant Sinha, appointed as chairman CII North and managing director Vardhman Special Steels Sachit Jain, appointed as deputy chairman, CII North. Singh also revealed that the Prime Minister had indicated that Punjab should look for other trade options with Pakistan. In the

last week, the chief minister had sought permission to sell its surplus power to Pakistan or Nepal in the economic interest of the cash-crunched state. The state is left with 1000 MW surplus power after meeting its domestic demand, and consumers are forced to pay extra taxes to sustain fixed cost of power generating units.

7. India nips at China's heels in race to collect Lanka port assets

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

India is looking to invest in a colonial-era Sri Lankan oil-storage facility as it seeks to further its naval interests in the Indian Ocean and push China back in the process. A unit of state-owned Indian Oil Corp., the country's largest refiner, is set to help fund the \$350 million development of an 84-tank facility at the strategically located Trincomalee port on Sri Lanka's east coast. India and Sri Lanka are also discussing setting up a refinery in the island nation, according to Shyam Bohra, managing director of Indian Oil's subsidiary Lanka IOC. The talks come before a meeting Wednesday between Indian Prime Minister Narendra Modi and Sri Lankan Prime Minister Ranil Wickremesinghe in New Delhi. Modi is also due to visit Sri Lanka next month. Still, India's interests in the Sri Lankan port are probably more strategic than economic, part of its effort to displace hefty investment coming into the country from China and preserving a key gateway to the Indian Ocean. China is expanding both militarily and economically in the region, and its submarines have docked previously in Colombo. Analysts cautioned that India has been slow to make big investments in Trincomalee for decades, partly because New Delhi is content with a small base that keeps adversaries out. There's also no business case for a third major port in the South Asian country of 20 million people, they said.