

## Daily Economic News Summary: 28 March 2017

### **1. India needs to worry about short-term debt flows: US economist**

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

Barry Eichengreen, professor of economics and political science at the University of California, Berkeley, has termed the gradual capital liberalisation of India as “prudent”, but stressed the country needs to keep an eye on the external commercial borrowings that are increasing at a fast pace. “India has been prudent in moving gradually and incrementally when liberalising the capital account in the course of the last 25 years,” Eichengreen said, delivering Exim Bank’s 32nd Commencement Day Annual Lecture. India, he said, started with a policy towards FDI inflows, followed by a policy towards portfolio equity inflows and then debt inflows, and turning last to a policy toward outflows, gradually raising ceilings and increasing the range of transactions. “It has been wise to accompany that move with a more flexible exchange rate,” he said. But the country “needs to worry about short-term debt flows, including external commercial borrowing, whose relative importance has been rising in recent years, albeit from low levels”, the renowned economist said.

### **2. India gives UN talks on banning nukes a skip**

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

India is not participating in the conference on negotiations for a total ban on nuclear weapons that began here Monday. Diplomatic sources familiar with India's position said the decision to not participate in the meeting was taken independently by New Delhi taking into account the nation's own interests and that the Indian mission was closely monitoring the developments at the conference. India was expected later this week to issue a comprehensive statement laying out its stance on the meeting that is officially called the Conference to Negotiate a Legally Binding Instrument to Prohibit Nuclear Weapons, Leading Towards their Total Elimination. India abstained from voting on the General Assembly resolution last year that set up the conference. Meanwhile, US' Permanent Representative Nikki Haley separately announced a boycott of the conference by western nuclear powers and 37 other countries.

### **3. Govt in talent infusion mode**

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

Faced with a shortage of officers at senior levels, the government is planning to bring in new talent at the policy-making level through various measures. A recent meeting of Secretaries from various ministries/departments came up with the suggestion that candidates from various fields could be appointed at the Joint Secretary level after a competitive written exam and personality test/presentation, sources close to the development told *BusinessLine*. The meeting of group of ‘Secretaries on Governance’ was chaired by Bhanu Pratap Sharma (Department of Personnel & Training). Another option is to bring officers on contract for fixed term/ lateral induction into Indian Administrative Service (IAS) at JS level, an official added. The Secretaries group that included Aruna Sundarajan (Ministry of Electronics & IT); Bhasker Khulbe (Secretary to PM); Prabhas Kumar Jha (Ministry of Parliamentary Affairs) and Snehlata Shrivastava (Department of Justice) expects to come out with a complete action plan by March 2018. “One of the action points is selection of persons from various fields of governance at JS level through Union Public Service Commission (UPSC). The government feels there is structural imbalance in cadres due to abnormally low recruitment during 1995-2002,” said an official.

### **4. GST a step closer with 4 Bills tabled in Lok Sabha**

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

India took another critical step towards ushering in the Goods and Services Tax (GST) regime after Finance Minister Arun Jaitley introduced as many as four Bills — Central GST; integrated GST; Compensation to States and Union Territory GST— in the Lok Sabha on Monday. Having been categorised as “money bills”, they are expected to have a smooth passage in the ongoing Budget session itself. The Central Goods and Services Tax Bill 2017, among other things, has sought to cap the Central GST rate at 20 per cent for all intra-State supply of goods or services, or both. The only exception is in case of supply of alcoholic liquor for human consumption, where the rate will be separately notified. This Bill also seeks to impose obligation on electronic commerce operators to collect tax at source, at such rate not exceeding one per cent of net value of taxable supplies, out of payments to suppliers supplying goods or services through their portals. It also provides for self-assessment of the taxes payable by the registered person. Another

interesting proposal relates to the anti-profiteering clause that ensures the business passes on the benefit of reduced tax incidence on goods or services, or both, to the consumers.

### **5. Xiaomi Inc eyes India's financial services sector**

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

Chinese smartphone maker Xiaomi Inc is looking to expand its product portfolio in the Indian market beyond phones and connected devices to enter the financial services space. In an interview with *BusinessLine*, Xiaomi's co-founder, Chairman & CEO, Lei Jun said: "We are exploring the possibility of providing financial services in India. But this sector is highly regulated. It requires different licences. If we could obtain such licences then we are more than happy to be part of financial services innovation in India. We need to understand if there are limitations on foreign entities." Xiaomi recently floated a digital bank, Sichuan XW Bank, to offer online financial services in China. Alibaba, the other Chinese Internet giant, is also looking at entering the Indian mobile payments space actively.

### **6. Corporate leaders step up to put India on global map**

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

Private corporations have a key role to play in accelerating India's economic growth, according to experts. The World Bank has forecast 7% economic growth in India this year, making it the fastest growing large economy in the world. Several policymakers strongly believe that India can emerge as a leader in Asia and public-private partnership (PPP) is the key to its development. Jayant Sinha, Union minister of state for civil aviation claimed India is using a lot less energy, carbon and capital than the US and China to achieve GDP growth. Sinha said that by 2020, India's contribution to global growth, on purchasing power parity basis, will exceed that of China by 60% and that of the US by 180%. He was addressing policy makers, CEOs and CXOs at the National Leadership Conclave, an annual event organized by All India Management Association, the national apex body of the management profession in India.