

Daily Economic News Summary: 29 March 2017

1. GDP numbers: Experts taken by surprise

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

Gross domestic product (GDP) growth figures for the third quarter of FY17 at 7% have taken experts by surprise, who were expecting the numbers to show the impact of demonetisation. Even the Reserve Bank of India (RBI), in its recent monetary policy reviews, had cited the “likely impact of demonetisation” as one of the factors while refraining from cutting key rates. That apart, the International Monetary Fund (IMF) too, had recently warned India’s growth could to slow to 6.6 % in 2016-17 fiscal due to the strains that have emerged in the economy as a result of “temporary disruptions” caused by demonetisation.

2. Govt to extend sops for Mega Power Policy projects by five years

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

The government is set to extend by up to five years the benefits of the Mega Power Policy which promised customs and excise duty benefits to power projects of 1,000 megawatt (MW) or more capacity that sign long-term power purchase deals. The move will provide about Rs10,000 crore of benefits to two dozen projects with about 32,000 MW capacity and help ease the stress some of them inflict on the banking sector. Only 11,000 MW of these projects are commissioned, while the remaining are under various stages of implementation. Generally, 70% of the project cost is financed through debt. The total cost of these projects is estimated to be about Rs1.5 trillion. The proposal for extending the mega power policy scheme is likely to be taken up by the Union cabinet chaired by Prime Minister Narendra Modi shortly, a person privy to the development said on condition of anonymity.

3. India turns net exporter of steel; cos look to raise capacity usage

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

The capacity utilisation of steel manufacturers is set to increase with strong export demand and signs of a revival in domestic sales. Steel companies such as Essar Steel and JSW Steel have already seen a sharp rise in steel production in the last two months. JSW Steel's flat steel production increased by 31 per cent to 1.93 million tonnes (1.47 mt) in the last two months, while Essar Steel has also reported an increase in output. After a gap of three years, India turned a net exporter, aided by stiff tariff barriers restricting imports. In the last nine months, steel exports from India increased 77 per cent to 6.62 mt while imports fell by 65 per cent to 6.59 mt. With many importers restricting shipments from China with high duties, exports from India are set to continue rising for a few months, said a steel company official. However, the profit margins of the steel industry are set to come under pressure in the March quarter with rising iron ore prices and high-cost coal inventory. In the last seven months, NMDC has increased the price of iron ore lumps from its Chhattisgarh mines by 43 per cent in line with the global trend.

4. Foreign workers can now withdraw retirement corpus when leaving India

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

Providing significant relief to international employees of multinational firms working in India, the Employees' Provident Fund Organisation (EPFO) has issued guidelines that would allow lumpsum withdrawal of retirement savings once their employment in the country comes to an end. "This will facilitate payment of provident fund and withdrawal benefit under Employees' Pension Scheme, 1995 to international workers on the date of leaving service in India," said the EPFO in a recent circular, adding that it has also made suitable changes in its software to ensure that the claims are processed before exit from service. In such cases, it has advised employers to pay the contribution of the retiring (leaving) worker within the first three days of the particular month. The employer should also submit the completed claim forms for such workers complete the concerned provident fund office by the 5th of the month in which the member is leaving service. "The provident fund officer shall ensure settlement of such retirement claims and credit the settlement amount to the member's account on the date of leaving service in India to the bank account maintained in India," it said, stressing that the directive should be implemented by all field offices. The facility will be available only to workers from establishments in countries that have a

social security agreement (SSA) with India. At present, India has operational SSAs with 17 countries, including Austria, Canada, France and Japan.

5. ABB looks to plunge into India start-ups

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

Swiss industrial giant ABB Group is exploring the possibility of investing in Indian start-ups, which will complement with its line of business. Globally, it has investments of over \$150 million in high-potential industrial technology and energy companies. Managing Director of ABB India Ltd, Sanjeev Sharma, in an interview to *BusinessLine* said that he had reviewed a number of Indian start-ups. It is amazing to see the amount of motivation Indian youngsters have for further developing their start-ups”. The investments are made by ABB Technology Ventures (ATV), a strategic venture capital investment arm of ABB. So far ATV has not invested in Indian start-ups, but globally it has done it in technology companies, which are complimentary to ABB businesses,” Sharma said. ABB has taken a long-term view of start-ups. The company may not buy the technology developed by a start-up in the nascent stages, but it will encourage it in the early cycle of development. Later, ABB may use the technology in its ecosystem, he said.

6. FSSAI to partner global, desi firms to up food safety levels

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

The Food Safety and Standards Authority of India (FSSAI) is looking to partner global and domestic companies to raise the levels of food safety and hygiene in the country. The regulator is also looking to engage with food companies on various other aspects such as compliance and developing robust consumer grievances processes. FSSAI CEO Pawan Agarwal said safe and nutritious food for all is a “shared responsibility”. “We are looking to engage with corporates to scale up initiatives to ensure the availability of safe and nutritious food in the country. We are also looking to engage with companies on various other areas such as compliance, training and capacity building, among others,” he added. The regulator on Monday signed an MoU with Coca-Cola India to train 50,000 streetfood vendors under its project “Clean Street Food” across India over the next three years. While Coca-Cola India will handle programme execution through its bottling plants network, FSSAI will help develop the training content.