

## Daily Economic News Summary: 7 April 2017

### **1. India's growth to accelerate to 7.4 % in 2017-18: ADB**

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

Shrugging off the impact of demonetisation, the Indian economy is estimated to grow by 7.4 per cent in 2017-18 and 7.6 per cent in the next fiscal. "The impact of the demonetisation of high value banknotes is dissipating as the replacement banknotes enter circulation," said the Asian Development Bank (ADB) in its Asian Development Outlook, 2017 that was released on Thursday. The economy is estimated to have grown by 7.1 per cent last fiscal. The ADB report said that stronger consumption and fiscal reforms are also expected to improve business confidence and investment prospects in the country. It also expects inflation to rise this fiscal from 4.7 per cent in 2016. It has pegged inflation at 5.2 per cent in 2017-18 and 5.4 per cent in 2018-19. *PTI adds:* "In India, the sub-region's largest economy, growth is expected to pick up to 7.4 per cent in fiscal year (2017-18) and 7.6 per cent in 2018-19, following the 7.1 per cent registered last FY," it said. With regard to China, the report said, the overall output is expected to slow to 6.5 per cent in 2017 and 6.2 per cent in 2018, down from 2016's 6.7 per cent. Efforts of the Chinese government to maintain financial and fiscal stability would continue to be a modest drag on growth going forward, it said, adding the continued structural reform would help in maintain growth in the government's target range.

### **2. India jumps 12 spots in WEF's global travel & tourism ranking**

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

India has jumped 12 places to 40th rank globally in travel and tourism competitiveness list by World Economic Forum (WEF). India is one of the countries that improved the most as it gained 12 places in Asia, but lagged behind its other Asian peers like Japan and China which were ranked way ahead at 4th and 13th place, respectively. Spain is ranked at the top in the list. "India continues to enrich its cultural resources, protecting more cultural sites and intangible expressions through UNESCO World Heritage lists, and via a greater digital presence," WEF said in its Global Travel and Tourism Competitiveness Report 2017. Some of the factors that helped India climb up the

ladder include international openness through strong policies such as implementing visa on arrival and e-visas, and improvements in the country's ground transport infrastructure which benefited the travel and tourism sector in the country, it added. India has seen continued growth in international arrivals over the past 15 years, reaching the 8 million mark in 2015, WEF said, adding the country's vast cultural and natural resources, and its price competitiveness advantage also attracted international tourists. The report, however, noted that though health conditions are improving, they remain "inadequate". Similarly, ICT readiness, security concerns and human resources are improving, but remain "weak".

### **3. RBI policy: optimistic on growth, pessimistic on inflation**

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

Here's what the Reserve Bank of India (RBI) said in its April 2017 Monetary Policy Report, released on Thursday: "Underneath current benign inflation conditions, there are broad-based inflation pressures, which make the inflation outlook for 2017-18 challenging. Growth in real gross value added (GVA) is expected to accelerate in 2017-18, underpinned by strong consumption demand even as investment activity remains muted and external demand uncertain." That statement is very significant, as it implies that the central bank remains wary of upside risks to inflation on the back of strong prospects of economic growth in the current fiscal year—it sees the output gap gradually closing, which could push inflation higher. As Gaurav Kapur, chief economist at IndusInd Bank, said, "While RBI is optimistic on growth, it is pessimistic on inflation." With higher growth and inflation, there's no more space for rate cuts. Further evidence of this line of thinking comes from RBI's baseline projections of growth in GVA, which it expects to improve from 6.7% in FY17 to 7.4% in the current fiscal year and further to 8.1% in FY19. Clearly, the central bank is expecting growth to pick up substantially.

#### **4. Israel Aerospace Industries signs near \$ 2 billion missile deal with India**

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

State-owned Israel Aerospace Industries (IAI) has struck a deal worth almost \$2 billion to supply India's army and navy with missile defence systems, the company said on Thursday, describing it as Israel's largest ever defence deal. IAI said in a statement it would supply an advanced air defence system, including medium-range surface-to-air missiles, launchers and communications and control technology, to the Indian army for around \$1.6 billion. An additional naval defence system, including long-range surface-to-air missiles, would be deployed on India's first aircraft carrier, which is still being built, the statement said. The value of that deal was not disclosed, but IAI said the total package was worth nearly \$2 billion. Israel is one of the top three arms suppliers to India, which shares borders with nuclear-armed China and Pakistan. Between 2008-2015, India was the world's second largest developing-world arms purchaser, according to the US Congress.

#### **5. Renewables surpass other energy sources in capacity addition in FY17**

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

Capacity addition from renewable energy sources surpassed conventional sources for the first time in financial year 2017 as India added 12.5 gigawatt (GW) of renewable energy capacity compared to 10.2GW from conventional sources of fuel. “India added 12.5GW of renewable energy capacity during financial year 2017, surpassing capacity addition from conventional sources of fuel estimated at 10.2GW, in sync with global trends,” said a report by Elara Capital, which was released on Wednesday. Of the 10.2GW of capacity addition from conventional energy, 74% came from thermal, while the rest came from hydro and nuclear power projects. In financial year 2016, capacity addition from renewable energy was about 6.9GW, and from conventional sources about 23.3GW. The report is based on data from the Union power ministry and the ministry of new and renewable energy (MNRE). The analysis said it signals a clear shift to renewable energy. Prime Minister Narendra Modi-led National Democratic Alliance (NDA) government has set an ambitious renewable energy target for India.