

Daily Economic News Summary: 9 February 2018

1. Kerala Fears Zero Tariff under RCEP May Hit Domestic Dairy Industry

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

Kerala has raised concern over the Regional Comprehensive Economic Partnership (RCEP) agreement between 16 Asian-Pacific countries on the ground that it would impact the country's dairy sector. The RCEP agreement, which is expected to be signed in November, will pave the way for milk and milk products from other countries, affecting small and marginal farmers especially in Kerala, who are not ready to compete with their New Zealand and Australian counterparts, said K Raju, Minister for Forest, Animal Husbandry and Dairying. The milk products from these countries would be price competitive and the elimination of tariff lines potentially opens up much larger possibility of Indian milk producers facing pressure from countries like New Zealand and Australia, the Minister said, while addressing the 46th Dairy Industry Conference here on Feb 8.

2. Emirates Group Signs Mou with AP to Boost Aviation Sector

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

The Emirates Group signed a Memorandum of Understanding (MoU) on Feb 8 with the Andhra Pradesh Economic Development Board, Government of Andhra Pradesh, to establish a framework for collaboration in the aviation sector. The MoU was signed by Sheikh Ahmed Bin Saeed Al Maktoum, Chairman and Chief Executive Emirates Airline & Group, and Krishna Kishore, CEO, Andhra Pradesh Economic Development Board (APEDB), according to a statement from APEDB. Under the terms of the MoU, the Emirates Group and Andhra Pradesh will work together to support the development of the State's aviation infrastructure by sharing industry expertise and identifying development and investment opportunities.

3. Support for Export Promotion Schemes to Cross ₹ 1 Lakh Crore in 2017-18: Prabhu

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

Financial support for exporters through various export promotion schemes is likely to cross ₹ 1,00,000 crore in 2017-18, Commerce & Industry Minister Suresh Prabhu has said. The

Commerce Ministry has also sought an increase in the rate of support under the interest subvention scheme for exporters to 5 per cent from the existing 3 per cent, according to the Director General of Foreign Trade (DGFT). Subvention rate is the interest subsidy that exporters are given by banks on loans. They are in turn reimbursed by the government. Support to exporters under various schemes such as the popular Merchandise/Services Export from India Schemes, the Advance Authorisation scheme and the Export Promotion Capital Goods scheme would cross ₹ 1,00,000 crore and touch ₹ 1,20,000 crore or even more depending on the performance of exports in the last two months of the fiscal, Prabhu said addressing a press conference on Feb 8.

4. Investors Coming up with Complex Strategies to Combat LTCG Blow

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

Many investors, including foreign portfolio investors (FPIs), private equity funds and high networth individuals (HNIs) are devising strategies to minimise the blow of long-term capital gains tax (LTCG). Industry trackers said that the strategies are different for all the three groups of investors but, in some cases, this may lead to a huge selling spurt in March. According to people close to the development, many FPIs are looking to exit part of their portfolio on March 31, only to buy back these stocks on April 1. The idea is that the gains incurred between February 1 and March 31 would be grandfathered. If all these investors sell and buy around the same time, it could lead to rapid fluctuations of prices.

5. Gujarat Set to Become the Detroit of India

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

Sanand, the Gujarat town that gave a home to the Nano budget car when West Bengal threw it out, is humming with activity on Feb 9. The Nano may no longer be a priority for Tata Motors but Sanand has grown bigger in its scheme of things. One in every two cars sold by the company is now made there. It's not just Tata Motors. Suzuki, Ford, Honda and Hero Moto Corporate plants in and around the town in Ahmedabad district, making the region a major automotive hub. Honda Motorcycle & Scooter's facility there is the world's largest scooter manufacturing plant. Before the success, Sanand had seen a fair share of distress as well. When the Nano output was dismal, Tata Motors had to let go of people.

6. Will Modi Government Kill Bitcoin For Lakshmi, Its Own Cryptocurrency?

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

Finance Minister Arun Jaitley had clarified in his Budget speech that crypto currencies were not legal tender and that the government would not recognise them. However, Jaitley had announced that the government would adopt blockchain, the technology that supports crypto currencies. This will render all transactions and holdings in Bitcoin and other cryptocurrencies illegal. The government thinks cryptocurrencies aid tax evasion and round tripping. A group of experts at RBI is examining the possibility of a fiat crypto currency which would become an alternative to the Indian rupee for digital transactions.

7. India's Renewable Energy Project Tendering to be an All-Time High in FY18

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

In what will be a record offering in a financial year, India is set to tender close to 6,650 Mw of renewable energy projects in February. Of this, 2,500 Mw are wind power projects and 4,150 Mw solar. With this, the total projects offered during 2017-18 will exceed a combined capacity of 10,000 Mw. The tranche of projects to be offered includes several state-level projects from Uttar Pradesh (1,000 Mw), Karnataka (200 Mw), Maharashtra (1,500 Mw of wind and solar) and Andhra Pradesh (750 Mw). Wind power projects totalling a generation capacity of 2,000 Mw would be bid out by SECI, a state-run company under the aegis of the Union new & renewable energy ministry.

8. Investors, Developers Flock to Industrial Real Estate

Source: Livemint ([Link](#))

Industrial real estate is fast emerging as the go-to asset class for investors and developers, as demand for special economic zones (SEZ) wanes and India's consumption and e-commerce story gets a boost from the government's Make in India initiative and the goods and services tax (GST). In a bid to build industrial, logistics and warehousing parks, industrial clusters and townships, there is a rush to buy land across states, something that hasn't happened since the SEZ frenzy more than a decade ago. The warehousing and logistics sector, which attracted investments of more than a billion dollars in 2017, is gearing up for the next round which is expected to witness higher interest in building businesses around steady rental income.

9. India to Seek Lower Oil Rates from Saudi Arabia, US

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

India will press Saudi Arabia and the US, the world's biggest oil producers, this month for a reduction in oil prices to provide relief to fuel consumers, Oil Minister Dharmendra Pradhan said on Feb 8. Saudi Oil Minister Khalid A Al-Falih will visit India on February 23-24 while US Energy Secretary Rick Perry would be here between February 28 and March 1, he said. "We feel oil prices should be reduced," Pradhan told reporters here. In meetings with the producers, India, the world's third biggest oil consumer, would make a case for reasonable pricing of crude and reductions from current high levels, he said.

10. Adani Power's Proposal for SEZ in Jharkhand Rejected

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

Adani Power's proposal for setting up a sector specific Special Economic Zone in Jharkhand was rejected by the Board of Approval (BoA) for SEZs on the ground that it was inconsistent with the power guidelines and not backed by a recommendation of the State. The BoA is headed by the Commerce Secretary and includes senior officials from other Ministries and Departments including Finance, Transport, CBEC, CBDT, Urban Development and Chemicals and Fertilisers, among others. On Adani Power's proposal for setting up a sector specific SEZ for power over Godda district in Jharkhand over an area of 425 hectares, the BoA observed that it did not meet the power guidelines specified for SEZs. "The fact that the proposal was not supported by a letter from the State government made the case weaker which led to the rejection of the proposal," the official said

11. Vodafone India Launches Volte Services in Delhi-NCR, Mumbai, Gujarat

Source: Livemint ([Link](#))

Vodafone India on Thursday said it has begun VoLTE services in Mumbai, Delhi-NCR and Gujarat. VoLTE stands for Voice Over Long Term Evolution, in which phone calls are carried over a 4G data network. Karnataka and Kolkata will get VoLTE services over the next few months in a phased manner, the country's second largest telco by subscriber base said in a statement. Vodafone, the Indian arm of the British telecom major, said its customers can access VoLTE services on all VoLTE-enabled devices