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India likely to be 3rd largest economy by 2028: HSBC report

India is likely to overtake Japan and Germany to become the third largest economy in the next 10 years but needs to be consistent in reforms and focus more on the social sector, according to British brokerage HSBC pointing out demographics and macro stability as key strengths for the country. Social capital is insufficient in the country and spending on aspects like health and education "is not just desirable for India's own sake, but is also central to economic growth and political stability. India also needs a lot of focus on ease of doing business and related aspects like contract enforcements. HSBC estimates show India will be a USD 7 trillion economy in 2028, as compared to less than USD 6 trillion and USD 5 trillion for Germany and Japan, respectively. Presently, India's GDP is around USD 2.3 trillion (fiscal 2016-17). It stands at the fifth spot in global rankings. The brokerage said the growth rate, which will be lower in FY18 as compared to the previous year's 7.1 per cent due to the introduction of Goods and Services Tax (GST), will recover from next year in a sustainable fashion.

India improves on WEF's global competitiveness rankings

India remains the most competitive country in South Asia, appearing at No. 40 in the global competitiveness ranking of 137 countries by the World Economic Forum (WEF). The ranking is one lower than last year's, but the two rankings are not comparable because of a change in the methodology. According to WEF, India's score is its highest ever according to the current methodology, which ranked Switzerland as the world's most competitive economy. India's competitiveness has improved. The findings come at a time when India is looking to scale 40 spots to reach the 90th rank in 2017-18 in the World Bank's ease of doing business survey this year. The report, however, cautioned against risks from uncertain global economic conditions. The report remained upbeat about India, which is planning massive funding to bankroll its new infrastructure programe. The WEF lauded India’s efforts in the information and communications technology (ICT) sector.

Indian economy to grow 6.7 pc in 2017-18, says OECD

Indian economy is projected to grow at a lower than expected rate of 6.7 per cent this fiscal due to the "transitory effects" of demonetization and the GST implementation, according to Paris-based think tank OECD. The Organization for Economic Cooperation and Development (OECD) has also revised downwards its estimate for the country's growth in next financial year (2018-19) to 7.2 per cent. For this period, the GDP expansion was pegged at 7.7 per cent in June. In 2017-18, India's growth is forecast to be 6.7 per cent compared to June projection of 7.3 per cent, as per the OECD Interim Economic Outlook. The report said that in India, "the transitory effects of demonetization and of the implementation of the Goods and Services Tax (GST) have led to a downward revision in 2017 growth projections, while business investment has remained weak". In the longer run, the GST is expected to boost investment, productivity and growth, it added. With regard to the global economy, the OECD said growth this year is projected to pick up to around 3.5 per cent and rise to 3.7 per cent in 2018.

India to supply over half of Asia's workforce: Report

India, with over 65 per cent of population below the age of 35, will supply more than half of potential workforce over the coming decade in Asia, which is grappling with ageing population. India will however have to first equip its workforce with necessary skills to contribute to the national economy in order for the country to reap dividends of its demographic potential, said the report by Deloitte - 'Demographics fuelling Asia's shifting balance of power'. The report added that the country needed to pay special attention to skilling and reskilling its workforce with a focus on the changing nature of today's jobs with the invasion of machines and improvement in robotics. According to the report, Asia's elderly population will rise from 365 million in 2017 to more than 520 million in 2027. By 2042, there will be more over-65s in Asia than the populations of the Eurozone and North America combined. To manage ageing populations, the report suggested steps such as increasing the retirement age, welcoming migrants and increasing productivity and skill development, among others.

India's burgeoning youth are the world's future

According to Bloomberg News analysis, India, which currently has around half of its population aged below 25 is expected to have the largest workforce in the world by 2027. A billion people of India will be aged between 15-64 by then. India is going through this demographic transition at much larger scale compared to other countries which have already been through the phase. The same young generation alleviated China from poverty to middle-income. Compared to other countries, India has transitioned in patches as the fertility rates in less developed regions of the country like Bihar (3.3) and Uttar Pradesh (3) are higher compared to developed states which have fertility rates comparable with Northern Europe. That is where most of this young population will come from but these regions are the ones which are lagging behind in terms of necessary infrastructure. The gender ratios in these regions are also not good and so is the state of education. 50 per cent of Bihar's females and 56 per cent in Uttar Pradesh are illiterate. Indian government's reforms in areas of skill development are much needed in this transition. But even without these reforms, this new generation might solve their problems by themselves, as they grow more digital and can fill the skill gap themselves.

Export growth hits 10% in Aug despite GST jitters

After single-digit growth in the previous three months, exports rose 10.29 per cent in August 2017, up from 3.94 per cent in July, despite exporters' woes over the goods and services tax (GST). Rising global petroleum prices may have increased worries of retail customers, but it helped oil exports rise 36.4 per cent for August. Besides, engineering goods rose 19.53 per cent in the month, pushing up the overall outbound shipment that grew for the 12 straight months after contracting for more than a year. Import growth also accelerated in August to $35.46 billion, up 21 per cent as compared to the 15.42 per cent rise in July. This pushed up the trade deficit in August to $11.64 billion from $7.7 billion in August 2016. This may push up current account deficit further. Import of gold surged around 69 per cent and that of silver by over 100 per cent. Non-oil, non-gold imports rose over 20 per cent in August, but it is still not clear whether it would mean robust industrial recovery. The index of industrial production (IIP) remained flat in July after contraction in June. The ray of hope is that project goods increased 26.5 per cent in August. Imports recorded a fairly broad-based upsurge in August. Besides, inbound shipment of precious metals and fuel such as crude oil and coal, electronic goods, iron and steel, and machinery increased significantly. Cumulatively, imports were worth $181.71 billion in the first five months of the current fiscal year, much more than $143.50 billion in the same period of the previous year.

India key export base for auto firms

India is evolving into one of the top global export bases of certain car models made by multinational automobile companies including the bigger models. The trend is increasingly visible among global brands. Take the case of Germany's Volkswagen. The Vento is produced only in India and Russia with India larger of the two. Korea's Hyundai, second biggest in India's car sales, has a similar story with its two-year-old sports utility vehicle (SUV), the Creta. India is its largest producer and exporter. About 45,000 units of this went for export in 2016. Hyundai is also geared to make India one of the top export hubs for its fifth-generation Verna, a sedan launched recently after a full model change. India will be the fourth production hub for the car, after South Korea, China and Russia. According to company Spoke-person, General Motors, which in May decided to stop local sales in the Indian market, exports the largest number of its Beat hatchback from the India unit. What is driving these companies to ship large volumes from India? A prominent factor is that many have not had a great run in the Indian market, leading to underutilization of capacity. A mix of export and local strategy is leading to better utilization. Also, India has turned to be a cost-competitive production base for these companies, with multiple plants across the globe.

India tops A.T. Kearney's Global Services Location Index, extends lead over China

India has topped management consulting firm A.T. Kearney's 2017 Global Services Location Index (GSLI) for the eighth consecutive year since its inception in 2004. This year, however, India has extended its lead over other countries, especially China which is ranked second. In 2016, India's lead was already significant at 0.47; in 2017 this has increased to 0.76. What works in India's favor, is English-speaking skilled labor that none of the other low-cost countries can match and an improved policy environment that adds to the country's overall financial competitiveness. There are currently 200 multinational corporations operating in India and 1.1 million employees in Business Process Outsourcing (BPO). However, the sector faces challenges from automation. A.T. Kearney's research showed that as many as 250,000 jobs in the BPO sector in India could be lost in the next five years due to automation. This represents nearly 22% of the workforce employed in the sector. Index is based on metrics in three categories: financial attractiveness, people skills and availability, and business environment.

Govt unveils new PPP policy as part of push for affordable housing

The central government has announced new public private partnerships (PPP) to promote private investments in affordable housing in line with its Housing for All target by 2022.While speaking at the Real Estate and Infrastructure Investors Summit 2017, Minister of Housing and Urban Affairs, Mr Hardeep Singh Puri introduced eight PPP options for the private sector to invest in affordable housing segment. He announced that the policy sought to assign risks among the government, developers and financial institutions, to "those who can manage them best, besides leveraging under-utilized and unutilized private and public lands." Singh added that out of the eight PPP models, two involve extending central assistance of around Rs2.5 lakh per house to be built by private builders even on private land as interest subsidy on bank loans in upfront payment under the Credit Linked Subsidy Component (CLSS) component of the Pradhan Mantri Awas Yojana (Urban). The other six options include promoting affordable housing with private investments using government land. A few of the models include allocating government land to private firms based on the least cost of construction. Under the six government land-based PPP models, beneficiaries can avail central assistance of Rs1 to 2.50 lakh per house as provisioned under different components of PMAY (Urban). Beneficiaries will be identified as per the norms of PMAY (Urban).

Government approves implementation of the scheme "Dairy Processing & Infrastructure Development Fund"

The Cabinet Committee on Economic Affairs, chaired by Prime Minister has approved a Dairy Processing & Infrastructure Development Fund" (DIDF) with an outlay of Rs 10,881 crore (US$ 1.7 billion) during the period from 2017-18 to 2028-29.The project will focus on building an efficient milk procurement system by setting up of chilling infrastructure & installation of electronic milk adulteration testing equipment, creation/modernization/expansion of processing infrastructure and manufacturing faculties for Value Added Products for the Milk Unions/ Milk Producer Companies. With this investment, 95,00,000 farmers in about 50,000 villages would be benefitted. Additional Milk processing capacity of 126 lakh litre per day, milk drying capacity of 210 MT per day, milk chilling capacity of 140 lakh litre per day, installation of 28000 Bulk Milk Coolers (BMCs) along with electronic milk adulteration testing equipment and value added products manufacturing capacity of 59.78 lakh litre per day of milk equivalent shall be created. The implementation of DIDF scheme will generate direct and indirect employment opportunities for skilled, semi-skilled and unskilled manpower. With the increase in milk procurement operations of the Milk Cooperatives, there would be generation of additional manpower employment for supervision of increased milk procurement operations, transportation of milk from villages to processing units, and increased input delivery services like Artificial Insemination (AI) services, Veterinary Services

Government charts seven-point strategy to double farmer incomes by 2022

Raising crop production, reducing cultivation costs and post-harvest losses, and reform of agriculture markets are among the focus areas of the central government to double farmer incomes by 2022, according to a blueprint released by the Agriculture Ministry. Adding value to farm produce via food processing, risk mitigation through crop insurance and disaster relief, and promotion of allied activities such as horticulture and animal husbandry will be the other areas of intervention, the Ministry said. The release of the seven-point strategy follows Prime Modi's Independence Day speech, in which he had reiterated that his government will strive to double farmers' incomes by 2022, the 75th year of India's Independence. According to the seven-point strategy released, the Government is seeking to raise production by improving water-use efficiency and access to irrigation. Cost of cultivation is coming down as farmers are using soil health cards for balanced use of fertilizers and due to the use of neem-coated urea, the strategy statement said. It added that the government is encouraging farmers to use warehouses to avoid distress sale of farm produce. On reforming agriculture markets, the statement said that the central government has launched an electronic National Agriculture Market, or eNAM, to connect wholesale markets and is encouraging states to adopt a model marketing act which allows for setting up of private market yards.

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