



## E Newsletter for January 2017

### Economic Survey 2016-17: Highlights

India's economic growth has been pegged at 6.5 per cent for the current fiscal, down from 7.6 per cent recorded in the last financial year, but is expected to rebound in the range of 6.75-7.5 per cent in 2017-18. The Survey's GDP growth figure for the current fiscal is lower than 7.1 per cent the Central Statistics Office had forecast earlier this month.

The highlights of the Economic Survey 2016-17 tabled in Parliament are:

- \* GDP growth for next fiscal pegged at 6.75-7.5 %
- \* Growth this fiscal to be 6.5 %

### Consulate General of India, Munich

- \* Prescribes cut in individual I-T rates, real estate stamp duties
- \* Income Tax net could be widened gradually by encompassing all high income earners
- \* Time table for cutting corporate tax should be accelerated
- \* Tax administration could be improved to reduce discretion and improve accountability
- \* Growth to return to normal as new currency comes in circulation
- \* Demonetization to affect growth rate by 0.25-0.5 per cent, but to have long-term benefits

- \* GST, other structural reforms should take the trend growth rate to 8-10 per cent
- \* Fiscal windfall likely from Pradhan Mantri Garib Kalyan Yojana, low oil price
- \* Farm sector to grow at 4.1 per cent this fiscal, up from 1.2 per cent last year
- \* Fiscal gains from GST will take time to realize
- \* Demonetization may affect supplies of certain agricultural products like sugar, milk, potatoes and onions
- \* Growth rate of industrial sector to moderate to 5.2 per cent this fiscal, from 7.4 per cent last fiscal
- \* Efforts to collect taxes on disclosed and undisclosed wealth should not lead to tax harassment
- \* Universal Basic Income Scheme is an alternative to plethora of state subsidies for poverty alleviation.

### **Centre launches app for Special Economic Zone information**

The government has launched a mobile app called 'SEZ India' that provides detailed information about the country's special economic zones. Launched earlier this month under the Centre's e-According to Commerce Ministry Release, Governance initiatives, the app would help the SEZ units and developers to find information easily and track their transactions on SEZ Online System. Developers and units can now file all their transactions digitally through SEZ Online system and track the status through the SEZ India mobile app.

### **Mauritius top source of FDI in India**

According to RBI, Mauritius provided the maximum inward foreign direct investment, accounting for 20.8 per cent

of FDI in India, followed by the US, Britain, Singapore and Japan till the end of the last fiscal. Instead "the major destination for ODI (Overseas Direct Investment) by Indian companies was Singapore (20.6 per cent) in March 2016," said a Reserve Bank of India statement as the central bank released its Census on Foreign Liabilities and Assets of Indian Direct Investment Companies for 2015-16. "The total inward FDI stock stood at Rs 20.1 lakh crore, whereas total ODI was placed at Rs 5,79,020 crore at market value in March 2016. FDI stock at market value in the manufacturing and services sectors stood at Rs 10,00,630 crore and Rs 8,59,080 crore, respectively, in March 2016.

### **Axiom Asia to invest up to 15% of new \$1 billion fund in India**

Singapore-based private equity firm Axiom Asia Private Capital plans to invest up to 15 per cent of its new \$1.03 billion fund in India, a top executive said. The fund—Axiom Asia IV, its fourth private equity fund of funds—recently marked its final close, against a target of \$750 million. It seeks to invest in buyout, venture capital (VC), growth capital and other private equity funds. Axiom Asia has invested in India in all of its last three funds and will invest up to 15 per cent of the new fund in the country and the firm is looking for suitable investment opportunities. Founded in 2006 as an independent fund management firm, the Asia-focused fund of funds is led by Chris Loh, Alex Lee, Marc Lau and Edmond Ng. It has offices in Singapore and Hong Kong.

### **Automobile sales rose over 9% in 2016: SIAM**

The Indian automobile sector sold a total of 21,901,572 units across segments and categories to record a growth of 9.17 per cent during 2016, industry data showed. According to the Society of Indian Automobile Manufacturers (SIAM), the total passenger vehicle sales, which includes cars, utility vehicles and vans, rose by 7.01 per cent to 2,966,637 units in 2016. The industry data revealed that sales of overall commercial vehicles increased by 7.67 per cent. The segment is a key indicator of economic activity. The commercial vehicles segment's off-take for 2016 was 702,640 units; the three-wheelers' segment sales logged a rise of 6.12 per cent in 2016. Overall, sales of two-wheelers, which include scooters, motorcycles and mopeds, increased by 9.70 per cent to 17,686,563 units.

### **World Bank projects GDP growth at 7% in FY17, despite demonetization**

The World Bank has projected India's economy to grow at seven per cent in the current financial year, even after taking into account the impact of demonetization. It stated the impact of demonetization was for the short term. Though the projection was 0.6 percentage points lower than its earlier estimate of 7.6 per cent, these are only a shade below the Advance Estimates put out by the Central Statistical Office (CSO). CSO estimated the growth to be at 7.1 per cent without considering the effect of demonetization and will factor in the impact in its revised Advance Estimates to be put out by February-end. The World Bank also highlighted weak private investments for "slightly" pulling down economic growth, besides demonetization.

### **India to support implementation of past commitments at G20**

According to Union Agriculture Minister, Mr Radha Mohan Singh, India was for the early implementation of past commitments made at the G20 Agriculture Ministers' Meetings. The Minister said India was also committed to Research and Development, collaboration and knowledge transfer and action to combat food loss and waste. According to an official statement, the Minister supported the proposal to strengthen the Agricultural Market Information System (AMIS) and underscored the importance of assessment of stocks and suggested sharing of best practices in this regard.

### **Indian geospatial industry to be \$20 bn market by 2025**

The \$4 billion Indian geospatial industry in India is expected to become a \$20 billion market by 2025, growing at a cumulative annual rate of 12 to 15 per cent. The estimated annual budget of government agencies for GIS services currently stands at \$3 billion and this was expected to further increase with the government's push for leveraging space and location technologies for development and governance. This was stated by Union Minister of Urban Development, Housing and Urban Poverty Alleviation and Information and Broadcasting M. Venkaiah Naidu while inaugurating the Geospatial World Forum. The minister also announced that the sector was likely to attract \$500 billion investment over next five years and India being the only bright spot and growing economy in the world was a favourite destination for this investment. About

3,000 delegates from global geospatial community, policy makers, academia, researchers and technology providers are attending the three-day event with the theme “Geospatial + Deep Learning: Shaping Smarter World”. Naidu said the geospatial technologies were enabler platform advancement of civilization and living standards of people.

### **Services sector’s role pivotal for India’s growth: Mrs. Nirmala Sitharaman**

Commerce and Industry Minister, while addressing the curtain raiser conference of the third edition of Global Exhibition on Services (GES)-2017 Mrs Nirmala Sitharaman said the services sector has become knowledge-driven with an important role to play in the country’s economic growth. A strong services sector backed by a manufacturing sector targeted for higher growth through initiatives like ‘Make in India’, can play a pivotal role in the growth of our economy and enable it to find its rightful place amongst world economies, the Commerce Ministry said in a statement. As per provisional numbers released by the Reserve Bank of India for 2016-17, the service export figures for April to September 2016 have touched \$80 billion as against \$77 billion for the corresponding period of the previous fiscal, which is a rise of almost four per cent. In the GES-2017, there are 20 sectors that are being tapped as compared to 17 sectors in the previous years. The new areas being unveiled are retail and e-commerce, sports services and Railway services.

### **Cabinet approves a new scheme for promotion of rural housing**

The Union Cabinet chaired by the Prime Minister has approved a new scheme for promotion of Rural Housing in the country. The Government would provide interest subsidy under the scheme. Interest subsidy would be available to every rural household who is not covered under the Pradhan Mantri Aawas Yojana (Grameen)(PMAY(G). The beneficiary who takes a loan under the scheme would be provided interest subsidy for loan amount upto Rs. 2 Lakhs. National Housing Bank would implement the scheme. The Government would provide net present value of the interest subsidy of 3 percent to the National Housing Bank upfront which will, in turn, pass it to the Primary Lending Institutions (Scheduled Commercial Banks, NBFCs etc.). As a result the equated monthly installment (EMI) for the beneficiary would be reduced. Under the scheme, the Government would also take necessary steps for proper convergence with PMAY-G including technical support to beneficiary through existing arrangements. The new scheme is expected to improve housing stock in the rural areas, as well as create employment opportunities in rural housing sector.