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GDP growth slows to 3-quarter low of 7.1 per cent in Q2
India's economy grew at 7.1 per cent in July-September, lowest in three quarters, but still remained ahead of China to retain the tag of the world's fastest growing major economy.

The Gross Domestic Product (GDP) at constant prices (2011-12) had grown at 6.3 per cent in July-September quarter of the last fiscal, according to government data released Friday.

The size of the GDP in the second quarter of 2018-19 is estimated at Rs 33.98 lakh crore, as against Rs 31.72 lakh crore a year ago, showing a growth rate of 7.1 per cent, as per a statement of the Central Statistics Office (CSO).

Indian economy grew at 8.2 per cent in April-June quarter of this fiscal.

The GDP growth was 7.7 per per cent in January-March quarter while it was at 7 per cent in October-December.

The Chinese economy had expanded at the rate of 6.5 per cent in the July-September period this year.

India's GVA (gross value added) at Constant (2011-2012) Prices for second quarter this fiscal is estimated at Rs31.40 lakh crore, as against Rs 29.38 lakh crore year ago, showing a growth rate of 6.9 percent over the corresponding quarter of previous year.

The CSO said that mining and quarrying output has declined by 2.4 per cent in the quarter from a growth of 6.9 per cent in year ago period.

However, the manufacturing activities expanded at the rate of 7.4 per cent in the quarter under review up from 7.1 per cent in the year ago quarter.

The construction sector too showed an improvement by recording a growth of 7.8 per cent as against 3.1 per cent earlier.

The farm sector too grew at a higher rate of 3.8 per cent in the quarter as against 2.6 per cent a year ago.

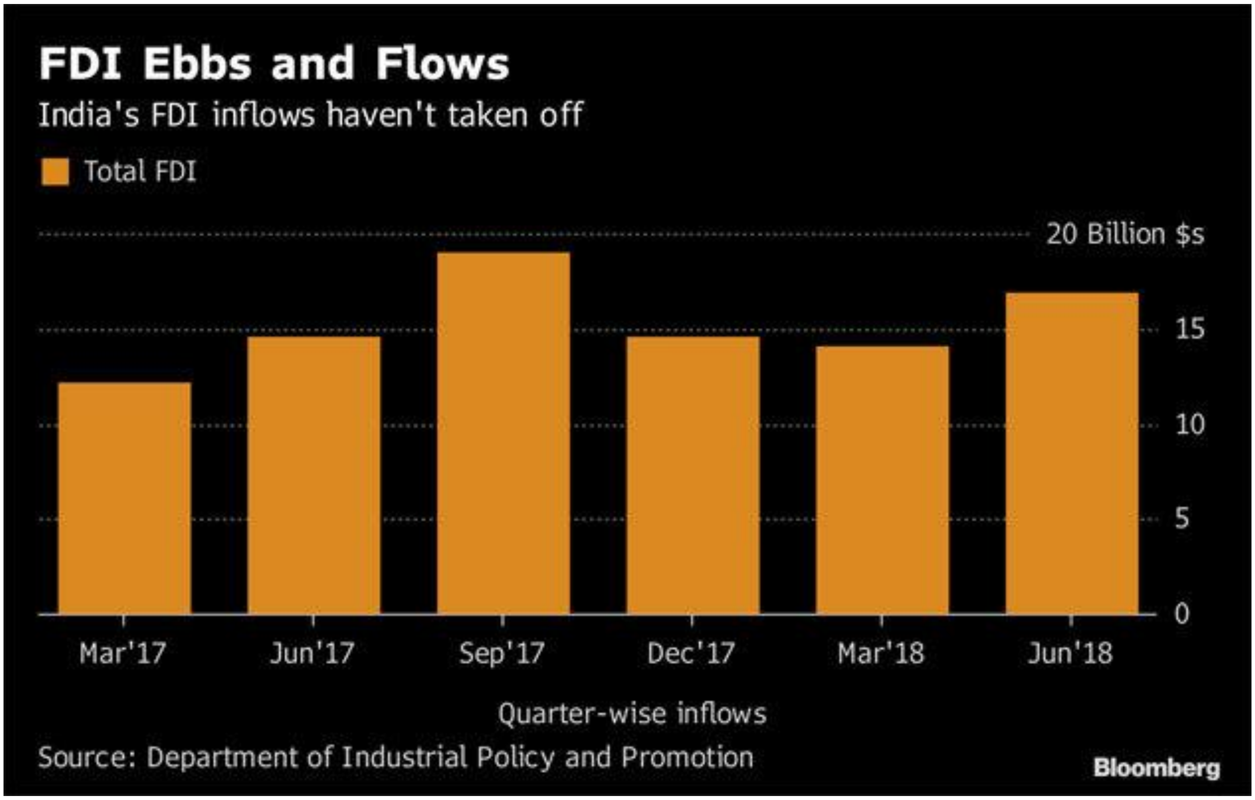
(**Source: Press Trust of India, 30/11/2018**)

India seeks to ease biggest hurdle for factories with new policy
Prime Minister Narendra Modi plans to unveil a long-awaited industrial policy soon to boost domestic manufacturing and accelerate economic growth before federal polls next year.

Under the new plan, a company need not purchase land or equipment but could lease them on long-contract basis helping lower costs and cut down time on setting up operations, secretary to the

Department of Industrial Policy and Promotion Ramesh Abhishek said in an interview. Units located in industrial clusters may be able to share infrastructure.

"We have to be competitive," said Abhishek, who's ministry has been working on the plan for over a year. "For this we need to upgrade our technology, lower costs, improve logistics, skill our labor. The industrial policy will bring all things together and will come out with recommendations on what needs to be done."



Prime Minister Modi's administration has been struggling to fulfill one of his key campaign pledge -- creating 10 million jobs a year-- that propelled him to power in 2014 elections. As the country heads to poll due early 2019, the main opposition Congress party is moving to cash in on the disenchantment over unemployment and rising social tensions.

The reform measure, likely to be one of the last few before the Modi seeks re-election, attempts to attract over $100 billion in investments into the country and kick start the economy. Quarterly growth is expected to have slowed in the three months ended September even as a liquidity crunch at its banks hurts business sentiment before state elections.

Rules will be eased for small and medium businesses which constitute more than 90 per cent of the Asia's third-largest economy. India jumped 23 places to the 77th position in the World Bank's global ease of doing business rankings announced earlier this month.

The government is also completing work on the $100 billion Delhi-Mumbai Industrial Corridor that has been delayed by a decade. Work on $2-billion worth of projects has been completed with companies being allotted land to set up factories.

Bloomberg: Updated: Nov 30, 2018

(Economic Times, New Delhi, 30/11/2018)

European Commission - Press release
EU shapes its ambitious strategy on India
Brussels, 20 November 2018
The European Commission and the High Representative of the Union for Foreign Affairs and Security Policy today adopted a Joint Communication that sets out the EU's vision for a strategy to strengthen cooperation and the partnership with India.

This Joint Communication replaces the last Commission Communication on India of 2004, recognising that India has emerged as the fastest-growing large economy and has acquired an important geopolitical role. The Communication aims to strengthen the EU-India Strategic Partnership by focusing on sustainable modernisation and on common responses to global and regional issues. It also seeks to reinforce the effectiveness of the EU's external action and is coherent with the implementation of the Global Strategy.

The Joint Communication on elements for an EU strategy on India is available online.

"India is a key player in our interconnected world", said High Representative/Vice-President Federica Mogherini. "We want to further reinforce our political, economic and people-to-people ties with India in order to address together global challenges, to promote together economic growth and to expand together business opportunities. The EU and India are committed to seize opportunities to support and promote effective multilateralism and solutions whenever peace and stability are in danger."

Security through the rules-based global order

As an emerging global power, India plays a key role in the current multipolar world. To maintain the rules-based global order, therefore, it is vital that the EU and India implement effective multilateralism and global economic governance. The EU will seek to consolidate dialogue on multilateral issues, and to coordinate positions with India. Cooperation in the framework of the United Nations, the WTO and the G20 will be of priority.

The EU and India share common values and promote international peace and stability. The EU will work to engage India to promote common global agendas on human rights and democracy, data protection, gender equality and women's empowerment and the inclusion of young people. Enhancing humanitarian coordination and developing joint actions on food security and disaster relief, would also bring clear added value.

The EU will seek regular exchanges and coordination with India on major foreign policy issues. Cooperation on security and defence policies will be enhanced in order to address together inter alia terrorism, cyber security, hybrid threats and maritime security. Crisis management ties, including military-to-military relations, will also be developed.

Prosperity through sustainable modernisation

The EU is a natural partner in supporting India's sustainable growth. The EU's expertise and technology in sustainable infrastructure development, transport regulatory frameworks, circular economy, environmental protection and in digitalisation will further support India's ongoing transition to a resource efficient economy and increase global connectivity. Enterprises will benefit from new business and investment opportunities.

The EU and India can do more jointly to tackle global challenges, such as climate change, environment protection, sustainable development, ocean governance, and work together on the effective implementation of the Paris Agreement. The EU will coordinate with India at the multilateral level. We will continue supporting the International Solar Alliance, and cooperate to facilitate the clean energy transition and to implement the Sustainable Development Goals, including through an enhanced cooperation in research and innovation.

The EU will continue to work with India towards comprehensive and balanced agreements on trade and investment and support a rules-based global trade regime. The EU will use all available channels and fora to ensure fair market access and predictable investment conditions in order to enhance trade and investment and unlock the potential of the two economies. The EU's blending facilities will incentivise investment with a sustainable impact.

Talent and innovation will also be one of the priorities of the EU's action. The EU will cooperate with India in order to foster the reciprocal mobility of students and researchers, and to consolidate networks of innovators and start-ups. Furthermore, the EU will move towards mutual recognition of qualifications and support exchanges between the respective cultural sectors. The EU will engage India on the issues of both legal and irregular migration, by using the existing tools to their full potential.

A more joined-up and streamlined approach towards India

The EU will seek more coordination between its initiatives and those of its Member States towards India. The EU and its Member States will work together to provide a better understanding of the EU in India. They will also work to make the EU's public diplomacy more effective.

The EU will promote a strategic use of its funding instruments. Programmes for Indian diplomats and experts' exchanges and dialogues will be multiplied in order to foster mutual understanding.

Finally, the Joint Communication proposes that the EU considers the possibility to negotiate with India a Strategic Partnership Agreement, in order to update the 1994 EU-India Cooperation Agreement.

Background information

The Joint Communication adopted today by the European Commission and the High Representative of the European Union for Foreign Affairs and Security Policy provides the elements for an EU strategy on India aiming at building a partnership for sustainable modernisation and the rules-based global order.

The proposals made in the Joint Communication will now be discussed in the European Parliament and the Council.

India’s transition to low carbon economy still short, claims report

India’s sectoral policies were still falling short of being consistent with the 2015 Paris Climate Change Agreement, but the country’s ambitious policy on renewable electricity was a promising sign, a report said.

Based on implemented policies, India's greenhouse gas (GHG) emissions were expected to increase to a level of 4,469 to 4,570 $MtCO_2e$ by 2030, excluding forestry, the Climate Transparency that partners with TERI in India, said in the report "2018 Brown to Green" released on Wednesday.

This emission pathway was not compatible with a 2 degrees Celsius scenario.

However, India's nationally determined contribution is already compatible with a global scenario to limit warming to below 2 degrees, but not to the 1.5 degrees Paris Agreement limit, it warned.

The report provides the most comprehensive overview of the climate actions undertaken in G20 countries.

Through key indicators, and in a concise way, it indicates how well India has advanced in emissions, policy performance, finance and decarbonization compared to its peers.

The report has been developed by a group of experts from Australia, Argentina, Brazil, China, France, Germany, India, Indonesia, Mexico, South Africa and Britain.

It's the most relevant analysis of the efforts being done in G20 countries to decarbonize their economies and push forward a climate agenda through a comparison of each country's performance indicators.

The report said 82 per cent of the G20's energy supply still comes from fossil fuels.

In Saudi Arabia, Australia and Japan fossil fuels make up even more than 90 per cent of the energy supply, with little or no change in recent years.

The 20 major economies play a key role for achieving the Paris targets because they alone account for 80 per cent of global greenhouse gas emissions.

"The recent IPCC 1.5 degrees Celsius report showed us the world needs to ramp up action on climate change. Power generation from coal, oil and gas, and transport produce the biggest chunk of emissions in the vast majority of G20 countries," said one of the report's co-authors Jiang Kejun of the Energy Research Institute in China.

"No G20 government is really getting a grip on these sectors, especially Australia, the United States, Russia and Indonesia, who are all lagging behind. But some countries are already moving ahead, like the UK or France with their decision to quickly phase out coal and fossil fuel-based cars."

The recent developments by India in the context of renewables, the report said: "India has rowed back from commitments to sell 100 per cent electronic vehicles (EVs) by 2030, and now targets a more moderate pace of development. Nonetheless, new EV support policies are being considered."

India's National Electricity Plan envisages reaching 47 per cent capacity from non-fossil sources by 2027, reaching the nationally determined contribution target ahead of schedule.

According to India Cooling Action Plan draft, there is plan to cut cooling demand by 20 to 25 per cent by 2037, thus curbing a source of huge growth in electricity demand.

(**Source: Financial Express, New Delhi, 15/11/2018**)

Diwali bonanza for MSMEs: Narendra Modi lists out 12 new policies

After launching a portal that will sanction a loan to an MSME in 59 minutes, Prime Minister Narendra Modi announced 12 new decisions for small industries which will enhance their credit access.

The MSME Outreach Programme is expected to boost the MSME since the sector is one of the major generators of employment opportunities and making a significant contribution to the overall growth of the country's economy.

Various announcements and deliverables, focussing on access to credit, access to market, hand-holding and facilitation support to the sector was made during the event. Various announcements and deliverables focussing on access to credit, access to market, hand-holding and facilitation support to the sector were announced.

Here are the major takeaways from his speech

1. 59-minutes loan- Narendra Modi said the first step taken by the government was to launch the 59-minute loan sanction portal, which will allow easy and quick credit up to Rs 1 lakh to small businesses.

2. Computerised random allocation & a time frame- 48 hours max will be given to file report for any inspection to an inspector, and they wont decide which factory to go on their own. Computerised random allocation will decide which inspector goes where.

3. Loan option- Loan option for GST registered firms will now be available through the GST portal itself. For the exporters seeking loans on pre-shipment and post shipment, the rebate has been increased from 3% to 5%.

4. Cash flow certainty- It will now be mandatory for companies with a turnover of more than Rs 500 crore to join Trade Receivables e- Discounting System (TReDS) so that MSMEs do not face trouble in cash flow, stated Narendra Modi.

5. Interest concession- Government to raise interest concession on loans for MSME exporters to 5% from 3%. PM Modi also requested large companies to clear bills of MSMEs expeditiously. Over 72,000 MSMEs have been granted loans through this portal, said Modi.

6. Quick loan access- Government launches quick loan access scheme for up to Rs 1 crore for MSME sector. 2% rebate for loans up to Rs 1 cr for GST-registered MSME.

7. MSME's led by women- Mandatory for PSUs to procure up to 3 per cent from MSMEs led by women.

8. Trade receivables and e-discounting systems- All companies with turnover of more than Rs 500 crore would have to now come on Trade Receivables e-Discounting System (TReDS) platform so that there is no cash flow problem for MSMEs.

9. Pharma clusters for MSMEs- PM Modi said that government will set up pharma clusters for MSMEs. Centre to bear 70% of setup cost. He also said that the Govt is to offer Rs 6,000 crore technology upgradation package for MSMEs.

10. Government e-Marketplace- Government e-Marketplace platform procurement mandatory for AllPSEs.

11. Environmental laws- Easing compliance with environmental rules, MSMEs will need single air and water clearance and just one consent to establish a factory.

12. Relaxation in labour laws- MSMEs will have to file just one annual return on eight labour laws and 10 central rules. Modi added that an ordinance has been promulgated to simplify levy of penalties for minor offences under the Companies Act.

(**Source: Economic Times, 2/11/2018**)

Nagarik: Inclusive growth through large-scale employment generation
PwC's Strategy& today released a report, 'Nagarik: Inclusive growth through large-scale employment generation', highlighting practical ways of raising gainful employment across India over the coming decade. India's demographic dividend has been spoken about extensively. This report looks at how smaller districts of India can be linked to markets to create employment and reduce marginal un-employment.

Shyamal Mukherjee, Chairman, PwC in India said: "Generating gainful employment, especially in the India's smaller districts, where majority of India reside, allows inclusive growth. Using local capabilities, local entrepreneurs and market connects is the sustainable way forward."

Nagarik begins with a focussed view of a state or a set of districts within a state. Its solutions arise from the existing traditional strengths of a state in agriculture, self-enterprise and the social as well as cultural heritage – its local capabilities. For example, dairy, agro-processing, non-timber forest products and local tourism are resources specific to a region or district. It shifts value creation from larger cities and well-developed parts of India to the smaller districts. Nagarik offers integrated solutions for augmenting jobs creation in agriculture, agro-processing, MSMEs, tourism, etc.

Shashank Tripathi, Partner and Leader - Strategy& said: "Nagarik is a platform that puts the citizen at the centre of the employment generation equation. It convenes private sector participants for market and finance connect, with government acting as a catalyst and enabler. At its core the platform sees citizens (Nagarik) as producers using local resources and market connects to create large scale employment.

Nagarik can be applied to create large-scale employment across the district, state or country. But mass employment generation cannot solely be the government's responsibility - private players need to play a key role in aiding the government. It works via a five-pronged approach: (i) focussing on all components of sustainable jobs creation while keeping the citizen/nagarik approach at the core; (ii) making market connect the focal point for driving citizen and business economic activity; (iii) leveraging a state's core capabilities for identifying solutions; (iv) integrating the capabilities of citizens, the private sector and government for execution; and (v) developing long-term capabilities for sustainable impact.

Nagarik visualises citizens, private entities and the Government playing an active role in job creation via entrepreneurship, execution and enablement, respectively. Market access and technology access are two key pillars supporting this platform, combining the three stakeholders' resources and expertise for employment generation, economic growth and institutional development.

Nagarik can be initiated by State Governments keen on generating employment in certain districts or across all districts. Moreover, private sector organisations interested in improving business performance can also participate in a Nagarik-type exercise, especially in industries sourcing agro and non-timber forest produce more commonly available in smaller districts.

Nagarik promotes the vision of the founding fathers' of the country, acknowledging g that India lives in its smaller towns and villages. It shifts the focus of employment to where it matters most, narrowing the gap between the more prosperous regions and the poorer ones. Crucially, it will enable a large proportion of Indians to fulfil their economic aspirations.

(**Source: PwC, 31/10/2018**)

US, China butting heads in a conflict that may shape a new world order
China uses its biggest web forum to champion its vision
Bloomberg
Western bigwigs were a no-show at China's biggest web conference. But in their absence, the local overseers of the nation's technology industry were only too happy to plug their unique vision for the global internet.

Unlike 2017, when Tim Cook and Sundar Pichai graced the World Internet Conference in Wuzhen, this year's gathering was a decidedly domestic affair, presided over by the likes of Tencent Holdings Ltd. Chairman Ma Huateng. Given the floor, they again pushed the concept of a rigidly policed medium that -- nonetheless -- is a wellspring of innovation to revolutionize businesses and modernize the Chinese economy.

That first part flies in the face of the familiar US-led model, yet has produced two of the world's 10 most valuable companies: Alibaba Group Holding Ltd. and Tencent. That rapid ascendancy prompted former Google honcho Eric Schmidt to declare the internet will split down the middle within the next decade, as authoritarian governments adopt China's all-encompassing controls.

On one side is a cyberspace arena that espouses open communication while the other is a walled-off, thoroughly scrubbed world where many are eager to sign away their data in exchange for services. At China's most important tech industry confab this week, Ma and a clutch of government officials stressed it's the country's destiny to become an internet power, and called for more balanced governance of cyberspace.

China's regulators have trumpeted its concept of "cyber-sovereignty" since the inaugural conference in 2014. But the dichotomy between the American and Chinese tech industries has never attracted as much scrutiny as today when the world's two richest countries are butting heads in a conflict that may shape a new world order. As US icons like Google and Facebook come under fire for privacy violations and enabling hate speech, their Chinese counterparts are touting theirs as the superior model: one geared toward the interests of the state.

"The Chinese economy is a vast ocean. Storms cannot disrupt it," Ma, who is also known as Pony, told delegates. "This ocean holds massive market potential and also great room for innovation. I believe, this isn't just a development opportunity for the internet industry, but for all sectors. It's not just an opportunity for China, but for the entire world."

Remarks from Chinese President Xi Jinping read out at the start of the conference called for "mutual respect" in cyberspace between the two nations. The current rift in their approaches, however, has profound implications and may bar the likes of Facebook Inc. and Alphabet Inc. from any meaningful presence in the world's largest internet and mobile arena. It's another manifestation of what former US Treasury Secretary Hank Paulson called an "economic iron curtain" dividing the world if the two nations fail to resolve their strategic differences.

Unlike the relatively hands-off American model, the Chinese approach is geared toward one over-arching imperative -- propelling and safeguarding the ruling Communist Party. Anything deemed to undermine that objective, from pornography and addictive games to pockets of dissent, is ruthlessly rooted out when discovered. To wit, China has the lowest level of internet freedom among 65 countries polled by Freedom House.

Critics of the model say players like Alibaba and Tencent thrive because Beijing dampens competition by making it nigh-impossible for global players such as Facebook to operate. They say the government's heavy hand and unpredictability is counter-productive. Exhibit A: a months-long crackdown on gaming that helped wipe out more than $200 billion of Tencent's market value this year. That cultivates a pervasive climate of fear, said Gary Rieschel, founding partner at Qiming Venture Partners.

"Every time you see one of these vast losses, you can see the Chinese government," he said. "We've never seen a country solve the issues that China is trying to solve when your best and brightest people aren't fully committed to being there. This is new territory, we've not seen this before."

The walled-garden argument fails to take into account a level of competition that puts the American industry to shame. Despite pervasive censorship, the Chinese internet has evolved into one of the most vibrant town halls the world's fever seen -- it's tough to truly rein in a billion people -- as an army of millennials live-stream in the millions and super apps thrive with more users than there are Americans. From Tencent's WeChat to Bytedance Ltd.'s short-video repository Douyin, the global industry is starting to realize the richness of the Chinese internet.

"Why couldn't the US and China both invest in the same company?" Sinovation Ventures' Kai-fu Lee said at the Bloomberg New Economy Forum this week. "This is definitely not a war. But again it doesn't look like we're on the path to be able to do that dream team investment."

While some say censorship stifles creativity, others point to a vibrant ecosystem in China.

Hillhouse Capital Chairman Zhang Lei argues the industry remains dynamic and the prospect of losing one's shirt in highly volatile markets can motivate serious entrepreneurs. "You can walk away without your wallet and I think that actually inspires a completely different set of companies born in that digital, savvy and mobile-native environment."

Central to the idea of a Chinese-centric internet is data sovereignty and that information of citizens must be stored in-country and accessible on demand, a concept enshrined in Chinese law since 2017. That philosophy has since been embraced by governments from India to Southeast Asia. American multinationals who operate in China have complied: Apple Inc. decided last year to set up a venture with a local government to store iOS user data on local servers. Alphabet's Google explored a censored search engine to help it get back into the country. And Facebook's Mark Zuckerberg has been courting Beijing for years.

And as China plays the long game selling its concept of a closely controlled internet to the developing world - alongside the technology needed to pull it off - the Communist Party's vision of a web where governments pull the strings could wind up the model for the next billion users.

"Every country is sovereign and understands its situation better than outsiders. We should never come and tell a country 'this is good for you, this is bad for you'," said former Pakistan Prime Minister Shaukat Aziz. "A sovereign country has to decide what's good for it. I don't think there's one model that works for everything for any product around the world."

(**Source: Business Standard, New Delhi, 11/11/2018**)
