



## MARKET MOVEMENT

Major Indices	July 8, 2017	July 14, 2017	% Change	Change
BSE Sensex	31,360.63	32,020.75	2.10	
NSE Nifty	9,665.80	9,886.35	2.28	

## INDIAN ECONOMY AT A GLANCE

### POLICY WATCH

- Government exempts GST on import of aircraft, its parts on lease
- Government clears highway projects
- Government approves USD 1 billion Aerospace Park by Reliance Infrastructure
- Cabinet approves JIN on agreement with Bangladesh
- Cabinet approves rice research institute for Varanasi

### Government exempts GST on import of aircraft, its parts on lease

Government has exempted Goods and Services Tax (GST) on import of aircraft and its parts procured on lease if GST is already paid on lease rent. This will resolve the issue of dual levy on aviation industry which is about 5% at the time of import and another 5% at the time of payment of lease rent. Taking aircrafts on lease is a common practice in the airline business in India as it helps in increasing fleet size quickly and reduces the cost of airline operations.

### Government clears highway projects

Government has cleared the widening and upgradation of 65 km national highway stretch from Imphal to Moreh, Myanmar border that will eventually go up to Thailand and Malaysia under an Asian Highway project. The estimated cost of project is USD 250.76 billion. Project related to four-laning of 110 km road at cost of USD 290 million in Solapur-Bijapur section of new NH-52 in Maharashtra and Karnataka is also approved.

### Government approves USD 1 billion Aerospace Park by Reliance Infrastructure

Government has approved USD 1 billion aerospace park of Reliance Infrastructure which is planned across 289 acres of land at Mihaan near Nagpur. In first phase, manufacturing unit for production of aircraft, electronic warfare systems, radars, unmanned aerial vehicles, maintenance repair and overhaul for commercial aircraft, and complete eco system, including ancillary units and suppliers, to support these large projects will be built.

### **Cabinet approves JIN on agreement with Bangladesh**

**Cabinet has approved the Joint Interpretative Notes (JIN) on the Agreement between India and Bangladesh to bring** clarity to the interpretation of the existing Bilateral Trade and Promotion Agreement (BIPA). JIN includes interpretative notes for many clauses, consisting, the definition of investor, definition of investment, exclusion of taxation measures, Fair and Equitable Treatment (FET), National Treatment (NT) and Most Favoured Nation (MFN) treatment, expropriation, essential security interests and settlement of disputes between an investor and a contracting Party.

### **Cabinet approves rice research institute for Varanasi**

**Cabinet has approved International Rice Research Institute (IRRI), South Asia Regional Center (ISARC) in Varanasi**, which will work to develop special rice varieties. It will be the first such international center in eastern India and will play a major role in sustaining rice production in the region. This will include a modern and sophisticated laboratory with capacity to determine quality and status of heavy metals in grain and straw.

## **INDUSTRY WATCH**

- **Steel output in June quarter grows 4.3%**
- **India registers 17.7% growth in domestic air travel in May**
- **Exports share to top destinations increase 51.6% in FY17**
- **Digital transactions volume records USD 10.8 billion in 7 months**
- **Foreign tourist growth records 10-year high**

### **Steel output in June quarter grows 4.3%**

**Crude steel production increased 4.3% to 24.73 million tonnes (MT) in April-June 2017 compared to 23.71 MT April-June 2016.** In April-June, hot metal output registered a growth of 2% to 15.99 MT over the same period last year. Total finished steel production grew by 6.7% at 26.30 MT during April-June 2017 over same period last year.

### **India registers 17.7% growth in domestic air travel in May**

**India registered 17.7% growth in domestic air travel in May 2017 over same month in 2016. India has been the fastest** growing market followed by China at 16.8%, Russia at 12.8% and Japan at 10.3%. India's domestic Revenue Passenger Kilometers (RPK) and Available Seat Kilometers (ASK) grew by more than 17% and 14.7% respectively in May 2017 compared to May 2016.

### Exports share to top destinations increase 51.6% in FY17

**Total exports share to top 10 destinations has increased to 51.6% in 2016-17 compared to 49% in 2013-14.** Main export destinations include US, Japan, Hong Kong, UAE, China, Singapore, UK and Germany. Merchandise exports to US grew from USD 39.14 billion in 2013-14 to USD 42.33 billion in 2016-17. About 53% of exports to US are in the form of consumer goods, intermediates, capital goods and raw materials.

### Digital transactions volume records USD 10.8 billion in 7 months

**Digital payment has recorded growth of 25% to USD 10.8 billion in 7 months through debit and credit card usage** at Point of Sale (PoS) terminals. The growth in digital payments is majorly driven by demonetization, increasing number of PoS terminals and initiatives of Government to support ease of doing digital transactions. 1 million additional PoS machines would be installed by March next year.

### Foreign tourist growth records 10-year high

**Foreign tourist arrivals have increased 16.6% to 4.2 million in Jan-May 2017 against 3.6 million in Jan-May 2016.** Arrivals from Bangladesh have grown 58% to 861,000 during Jan-May 2017 against 590,000 in Jan-May 2017. Increase in rate of visitors from Bangladesh is due to better medical facilities, trade and commerce. Improved road and rail infrastructure has also facilitated the movement of more tourists.

## CORPORATE HIGHLIGHTS

- **Blue Star announces entry into Sri Lanka market**
- **Warburg Pincus invests USD 107.6 in CleanMax**
- **BRPL signs MoU with TERI to explore opportunities in solar rooftops, e-vehicles**
- **Hatsun Agro ties up with GEA to set up milk plant in Tamil Nadu**
- **Tata Technology opens USD 25.9 million innovation center in Warwick**

### Blue Star announces entry into Sri Lanka market

**Blue Star has announced the entry into Sri Lanka market by collaborating with Comfort Solutions as the official distributor** for air conditioners, water coolers, deep freezers, bottled water dispensers and ice cube machines. At present, the Sri Lanka AC and refrigeration market is estimated at USD 50 million and growing at 15% per annum. Free Trade Agreement (FTA) between India and Sri Lanka and cost-effective logistics facilitates expansion.

### **Warburg Pincus invests USD 107.6 in CleanMax**

**Warburg Pincus has invested USD 107.6 in CleanMax Solar, a rooftop solar developer for the corporate sector.** CleanMax will use funds in energy storage sector, rooftop and open access solar power markets in India and international markets (Middle East and South-East Asia). CleanMax has a combined on-site capacity of 100 megawatt which is expected to increase up to 250 megawatt till March 2018.

### **BRPL signs with MoU TERI to explore opportunities in solar rooftops, e-vehicles**

**BSES Rajdhani Power Limited (BRPL) and The Energy and Resources Institute (TERI) have signed a Memorandum of Understanding (MoU)** for two years to explore collaboration opportunities at utility level for capacity building programs and conducting research on solar rooftop PV, energy storage systems, electric vehicles, energy efficiency, demand side management and smart grid technologies for various stakeholders.

### **Hatsun Agro ties up with GEA to set up milk plant in Tamil Nadu**

**Hatsun Agro has tied up with Germany-based GEA to set up a 650,000 litre capacity plant at Dharapuram in Tamil Nadu** at an investment of USD 185 million. The plant is expected to be fully operational by early 2018 and will produce 300,000 litres per day market milk in pouches and 1.5 liters per day of curd.

### **Tata Technology opens USD 25.9 million innovation center in Warwick**

**Tata Technologies has opened a new USD 25.9 million European innovation and development center at Warwick in England** which will become headquarters for the continent. New facility will have engineering support services, two advanced engineering labs, as well as a modern R&D center that will further develop the company's capabilities and growth opportunities in key sectors including automotive, aerospace and industrial machinery.