

# GCLE NEWS BULLETIN

*17 October 2018*

## **The 8 per cent challenge**

The economy is now more self-sustaining than before, but macro risks threaten the 8% target, just when the din was dying down on the NDA regime failing to match UPA's record of 8 per cent-plus GDP growth, the CSO's latest data release has revealed that India's GDP growth climbed to 8.2 per cent in the first quarter of FY19. The numbers have soundly beaten consensus forecasts and show that the economy has continued to build on its steady recovery from the 5.6 per cent nadir in demonetisation and GST-afflicted Q1 of FY18. [Click here for more.](#)

## **Needless turmoil**

If at all anybody nursed residual hopes that the Modi government's November 2016 lightning strike on high-value currency notes achieved its objectives, the Reserve Bank of India's latest Annual Report conclusively dashes those hopes. It shows demonetisation didn't achieve its stated objectives. With the counting of the returned notes done and dusted, the RBI reports that ₹15.3-lakh crore worth of cancelled currency — 99.4 per cent of those withdrawn — returned to its coffers. This demolishes the idea espoused during the note ban that 15-20 per cent of the cash in use was 'black' money, which would be permanently put out of circulation. [Click here for more.](#)

## **Trump's travails may prove ominous for India**

There has never been a quiet moment since President Donald Trump took over the world's most powerful job and inherited the ability to influence lives both in the US and far-flung corners of the globe. His increasingly erratic behaviour could affect the world economy at a moment when it is delicately poised. The global economy is still in delicate health even

though the US stock market has been on a 10-year bull run. Analysts are nervously pointing out that this has been the longest upward climb in the history of the Dow Jones Index and some have cautiously started hoarding cash. Any crash is bound to take its toll on emerging markets, with India being particularly hard hit. [Click here for more.](#)

### **Growth Boost: Animal spirits coming back?**

Growth engines are humming again. Indian economy expanded at a healthy 8.2per cent in the first quarter, led by the manufacturing sector, which grew by 13.5per cent during April-June 2018. In fact, the Q1 GDP growth is far ahead of estimates by the RBI and the chief statistician's office. Economists say the Q1GDP data is a clear indication of a bounce-back. The icing on the cake is the spike in farm growth, which stood at 5.3per cent versus 3per cent in the same period last year. It is not all good news for the economy though as the rupee continues its downward spiral and government finances are also not in a good shape. [Click here for more.](#)

### **Five Years On: Has Land Acquisition Act fulfilled its aim?**

The law was drafted with the intention to discourage land acquisition. It was drafted so that land acquisition would become a route of last resort. The Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013, (LARR) is not just any piece of legislation. It deals with a controversial and highly emotive issue that has huge political implications and replaces a colonial-era law of 1894. Among the key features where LARR differs from the 1894 law are compensation, consent, social impact assessment and rehabilitation and resettlement. However, five years after the law was cleared, land acquisition remains a thorn for the government and private entities. [Click here for more.](#)

### **China clamps down on cryptocurrency speculation, but not blockchain development**

Chinese authorities have stepped up their pressure on domestic cryptocurrency activity in the last few weeks. While Beijing supports the development of the underlying blockchain technology, it is still trying to limit speculation in digital currencies roughly one year since

banning their sales in "initial coin offerings." China used to dominate bitcoin trading, and still accounts for a majority of bitcoin creation through the "mining" process. But increased regulatory scrutiny culminated in the country's central bank and other financial authorities prohibiting sales of new cryptocurrencies early last September. [Click here for more.](#)

### **Mark Carney willing to stay on as Bank of England governor**

Mr Carney is due to step down from the role in June 2019 and told the Treasury Committee that he has been talking to the chancellor about his future. He said he was happy to do whatever he could "to promote a smooth Brexit and an effective transition at the Bank". Mr Carney added that an announcement on his future would be made soon. However, he added that it was not down to him to make that announcement. "We (the Bank) have a very important supportive role to make sure whatever Brexit the government negotiates, that Parliament decides, that that is as much of a success as possible," he said. [Click here for more.](#)

### **Amazon becomes world's second \$1tn company**

Amazon has become the second company to be valued by Wall Street at \$1tn, a matter of weeks after Apple reached the milestone first. A rise in the share price of Amazon, which is listed on the Nasdaq stock exchange in the US, briefly took it above the trillion-dollar watermark for the first time. Achieving the valuation marks the latest chapter in an astonishing story of growth for the company, founded by businessman Jeff Bezos in Seattle, Washington, in 1994. Less than 25 year later, the company has garnered a major presence in everything from retail, to groceries, to video streaming, helping it rack up revenues of \$178bn (£139bn) last year. [Click here for more.](#)

### **India's gender pay gap at 34% cannot be taken on its face value: ILO's Xavier Estupinan**

International Labour Organisation (ILO), using data from National Sample Survey Office (NSSO), estimates that India's gender pay gap has been decreasing and in 2012 stood at 34 per cent from 48 per cent in 1993. However, there is a lacuna. According to Xavier Estupinan, Wages Specialist at ILO, in India the wage gap is most in the lowest paid jobs.

Gender pay gap is mostly calculated in four main areas - formal and informal workforce across urban and rural areas. It is lowest in urban formal workforce at 23 per cent and is highest in informal rural workers at 38 per cent, implying that women in rural areas who get the lowest wages also bear the brunt of wage inequality the most, he says. Most of these women are employed in agriculture. [Click here for more.](#)

### **Bank NPAs during UPA regime hampered growth, not Demonetisation: NITI Aayog's Rajiv Kumar**

NITI Aayog Vice Chairman Rajiv Kumar on Monday said that economic growth in six quarters starting from the last quarter of 2015-16 slowed down due to rise in Non-Performing Assets (NPAs) and not the 2016 demonetisation drive, as claimed. The growth was declining because of the rising NPAs in the banking sector. When this (Narendra Modi) government came to office, that figure was about Rs 4 lakh crore. It rose to Rs 10.5 lakh crore by the middle of 2017, because under the previous RBI governor Mr (Raghuram) Rajan, they had instituted a new mechanism to identify stressed NPAs. This continuously began to rise, after which the banking sector stalled credit disbursal to the industry. In fact, in some cases like that of the Micro, Small and Medium Enterprises (MSME) industry, credit actually shrank. It was a negative growth in some years," he said. [Click here for more.](#)

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