

Daily Economic News Summary: 27 June 2017

1. Modi-Trump meet to strengthen ties despite friction on trade, immigration

Source: Business Standard ([Link](#))

US President Donald Trump and Indian Prime Minister Narendra Modi met for the first time on Monday, seeking to develop a warm relationship despite differences over trade, immigration and the Paris climate accord. The two leaders went into their relatively low-key summit looking to bolster the US-India strategic partnership but an equally important goal was simply to break the ice and get to know each other. As they met, a Pentagon agency said the US State Department has approved the possible sale to India of a Boeing C-17 transport aircraft with an estimated cost of \$366 million. Trump, in Oval Office remarks as Modi sat beside him, said Modi "has been such a great prime minister" and noted that he had been reading about India's economic success under his leadership. "Economically, India is doing very well," he said.

2. US exports to India support 260,000 jobs in America: Report

Source: Financial Express ([Link](#))

American exports to India support more than 260,000 jobs directly and indirectly in the US and the cumulative investment from the country into India reached USD 28.3 billion in 2015, a new report said today. India's foreign direct investment (FDI) in the US totalled USD 9.2 billion as of 2015, up more than 500 per cent since 2006, said the report 'India Matters for America/ America Matters for India', which was released by Federation of Indian Chambers of Commerce and Industry (FICCI) and East- West Center at an event on the sidelines of Prime Minister Narendra Modi's visit here. "Every US state exports to India, these exports support more than 260,000 jobs directly and indirectly," the report said. Thirty-one states have more than 1,000 jobs dependent on exports to India, while an additional six states have 10,000 jobs or more," said the report, adding that the cumulative investment from the US into India reached USD 28.3 billion in 2015. Noting that the US is one of the largest sources of investment into India, the report said since 2000, the US invested over USD 20 billion in India, more than six per cent of India's total inflow of investment. According to the US Trade Representative, India's direct investment in the US is led

by professional, scientific, and technical services; depository institutions and manufacturing. Among the Asia Pacific countries, India is the 7th largest investor in the US, it said.

3. Cargo traffic at 12 major ports up 6 per cent to 114 million tonnes in April-May
Source: Financial Express ([Link](#))

India's top 12 major ports saw their cargo traffic go up by 5.56 per cent to 113.63 million tonnes (mt) in April-May of 2017-18, riding on the back of a surge in demand. These top ports, under the administrative control of the Centre, had handled 107.65 mt cargo in April-May 2016. Increased demand from sectors like iron ore and fertilizers and coking coal traffic led to the higher movement of cargo during the last two months, according to the Indian Ports Association. Iron ore traffic volumes moved up 33.28 per cent to 9.96 mt during April-May as against 7.47 mt in the same period a year ago while those of coking coal rose 12.67 per cent to 9.30 mt. Fertilizer traffic went up 20.09 percent to 1 mt. The Kandla port handled the highest traffic volume at 18.86 mt during April-May this year, followed by the Paradip port at 16.19 mt, the JNPT 11.23 mt, Mumbai 10.99 mt and Visakhapatnam 9.98 mt, data showed. The Kolkata port, including Haldia, handled 8.88 mt of cargo while for Chennai port, it stood at 8.03 mt. The volume of sea-borne cargo is essentially in the nature of derived demand and mainly shaped by levels and changes in both global and domestic activity. India has 12 major ports, namely Kandla, Mumbai, JNPT, Mormugao, New Mangalore, Cochin, Chennai, Ennore, V O Chidambaranar, Visakhapatnam, Paradip and Kolkata (including Haldia), which handle approximately 61 per cent of the country's total cargo traffic.

4. SEZs keen on FTA rates, commerce ministry working on proposal
Source: Financial Express ([Link](#))

The commerce ministry is working on a proposal to allow special economic zone (SEZ) units to sell products outside these tax-free enclaves at concessional duty rates. An SEZ area is considered to be a foreign territory for trade operations and duties and are mainly set up for the export purpose. However, goods can be supplied from an SEZ unit to a DTA (domestic tariff area or outside SEZ) buyer on payment of appropriate Customs duty as products coming from these zones are treated as imports into the country. The SEZ players have demanded that they be allowed to sell their goods in DTA on same terms as applicable under free trade agreements (FTAs) signed by India with different countries. In essence, they want that the benefit of low or nil duty under an

FTA should be extended to their products sold in domestic markets. India has signed several FTAs with countries, including Japan, Malaysia, Asean (the 10-nation South East Asian bloc) and South Korea, under which it permits imports of a host of goods at a significantly low or nil duty. "Such a decision would help boost the manufacturing sector of the country. Although SEZs are treated as foreign entity for trade purposes, they are set up within the country and they employ local people," an official said...Data showed that as on March 31, these zones have attracted investments worth Rs 4.23 lakh crore and generated employment for 17.31 lakh people. States such as Tamil Nadu, Karnataka, Telangana and Maharashtra are home to the highest number of operational SEZs. Till May 1, the government has approved as many as 421 zones, of which 218 are operational.

5. Several US CEOs committed to invest in India: Mukesh Aghi

Source: The Economic Times ([Link](#))

Several CEOs of top American companies who met with Prime Minister Narendra Modi committed to invest a "very large" amount" in India, one of the participants of the meeting has said. "Some did step up and say they have plans to invest more. I'm not at liberty of telling those numbers, but I think I would say almost half a dozen of them made a very large dollar number commitment also as they move forward," Mukesh Aghi, the president of the US India Business Council (USIBC) said...In addition to having discussion on defence, digitisation and healthcare, some of the CEOs also raised the issue of ease of doing business and trade barriers...Amazon CEO Jeff Bezos in an tweet said that he would continue to invest in India.

6. Post-Brexit India-UK trade can be lot better: Indian envoy

Source: The Economic Times ([Link](#))

Trade and investment patterns between India and the UK can be much better than current levels as the UK takes a fresh approach to globalisation post-Brexit, Indian High Commissioner to the UK Yashvardhan Kumar Sinha said. Delivering the keynote address at a joint conference by the All India Management Association (AIMA) and Imperial College London titled 'To Build Walls or Bridges: The Path to a New Economic Nirvana' in London yesterday, the Indian envoy also called on the UK to Make in India for the world. "The trade and investment between India and UK can be a lot better than what it has been lately. India is now open to the world and the UK is globalising afresh. It is a good opportunity for both countries to grow their economy faster by increasing movement of goods and people. I am sure that this opportunity will not be missed,"

Sinha said... There was consensus among the business and political leaders at the conference, held to coincide with the one-year mark of the referendum on Britain's membership of the European Union (EU) on June 23 last year, that protectionism, Brexit and anti-globalisation will not hold back UK-India ties.

7. Piyush Goyal: India to lose Rs 25 lakhs cr over 25 years on imported coal
Source: Financial Express ([Link](#))

Power minister Piyush Goyal on Monday said the country is set to lose Rs 25 lakh crore over the next 25 years as imported coal mandated for power plants could have been easily substituted with domestic coal if we had stayed away from the mindset of India being a land of perennial shortages. Around 83,100 MW of power plants based on imported coal were awarded in India on assumptions that the country will not be able to meet its coal requirement, the minister said at an event organised by Loksatta in Mumbai. This one decision will lead to a loss of Rs 1 lakh crore every year for the next 25 years to the exchequer, he said. "It was the mindset in India that we can never improve and will remain crippled forever," Goyal said... In value terms it is 10 times bigger than the Rs 1.86-lakh-crore coal scam estimated by the Comptroller And Auditor General (CAG). The minister even expressed surprise over the intent of awarding these projects and hinted they have been done on purpose. A lot of imported coal-based power projects such as Tata Power and Adani Power's Mundra-based plants are facing severe viability issues after the Indonesia government linked the coal prices to international indexes. There were many plants on the eastern coast of India to be fed by mines from Indonesia that never saw the light of the day, otherwise the imports would have been much higher.

8. Financial year change: Narendra Modi government may break historic 150-year old tradition from 2018; also likely to shift Budget to November
Source: Financial Express ([Link](#))

With Prime Minister Narendra Modi pitching for change, the financial year in India from 2018 could well start from January instead of the current April. Also, the move may also encompass the Budget, which may be brought forward to November, PTI said citing high-level government sources. This is being planned in an effort to align the financial year with the calendar year. If this happens, then a tradition dating back 150 years will be broken. Come 2018 and the financial year

in India could commence from January instead of April as the Centre appears set to make the historic transition to end the 150-year-old tradition. Accordingly, the next Budget could be presented by the Centre in November this year, high level government sources told PTI here today. The sources said the government is working on aligning the financial year with the calendar year after Prime Minister Narendra Modi pitched for a change. This would be another historic change after advancement of the Budget presentation to February 1 this year, ending the decades-old practice of presenting the annual exercise in the last week of February. According to the proposal under discussion, the Budget session of Parliament would have to be held well before December so that the budgetary exercise can be concluded by the year-end. Since it takes nearly two months for the conclusion of the budgetary exercise, the possible dates for holding the Budget session could be the first week of November, the sources said. The financial year from April 1 to March 31, currently in vogue nationally, was adopted in 1867 principally to align the Indian financial year with that of the British government.

9. Solar power: US gives India time till year-end to scrap local sourcing rules

Source: The Hindu: Business Line ([Link](#))

The United States has agreed to give India time till December 14 this year to remove the requirement for mandatory domestic sourcing of solar panels and modules under its national solar power generation programme. “This means that all contracts for solar power production entered into with power producers after December 14 under the Jawaharlal Nehru National Solar Mission (JNNSM) should not include compulsory domestic sourcing norms which the World Trade Organisation has ruled against,” a government official told *BusinessLine*. Washington decided to give New Delhi up to 14 months to change its rules and bring them in conformity with the Dispute Settlement Body’s (DSB) recommendations following intense consultations between the two countries on the reasonable period of time for implementation of the WTO verdict against India’s local sourcing norms. The usual implementation period at the WTO (decided by the complainant) is between 12 months and 15 months, but sometimes it could be lesser.