

Daily Economic News Summary: 10 July 2019

1. ASEAN Trade Ministers persuade India to speed up talks on RCEP

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

Pressure is piling up on India from other members of the Regional Comprehensive Economic Partnership (RCEP), especially the ASEAN, to end its stalemate with China on market opening offered under the proposed pact. Trade Ministers of Thailand and Indonesia and the Secretary-General of the 10-member ASEAN group met Commerce and Industry Minister Piyush Goyal in New Delhi on 9 July to discuss ways to speed up the negotiations so that the pact is in place by the year-end, a government official told BusinessLine. The Indian manufacturing sector including steel, engineering goods and automobiles, in its discussion with the Commerce Ministry recently, demanded that India should not offer zero duties on more than 42 per cent of traded items to China as most domestic producers will not be able to handle the increased competition. However, New Delhi has already tentatively offered to eliminate duties on 74 per cent items from China (and also New Zealand and Australia) as part of the RCEP deal.

2. India's tariffs on American products 'no longer acceptable', tweets Trump

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

US President Donald Trump on 9 July targeted India's tariff regime once again, tweeting that it is no longer acceptable. "India has long had a field day putting tariffs on American products. No longer acceptable!" he posted from his Twitter handle. The tweet came less than two weeks after Trump's 'patch-up' meeting with Prime Minister Narendra Modi in Osaka, where the two decided to ask their respective trade teams to meet and iron out all the contentious issues. The timing of the tweet is important as a team from the US Trade Representative's office is scheduled to visit New Delhi later this week to hold talks with their Indian counterparts. The two teams are expected to negotiate a limited trade agreement. The deal had been suspended when the US decided early last month to withdraw a scheme offering duty-free entry to over 3,000 products from India.

3. India-Russia economic dialogue may focus on key areas

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

Cooperation in infrastructure development, agriculture, MSMEs, trade and fintech could be the focus areas for the government as it goes into second round of India-Russia economic dialogue, kick-starting from 10 July. The second India-Russia Strategic Economic Dialogue (IRSED) shall be held on 10 July in New Delhi, under the chairmanship of NITI Aayog vice chairman Rajiv Kumar and Timur Maksimov, deputy minister of the economic development of the Russian Federation. The IRSED was established following a bilateral memorandum of understanding (MoU) signed between NITI Aayog and the ministry of economic development of the Russian Federation during the 19th edition of the Annual India-Russia Bilateral Summit, which was held on October 5, 2018, in New Delhi.

4. India calls for diversification of export basket for sustainable trade with Indonesia

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

India on 9 July raised concerns about widening trade deficit with Indonesia and called for diversifying the export basket for sustainable trade. The issue was flagged by Commerce and Industry Minister Piyush Goyal in his meeting with Indonesian Minister of Trade Enggartiasto Lukita in New Delhi. "Goyal raised concerns about India's trade deficit with Indonesia which stood at USD 10.57 billion in India's trade deficit with Indonesia during 2018-19," the commerce ministry said in a statement. He said the balance of trade is heavily in favour of Indonesia and both countries need to work towards establishing sustainable trade by diversifying the export basket. "There is considerable potential for expanding trade in agricultural, automobiles, engineering products, IT, pharmaceuticals, bio-technology and healthcare sectors," he added.

5. Budget extends tax on NRIs for receiving gifts from resident Indians

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

The Finance Bill 2019 has imposed tax on any sum of money paid or any property situated in India, transferred by a person resident in India to a person outside India, as it would be deemed to accrue or arise in India. The changes will be applied for all such transfers made on or after July 5, 2019. Currently gifts given by Indian residents to non-resident Indians - apart from the specified list of relatives - would be claimed as non-taxable. This is because the earlier tax put the onus on the recipient of the gift to make the disclosure and pay tax. As a gift to NRIs means

that income is accrued abroad, it remained outside the tax net. But now, all gifts to NRIs will be income accruing in India and would be taxed as per the normal slab rates applicable to resident Indians. This means that the origin of the gift becomes important for tax purpose, instead of the destination of the gift abroad.

6. India, China bilateral trade declines by 3.59% in first 5 months of this year

Source: Money Control ([Link](#))

The bilateral trade between India and China has declined by 3.59 per cent year on year, totalling \$36.87 billion in the first five months of this year, denting optimism that the total trade volume may cross \$100 billion mark in 2019. The India-China bilateral trade last year touched a historic high of \$95.54 billion, raising hopes that the trade this year could cross the historic \$100 billion mark. The trade deficit in 2018, according to Chinese official data, climbed to \$57.86 billion from \$51.72 billion in 2017. As per the latest data released by Chinese customs, the bilateral trade in the first five months of 2019 has declined by 3.59 per cent year on year amounting to \$36.87 billion.

7. India lowers duty on 400,000 tonnes of corn imports as prices jump

Source: Money Control ([Link](#))

India lowered import taxes on an additional 400,000 tonnes of corn to 15%, the government said on July 9, to offset a rise in the price of animal feed in the country following a drought last year. India allowed imports of 100,000 tonnes of corn at the concessional tax rate in June. The additional 400,000 tonnes of imports were permitted at the same rate following a request from the poultry industry, the government said in a statement. India, the world's seventh-biggest corn producer, normally imposes a 60% import tax on the grain, but an infestation of the fall armyworm, which devastated African crops in 2017, and dry weather in some areas have cut the country's corn output.

8. Government waives duty on products imported for nuclear plants

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

With rising focus on reducing dependency on carbon-based fuel for electricity generation, the government has waived off basic customs duty (BCD) for a clutch of products which are imported for nuclear power plants and allocated more funds in atomic energy research. “All goods for use in generation of nuclear power” and “all forms of uranium ores and concentrates for generation of nuclear power”, which earlier attracted BCD of 7.5% and 2.5%, respectively,

will now have to pay no such duty. The present installed nuclear power capacity of 6,780 MW is seen to reach 13,480 MW by FY25. The development comes with gross budgetary support towards nuclear fuel inventory rising 37% year-on-year to Rs 3,122 crore. The department of atomic energy (DAE) imports uranium ore concentrate from firms in Kazakhstan and Canada, and a Russian company supplies enriched uranium pellets and fuel pellets of natural uranium dioxide. The country had spent around Rs 1,800 crore in FY17 in buying these items. India has signed inter-governmental agreements with 17 nations, some of which are nuclear supplier countries.

9. SBI Reduces Key Lending Rates, Home Loans To Get Cheaper

Source: NDTV ([Link](#))

SBI or State Bank of India, the country's largest lender by assets, has reduced its benchmark lending rates by five basis points across all tenors. One basis point is equivalent to 0.01 per cent or 1/100th of a per cent. The marginal cost of fund-based lending rate, or the MCLR, will now stand at 8.40 per cent for the one-year tenor, down from 8.45 per cent, with effect from July 10, 2019, SBI said in a statement. This is SBI's third rate cut in the current financial year. With this MCLR cut, the reduction in the home loan rates since April 10 is 20 basis points, noted SBI. The development comes a day after Reserve Bank of India Governor Shaktikanta Das said he expects faster transmission of the three successive repo rate cuts.