

## Daily Economic News Summary: 14 June 2018

### **1. India, US To Hold Extensive Talks To Address Trade Issues**

Source: Livemint ([Link](#))

India and the US have agreed to hold official-level comprehensive talks to address trade and economic issues, days after President Donald Trump accused New Delhi of charging 100% tariff on some of the US' goods. The decision in this regard was taken during a series of meetings visiting commerce and industry minister Suresh Prabhu had with US commerce secretary Wilbur Ross and US trade representative Robert Lighthizer. "We will now work together to expand (bilateral) trade," Prabhu told a group of Indian reporters here on June 12 at the conclusion of his two-day trip to the US. India will send an official team to work out the details and initiate a comprehensive negotiation on all issues concerning trade and economic relationship between the two countries. "The team will come within the next few days," Prabhu said. Acknowledging that both sides have trade and tariff issues with each other, the minister said officials would hold talks on all of them. US President Trump, in a press conference at the G7 summit, took a swipe at India along with the world's other top economies and accused New Delhi of charging 100 per cent tariff on some of the US' goods, as he threatened to cut trade ties with countries who are robbing America.

### **2. Varanasi's Game-Changing Freight Village Up, Extends Gateway To Bangladesh**

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

The country's first freight village in Varanasi, which is Prime Minister Narendra Modi's parliamentary constituency, is a one-of-its-kind concept that can prove to be a game changer not just in multi-modal transportation but also in the logistics and warehousing segment of the value chain. Freight village is a specialised industrial estate to attract companies in need of logistics services and can cluster to improve their competitiveness. The concept will also bring together retailers, warehouse operators and logistics service providers supplying the regional FMCG market. "It is modelled on concepts that are prevalent in Europe. The World Bank will fund the project," a shipping ministry official said. The Inland Waterways Authority of India (IWAI) has been assigned the task of executing this project, the pilot of which will be in Varanasi and after that more villages will connect freight corridors in the country. "A feasibility study was conducted

by the IWAI, and it showed that something like this can be done in India. It was decided that it would be executed at the last minute at one of the stock-taking meetings of the shipping ministry and the IWAI,” another official said.

### **3. Pradhan Mantri Fasal Bima Yojana: Premiums Move Up After Centre’s Nudge**

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

The Pradhan Mantri Fasal Bima Yojana (PMFBY) may have faltered after a promising start, but insurance companies seem to renew their interest in the NDA government’s flagship crop insurance scheme. Thanks to constant prodding by the Centre, several state governments that had developed cold feet in paying their shares of premiums in time are now contributing. If the trend is sustained, claims-to-payout ratio under PMFBY could improve, leading to its wider coverage and remunerative margins for the insurers. In Kharif 2017, 23 states for which data is available paid a premium of Rs 4,148 crore, more than three-fourths of their share. The gross premium collected for the season was a little over Rs 19,000 crore farmers pay only a fifth of the premium, while the Centre and states foot the balance bill. As for the latest rabi season (17-18), while the states’ premium share is estimated at Rs 1,607 crore, states have already contributed Rs 579 crore. Even though PMFBY is looking up, its targets are still daunting. The Modi government had said 50% of the country’s gross cropped area would be insured by the end of the current financial year from 30% now; only Madhya Pradesh is around the target now, while in case of many states, the coverage is still far below the target.

### **4. Faster Internet: Land Along Highways, Rail Tracks May Be Reserved For**

**Telecom Infra**

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

The government is working on a proposal that allows having dedicated land for telecom infrastructure like optical fibre cable ducts and towers along national highways and rail tracks, in a bid to increase broadband penetration and internet speed. A committee of secretaries (CoS), headed by telecom secretary Aruna Sundararajan, has been working on a policy proposal under which the Centre wants to create dedicated land pockets along new national highways and rail tracks for setting up such telecom infrastructure, sources said. The CoS, set up in January 2018, also includes secretaries from road transport and highways, power and petroleum as well as

member (engineering), railways. Talks are on with railways for a similar arrangement along rail tracks, the official said, adding that generally mobile networks are not strong along railway lines or highways and such a plan could help sort this out. Also this will open avenues for various services like ordering food on trains or car recovery and maintenance services along national highways. Recently, Trai in its recommendations to the DoT for the new national telecom policy (2018), suggested making provisions in the Indian Telegraph Right of Way Rules, 2016 for establishment of common service ducts, utility corridors in all new city and highway road projects for telecom infrastructure.

### **5. Taiwan Co, Adani May Join Hands To Set Up Rs 400 Bn Petrochemical Project**

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

Gujarat is likely to see one of the largest foreign direct investments (FDI) in recent years with Taiwan's state-run petroleum major China Petroleum Corporation Taiwan (CPC Taiwan) set to come up with Rs 400 billion petrochemical park at the Mundra SEZ. The Taiwan state-run major may set up the project in tie-up with Adani Group. "Talks are in final stage. An agreement in this regard is likely to be signed during the next Vibrant Gujarat summit. The project may require around 800 hectare of land," said a person close to the development. This comes close to the heels of Taiwan External Trade Development Council (TAITRA) chairman James Huang stating that Taiwanese companies should team up Indian majors to explore business opportunities. Huang told the Taipei Times that Adani Group and CPC Corp are in discussions to jointly build a petrochemical park in India's Mundra special economic zone. "This will be one of the largest foreign direct investments in Gujarat in recent years. The plant will produce products like ethylene and will also have a naphtha cracker unit," the source added. However, both CPC Corp and Adani Group did not respond to the questions by Business Standard in this regard. CPC's business areas include oil and gas exploration and production, refining, petrochemicals, lubricants, solvents and chemicals; it is also Taiwan's sole importer and supplier of natural gas.

## **6. India Seeks Help From World Bank On Gem Software Pricing**

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

India has sought World Bank's help to put in place an adequate pricing mechanism for various kinds of software products hosted on the national procurement portal, an online marketplace for government departments and state-run companies to buy various goods and services. "GeM (Government e-Marketplace) is grappling with benchmarking of proprietary software and items which are evolving now, items without any previous price history," a senior government official told ET. The US, Singapore, South Korea and Chile are among countries from which the commerce ministry-led GeM wants to get price benchmarks for software products with the help of World Bank, the person said. Launched in 2016, GeM facilitates online procurement of common use goods and services required by various central and state government departments, organisations and public sector companies. Transactions worth Rs 6,500 crore have taken place between 22,000 buyers and 98,000 sellers on the portal since its launch. Internally, GeM has held consultations with apex software body Nasscom. "The industry is cognizant of the fact that the procurement official may not be conversant with the software domain," a Nasscom spokesperson said.

## **7. Cabinet Approves Dam Safety Bill**

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

The Union Cabinet on June 30 approved a proposal for enacting the Dam Safety Bill 2018, which will help the states and union territories to adopt uniform safety procedures to ensure safety of reservoirs. The Bill also seeks to constitute a national committee on dam safety which shall evolve safety policies and recommend necessary regulations, Finance Minister Piyush Goyal told reporters. There are over 5,200 large dams in India and about 450 are under construction. In addition, there are thousands of medium and small dams. Due to lack of legal and institutional architecture for dam safety in India, dam safety is an issue of concern. The Bill provides for establishment of National Dam Safety Authority as a regulatory body which shall discharge functions to implement the policy, guidelines and standards for dam safety in the country. In certain cases, such as dams of one state falling under the territory of another, the authority shall also perform the role of State Dam Safety Organisation thereby eliminating potential causes for

inter-state conflicts. The legislation will address all issues concerning dam safety including regular inspection of dams, emergency action plan, comprehensive dam safety review, adequate repair and maintenance funds for dam safety, instrumentation and safety manuals.

### **8. Government Said To Be Open To Listing Air India After Failed Disinvestment**

**Source: Livemint ([Link](#))**

India is open to listing ailing state carrier Air India, a person in the government said on June 13, after failing to attract buyers for a 76% stake in the company. While the government is considering several proposals related to reviving the Air India disinvestment process, it will not allow complete foreign ownership of the airline, this person said, declining to be named before a final decision is reached. One of the proposals could involve the government retaining a share in the debt-laden carrier and selling it at a later date so it can capitalise on any financial upside that may occur from listing the airline, the person said. The government may also consider reducing the Air India debt it passes on to potential buyers and restructuring the large workforce, another senior government official told *Reuters*. “We will take a decision in next few days on changing conditions before inviting fresh bids,” the official said, adding that the government is committed to selling its stake in the national carrier in the current financial year but could defer it if it fails to get the right price. The government in March finalised plans to divest a majority stake in Air India and offload about \$5.1 billion of its debt, but prospective buyers stayed away, with some citing onerous terms as a reason for their lack of interest.

### **9. Niti Aayog To Launch Composite Water Management Index**

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

Government think-tank Niti Aayog on June 13 said it has prepared the Composite Water Management Index as a useful tool to assess and improve the performance in efficient management of water resources. It further said that this index is an attempt to inspire states and UTs towards efficient and optimal utilisation of water and recycling thereof with a sense of urgency. In view of limitations on availability of water resources and rising demand for water, Niti Aayog said, “sustainable management of water resources has acquired critical importance.” According to Niti Aayog, the index can be utilised to formulate and implement suitable strategies for better

management of water resources. It has been finalised after an elaborate exercise including seeking feedback from the states and consultation with reputed experts, the Aayog said. Union Minister for Water Resources Nitin Gadkari will release the Index.

#### **10. Ruchi Soya Auction: Baba Ramdev's Patanjali Ayurved Gets Time Till 16 Jun To Submit Revised Bid**

**Source: Firstpost ([Link](#))**

Baba Ramdev's Patanjali Ayurved, which is in race to acquire bankruptcy-bound Ruchi Soya, has been given time till 16 June to match or better the highest bid of about Rs 6,000 crore offered by Adani Wilmar. On June 12, a Committee of Creditors (CoC) met to open the bids submitted by Adani Wilmar and Patanjali group in the fresh round of auction under the Swiss Challenge method. Ruchi Soya in a regulatory filing on June 13 confirmed that the CoC declared Adani Wilmar as H1 (highest) bidder and Patanjali stood as H2 (second highest). "We have been informed by the CoC that as per our bid, we are H2 and they will update us about the bid value of H1. We have to submit the revised and improved bid by 16 June," Patanjali spokesperson SK Tijarawala told *PTI*. Billionaire Gautam Adani's group company Adani Wilmar, which sells edible oil under Fortune brand, offered about Rs 6,000 crore to emerge as the highest bidder for acquisition of Ruchi Soya while Patanjali Ayurved bid for around Rs 5,700 crore, sources had said on June 12. Patanjali Ayurveda already has a tie-up with the Indore-based Ruchi Soya for edible oil refining and packaging and it wants to further expand into cooking oil business. Ruchi Soya, which is facing the insolvency proceedings, has a total debt of about Rs 12,000 crore. The company has many manufacturing plants and its leading brands include Nutrela, Mahakosh, Sunrich, Ruchi Star and Ruchi Gold.

#### **11. Cabinet Approves HDFC Bank's Proposal To Raise Rs 24,000 Crore As FDI**

**Source: Scroll.in ([Link](#))**

The government on June 13 approved the proposal of HDFC Bank to raise additional capital of Rs 24,000 crore by selling equity to foreign investors to fund its business growth. The decision was taken at a Union Cabinet meeting chaired by Prime Minister Narendra Modi. The additional capital includes premium over and above the previous approved limit of Rs 10,000 crore, according to a statement released by Cabinet Committee on Economic Affairs. "The decision would ensure that

the composite foreign shareholding in the bank inclusive of all types of foreign investments, both direct and indirect, will not exceed 74% of the enhanced paid-up equity share capital of the bank,” Union minister Piyush Goyal said, according to PTI. It will also be subject to conditions under Foreign Direct Investment Policy and other sectoral regulations. At present, the FDI in the banks stands at 72.62%. As per Reserve Bank of India guidelines, foreign holding in public sector banks in India cannot go beyond 74%. Of the additional Rs 24,000 crore, Rs 8,500 crore is proposed to be allotted to the bank’s promoter HDFC Ltd, on a preferential basis.

## **12. Major Plan To Drive Shrimp Production Up In Country**

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

The marine products export development authority has planned to expand the aquatic quarantine facility here to increase shrimp production by 3.50 lakh metric tonnes per annum. The foundation stone-laying ceremony for expanding the facility for imported Pacific white shrimp was held on June 13, an official press release said. The expansion would see a rise in shrimp farm production and generate higher revenue from exports. Besides, it would help quarantine upto 1.23 lakh brooders per annum, it said. The Pacific white shrimp or king prawn is an exotic species widely in demand in the United States, Europe and other markets. Its broodstock is imported mainly from the US, the press release said. After laying the foundation stone, secretary to department of animal husbandry, dairy and fisheries, government of India, Tarun Shridhar said the ministry of agriculture has given funds to the quarantine facility as part of the 'Blue Revolution' to prioritise and promote aquaculture in the country. He promised assistance to the marine products export development authority to achieve high growth in the production and export of seafood. Initiatives like expanding the quarantine facility would be the key to achieving the target of USD 10 billions from exports by 2022, he added.