

## Daily Economic News Summary: 14 March 2018

### **1. Parliamentary Panel Suggests Anti-Dumping Duty, GST Revision to Boost Textiles Sector**

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

The Textiles Ministry should impress upon the Finance Ministry to reconsider the overall GST structure for textiles sector and impose higher anti-dumping duty to protect the domestic industry, a Parliamentary panel has said. In its report tabled in Parliament on March 13, the Standing Committee on Labour chaired by Kirit Somaiya said it desires the Textiles Ministry to impress upon the Department of Revenue/Finance Ministry to reconsider GST structure for textiles. The panel noted that the Textiles Ministry has also taken up the issues on inverted duties structure on man-made fibre, imposition of GST on job work, credit transfer documents issues, non refund of input tax credit, GST for weaving industry, lowering of Goods and Services Tax (GST) rates for machinery used by MSME textile units, etc. It observed that against the Textile Ministry's proposed outlay of Rs 10,109.05 crore during the year 2018-19, the Ministry of Finance have approved Rs 7,147.73 crore only.

### **2. Representations Received to Withdraw LTCG Tax Announced During Budget 2018, Says Finance Ministry**

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

Finance ministry on March 13 said it has received representations for withdrawal of the long term capital gains (LTCG) tax on listed securities proposed in the Union Budget 2018-19. In his Budget, Finance Minister Arun Jaitley had proposed introduction LTCG tax of 10 per cent on stock market gains exceeding Rs 1 lakh. In a written reply to the Rajya Sabha, Minister of State for Finance Shiv Pratap Shukla said "representations" have been received requesting for withdrawal of the proposal to introduce tax on LTCG on listed securities through the Finance Bill, 2018. "The decision will be reflected in the official amendment, if any, to the Finance Bill, 2018, at the time of consideration and passing by the Parliament," the minister said. Meanwhile, the Finance Bill 2018 could not be taken up in the Lok Sabha on March 13 as protests by opposition parties and

the TDP over issues like bank scams and special status demand for Andhra Pradesh continued for the seventh day, disrupting proceedings in the House.

### **3. India to Become Collateral Damage in Trump's Trade War on Steel, Aluminium**

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

With the United States imposing import duties of 25% and 10% steel and aluminium under the Trump administration, Indian companies will not be directly hit, but could get hurt due to higher supply pressure in the countries where India is a major exporter, said a report by India Ratings and Research. India's steel and aluminium companies' exports to the US are as low as 2% and 6% respectively. "However, the impact could percolate through lower international prices due to excess supply from exporting countries while also leading to lower exports," Ind-Ra said. According to CMIE data, India's top exports countries for steel and aluminium are South Korea, Malaysia, Italy, Vietnam and Belgium among others. Due to the higher import duty in the US, Ind-Ra said, the countries which export majority to the country may diversify into other importing geographies. "The move can prove as a deterrent to a gradual recovery especially in the steel industry," the report said. India primarily exports steel to Italy, the UAE and South East Asian countries. With export markets becoming more competitive, domestic steel companies may not only lose their market share in the exporting regions but also see the export value declining due to lower global prices of steel and aluminium.

### **4. Supreme Court Extends March 31 Deadline for Aadhaar Linking**

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

The Supreme Court on March 13 indefinitely extended the deadline for linking Aadhaar with services like mobile phones, tatkal passports and bank accounts from March 31, 2018 till the five-judge Constitution Bench led by Chief Justice of India Dipak Misra pronounces its final verdict on the validity of the Aadhaar scheme. Remarking that it had enough of such "piecemeal" notifications and legislations issued by the government to link one service or the other, Justice Misra said it is time the court stepped in and stopped passing interim orders extending the deadline. There should be a sense of certainty that citizens would not be harmed or their services would not be curtailed even as the very Aadhaar scheme is under the apex court's microscope. The petitioners

challenging Aadhaar argue that the scheme, which requires the parting of biometric and personal details, is a coercive step and a stark violation of the ordinary citizen's fundamental right to privacy. The danger to privacy, they argued, is all the more great because India does not have a data protection regime to prevent or punish personal data leakage.

### **5. Govt Offices Urged to Switch to E-Vehicles**

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

The red beacons may be gone, but Central government vehicles may soon have a whole new identity. This is because all government offices and state-owned firms in New Delhi have been requested to switch over to electric vehicles, as part of efforts to reduce dependence on fossil fuels and cut down air pollution. The Centre has now set a target of converting 30 per cent of the country's total vehicle fleet to electric by 2030. In a letter to the nodal Ministries and Departments, the Ministry of Power has urged them to ask their officers to use electric vehicles procured through state-run Energy Efficiency Services Ltd (EESL) for travel within the National Capital Region. In August last year, Managing Director of EESL, Saurabh Kumar had told *BusinessLine* the company will procure 10,000 electric sedans in a bid to increase the popularity of such vehicles in the country. He said, "The tender will be in two phases. We will procure 1,000 cars in the first phase." As part of the plan, government offices in New Delhi and the National Capital Region will begin using the vehicles and would charged 90 per cent of the monthly cost of the current vehicles to replace them with the electric ones.

### **6. Delhi Metro's New Pink Line Opens Today**

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

A new 21.5-km circular metro corridor, which will connect South and North West Delhi along the ring road, will be opened to the public on March 14 evening. The stretch between Majlis Park and Durgabai Deshmukh South Campus is part of a longer 58.9-km "ring corridor", which will become the longest metro line in the country, when completed. The circular pink line will eventually turn the Delhi Metro network into a web by connecting many of the existing radial corridors at 10 different interchange points, including the Airport Express line at Dhaula Kuan station. Delhi currently has the 12th largest metro network in the world. Five of the top 10 are in China. By the

end of 2018, Delhi is expected to add close to 100 km of metro lines, making its metro network the 8th largest in the world. “By June of this year, a majority of the ongoing Phase-III expansion would be opened to the public,” said Delhi Metro Rail Corporation spokesperson Anuj Dayal. The new section of the pink line will especially benefit college students, as the Delhi University’s South and North campuses would finally be connected directly via public transport. The Durgabai Deshmukh station near South Campus is also expected to become a major transport hub as it will be connected to the existing Airport Express line station at Dhaula Kuan.

### **7. Narendra Modi May Decide on Course of RCEP Trade Talks**

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

Prime Minister Narendra Modi is likely to take the final call on whether India needs to remain engaged in the ongoing negotiations for the contentious Regional Comprehensive Economic Partnership (RCEP) free trade agreement (FTA) or not, after a meeting convened by the Prime Minister’s Office (PMO) saw growing opposition to the deal from secretaries of various government departments. The meeting was called by principal secretary to Modi, Nripendra Mishra on 6 March to chalk out India’s strategy in the ongoing FTA negotiations such as with RCEP, Canada and Australia. A majority of around 15 secretaries present in the meeting including defence, economic affairs and agriculture opposed the proposed RCEP deal, holding that it may hurt India’s interests in their respective fields, a government official with knowledge of the meeting said, on condition of anonymity. RCEP members have been putting pressure on India to open up its market for more than 90% of their traded goods, while they remain reluctant to India’s proposal to allow free movement of Indian skilled professionals in the RCEP region. There is growing clamour from industries such as iron and steel for India to either exit RCEP or resist its early conclusion.

### **8. India Extends \$100 Million Line of Credit to Mauritius**

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

India has extended a \$100-million line of credit (LoC) to Mauritius for defence capacity building, as part of its Indian Ocean Region outreach that focuses on maritime security and developing the ‘blue economy’. Under the agreement announced on March 12 by President Ramnath Kovind, who

is on a visit to the island nation, Mauritius will use the funds to finance purchase of a multi-purpose offshore patrol vessel from India. The agreement includes an additional grant component of \$5 million. This comes two days after Prime Minister Narendra Modi announced a joint vision document with France for enhancing stability in the Indian Ocean Region (IOR) amid China's increasing presence in the area. "India and Mauritius share common security concerns in the Indian Ocean Region. India has assisted Mauritius in the past by supplying patrol vessels," President Kovind said after announcing the credit line.

### **9. RBI Discontinues Letter of Undertaking, Letter of Comfort as Instruments of Trade Credit**

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

The Reserve Bank of India has scrapped quasi bank guarantee instruments such as the Letter of Undertaking and Letter of Comfort that blew a Rs. 14,000 crore hole in the books of Punjab National Bank as the regulator attempts to plug a loophole and improve banks' due diligence in trade credit. Banks can continue to issue guarantees and letter of credit for trade purposes which are the international norm, and also have features that makes the claim on the issuer strong. Guarantees and LoCs involve receiving banks conduct their own credit appraisal on companies before accepting them which reduces the risk of defaults, said bankers. On the other hand, the Letter of Undertaking and Letter of Comfort which were banned, led to receiving banks depending completely on the issuing bank on creditworthiness.

### **10. CSIA Mumbai rated as World's Best Airport**

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

Mumbai's Chhatrapati Shivaji International Airport (CSIA) operated and managed by GVK MIAL, has been rated the World's Best Airport for the Airport Service Quality (ASQ) Awards 2017 for customer experience, announced recently by the Airports Council International (ACI). Selected by millions of passengers in a survey carried out by ACI, the trade association of 1953 member airports across 176 countries, the award reflects Mumbai airport's excellence in service parameters that go towards satisfying the needs of travellers. As part of the ACI's worldwide programme, passengers were surveyed across international airports for their feedback on 34 key performance indicators including airport access, check-in, security screening, restrooms, stores

and restaurants. A highly regarded accomplishment in the aviation industry, this honour is a testament of GVK MIAL's unflinching commitment towards operating with an approach that promises efficiency, safety and reliability. The award acknowledges the company's endeavours towards offering a world-class environment to all travellers transiting through the airport.

### **11. Trade War: Action Plan to Analyse Impact of US Metal Tariffs by Weekend**

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

The Union government has started working out an action plan to analyse the impact of the recently imposed US tariffs on steel and aluminium and on how to deal with it. In the first meeting on March 13, senior officials of the department of commerce and the ministries of steel and mines met the industry leaders to assess the impact of the US tariffs on Indian industry. A senior official later said export details had been sought from industry players and a plan would be finalised by the end of the week. Commerce Secretary Rita Teotia, Steel Secretary Aruna Sharma and Mines Secretary Arun Kumar attended the meeting. They met industry representatives from Vedanta, JSW Steel, SAIL and other companies. US President Donald Trump last week signed an order imposing a 25 per cent tariff on steel and a 10 per cent tariff on aluminium imported into the country from all nations except Canada, Mexico and Australia. The exemptions might be extended to friendly countries. The order will come into effect in the next 15 days