

## Daily Economic News Summary: 15 June 2018

### **1. Modi's PMAY Impact! 1st Time Ever, Home Loans In India As Percentage Of GDP Hit Double Digits**

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

For the first time, India's home loans touched double-digit mark as a percentage of GDP in the financial year 2018, thanks to Prime Minister Narendra Modi's flagship Pradhan Mantri Awas Yojana, a report has shown. Housing credit grew 16% in FY18, taking the mortgage penetration (housing credit as a percentage of GDP) to a double-digit mark of 10% for the first time in FY18, up from 9.5% in FY17, an ICRA report said. In the financial year 2018-19, the home loan growth is going to accelerate further. "Growing affordability for the first-time home buyers, supported by government incentives like the PM's Awas Yojana are expected to result in a rise in primary home purchases, especially in the affordable housing segment, which will help segmental loan growth to 17-19%," the ICRA report said. The overall house loan in the year 2017-18 was 39% pushed by new mortgage players in the affordable housing segment. In fact, in the five years, the mortgage penetration level could go up by 300-500 basis points, the report added. Under the Pradhan Mantri Awas Yojana, Narendra Modi has set the target of building 20 million affordable houses for urban poor.

### **2. Delhi, Washington May Negotiate Trade Package**

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

India and the US have agreed to negotiate a "trade package" at the earliest, with offers of "hard, clear steps" in order to avoid a trade war between the world's largest democracies, a senior official said. The decision, which could mark a major breakthrough in their bilateral trade ties, was taken during the two-day visit of trade minister Suresh Prabhu to Washington where he met US trade representative Robert E. Lighthizer, secretary of commerce Wilbur L. Ross and secretary of agriculture Sonny Perdue. "The officials of both sides will meet and finalize the elements of the package. For example, they may agree to GSP (generalized system of preferences) and we may have to yield on some items in exchange. These are hard, clear steps," the senior official, from the commerce ministry, said on condition of anonymity. *Mint* had reported on June 11 that India is

contemplating a reduction in import duties on Harley-Davidson motorcycles if the US agrees to renew the country's eligibility for GSP, which allows market access to about 3,500 products from India at zero or low duties.

### **3. Sugar Recontrolled: Food Department Brings Back Quota System, Stokes Fears Of Licence Raj**

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

The department of food has reintroduced the monthly sugar sales quota system that was abolished in 2013, stoking panic among mills that view the move as a throwback to the licence raj era. To start with, the sales quota for June has been fixed for each of the 528 operational sugar units across the country. They have been asked to submit information on sales in a particular month by the 10th of the next month. "Any violation of this order would attract the penal provisions under the Essential Commodities Act, 1955, as amended from time to time," says the order by the directorate of sugar under the department of food on June 7. Such limits used to be imposed earlier by the food ministry to control sugar sales through the so-called release order mechanism that was scrapped in April 2013, as part of the government's move to loosen control over the sugar sector following the Rangarajan panel's recommendations. While the Indian Sugar Mills Association (Isma) feels the move is against the intent of the Cabinet Committee on Economic Affairs' (CCEA) decision last week, a senior food department official insists it's in sync with the CCEA directive.

### **4. Centre To Clean Ganga And Yamuna Before 2019 Lok Sabha Polls, Says Nitin Gadkari**

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

The NDA government is determined to clean the Ganga and Yamuna, two of the most pivotal rivers of India before the 2019 Lok Sabha Polls, said Union Minister Nitin Gadkari. He also claimed that the whole work will be done by the end of 2019, and Ganga will be cleaned by March 2019 latest. The Clean Ganga project was one of the major poll promises made by the BJP before the 2014 Lok Sabha Elections. Gadkari, who is the minister for Water Resources, River Development and Ganga Rejuvenation previously instructed his officials to finish Ganga cleaning in a time-bound manner. Asserting that several steps have been taken for cleaning the Ganga, Yamuna and its tributaries, the minister told The India Express: "Twenty new towns have been identified for pollution abatement along the Yamuna and its tributaries Hindon and Kali." Six

sewage management plants have also been installed on the Yamuna in Delhi, and two more will be awarded in future.

### **5. Govt Directs All Unlisted Companies To Dematerialise Shares By September**

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

The government plans to make it compulsory for unlisted companies to get their shares dematerialised by September, according to government officials. The corporate affairs ministry wants all unlisted companies with paid-up capital of more than Rs 50 million to digitalise shares by June-end. Others can do so by September. The aim is to make transactions more transparent. “The National Securities Depository Ltd (NSDL) and the Central Securities Depository Ltd (CDSL) will have pre-verified shares in electronic mode, which will help settle transactions in an effective manner,” according to a senior government official. When shares in the electronic form are available with the depositories, it acts as primary evidence for those who hold the shares.

It is not always possible to track the ownership of shares in the physical format. The move is likely to bring an end to benami transactions, according to experts. The government is also in discussion with the NSDL and the CSDL to fix enrolment rates for these companies. The ministry has asked these registries to reduce joining fees.

### **6. Modi Govt, China Curbs Making Indian Industrial Firms World's Best**

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

Indian companies are dominating the ranks of the world’s best-performing industrial firms as they benefit from neighbouring China’s pollution crackdown and billions in domestic infrastructure spending. Of the 15 best-performing stocks over five years, eight are from Asia’s number 3 economy and range from graphite electrode makers to equipment providers. Companies such as HEG Ltd., Graphite India Ltd. and Finolex Cables Ltd. have benefited from China’s pollution control measures as well as India’s pledge to electrify even the remotest village, said Gopal Agrawal, portfolio manager at Tata Asset Management Ltd., which oversees \$3 billion in equity funds. Its neighbour to the north meanwhile has tightened emission norms that spurred steel production from electric arc furnaces, which use graphite electrodes to process steel from scrap.

With supplies also constrained, graphite electrode producer HEG's stock surged 1,457 per cent last year, outpacing Bitcoin's gains, and has climbed 45 per cent so far in 2018.

### **7. 20 States Sign Mou With Health Ministry To Implement Modicare**

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

At least 20 states signed a memorandum of understanding (MoU) with ministry of health and family welfare on June 14 committing to launch the Ayushman Bharat – National Health Protection Mission (AB-NHPM). Dubbed as “Modicare” the NHPM, is being described as the world’s largest health insurance scheme. It will be cashless and paperless access to health services up to Rs5 lakh per year to poor and vulnerable people identified as per the socio-economic caste census. “We shall work with the spirit of cooperative federalism, to perfect this largest health assurance scheme of the world,” J.P. Nadda, union health minister said during a health conclave held in New Delhi. “The success of the scheme hinges upon the active participation of the states. States need to own the scheme while Centre will design the policy framework with all possible flexibility and support,” said Nadda. The beneficiaries under the scheme can avail services anywhere in India and it is expected to bring a visible relief to the target families by mitigating the financial risk arising out of catastrophic health episodes. During the conclave, model tender documents, final operational guidelines for Modicare also were released which are focused on beneficiary centric delivery of services while ensuring there is no compromise on the quality of healthcare services and preventing frauds.

### **8. Farmers, Environmentalists Up In Arms Against Tamil Nadu Highway Project**

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

A Rs10,000 crore project under the union government's Bharatmala Pariyojana a highway development programme, is facing a severe backlash from farmers and environmentalists in Tamil Nadu. The 900-foot-wide green field express highway with an eight-lane between Chennai and Salem that already has three existing routes would cover 277.3 kilometres. In October, the Centre approved the Phase-1 of the Bharatmala project considered as one of India's biggest highway development plan which would “improve the efficiency of freight movements in India”. By 2022, a total of Rs5.35 trillion would be invested to construct 34,800km of roads, including the 10,000km

of balance road works under National Highways Development Project (NHDP) a scheme launched in 1998 by then prime minister Atal Bihari Vajpayee and replaced by Bharatmala. According to a detailed project report submitted by Feedback Infra Pvt. Ltd., which is providing consultancy services to the National Highways Authority of India (NHAI), the proposed road will reduce the travel time between Chennai and Salem and “is expected to generate development around the abutting towns connected through proposed spurs from the green field highway.” However, the NHAI is yet to release the environment impact assessment study or feasibility report.

### **9. NITI Aayog Sees India Headed For An Aqua-Calypse**

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

India is suffering the worst water crisis in its history and millions of lives and livelihoods are under threat, according to the composite water management index released by Niti Aayog. Reflecting on the severity of the issue, the Niti Aayog said, “Currently, 600 million Indians face high to extreme water stress and about two lakh people die every year due to inadequate access to safe water. The crisis is only going to get worse. By 2030, the country’s water demand is projected to be twice the available supply, implying severe water scarcity for hundreds of millions of people and an eventual 6 per cent loss in the country’s GDP.” “Water management is the country’s largest problem at hand. This report has reflected that those states which managed water properly have shown a higher agricultural growth rate. Madhya Pradesh has a 22-23 per cent growth rate, while Gujarat has an 18 per cent growth rate. This means that rural and agricultural economies have developed better, lessening migration and lowering the stress on urban infrastructure.” In terms of incremental change in index (over 2015-16 level), Rajasthan holds number one position in general states and Tripura ranks first amongst the North-Eastern and Himalayan states. The Aayog has proposed to publish these ranks on an annual basis in future, an official statement said.

### **10. Gadkari To Meet Banks To Sort Out Issues Of Fund Flow To Road Projects**

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

After reviewing over 700 ongoing national highways projects in the country, the Road Ministry has identified 300 projects for completion by March next. Of these, about 100 projects are likely to be completed by December this year. Road Transport and Highways Minister Nitin Gadkari

said “the construction target of NHAI for the year 2018-19 has been revised upwards from 5,058 km to 6,000 km.” He hoped it will be met. Gadkari said he had reviewed 427 projects of NHAI and 311 projects of National Highways Infrastructure Development Corporation Ltd, 127 NHAI projects and 153 Ministry projects, which were scheduled for completion by June 2019. Gadkari also said he will soon hold meetings with the heads of major banks to sort out issues related to flow of funds. Delay in land acquisition and utility shifting, environment clearance and permission for cutting of trees have been identified as some of the main reasons for delay of highways projects. The Minister lauded the performance of States like Uttar Pradesh, Tamil Nadu, Maharashtra, Gujarat and Andhra Pradesh in sorting out issues and helping expedite highways projects. States like Bihar and Odisha on the other hand, need to greatly improve their performance in this regard.

#### **11. Centre Rejects Niti Aayog’s Disinvestment Proposal**

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

The government will not accept Niti Aayog’s proposal of reducing the Centre’s stake in non-strategic public sector companies to below 50% even as it is confident of breaching the disinvestment target for the second year running and raising over Rs 1 lakh crore in the current fiscal, a senior official told ET. ET had earlier this month reported that Niti Aayog has recommended lowering the government’s stake to less than 50% in all non-strategic state-run companies over time for raising revenues as well as giving these companies the functional autonomy to perform better. Niti had reasoned this would also increase the value of government’s remaining stakes in these companies. There are over 250 CPSEs in which the government holds 51% or more and include large ones like NTPC, Power Grid and Steel Authority of India. Government officials said several companies with higher government holdings were performing well and it would be unfair to say that ownership and management structure needed to be overhauled for better efficiency. An official pointed out that government holding in several PSUs was much more than 50% and it would not There was adequate headroom to raise revenue by decreasing shareholding without bringing it down to 49%.

## **12. Centre Hikes Import Duty On Crude, Refined Soft Edible Oils**

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

The Centre has increased the import duty on crude and refined soft edible oils such as soy oil, sunflower oil and rapeseed on June 14. Duty on crude soft edible oils has been hiked to 35 per cent and on and soft oils to 45 per cent. Earlier, crude soy oil attracted an import duty of 30 per cent, and sunflower and rapeseed 25 per cent. Refined variants of all these three edible oils attracted 35 per cent. The latest duty hike, coinciding with the start of the kharif sowing season, is aimed at curbing cheaper imports. This, in turn, could translate into better prices for the farmers. The Solvent Extractors Association's efforts have yielded results, said B V Mehta, Executive Director of the apex trade body of the edible oil industry. The government has however, kept the import duty on crude and refined palm oils unchanged. On March 1, 2018, Centre had increased import duty on Crude Palm Oil , RBD Palmolein and RBD Palm Oil. As a result, import duty on CPO increased to 44 per cent from 30 per cent (effective duty 48.4 per cent) and RBD Palmolein and Refined Palm Oil to 54 per cent (40 per cent), (effective duty 59.4 per cent. The duty hike led to a slowdown in palm oil imports in May, while the inflow of sunflower and soybean oils increased.

## **13. Cotton Exports Likely To Jump 43% In 2018-19**

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

India's cotton exports are expected to jump 43 per cent to 10 million bales (of 170 kg each) in the 2018-19 marketing year on strong overseas demand, especially from China, according to industry body CIA. Overall cotton shipments are likely to cross 7 million bales in the ongoing 2017-18 marketing year (October-September). Already 6.2 million bales have been exported till May 2018, it said. "The demand for Indian cotton is high as prices are almost 10 per cent lower than the international prices," Cotton Association of India (CAI) President Atul Ganatra told PTI. Indian cotton is quoted at Rs 46,500 per bale in the spot market, much lower than Rs 54,000 per bale in the US and Rs 58,000 per bale in Australia, he said. Therefore, China - the world's second largest producer has signed an advance contract for 5 lakh bales of new cotton crop from India for delivery in November-December of the 2018-19 marketing year. Therefore, China - the world's second largest producer - has signed an advance contract for 5 lakh bales of new cotton crop from India for delivery in November-December of the 2018-19 marketing year.