

## Daily Economic News Summary: 1 June 2018

### **1. PM Narendra Modi Launches BHIM, RuPay And SBI Digital Payment Apps In Singapore**

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

Prime Minister Narendra Modi on May 31 launched three Indian mobile payment apps in Singapore at a business event aimed at internationalisation of the country's digital payment platform. At the 'Business, Innovation and Community Event' here where digital platform was the main feature, Modi launched India's BHIM, RuPay and SBI app. India's RuPay digital payments system was linked up with Singapore's 33-year old Network for Electronic Transfers (NETS). RuPay users will be able to make payments at all of NETS acceptance points across Singapore. Holders of Singapore NETS will be able to make online purchase on any National Payment Corporation of India (NPCI) e-commerce merchant website in India, using 2.8 million RuPay point of sale terminals in India. Industry observers said it would create multi-billion dollar transactions as some five million Indians travel to and transit through Singapore, internationalising the RuPay beginning with the first cross border usage. Also, a new app-based rupee remittance mode of the SBI's Singapore branch was launched at the event. The India-Singapore Enterprise and Innovation Exhibitions at the Marina Bay Sands Convention Centre showcased innovation in frontier technologies, including artificial intelligence, fin-tech and innovation for social impact. The exhibition was put up jointly by Indian and Singaporean companies.

### **2. Complete Roll-Out: All States On E-Way Bill Route By June 3**

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

Eight state governments on May 31 announced their plans to roll out the electronic way bill (e-way bill) mechanism for transport of goods within their territories by June 3, a move that would lead to pan-India implementation of the crucial anti-evasion system under the goods and services tax (GST). E-way bills are currently required for interstate movement of merchandise above a threshold value of Rs 50,000 and also for such intrastate transport in 29 states/union territories. Generation of intrastate e-way bills will become mandatory for Chhattisgarh, Goa, Jammu and Kashmir, Mizoram, Odisha and Punjab on June 1. Tamil Nadu and West Bengal would implement

the same on June 2 and 3, respectively. An e-way bill contains details of origin and destination of cargo movement along with the specification of the vehicle carrying it. The measure is expected to plug revenue leakages. According to an estimate, nearly Rs 10,000 crore could be added to GST collections thanks to the mechanism. However, government officials said that the GST revenue collections for April may not reflect the impact of e-way bills as tax officials across states have been going slow on enforcement in the first month to allow taxpayers time to familiarise themselves with the system.

### **3. 10-Day Farmers' Strike From Today To Disrupt Fruit, Vegetables, Milk Supply**

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

Supply of fruit, vegetables and milk is likely to get disrupted in some pockets of India, with a 10-day strike call from June 1, given by a Rashtriya Kisan Mahasangh (RKM), describing itself as an umbrella body of nearly 110 farmer associations. However, among those saying they are not part of this stir are Confederation of Indian Farmers' Association (CIFA) and Swabhimani Shetkari Sanghatana (led by Raju Shetty, MP). Hence, the impact is likely to be partial. Another farmers body, Akhil Bharatiya Kisan Sabha, a parent body of 10 associations in Maharashtra, says it will gherao offices of district collectors across the state in protest at non-implementation of the earlier announcement of loan waivers, said its state secretary, Ajit Nawale. "We are not supporting any organisation like RKM. We are ourselves representing to the government for the farmers' cause," said R V Giri, president of CIFA. An RKM-like strike was convened in Maharashtra last year, when farmers dumped produce on the road to protest at prices below their cost of production. Thousands of litres of milk was also poured away in the stir.

### **4. Modi Government To Review Air India Deal After Sale Plan Flops**

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

Prime Minister Narendra Modi's government will review plans to sell Air India after his administration's most high-profile privatization offer ended in a whimper with no buyers showing interest in the unprofitable flag carrier. The government will make changes to the plan, if needed, Economic Affairs Secretary Subhash Chandra Garg said. As the deadline to show preliminary interest expired on May 31, no bidder came forward to propose purchasing 76 percent of Air India

Ltd., which was offered along with \$5 billion debt, Aviation Secretary R.N. Choubey told reporters in New Delhi. The process for the next steps will start in two weeks, he said. The failure is a setback to Modi's reformist image ahead of national elections due next year. In the past two decades, Air India lost out to carriers such as Singapore Airlines Ltd. and Emirates that expanded flights to India, the world's fastest-growing major aviation market. The lack of interest also means the government is stuck with an enterprise that has survived on taxpayer money for the past decade.

### **5. Infrastructure Sector Sees Growing Foreign Investor Interest**

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

For global pension funds, large private equity (PE) players and patient capital investors with buckets of cash and a willingness to stay for the long haul, the Indian infrastructure sector is beginning to look like a smart option. The numbers speak for themselves. In just the past 6-7 months, such investors have tied up or are in the process to raise large sums of capital to invest in infrastructure projects, particularly roads and renewable energy. Collectively, these funds could invest a few billion dollars in India infrastructure. The biggest among these is I Squared Capital, which is close to raising \$6.5 billion for its second infra-focused fund. I Squared Capital invests in multiple geographies including India. Edelweiss Infrastructure Yield Plus Fund has commitments of around \$300 million and aims to raise up to \$1 billion, while the government's National Investment and Infrastructure Fund and the UK government have committed \$700 million to invest exclusively in Indian infrastructure. The platform will be managed by EverSource Capital. Earlier this month, Canada's largest pension fund, Canada Pension Plan Investment Board, and Allianz Capital Partners (ACP), part of insurance giant Allianz, were anchor investors to Larsen & Toubro's (L&T) ₹3,200 crore roads infrastructure investment trust.

### **6. Govt To Ask ONGC To Bear Fuel Subsidy To Help Cut Petrol, Diesel Prices**

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

The government may ask state-owned Oil and Natural Gas Corp. Ltd (ONGC) to bear fuel subsidy to help cut petrol and diesel prices, sources said on May 31. The government does not want to cut excise duty and is looking at alternative means to reduce petrol and diesel prices that had on May

29 touched an all-time high of Rs78.43 per litre and Rs69.31 a litre, respectively. Sources said the alternative in works is to ask ONGC give subsidy to fuel retailers so that they can sell petrol and diesel at below market rates. Oil producers ONGC and Oil India Ltd had till June 2015 made good as much as 40% of the under-recoveries or subsidy arising out of selling fuel at below market price. The same subsidy sharing in some form is being brought back, they said. Sources said that meetings to decide on the subsidy sharing mechanism were on and an announcement may come as early as June 1. ONGC chairman and managing director Shashi Shanker, before the news of meeting came to light, said that the company has not heard anything from the government on subsidy sharing.

## **7. UIDAI Extends The Deadline To Deploy Virtual ID System To July 1**

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

UIDAI has extended by one month to July 1 the deadline for service providers and agencies like banks and telecom companies to fully deploy Virtual ID system and accept these IDs in lieu of Aadhaar number. The Virtual ID (VID) feature is aimed at giving users the option of not sharing their Aadhaar number at the time of authentication. UIDAI - which had earlier said it will be compulsory for all agencies that undertake authentication to accept VID from their users from June 1, 2018 - has decided to give one more month after the user agencies said they needed more time to switch to the new system. "We are ready but the agencies wanted some more time to switch to the VID system. We have, therefore, given one more month till July 1," UIDAI CEO Ajay Bhushan Pandey told PTI. The extension was given considering the "difficulty and amount of internal work" involved for the agencies including telcos, banks, state governments, among others, he added. In January this year, to address privacy concerns, the Unique Identification Authority of India (UIDAI) announced plans to introduce VID feature which an Aadhaar-card holder can generate from its website and produce for various authentication purposes, instead of sharing the actual 12-digit biometric ID. In April, Aadhaar-issuing body UIDAI followed this up with the launch of beta version of VID feature allowing users to generate VID and use it to update address in Aadhaar online. It had then said soon the service providers will start accepting VID in place of Aadhaar number.

### **8. Govt Considering Setting Up 3MT Sugar Buffer Stock: Ram Vilas Paswan**

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

The government is considering creating a three million tonne sugar buffer stock to help millers clear about Rs 22,000 crore dues to cane growers, Food Minister Ram Vilas Paswan said on June 1. Sugar mills' financial health has worsened due to sharp fall in prices of the sweetener in the wake of a record production of 31.6 million tonne (MT) so far in the 2017-18 season (October-September). Sugar mills' financial health has worsened due to sharp fall in prices of the sweetener in the wake of a record production of 31.6 million tonne (MT) so far in the 2017-18 season (October-September). "We are still considering a proposal to create a buffer stock of 3 million tonne. We are taking views from other departments," Paswan told reporters. A draft cabinet note on the proposal has been moved for inter-ministerial consultation after NCP chief and former agriculture minister shot off a letter to Prime Minister Narendra Modi seeking urgent intervention to deal with huge sugar glut in the market. Besides setting up of the buffer stock, the food ministry in the draft cabinet note has proposed fixing minimum ex-mill sale price at around Rs 30 per kg, reintroducing the monthly release mechanism and imposing stock limits on mills by fixing quota for each mill, sources said.

### **9. World Bank, India Sign \$500 Million Loan Deal To Build Rural Roads**

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

India and the World Bank on May 31 signed a \$500-million loan agreement to provide additional funding for the centre's flagship rural roads programme, the Pradhan Mantri Gram Sadak Yojana (PMGSY). Under PMGSY, the government aims to construct 7,000km of climate-resilient roads. Out of this, 3,500km will be built using green technologies, a statement from the World Bank said. The World Bank has supported PMGSY since its inception and, so far, "it has invested over \$1.8 billion in loans and credits, mostly in the economically weaker regions and hill states across North India, including Bihar, Himachal Pradesh, Jharkhand, Meghalaya, Rajasthan, Uttarakhand and Uttar Pradesh". "It has built and improved about 35,000km of rural roads and benefited about eight million people with access to all-weather roads," it said. The agreement was signed by Sameer Kumar Khare, joint secretary at the department of economic affairs in the ministry of finance, and Junaid Ahmad, country director, World Bank India. Maintenance of the existing 4.6 million km of

the road network is emerging as a major challenge in India, the World Bank said, adding that “many parts of the existing road network are either vulnerable to or have already suffered damage from climate-induced events such as floods, high rainfall, sudden cloud bursts and land-slides”.

#### **10. For Iran Trade, India May Reach Out To Europe**

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

India will soon engage with European nations on measures to keep banking channels operative in order to protect Indian import of Iranian oil following the US decision to abandon the nuclear deal with the Islamic republic and reimpose sanctions. An Indian delegation, comprising senior officials from the ministries of external affairs and petroleum, plans to visit key European capitals early June to get a sense of the continent’s preparedness to keep the nuclear deal alive after the American pull-out, and push for measures that would help shield trade with Iran, officials said. US withdrew from the nuclear deal earlier this month even as other signatories—the UK, France, Russia, China, Germany and the European Union—disagreed with the American move. Some sanctions on Iran will become effective after August 6, and others, including those related to the oil sector, after November 4. State refiners will act as per the advice of the government on Iran sanctions but no such advice has yet come, Indian Oil chairman Sanjiv Singh said. If supplies from Iran were to get disrupted due to sanctions, Indian Oil will be able to manage suitable replacement from different countries, Singh said.

#### **11. Indian Economy Is On Right Track: Finance Minister Piyush Goyal**

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

After India on May 31 retained the fastest growing major economy tag; Union Finance Minister Piyush Goyal asserted that nation's economy is on the right track. India's GDP grew at the fastest pace in seven quarters at 7.7 per cent in January-March. Following the report on India's economic growth, Goyal told that the nation is now set to achieve even higher growth in the future. “GDP growth has been increasing continuously every quarter with growth of 7.7 per cent in Q4 of 2017-18. Shows that the economy is on the right track and set for even higher growth in the future,” Goyal said. The minister also hailed and credited Prime Minister Narendra Modi and Finance Minister Arun Jaitley for the development. India's economic expansion at 7.7 per cent was

significantly higher than China's 6.8 per cent in the January-March period. As per data released by the Central Statistics Office (CSO), GDP growth in the fourth quarter was 7.7 percent, as against 5.6 percent, 6.3 percent and 7 percent respectively, in the first three quarters, backed by rapid growth in agriculture (4.5 percent), manufacturing (9.1 percent) and construction sectors (11.5 percent). The private corporate sector growth (which has a share of over 70 per cent in the manufacturing sector) as estimated from available data of listed companies with BSE and NSE was 9 per cent at current prices during 2017-18.

## **12. Indian Oil Corp Most Profitable PSU For Second Year In A Row; Trumps State-Run Explorer ONGC**

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

Fuel retailer Indian Oil Corporation (IOC) has for the second year in a row beaten Oil and Natural Gas Commission (ONGC) to become India's most profitable state-owned company, raising questions over calls for the explorer to subsidise retailers amid soaring petrol and diesel rates. IOC, which has for decades been India's biggest company by turnover, last week posted a record net profit of Rs 21,346 crore in the fiscal year ended 31 March, 2018 (FY 2017-18), up 12 percent from Rs 19,106 crore in the last fiscal. ONGC on May 30 reported its FY18 numbers - 11.4 percent rise in net profit to Rs 19,945 crore. Billionaire Mukesh Ambani-led Reliance Industries retained the crown of being India's most profitable company for the third year in a row, posting highest ever net profit of Rs 36,075 crore. Tata Consultancy Services, India's largest software services exporter, with a net profit of Rs 25,880 crore was the second most profitable company in the country. ONGC was for long India's most profitable company but lost the crown to private sector Reliance and TCS three years back. In fact, its profit was higher than the combined net profit of the three state-owned fuel retailers - IOC, Hindustan Petroleum Corporation Ltd (HPCL) and Bharat Petroleum Corporation Ltd (BPCL), but now it is behind IOC. For 2017-18, HPCL last week reported its highest-ever net profit of Rs 6,357 crore on a turnover of Rs 2.43 lakh crore. BPCL earlier this week reported a net profit of Rs 7,919 crore for the fiscal. The sustained profitability of the refining and marketing companies has led to some questioning the rationale of asking ONGC to subsidise fuel that IOC, BPCL and HPCL sell.

### **13. New Policy On Electronics Likely In Two Months: IT Secretary**

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

The government expects to finalise new National Policy on Electronics in next couple of months, which will aim to boost design and innovation along with domestic production, Electronics and IT secretary Ajay Prakash Sawhney said on 31 May. "Hopefully in couple of months we will be coming out with new National National Policy on electronics," Sawhney said at an Assocham event. He said there is huge opportunity in India for emergence of next generation devices which don't exist at the he moment and the new policy will look at encouraging design and innovation for development of innovative products. There is huge scope in India for - medical electronics, automotive electronics, power electronics, defence electronics and government has held wide consultation with industry players and other stakeholders to address their issues, he added. The first National Policy on Electronics was rolled out in 2012 which offered incentives to companies setting up manufacturing units in the country. According to data shared by IT Minister Ravi Shankar Prasad, around 110 million mobile phones in 2015-16 as compared to 60 million in 2014-15 and in value terms mobile manufacturing industry produced mobile phones worth Rs 54,000 crore in FY15-16, compared to Rs 18,900 crore in FY14-15, which reached Rs 94,000 crore by the end of 2017 in the country.

### **14. Govt Sets Modest Target For Electric Vehicle Sales, As Challenges Mount**

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

The Union government has set a target of increasing the number of electric cars to 4% of the overall new vehicle sales in the next five years starting from 2018-19. The target, which takes into consideration the impediments on the road to successful adoption of electric mobility, has been set for the next stage of the Faster Adoption and Manufacturing of Hybrid and Electric Vehicles (FAME) scheme, according to the documents sent by the department of heavy industries (DHI) to the executive finance committee (EFC), which have been reviewed by *Mint*. In the National Electric Mobility Mission Plan (NEMMP) unveiled in 2013 by then Prime Minister Manmohan Singh, the target was to achieve sales of 5-6 million electric and hybrid vehicles by 2020 which is much higher than the current number of these vehicles and the target being set by the government in the FAME scheme.