

Daily Economic News Summary: 20 June 2018

1. India Gets Its 1st Ever National Healthcare Facility Registry By Modi Govt; Another Feather In Health Sector's Cap

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

It's no less than a feather in the cap of India's health sector. In a major development, Union Minister of Health and Family Welfare Minister JP Nadda on June 19 launched the National Health Resource Repository (NHRR). Noteworthy, it's India's 1st ever national healthcare facility registry of authentic, standardised and updated geo-spatial data of all public and private healthcare establishments. Also, JP Nadda released the National Health Profile (NHP) 2018. It's being prepared by the Central Bureau of Health Intelligence (CBHI). Moreover, the e-book (digital version) of the annual document was also released. Basically, NHP covers demographic, socio-economic, health status and health finance indicators, along with comprehensive information on health infrastructure and human resources in health. Speaking at the function, Nadda said, "Data is an important source of navigation. It helps in understanding the goals, our strengths and weaknesses and it is also an important means to strategize. Good compiled data enables the policymakers to make evidence-based policies and aids effective implementation of various schemes." According to a PIB release, "The vision of the NHRR Project is to strengthen evidence-based decision making and develop a platform for citizen and provider-centric services by creating a robust, standardized and secured IT-enabled repository of India's healthcare resources. NHRR will be the ultimate platform for comprehensive information of both, Private and Public healthcare establishments including Railways, ESIC, Defense and Petroleum healthcare establishments.

2. Thai Chain To Open Two Wholesale Cash-And-Carry Outlets In NCR

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

Lots Wholesale Solutions is all set to launch its initial two wholesale cash-and-carry outlets in Delhi-NCR within 2018, the first of which will be launched in July. The chain is based in Thailand and housed in a company called Siam Makro. The company will invest `1,000 crore in the next five years and has plans to open 15 wholesale distribution centres in north India. Sameer Singh, director (business development), LOTS Wholesale Solutions, said with

a view to keeping costs low, it was trying to source directly from the farmers or large local markets located near the sourcing centres. “We will keep the hiring, logistics and real estate costs low,” Singh said, adding that it was important to stock the right products. Singh said the stores would be around 40,000-50,000 sq ft, smaller than those in Thailand where they were 100,000 sq ft. Although players in the wholesale space such as Walmart India and Metro Cash & Carry India continue to remain loss-making, Pinakiranjan Mishra, partner and sector leader (consumer products and retail), Ernst & Young, said the cash-and-carry model makes good business sense in India. “If the foreign players can build scale the way they have done abroad, the market opportunity is huge. I believe the key will be in execution and building supply chains, more than getting market share,” he said.

3. Railways To Procure 100,000 Wagons For Rs 200-250 Billion In 5 Yrs

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

The Indian Railways is set to procure around 100,000 wagons, worth Rs 200-250 billion at current prices, in the next five years. Of the 100,000 wagons, Coal India is planning to have at least 50,000, Railways Minister Piyush Goyal said on June 19 on the sidelines of an event of the Confederation of Indian Industry. With bulk orders coming through the reverse auction method, the prices of wagons are expected to come down by 10-20 per cent. Asking public sector companies to speed up their supply, Goyal indicated the wagon sector would be opened up for private and foreign players because the requirement would increase once dedicated freight corridors were in place. “We wanted to bid out 22,000 wagons this year. But about 18,000 wagons we have ordered are yet to be delivered,” Goyal said. Even though the railways sought around 1,000 wagons a month, companies were able to supply, on average, 443 wagons from January to May this year. Though the ministry had targeted procuring 12,000 wagons in 2017-18, the aim was brought down to around 7,00. Highlighting his achievements in recent months, he said, “We have been able to ramp up track renewal to 476 km every month. Investment in 2013-14 in the capital infrastructure of the railways was slated to be about Rs 460 billion, and it is now Rs 1.41 trillion in 2017-18.”

4. India Committed To Broad-Based Trade Agreement With EU: President Kovind

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

India is committed to a broad-based trade and investment agreement with the EU to be achieved in a generous spirit of mutual accommodation and of pragmatism, President Ram Nath Kovind said in Athens on July 19. The 28-member European Union is among India's largest trading partners. Kovind, who arrived in Greece on June 16 on the first leg of his three-nation tour, said that the EU is a critical source of investment and technology, especially for sustainability programmes. Indian companies are significant investors in the EU, in industries as far apart as pharmaceuticals and automobile components, he said. "India remains committed to an India-EU Broad-based Trade and Investment Agreement (BTIA), to be achieved in a generous spirit of mutual accommodation and of pragmatism," he told a gathering of diplomats, policymakers and academics during his address on the subject 'India and Europe in a Changing World'. The negotiations have witnessed many hurdles with both sides having major differences on key issues like intellectual property rights, duty cut in automobile and spirits and liberal visa regime.

5. Virgin Hyperloop One May Invest \$450 Million For Demo Track In India

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

Futuristic transport solutions company Virgin Hyperloop One may invest around \$450 million in India to turn its hyperloop vision into reality. Pune Metropolitan Region Development Authority (PMRDA) CEO Kiran Gitte said the Richard Branson-backed company was ready to invest the said amount for a demonstration track, provided the state government gave them the 'right of way' and the land required for the stations. The demo track is slated to come up near the IT hub of Pune in Hinjewadi. The starting and ending points are yet to be finalised, Gitte said. Virgin Hyperloop and the Maharashtra government through PMRDA had signed a memorandum of understanding in February this year to build the first hyperloop in India. The hyperloop route will link central Pune, Navi Mumbai International Airport and Mumbai in 25 minutes. It is expected to be operational by 2024. It is also expected to eventually support 150 million passenger trips annually, saving more than 90 million hours of travel time and also reduce emission as the hyperloop transportation is 100% electric.

6. Narendra Modi Govt Planning National Electricity Distribution Company

Source: Livemint ([Link](#))

In what may be a game changer for India's beleaguered electricity distribution sector, the National Democratic Alliance (NDA) government is considering setting up a pan-India power distribution company, said two people aware of the development. The idea to set up a National Electricity Distribution Company is being explored, given that the segment will be key to the long-term fortunes of the power sector. Distribution companies have so far been the weakest link in the electricity value chain. Poor payment records of state-owned electricity distribution companies (discoms) have not only adversely affected power generation companies, but has contributed in causing stress in the banking sector as well. Rising non-performing assets (NPAs) in the power sector has been a major concern. The problem only multiplies with the states refusing to ink new power purchase agreements (PPAs), as they are not willing to buy more electricity. In such a situation, a national electricity distribution company can procure electricity at competitive rates and help address the issue of stressed assets in power generation. The NPAs account for around 5.9% of the banking sector's total outstanding advances of Rs 4.73 trillion, according to the Economic Survey 2016-17 released in August.

7. Piyush Goyal Meets Bank Chiefs: Psbs To Help Msmes, Genuine Borrowers

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

In a move that would unblock credit flows to investors, public sector banks (PSBs) have resolved that any decision taken by 66% of creditors under the consortium lending arrangement will be accepted by all. After meeting the chiefs of 13 PSBs to discuss how best to improve credit availability to industry, interim finance minister Piyush Goyal said the threshold, in sync with a similar rule under the Insolvency and Bankruptcy Code to approve a resolution plan, will help banks address any issue fast. The minister also stressed that the deposits with state-run banks are "100% safe" and the government will provide adequate capital to all of them, if required. All 21 PSBs have decided to support genuine borrowers and MSMEs that are in need of more credit in two stages, Goyal said. In the first stage, they will scan around 4,500 genuine accounts with an exposure between rs 200 crore and Rs 2,000 crore and see if these companies need fresh loans to support growth. Those with exposure up to `200 crore will also be given a thrust in the

second stage. At present, while all private banks are regulated by the RBI alone, PSBs are regulated by both the government as well as the central bank. In fact, after facing criticism over the supervisory failure to detect the fraud at PNB involving jewellers Nirav Modi and Mehul Choksi, Patel had in March asserted that regulation of banks must be ownership-neutral.

8. Government Boost To Manufacturers, Eases Import Of Used Machinery

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

The government has made it easier to import used machinery, which will make manufacturing of mobile phones and equipment smoother for companies in India. According to the latest notification by the Ministry of Environment, Forests and Climate Change (MoEF), used plant machinery having residual life of at least five years for manufacturing electronics and electrical items would not require explicit permission from the 'hazardous and other waste committee'. Until now handset and other component assembly and manufacturing units would have to wait for the committee to meet every few months for permissions, but now companies just need to submit the necessary documents and import the machinery used for manufacturing electronics and electrical items, and not seek explicit permission. Industry insiders said that MoEF keeps a check on the import of used goods and also hazardous wastes but, capital machinery like SMT lines (surface mount technology) lines used to populate PCBs (printed circuit boards) are not a waste since they can be used to manufacture other products. Companies started importing second hand machinery to keep pace with the rise in demand for handsets and also reduce the costs, which would come with first hand equipment.

9. Govt Puts Off Debt-Laden Air India Stake Sale, To Revive Loan Recast Plan

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

The government has indefinitely put off the sale of state-owned airline Air India as it believes there wouldn't be takers ahead of the 2019 general elections. The attempt will now be to recast the debt burden of the airline by hiving off a portion of the debt into a separate subsidiary. Sources aware of the development said the call to defer the disinvestment process was taken at a meeting of the group of ministers June 18 night. The decision came after the transaction advisor suggested that the political environment was not conducive for a sale of Air India's magnitude. "If we restart the

sale process now, it is unlikely that the process will be completed before the elections are announced. It was felt that investors will be reluctant to participate when the political condition remains uncertain," said a senior government official involved in the process. The government has now revived an earlier attempt to restructure the airline's debt under a Special Purpose Vehicle (SPV). According to the plan, the working capital loan of Air India will be transferred from the airline's account books to the SPV while the aircraft-related debt will remain. The government will sell Air India's non-core assets like real estate and land parcels to pay off the working capital loan.

10. India Requests US To Maintain GSP Beneficiary Status

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

India on June 19 urged the Trump Administration to retain the GSP beneficiary status to it as a withdrawal would be discriminatory and detrimental to the development, finance and trade needs of the country. A withdrawal of the GSP benefits to India "would be discriminatory and detrimental to the development, finance and trade needs of India - a vast and diverse developing country with unique challenges," Kundal said in a written submission. A self-initiated review by the USTR focuses on whether India is meeting the US criteria for a GSP beneficiary country and particularly if India provides equitable and reasonable market access to products from the US. Noting that a predominant share of GSP beneficiary items exported from India are intermediaries and semi-manufactured goods, he said provision of GSP benefits to these intermediary products enables availability of cost effective and price competitive inputs to the US downstream industry. Kundal said this helps the US industries to maintain their domestic and export competitiveness. In addition, GSP benefits are integral and geared to enhancing India's development and the pace of economic reforms, he said. The products on which India receives GSP benefits belong to sectors which employ several thousands of men and women, especially in rural areas through micro, small and medium enterprises. The GSP benefits help the related sectors to overcome, at least partially, some of the inherent cost and logistical disadvantages prevailing in a developing economy like India, Kundal said.

11. India Tweaking Retaliatory Duties On US Imports To Ensure Impact

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

India is doing last-minute calibrations in the proposed retaliatory duties on imports from the US of products such as almonds, apples and certain chemicals to ensure the move has an adequate impact. It hopes to be ready with the final set of duties by June 21, or the weekend at the latest. “Although we have notified to the WTO the duties we intend to impose on items imported from the US for wrongly penalising our steel and aluminium, we are still looking at categories we may have left out, and the need to increase rates for some items,” a government official told *BusinessLine*. The Department of Revenue is working in top gear, with help from the Commerce Ministry, to finalise the nitty-gritties of the higher duty structure by June 21, the date for imposition of the duties indicated by India to the WTO. India’s proposed action which will have a financial impact ranging between \$165 million and \$241 million for the US is aimed at neutralising the effect of the additional import duties of 25 per cent and 10 per cent imposed on Indian steel and aluminium respectively by the US citing national security concerns. In its latest notification at the WTO on retaliatory duties, India proposed a list of 30 items such as apples, walnuts, almonds, high-end motorcycles (including Harley Davidson), lentils and phosphoric acid on which duties are likely to be raised by 10-50 per cent.