# Daily Economic News Summary: 22 June 2018

**1. India Slaps Tariffs On 29 US Items; New Rates To Kick In From August 4**
**Source: Business Standard (Link)**

After a week of speculations, India on June 21 finally imposed higher tariff rates on 29 import items from the United States (US) but announced that new rates would kick in from August 4. India had last week notified the World Trade Organization (WTO) of its decision to impose 'reciprocal tariffs' on American products. The move comes after New Delhi got a cold shoulder from Washington DC on its request for exempting India from the higher tariffs announced by the US on steel and aluminium imports. The government has not officially clarified why it chose to impose the new rates which have been doubled for some items from a later date instead of June 21, as had been widely expected. But senior officials in the commerce department suggested that it may have been done to provide the US with some elbow room for negotiations next week when a senior US delegation visits New Delhi for official talks. The latest list of tariff hikes has 18 iron and steel items, a potent political reply against Trump's tariff hikes in the sector. However, the government has dropped 'motorcycles above 800cc' from the list after giving strong hints that it would do so. This would have effectively made imports of high-end motorcycles such as those made by US major Harley-Davidson's more expensive. Despite India importing only about $10 million worth of bikes in the category in 2017-18, Trump has used the company as an instrument to attack India on alleged market access issues.

**2. India, Top Buyer Of US Almonds, Hits Back With 120% Duty On Import**
**Source: Business Standard (Link)**

India, the world's biggest buyer of U.S. almonds, raised import duties on the commodity by 20 per cent, a government order said, joining the European Union and China in retaliating against President Donald Trump's tariff hikes on steel and aluminium. New Delhi, incensed by Washington's refusal to exempt it from the new tariffs, also imposed a 120 per cent duty on the import of walnuts in the strongest action yet against the United States. The move to increase tariffs from Aug. 4 will also cover a slew of other farm, steel and iron products. It came a day after the European Union said it would begin charging 25 per cent import duties on a range of U.S.

products from June 22, in response to the new U.S. tariffs. "We know that discussions are still under way and we would hope that will result in a mutually beneficial decision not to move forward with some of these increases," Julie Adams, vice president, global technical and regulatory affairs at the Almond Board of California, told Reuters. "India is an important market for almond exports... so anything that disrupts that market is obviously a concern." India purchased over half of all U.S. almond shipments in 2017. A kilogram of shelled almonds will attract duty of as much as 120 rupees ($1.76) instead of the current 100 rupees, India's Commerce Ministry said.

**3. Govt Plans Rs10,000 Crore Tender To Set Up More Rural Wi-Fi Hotspots**
**Source: Livemint (Link)**

The Department of Telecommunications (DoT) will soon issue a revised tender, inviting bidders to set up more public Wi-Fi hotspots in every gram panchayat than it had earlier envisaged, to ensure higher proliferation of high-speed rural broadband across the 250,000 gram panchayats. “The earlier tender was for Rs4,000 crore and at that time it was decided to set up two Wi-Fi hotspots per gram panchayat. Now we want to set up five hotspots per gram panchayat. The new tender will now be for ₹10,000 crore... This should happen in a week,” one person aware of the matter said on the condition of anonymity. Out of the Rs10,000 crore, almost RS3,600 crore is expected to come from the government as viability gap funding. The Wi-Fi hotspots will be available for the public in rural areas and will also connect social institutions such as police stations, primary health centres, schools and post offices. “The revised budget has to be approved by the Telecom Commission at its next meeting,” the person quoted before said. The telecom commission, the highest decision-making authority at DoT, is scheduled to meet on 29 June, when it is expected to also discuss the telecom regulator’s recommendations on net neutrality and approve the draft of the national digital communications policy. On 1 May, DoT had floated the draft policy for public consultation, with a target of attracting investments of $100 billion in digital communications by 2022 apart from offering universal broadband at 50 mbps.

**4. RBI Relief Unlikely For Stressed Power Sector; Govt To Work On Reform Plan**
**Source: Business Standard (Link)**

The Reserve Bank of India (RBI) is unlikely to soften its stand on stressed assets in the power sector, which is asking for a special dispensation under the Insolvency and Bankruptcy Code (IBC). The Centre is likely to push for debt restructuring and reform schemes to resolve issues plaguing private power producers. After chairing a meeting with stakeholders in the power sector, along with officials of the ministries of coal and power and an RBI representative, Rajiv Kumar, secretary, Department of Financial Services, said the central bank had reiterated that its February circular provided enough room to restructure stressed power assets and no special dispensation was needed. The RBI in February this year mandated banks to classify even one day's delay in debt servicing as default. The notification mandates resolution proceedings against stressed accounts to be completed in 180 days. The Union power ministry had earlier urged the RBI to provide extension to the sector after R K Singh, Minister of State for Power and New & Renewable Energy, had called the RBI resolution for bad loans "impractical" and demanded changes.

**5. India Receives $69 Bn In Remittances From Its Diaspora, Retains Top Spot**
**Source: Business Standard (Link)**

India continued to be the world's top recipient of remittance from its diaspora, gathering $69 billion in 2017–nearly 1.5 times India's defence budget for 2018-19–an increase of 9.5% from the previous year, according to World Bank data. Remittances to India from its diaspora increased 22 times to $69 billion in 2017 from $3 billion in 1991, but as a proportion to gross domestic product (GDP) fell 1.2 percentage points to 2.8% in six years to 2017. Such remittances increased nine times worldwide to $613 billion during the same period. The countries that followed India in receiving remittances were China, The Philippines, Mexico, Nigeria and Egypt, according to the latest migration report by the World Bank. Nearly $6.5 trillion will be sent in remittances to developing countries between 2015 and 2030, involving over a billion senders and receivers, according to this June 2014 note by the International Fund for Agricultural Development (IFAD), an international financial institution and United Nations agency. The increase in remittances is likely to continue in 2018 due to strong economic conditions in advanced economies (particularly the United States) and an increase in oil prices that should have a positive impact on the Gulf Cooperation Council region (now known as Cooperation Council for the Arab States of the Gulf), including United Arab Emirates (UAE), Saudi Arabia, Bahrain, Kuwait, Oman and Qatar, the report said.

**6. E-Way Bill: Government Allows Central Registration For Transporters**
**Source: Financial Express (Link)**

The government has allowed central registration for transporters registered in multiple states/Union Territories (UTs) for the purpose of generating e-way bills under the goods and services tax (GST). However, transporters would not be eligible to use any of the GST identification numbers (GSTINs) once a unique enrollment number is generated by the system. To avail of the facility, transporters need to have a single permanent account number (PAN) for multiple GSTINs. The application process would involve submitting details in form GST ENR-02 using any one of the GSTINs. Once validated, this common enrollment would entitle the transporter to generate e-way bills for all registrations on a single handle. “Although its a revolutionary concept, the benefits would be restricted to generation of e-way bills. Ideally, the government should agree to the need of single registration for all taxpayers,” Rajat Mohar, partner, AMRG & Associates, said. Under the GST, a taxpayer operating in more than one state/UT is mandated to separately register on the GST Network for each jurisdiction.

**7. NHAI Could Apply For Carbon Credits For Chennai Salem Expressway**
**Source: The Economic Times (Link)**

The centre's prestigious project Chennai-Salem expressway is likely to be among the eight greenfield projects that the National Highways Authority of India (NHAI) has shortlisted for applying for carbon credits, for it believes the roads to come up the project will reduce emissions.This move is expected to address the grievances of activists who have raised environmental concerns over the project. Top officials in the centre said that the project was approved after three years of rigorous studies, and that the Tamil Nadu government too was consulted multiple times in the last on year, latest being in January and February this year, over the need for the project and how it will benefit the State. According to officials, the Chennai Salem

Expressway will be the second longest expressway amongst the operational expressways in the country. It will also be the first expressway in the state of Tamil Nadu, and is being seen as the BJP government's first big infrastructure project in the State where it has been trying to make inroads into.

**8. Modi Govt Plans 'Pariwartan' Scheme For Power Sector Revival**
**Source: Livemint (Link)**

The government plans to warehouse stressed power projects totalling 25,000 megawatts (mw) under an asset management firm to protect the value of the assets and prevent their distress sale under the insolvency and bankruptcy code till demand for power picks up. State-run rural electrification corp. Ltd (rec) has identified projects with a total debt of around rs 1.8 trillion as part of the scheme, which is under government consideration and has been tentatively named power asset revival through warehousing and rehabilitation, or 'pariwartan', said a government official aware of the plan, requesting anonymity. The 'pariwartan' scheme is inspired by the troubled asset relief programme, or tarp, which was introduced in the us during the 2008 financial crisis. The proposed plan also aims to stem the rise in bad loans in the power sector. These stressed power projects will be housed under an asset management and rehabilitation company (amrc) that will be owned by financial institutions. The plan is being driven by concerns that stressed projects have drawn bids for around rs 1-2 crore per mw under the insolvency and bankruptcy code, a fraction of the rs 5 crore per mw needed to build them. Issues faced by the stressed projects include paucity of funds, lack of power purchase agreements and fuel shortages.

**9. Government To Soon Launch National Portal With Skilling Data**
**Source: The Economic Times (Link)**

The government is collating the rise in the number of skilled persons in the country since the launch of the flagship Skill India programme, following on from efforts to tally jobs.The move for creating a data portal was triggered after cabinet secretary PK Sinha started conducting monthly review meetings in January on the number of skilled personnel, thus bringing all central ministries on board to converge their skilling programmes. Around 12 million youth enter the country's workforce every year but a large chunk of them are unemployable because of poor skillsets, which is why it's a key thrust area for the government. Skilling the new entrants while upskilling and reskilling the existing workforce will mean there will more employable people in the country, which in turn will add to job numbers, lift incomes and boost growth. At the launch of the Skill India programme in 2015, the government had targeted training over 400 million people in different skills by 2022. However, barely 40 million have been trained by different stakeholders since then, 25 million of them by the ministry of skill development and entrepreneurship. The government will soon launch the national skills portal that will have skilling data from all central ministries, states and corporates, a senior official told ET.

**10. India, US Officials To Discuss Trade Issues On June 26-27**
**Source: The Economic Times (Link)**

Issues pertaining to duty hike by America on steel and aluminium, review of export benefits to certain domestic products and visa tightening norms will come up at the meeting between senior officials of India and the US here next week. The meeting, on June 26-27, assumes a greater significance as India on June 22 announced the decision to raise customs duties on as many as 29 products including pulses as well as iron and steel products imported from the US as a retaliatory action against the tariff hikes by Washington. These duties on US goods will take effect from August 4. The decision to impose these taxes in August may give time to the US to take a considered view on all the contentious bilateral trade issues with India. India and the US are fighting cases related to sectors including steel and aluminium, export subsidies and solar cells. India has time and again raised concerns over negative impact of tightening of visa norms by the US on Indian IT sector. It has also asked America to continue extending duty free access under Generalized System of Preferences (GSP) to its 3,500 products such as chemicals and engineering.

**11. CIL Notifies Coal E-Auction For Sectors Such As Cement, Steel**
**Source: The Hindu, Business Line (Link)**

Coal India Ltd. on June 21 announced the commencement of the fourth tranche of auction of coal linkages for non-regulated sectors such as cement, steel/sponge iron, aluminium and others. This includes captive power plants too, CIL said in a regulatory filing. About 57 million tonnes of coal were earlier put on offer through the three tranches of e-auction since June 2016. These went to the various non-regulated user sectors, including cement, sponge iron and captive power plants. The grades were that of thermal coal. The auction is conducted by MSTC Limited (formerly known as Metal Scrap Trade Corporation). The move to allot coal through this route follows the decision taken by the Cabinet Committee on Economic Affairs (CCEA) in this regard two years ago. The Cabinet Committee aimed at putting in place a transparent mechanism to enable the user sectors to secure coal linkages irrespective of the size of the industry or their geographic location, through a market mechanism. The policy initiative followed the logic of the e-auction of coal mines after the cancellation of allocation of the 204 coal blocks in 2014. The government sought to extend the same philosophy of non-discretionary allocation to coal linkages.