

Daily Economic News Summary: 25 June 2018

1. Bilaspur-Manali-Leh Rail Line To Be Highest In The World, Overtaking China's Qinghai-Tibet Railway

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

At a height of 3,300 metres, the Bilaspur-Manali-Leh railway line (498 km), once operational, would be the highest in the world, overtaking China's Qinghai-Tibet Railway. It is one of the four strategic railway lines being built by the Indian Railways to fortify India's borders with China, the others being Missamari-Tenga-Tawang (378 km), North Lakhimpur-Bame (Along)-Silapathar (249 km) and Pasighat-Tezu-Parsuram Kund-Rupai (227 km). The lines are aimed at facilitating troop and armament movement to frontier areas at short notice. With the final location survey (FLS) for the four lines expected to cost more than Rs 2 lakh crore in progress, the Indian Railways is expected to submit the final report to the ministry of defence by March, 2020. The mega rail projects were approved by the Cabinet Committee on Security in December, 2015. While a total length of around 1,350 km was initially estimated, the length of the railway line to Tawang would be reduced to 170 km from the earlier 377 km through the use of tunnels. Expected to cost Rs 50,000 crore, the Tawang line would have a tunnel of 30-km length – each tunnel-km of railway line costs around Rs 100 crore to build.

2. Govt May Double Minimum Pension For Organized Sector Employees

Source: Livemint ([Link](#))

The union government is considering doubling, or even trebling, the minimum monthly pension for retired organized sector employees, said at least three officials familiar with the development. The move, if implemented, could benefit lakhs of pensioners, but it would also cost the government a sizable additional expense. A three-member committee, constituted by the labour ministry three months ago, is of the opinion that the existing pension of ₹ 1,000 per month is too low. Though a final decision is yet to be taken, there is a strong view that worker's minimum pension needs to go up. "We have discussed that the minimum pension should be between ₹ 2,000 to ₹ 5,000 instead of the present ₹ 1,000," said Ravi Wig, one of the members of the labour ministry-constituted committee on pension. "The committee has suggested that the government should immediately

announce ₹ 2,000 as minimum pension. The further enhancement up to ₹ 5,000 can be debated and arrived at over time. The government has a responsibility and, I think, the poor workers should be provided with an enhanced pension,” said Wig, who is also a central board member of the Employees Provident Fund Organisation, or EPFO.

3. AIIB Funds For OBOR Projects: Government Refuses To Spell Out Stance

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

New Delhi on June 24 declined to spell out its stance on a possible funding of a project linked to Beijing’s ambitious One Belt One Road (OBOR) initiative by the Asian Infrastructure Investment Bank (AIIB). “These things (loan proposals) are discussed at the board level and the final decision is taken keeping all interests and viewpoints in mind. We don’t make our stand outside the boardroom,” interim Finance Minister Piyush Goyal told reporters in Mumbai. The minister was replying to a specific question on the government stance if a proposal for funding to a project linked to the OBOR initiative comes up before the AIIB. So far, no project lending proposal linked to the OBOR has come up for funding before the AIIB, where China is the biggest owner with 31 per cent stake, economic affairs secretary SC Garg added. Government is specifically concerned about the USD 57 billion China-Pakistan Economic Corridor (CPEC) that passes through the Pakistan-Occupied-Kashmir and is fully funded by Beijing under the OBOR. Reminding that the AIIB has 86 member-countries, Garg said no one should feel that the bank “belongs to a particular country” and pointed out that there have not been any OBOR- linked projects that have come up for lending at the multilateral body.

4. India, Seychelles Set To Bolster Economic, Strategic Relations

Source: Livemint ([Link](#))

India and the Seychelles will look to further strengthen their economic and strategic ties during the talks between Prime Minister Narendra Modi and visiting Seychelles President Danny Faure on June 25. India will also try to persuade the Seychelles to stay the course with a 2015 agreement, which allows New Delhi to develop a strategic facility on the Assomption Island. The state visit by Faure, who arrived on June 22 in Ahmedabad to reach New Delhi on June 24 after a stopover at Goa, is part of the regular high-level exchanges between India and Seychelles. “It will accord

an opportunity to review our wide-ranging bilateral cooperation, including defence and security, and development partnership,” said an Indian foreign ministry statement. India will be handing over a second Dornier maritime reconnaissance aircraft to Faure on June 24, in line with its record of helping Seychelles monitor its 1.3 million sq. km exclusive economic zone (EEZ)—estimated to be twice the size of Madagascar’s EEZ. According to two people familiar with the matter, almost 50% of Seychelles’ military assets have been supplied by India, besides providing training to 70% of its military personnel. India has gifted the Seychelles Coast Guard a fast track vessel, a Dornier aircraft, and two helicopters.

5. India, Australia Trade Ministers To Discuss Bilateral, Regional Trade Pacts

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

India and Australia will discuss ways to re-start the long pending proposed bilateral free trade pact and iron out obstacles in the on-going negotiations for the ambitious Regional Comprehensive Economic Partnership at the Joint Ministerial Commission meeting in Canberra next week. Commerce and Industry Minister Suresh Prabhu, who will co-chair the meeting with his Australian counterpart Steven Ciobo on June 25, will also meet some Australian super funds interested in investing in India, according to a government official. “The long-pending Comprehensive Economic Cooperation Agreement with Australia, which got stuck over some issues such as market access for dairy items and financial products, will be a major area of focus for both Ministers,” the official said. The RCEP negotiations, involving 16 members including India, Australia, China and the 10-member ASEA, will also be discussed as India is trying to sort out sensitive areas of the negotiations with certain members bilaterally. The Minister will also try to assure Australian superannuation funds interested in investing in India because of high returns and safety of their investments, the official added.

6. Trade War: India Seeks To Buy 1,000 Civilian Planes & More Oil From US To Maintain Peace

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

Amid the ongoing trade war, India is seeking to buy peace with the US by offering to order nearly 1,000 civilian aircraft over the next 7-8 years and step up oil and gas purchase from the world's largest trader. This was conveyed by commerce minister Suresh Prabhu to his US counterpart

during their talks last week. On June 24, assistant US trade representative Mark Linscott will begin discussions here with commerce ministry officials as both sides try to find solutions to problems on the trade front. India is trying to convince the US that its reciprocal tariffs are part of a WTO-sanctioned right after the US took the first step with steel and aluminium duties. India is keen to see some resolution before the 2+2 talks between foreign minister Sushma Swaraj and defence minister Nirmala Sitharaman and their US counterparts - secretary of state Mike Pompeo and defence secretary James Mattis, respectively - in Washington on July 6. India has calculated that it will be paying about \$5 billion a year for aircraft and about \$4 billion for purchase of oil and gas from the US. This is apart from defence purchases where India is now looking at buying 12 more naval surveillance aircraft P8i. India is now the largest owner of these aircraft outside the US.

7. Heads Of 11-State Owned Banks To Appear Before Parliamentary Panel On Tuesday

Source: Livemint ([Link](#))

Heads of 11-state owned banks will apprise a parliamentary committee about the problems of mounting bad loans and increasing fraud cases on June 26, officials said. They will be appearing before the standing committee on finance, headed by veteran Congress leader M. Veerappa Moily, which is looking into 'banking sector in India- issues, challenges and the way forward, including non- performing assets/stressed assets in banks/financial institutions'. Top officials of IDBI Bank, UCO Bank, Central Bank of India, Bank of India, Indian Overseas Bank, Dena Bank, Oriental Bank of Commerce, Bank of Maharashtra, United Bank of India, Corporation Bank and Allahabad Bank, will make presentations before the panel and respond to queries on 26 June, said officials. The banking sector is grappling with rising non-performing assets (NPAs), which touched Rs8.99 trillion or 10.11% of total advances at December-end 2017. Of the total gross NPAs, the public sector banks accounted for Rs7.77 trillion.

8. Government Defers Auction For 60 Oil And Gas Fields By A Month

Source: Livemint ([Link](#))

The government has deferred the bidding for 60 oil and gas fields being offered in the second round of bidding for discovered small field (DSF) by a month. DSF-II was supposed to be launched around mid-June, but it won't happen before July, a senior government official said. He, however,

did not give a reason for delaying the bid round. The government had in 2016 brought a new DSF policy, offering “idle” small discovered fields of state-owned Oil and Natural Gas Corp. (ONGC) and Oil India Ltd (OIL) in an auction on liberalised terms including marketing and pricing freedom and lower taxes. The union cabinet had in February approved the second round of DSF auctions, under which the government is offering a total of 60 discovered small fields with an estimated 194.65 million tonnes of oil equivalent (MMtoe). These discoveries have been clubbed into 26 contract areas spread over 8 sedimentary basins, he said. “DSF-II will be launched soon.” Features of DSF-II include a single licence for conventional and unconventional hydrocarbon and prior technical experience not being a pre-qualification criterion. Also, there is no payment of upfront signature bonus, and fields would be awarded to the bidder agreeing to pay the highest share of oil and gas produced from the fields. Besides, full marketing and pricing freedom has been guaranteed and royalty rates have been cut, he said. Of the 60 fields which will be up for auctions, 22 fields belong to ONGC, five to OIL and 12 are relinquished discovered fields from the new exploration and licensing policy (NELP) blocks. In DSF-I launched in May 2016, 46 contract areas consisting of 67 discovered fields spread across nine sedimentary basins were auctioned. The auctions attracted 134 e-bids for 34 contact areas of the 46 offered. Later, 22 companies were shortlisted for 31 contract areas of which 15 companies were new entrants with no prior experience in the sector.

9. Govt Plans To Introduce Direct Delivery Scheme At Inland Container Depots

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

Buoyed by the success of the direct port delivery (DPD) scheme introduced at seaports, the Government proposes to implement a similar concept at inland container depots (ICDs) or dry ports to cut time and costs for cargo imported in containers. Under DPD, import containers are delivered directly to pre-approved clients at the port instead of waiting at a container freight station (CFS) located outside for clearance, which reduces cargo dwell time and costs for shippers. DPD was first implemented in the Jawaharlal Nehru Port, India’s biggest container gateway, and later extended to all the gateway ports, including Chennai Port and privately-run Mundra port. “Going by the success of DPD at JNPT and encouraging figures at other gateway ports, the Central Board of Indirect Taxes and Customs (CBIC), intends to implement a similar concept at ICDs under the

name 'Direct Inland Delivery' or DID," Pranab Kumar Das, special secretary and member, CBIC, wrote in a June 18 communication to Chief Commissioners of Customs. *BusinessLine* has reviewed a copy of the communication. The procedure, Das wrote, would be applicable for the ICD-bound containers only after entry inwards have been granted at the gateway port.

10. India, Cuba Shake Hands Over Biotechnology, Renewable Energy And Traditional Medicine

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

India and Cuba have agreed to enhance cooperation in biotechnology, renewable energy and traditional medicine as President Ram Nath Kovind held wide-ranging talks with his Cuban counterpart Miguel Diaz-Canel to further cement the strong bilateral ties. Kovind, who arrived on June 21 on the last leg of his three-nation tour which also took him to Greece and Suriname, commenced his engagements here by paying tributes at the statue of Mahatma Gandhi. Later, Kovind met his counterpart Diaz-Canel. "President Kovind held delegation level talks with President Diaz-Canel of Cuba; both countries agreed to enhance cooperation in biotechnology, renewable energy and traditional medicine," Ministry of External Affairs spokesperson Raveesh Kumar tweeted. Cuba also reiterated support for India's candidature for a permanent seat in the UN Security Council.

11. 'Indian Brand' Khadi Set For A Bigger Play In Foreign Market

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

The government is eyeing massive international exposure for khadi by positioning it as an "Indian brand", which only the Khadi and Village Industries Commission (KVIC) is entitled to promote or claim as its own, and a bigger footprint in foreign missions and exhibitions, an official has said. The move may throw a spanner in the works of companies, especially foreign firms that are trying to register khadi as a trademark. A German company, named Khadi Natureprodukte GbR, had registered 'khadi' as a trademark with the European agency, OHIM (Office for Harmonisation in the Internal Market). Spain-based OHIM is the nodal agency looking after trademarks and design registration in the EU. A meeting chaired by Commerce Minister Suresh Prabhu with top officials from several government departments was held last week to chalk out the strategy for promoting khadi as an exclusively Indian brand using an institutional mechanism, and measures to boost

exports of products made using the indigenous hand-spun fabric. According to him, sales of khadi products may witness a quantum jump in the current financial year ending March 2019 on the back of initiatives taken by the government. “We are expecting quite a considerable jump (in sales of khadi products), minimum 40 to 50 per cent jump on a broader base,” the MSME secretary said.

**12. International Airport In Kannur, Fourth In The State, To Start Operations In September,
Says CM Pinarayi Vijayan
Source: Firstpost ([Link](#))**

Kannur International Airport Ltd (KIAL) will begin operations in September, Kerala Chief Minister Pinarayi Vijayan said on June 23 after meeting Union Aviation Minister Suresh Prabhu. Kannur aerodrome will become the fourth international one in Kerala, which is already the state with the most number of international airports in the country. "The Kannur airport will be provided with all possible help to make it fully operational by September," an official release quoted Prabhu as saying. Vijayan said Prabhu has assured that issues regarding the operations of foreign airlines at the airport would be sorted out and that the issues would be discussed with the overseas carriers. Addressing a press meet on the achievements of the Left Democratic Front government, completing two years on May, Vijayan also said the meeting with Prabhu was fruitful. After the meeting, Prabhu directed Airport Authority of India (AAI) Chairman and other ministry officials to take all possible steps to make Kannur airport as a point of call for foreign airlines. The Union Home Ministry on May sanctioned deployment of over 600 CISF personnel at the airport, spread over 2,330 acres.