

Daily Economic News Summary: 27 June 2018

1. Ahead Of 2+2 Meeting, Donald Trump Says India Charges 100% Tariff

Source: Livemint ([Link](#))

Ahead of next week's maiden 2+2 dialogue with India, US President Donald Trump has accused New Delhi of charging as high as 100% tariff on import of American products. "We have countries where, as an example, India, they charge up as much as 100 per cent tariff. We want the tariffs removed," Trump said. He was responding to a question in his recent decisions to impose tariffs on import of foreign products. Trump has defended it by arguing that this is in retaliation to the imbalance of trade that the US has with major trading partners including China, the European Union and India. India and the US will hold their first 2+2 dialogue next week. External affairs minister Sushma Swaraj and defence minister Nirmala Sitharaman will be in the US for talks with their American counterparts secretary of state Mike Pompeo and defence secretary James Mattis. "What I would like to do and what I offered at the G7, you remember, I said let's drop all tariffs and all barriers," he said. "Is everybody OK with that? And nobody said yes. I said wait a minute folks, you're complaining. No tariffs and no barriers, you're on your own, let's do it. And it was like they couldn't leave the room fast enough," he said recollecting his conversation with G-7 leaders in Canada recently.

2. India-SCO Partnership Set To Boost With AIFC

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

India's economic partnership with the Shanghai Cooperation Organisation (SCO) and Eurasia is set for a boost next week with the inauguration of the Astana International Financial Centre (AIFC) in the capital of Kazakhstan, Central Asia's biggest country and a strong votary of Delhi's expanding presence in the region. AIFC is positioning itself as a financial hub for Central Asia, the Caucasus, the Eurasian Economic Union, West Asia, western China, Mongolia and Europe. The Bombay Stock Exchange is hoping to establish its footprint through AIFC as part of India's Eurasia outreach. Nasdaq and the Shanghai Stock Exchange are also entering AIFC, which will be inaugurated in the first week of July on the occasion of Astana's 20th anniversary. The centre's primary objective is to develop a liquid and well-balanced capital market with a broad range of

financial instruments. A new high-tech exchange platform based on best international practices will be created within the AIFC in cooperation with a strategic partner from among the leading stock exchanges, said a senior Kazakhstan government official.

3. Modi Wants AIIB To Expand Financing By 10 Times In Next 2 Years

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

Prime Minister Narendra Modi on June 26 called on the Asian Infrastructure Investment Bank (AIIB) to expand financing by 10 times in next two years. “With a committed capital of \$100 billion and huge need for infrastructure in member countries, I take this opportunity to call upon AIIB to expand financing from \$4 billion to \$40 billion by 2020 and \$100 billion by 2025,” Modi said, while addressing the opening ceremony of the third annual meeting of AIIB in Mumbai. The Prime Minister noted that this would require simpler processing, and faster approval as well as high quality projects and robust project proposals. “I believe that India and AIIB are both strongly committed to making economic growth more inclusive and sustainable,” Modi added. China-led AIIB had been formed in 2016 with a committed capital of \$100 billion, out of which the bank has so far disbursed \$4.39 billion. India, the second largest shareholder of AIIB, is also a largest recipient of AIIB’s funds at the level of \$1.4 billion. “A key feature of developing Asia’s success to date is aggressive infrastructure investment. The economy cannot grow and people cannot reach their potential without necessary economic infrastructure,” AIIB President Jin Liqun said.

4. EPFO Member Can Withdraw 75% Funds After 30 Days Of Job Loss

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

Retirement fund body EPFO on June 27 decided to give its members an option to withdraw 75 per cent of their funds after one month of unemployment and keep their PF account with the body. The members would also have an option to withdraw remaining 25 per cent of their funds and go for final settlement of account after completion of two months of unemployment under the new provision in the Employee Provident Fund Scheme 1952. “We have decided to amend the scheme to allow members to take advance from its account on one month of unemployment. He can withdraw 75 per cent of its funds as advance from its account after one month of unemployment and keep its account with the EPFO,” Labour Minister Santosh Kumar Gangwar, who is also the

Chairman of EPFO's Central Board of Trustees, told reporters after the trustees meet in New Delhi. At present, in case of unemployment, a subscriber can withdraw his or her funds after two months of unemployment and settle the account in one go. The minister was of the view that this new provision would give an option to members to keep their account with the EPFO, which he can use after regaining employment again. However, it was proposed that the members would be allowed to take 60 per cent of funds as advance on unemployment for not less than 30 days. But, the CBT raised the limit to 75 per cent in the meeting held in New Delhi.

5. Xiaomi's Big Bet On India: 50,000 Additional Jobs, Rs 15,000 Crore Investment In Local Manufacturing

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

Having begun its journey in India with a smartphone lineup that, unlike the strategy employed by other Chinese rivals foraying into India, saw a silver lining in the online market back in 2014, Xiaomi has on June 27 achieved unflinching success. Today, Xiaomi is the top smartphone vendor in the country's online market with a 57 per cent share in the first quarter of 2018 while Samsung and the Huawei brand Honor tail behind. Four years on, Xiaomi sits close to Samsung that once used to reign over the mobile phones market in India with its budget offerings. With a mediocre market share of just 5 per cent in 2015, Xiaomi leapfrogged to 30.3 per cent in the 2018 Q1, as per IDC data. At the helm of the torque that has driven Xiaomi's sales in India is its India Managing Director and Global Vice President, Manu Kumar Jain. Jain began his stint at Xiaomi in 2014 and since then has catapulted the company's growth staggeringly. With an aggressive pricing and reasonably higher set of specifications, Xiaomi smartphones have overwhelmed the market that was once ruled by run-of-the-mill smartphones.

6. Retaliatory Tariffs On US Exports Without Justification Under International Rules, Says The Trump Administration

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

The retaliatory tariffs imposed by the European Union, China, India, Turkey, and other countries on US exports are "completely without justification" under international norms, the Trump administration said on June 27. The US has adopted a confrontational path with some of its major trading partners including India as it threatens to take all necessary steps to protect US interests.

After US President Donald Trump announced 25 and 15 per cent import tariffs respectively on steel and aluminium, retaliatory duties on US imports have been imposed by China (April 2), Mexico (June 5), Turkey (June 21), and the European Union (June 22). Canada has indicated that it may impose retaliatory duties on US imports. India, Japan, and Russia have notified the WTO of their proposed suspension of commitments under the Agreement on Safeguards. China, Russia, the EU, India, and Turkey requested consultations with the US under the WTO Agreement on safeguards. In response, the US explained that the duties imposed on imports of steel and aluminium are not safeguards action under GATT Article XIX, but rather duties imposed for reasons of national security under GATT Article XXI, the USTR said.

7. Suresh Prabhu Seeks Investments From Australian Pension Funds

Source: Money Control ([Link](#))

Commerce and Industry Minister Suresh Prabhu on June 26 sought investments from Australian superannuation or pension funds in sectors including industrial corridors, ports, smart cities, airports and railway projects. The minister addressed representatives of these funds, who have huge investible assets. He informed them about the steps being taken by India to attract investments and about the opportunities existing in India. "He mentioned that the high growth of the Indian economy has largely been driven by the private sector and invited the Australian Superfunds to invest in India," the commerce ministry said in a statement. Australia's superannuation funds are valued at 2.6 trillion Australian dollars (USD 1.93 trillion) as of December 2017. They are among the world's largest in terms of volume. The funds have exposure to various international markets. However, their exposure to Indian markets is still very limited, despite continued greater than average market returns in India. Prabhu also stated that agriculture, services, education and manufacturing are the key areas of mutual cooperation between the countries. Further, it said both the countries agreed to have greater collaboration between the Australian Trade and Investment Commission and Invest India. An MoU was inked between them to facilitate bilateral investment flows.

8. Government Seeks Clarity On Cross-Border Data Flows, Localisation From E-Commerce Task Force

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

The government has asked the task force on e-commerce to explore ways to prevent Indian data from being controlled or mined by entities outside the country as it debates a national policy on e-commerce. The commerce ministry has posed at least 80 questions to the nine subgroups of the task force including cross-border transfer of information by electronic means, data protection, location of computing facilities, taxation, contours of future technology such as artificial intelligence and blockchain, net neutrality and foreign direct investment. In April, the government had constituted a task force headed by commerce secretary to deliberate a national policy on e-commerce. The government wants the policy to facilitate “continued Indian ownership of Indian startups” and a regulatory regime to enable minority shareholders who are founders/promoters to run and have control over the company, and promote a level-playing field. On data protection, the ministry has asked the task force to look at elements that are not being considered by the Justice Srikrishna Committee on data protection. “Justice Srikrishna Committee report will be part of the think tank’s study and our recommendations would be in the same direction as theirs,” said another official in the know of the development.

9. India May Export 5 Lakh Tonne Oilmeals To China Post Duty Cut

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

India is likely to export 4-5 lakh tonne of soymeal and rapeseed meal this year following China's decision on June 26 to cut import tariffs on soybean and some other goods from India, industry body Solvent Extractors Association of India (SEA) said. China's cabinet has announced it will reduce tariffs on soybean imported from India, South Korea, Bangladesh, Laos, and Sri Lanka from the current three per cent to zero amidst a looming trade war with the US. The tariff spat between China and the US followed pressure by US President Donald Trump to cut down USD 375 billion deficit in the bilateral trade. The US is a major supplier of soybeans to China. "Tariff is not an issue for us. We have to see the details of China's take on its quarantine regulations on oilmeals, which needs to be sorted first. I expect there will be some changes or it might be waived off and in that case the exports is likely to go up to 4-5 lakh tonnes, 2-3 lakh tonne soymeal

and 2-3 lakh tonne rapeseed meal," Mumbai-based trade body SEA executive director B V Mehta told.

10. How Swiggy Became India's Fastest Unicorn

Source: Livemint ([Link](#))

When Swiggy started out in 2014, it was seen as a late entrant to an overcrowded market. The online food ordering and delivery market was not considered attractive back then, and Zomato, the leader in food-tech, had decided not to expand its delivery business, which was seemingly messy and unviable. Yet, in less than four years, Swiggy is part of the much-vaunted league of "unicorn" startups. It has also forced an about-turn from Zomato, which is now investing hundreds of crores of rupees to catch up with Swiggy, which sits pretty at the top of the online food ordering business. To put it in perspective, Flipkart, which is widely regarded as India's most successful startup, took a little over six years to enter the billion-dollar club. Swiggy, which was launched in the Bengaluru neighbourhood of Koramangala by Sriharsha Majety, Nandan Reddy and Rahul Jaimini, breached the same mark in less than four years, becoming the fastest startup to become a unicorn.