

Daily Economic News Summary: 31 May 2018

1. India, Indonesia Sign 15 Agreements, Upgrade Ties To Comprehensive Strategic Partnership

Source: Livemint ([Link](#))

India and Indonesia on May 30 agreed to upgrade their ties to comprehensive strategic partnership and called for freedom of navigation in the Indo-Pacific region as they signed 15 agreements, including one on defence cooperation after extensive talks between Prime Minister Narendra Modi and Indonesia President Joko Widodo. Modi, who arrived in Jakarta on May 29 night on his first-ever official visit to Indonesia, was accorded a red carpet welcome on his arrival at the Merdeka palace, one of the presidential palaces in Indonesia, May 30 morning. Modi and Widodo had a tete-e-tete before the delegation-level talks. The two leaders highlighted potential areas of cooperation in marine, economy, and socio-culture as well as discussed regional and global issues. In a joint press statement after the talks, Modi said India and Indonesia have agreed to upgrade their ties to comprehensive strategic partnership. He said that India's Act East Policy and the vision of SAGAR (Security and Growth for all in the Region) matches President Widodo's Maritime Fulcrum Policy. Modi said that India and Indonesia will double their efforts to take bilateral trade to \$50 billion by 2025. Recalling the visit of Asean leaders in January to attend the Republic Day parade in New Delhi, Modi said India-Asean partnership can become a guarantee of peace not only in Indo-Pacific region but also beyond it. With a coastline of 7,500kms and more than 1,380 islands and over two million sq. km of Exclusive Economic Zone, India occupies a central position in the Indo-Pacific, while Indonesia as the largest archipelagic state in the world is a fulcrum that connects the Indian Ocean and Pacific Ocean, the statement said

2. India, Indonesia Agree To Triple Bilateral Trade To \$50 Billion During Modi Visit

Source: Livemint ([Link](#))

India and Indonesia have agreed to double their efforts to boost bilateral trade to \$50 billion by 2025, Prime Minister Narendra Modi said on May 30 after holding comprehensive talks with President Joko Widodo. Prime Minister Modi, who arrived in Jakarta last night on his first-ever official visit to Indonesia, exchanged views with President Widodo on potential areas of

cooperation in areas like defence, maritime security, trade and economy. In a joint press statement after the talks, Modi said India and Indonesia have agreed to upgrade their ties to Comprehensive Strategic Partnership. He said India and Indonesia have agreed to double their efforts to take bilateral trade to \$50 billion by 2025. According to Indonesia's Central Statistics Agency (BPS), trade between the two countries in 2016 was \$12.9 billion. It rose 28.7% to \$18.13 billion in 2017 with Indonesia's exports to India reaching \$14.08 billion and its imports from India standing at \$4.05 billion. Modi and Widodo also welcomed the conclusion of the MoU between Indonesian Chamber of Commerce and Industry (Kadin) and Confederation of Indian Industry (CII), and appreciated the setting up of a CII office in Jakarta.

3. IBM Launches Enterprise Marketing Cloud Services

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

Global technology major IBM has launched its artificial intelligence (AI)-powered enterprise marketing cloud services in India, which will be hosted at its data centre in Chennai. According to the company, this would enable Indian customers to host their consumer data in India, which would help them in complying with local regulations. "India is poised for data revolution. With this, the issue of data privacy props up. IBM is the first company to offer AI-enabled cloud services for enterprises in which customers can host their data in India," said Harriet Green, chairman and CEO of IBM Asia-Pacific. "This enterprise-class cloud solution will enable companies not only to get the insight about customers through the use of artificial intelligence, but will also help them to comply with the local regulations." These solutions, which are part of IBM's Watson program, are likely to see much interest from domestic clients, especially those in banking and finance space.

4. Modi Govt Launches New Website To Highlight 4-Year Achievements

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

Digital India has been the signature campaign of the Narendra Modi led-NDA regime and when it comes to highlighting achievements of the past four years, the government has chosen the digital route to reach out to the citizens. A website 48months.mygov.in has been created and lists out achievements and milestones across various sectors. It gives a complete view of the government functioning in the last 48 months. The new portal is being publicised across websites of all the

ministries. Usually, Press Information Bureau (PIB) organises conferences to list out the achievements of various ministries but this time, no minister has briefed the media in Delhi. To highlight the work of four years, a few invites including that of the telecom ministry and power ministries, were sent out for a media briefing but were later withdrawn. The portal 48months.mygov.in is aesthetically designed highlighting the impact of various schemes and initiatives of the government. A section named “Performance Dashboard” on the portal lists out the number of beneficiaries of the initiatives undertaken by the government. According to the information, till May 29, there were 316.70 million beneficiaries under the Jan Dhan Yojana and 135.34 million people have enrolled under Suraksha yojana. Also, 115,978 gram panchayats have been connected by optic fibre cable and 371,419 villages have become open defecation free.

5. Special Drive To Clear GST Refunds From Today

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

The Finance Ministry has announced a special refund drive from May 31 to expedite Goods and Services Tax (GST) related refund claims from exporters. The drive will continue till June 14. The announcement has come at a time when exporters have alleged that there were refunds of over ₹20,000 crore pending on account of IGST (Integrated Goods & Services Tax) and ITC (Input Tax Credit). A statement from the Ministry said refunds of GST have been a concern for both the Government and trade for the past several months. So far, a total of ₹30,000 crore have been sanctioned to clear the dues. “Contrary to the press reports that there has been a dip in refund sanction after the first Refund Fortnight in March 2018, the refund sanctioned during May is to the tune of ₹8,000 crore. Refund claims to the tune of ₹14,000 crore (₹7,000 crore on the IGST side and ₹7,000 crore on account of ITC) are pending with the Government as on date, as against the figure of ₹20,000 crore projected by FIEO in the press reports,” it said. Accordingly, the second special drive has been organised which will facilitate all types of refund claims in which Customs, Central and State GST officers will try to clear all GST refund applications received on or before April 30. This will include refunds of IGST paid on exports, refunds of unutilised ITC and all other GST refunds submitted in prescribed form (FORM GST RFD-01A).

6. More Disruptions Ahead As Bank Strike To Continue Nationwide Today

Source: Livemint ([Link](#))

Banking operations in the country were hit on May 30 as 10 lakh employees, primarily from PSU banks, went on two-day strike to protest against a “meagre” 2% salary hike offered by Indian Banks Association (IBA)—the management body. The bank strike, also supported by employees of some old generation private sector banks and foreign banks, will continue on May 30. Operations in the private banks such as ICICI Bank, HDFC Bank, Axis Bank were however almost normal, barring few activities including cheque clearance. There were reports of disruption in banking operations in various states. The impact of the bank strike in certain states like Kerala, West Bengal, Bihar and Jharkhand was more severe compared to other states. Nearly 1 million employees, working in various branches of 21 public sector banks, 13 old generation private sector banks, six foreign banks and 56 regional rural banks across the country went on the strike as IBA offered them a nominal wage revision, All India Bank Employees Association (AIBEA), affiliate of UFBU said in a statement. A RBI official said some digital banking work was done through electronic systems like the RTGS but the functioning of banks’ servers was hit.

7. Petrol Price Cut By 7 Paise, Diesel Price By 5 Paise, After Indian Oil’s 1 Paisa Revision

Source: Livemint ([Source](#))

State-run oil marketing company (OMC) Indian Oil Corp. Ltd on May 31 cut diesel and petrol prices by 5 paise and 7 paise per litre, respectively, after automobile fuel prices reached a record high on May 29.. Retail prices of petrol and diesel in India track the global prices of these auto fuels, not crude, though they are broadly linked to crude oil price trends, which have firmed up. With dynamic fuel pricing introduced in June last year, the National Democratic Alliance (NDA) has maintained that it has no role in pricing. Petrol prices were deregulated in June 2010 by the Congress-led United Progressive Alliance (UPA) government. The Prime Minister Narendra Modi-led NDA government decontrolled diesel prices in October 2014. With fuel prices reaching a record high in India, there has been a demand for an excise duty cut on petrol and diesel ahead of 2019 Lok Sabha elections. However, the NDA has signalled its intent to stay the course on fuel pricing reforms and said that it was working toward a “long-term solution”. The price reduction on May 30 and 31 came after the Organization of the Petroleum Exporting Countries (Opec) and

Russia agreed to ease crude oil supplies. There has been a rally in oil prices due to a combination of factors, including President Donald Trump pulling the US out of the 2015 nuclear accord with Iran, Opec and Russia cutting supplies, falling production in Venezuela and geopolitical tensions.

8. India Looks Forward To Balanced RCEP Trade Pact: Commerce Secretary

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

India will endeavour to have a "balanced" RCEP trade agreement as it would cover 40 per cent of the global GDP and over 42 per cent of the world's population, a top government official said on May 30. The Regional Comprehensive Economic Partnership (RCEP), negotiations for which started in November 2012, aims to cover goods, services, investments, economic and technical cooperation, competition and intellectual property rights. The RCEP bloc comprises 10 Asean members (Brunei, Cambodia, Indonesia, Malaysia, Myanmar, Singapore, Thailand, the Philippines, Laos and Vietnam) and their six FTA partners - India, China, Japan, South Korea, Australia and New Zealand. "This is perhaps the most ambitious agreement we are doing. It encompasses about 40 per cent of global GDP and over 42 per cent of the world's population. So it's a huge significant bloc. It is not an easy one. There will be ramifications, nevertheless it is important because of our geographical connect and our natural complementarities," Commerce Secretary Rita Teautia said. There are risks in this because India has huge adverse balance of trade with China, Japan, South Korea and Asean, she said adding, "We have to be mindful of the fact that it has to be a balanced agreement."

9. Moody's Cuts India Growth To 7.3%

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

Moody's Investors Service on May 30 trimmed its India growth forecast to 7.3% for calendar year 2018 from a previous projection of 7.5%, saying higher oil prices, tighter financial conditions and the ongoing transition to the goods and services tax (GST) regime could slow down the pace of expansion. "The Indian economy is in cyclical recovery led by both investment and consumption. However, higher oil prices and tighter financial conditions will weigh on the pace of acceleration," it said in its global macro outlook report. However, it kept its 2019 growth forecast for the country unchanged at 7.5%. The Indian economy had grown 6.6% in 2017, it said. Moody's acknowledged

that economic growth in 2019 should benefit from a rise in rural consumption, aided by higher minimum support prices and a normal monsoon. The appellate tribunal noted the chairman/managing director/director of RCom would undertake to pay Rs 550 crore to Ericsson within 120 days. The company has time till September 30 to repay Ericsson and in case of non-payment the interim order with regard to the resolution process will continue, the NCLAT said. “Taking into consideration the fact that, if the resolution process continues, the financial creditors and the operational creditors may suffer. In this backdrop, we say that the impugned orders of May 15 and May 18 passed by the adjudicating authority (NCLT, Mumbai) be stayed,” the appellate tribunal said, adding that RCom and Ericsson will file affidavits by June 7 stating that they will abide by the settlement.

10. Centre To Launch Tax Refund Drive In Bid To Help Exporters

Source: Livemint ([Link](#))

Central Board of Indirect Taxes and Customs (CBIC) has launched a tax refund drive in the first fortnight of June and issued instructions to swiftly settle refund claims of exporters that are held up because of mismatches in the returns filed by them. The move is meant to streamline the new indirect tax regime and improve the cash flow of exporters who have been complaining that refund delays make them less competitive. CBIC has been trying to reduce refund delays but mismatches in the returns filed by exporters are a key hurdle. The changes in refund processing procedure and the refund drive from 31 May to 14 June are expected to address this. Exporters welcomed the move. The move will especially help exporters who were not getting refunds because of mismatches in goods and service tax (GST) returns, said Ajai Sahai, director general and chief executive officer at Federation of Indian Exports Organisations (FIEO). A circular issued by CBIC to field officers, dated 28 May, specified the procedures to be followed for processing the refund claims of exporters under different scenarios. Another circular on refunds issued under the Central GST (CGST) Act clarified that the refund of accumulated credit of GST compensation cess will also be granted to exporters along with the refund of accumulated credit of CGST, state GST and IGST even if the end product does not attract compensation cess.

11. Bad News For Discoms: Narendra Modi Government Proposes To Penalise Them For Load-Shedding

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

The draft amendment to the National Tariff Policy, 2016, released by the power ministry on May 30 proposed to introduce a penalty mechanism for gratuitous load-shedding by electricity distribution companies (discoms), capping cross subsidies at 20% of the power supply cost and compute tariffs assuming aggregate technical and commercial (AT&C) losses of 15%. The ministry would await stakeholders' comments on the proposed amendments till June 20. The draft also said that regulators should not take into account the subsidy component disbursed by the states while calculating tariffs and if state governments decide to subsidise certain consumer categories, it has to be done solely through direct benefit transfer (DBT) mechanism. "In case of power cuts other than in force majeure conditions or technical faults an appropriate penalty, as determined by the state electricity regulatory commission shall be levied on the distribution company and credited to the account of the respective consumers.

12. Karnataka To Chart Plan To Waive Farm Loans In 15 Days

Source: Livemint ([Link](#))

Chief Minister H.D. Kumaraswamy on May 30 asked farmers in Karnataka to give details of their loans, including the amount and if it had been utilized, to the deputy commissioners of their districts within the next 15 days. "I am committed to waiving off farm loans," he said told farmers at a meeting convened specially for discussing farm loan waivers, without specifying when the scheme will be implemented. However, in a statement, the chief minister said that all the modalities of the scheme would be ready within the next 15 days. Kumaraswamy spoke after individual farmers at the meeting requested a complete waiver of loans, including those taken for occasions like weddings or for buying two wheelers and gold. Kumaraswamy and his deputy G.Parameshwara made it clear that they would have to examine all claims before taking a decision. Far from his promise to waive Rs53,000 crore worth of farm loans within 24 hours of his assuming power as the chief minister, Kumaraswamy has advanced the delivery of his election manifesto assurances on account of having to consult with his coalition partners the Congress.

**13. India "Open, Flexible" On Apple, Just Waiting For Formal Make In India Proposal:
Ravi Shankar Prasad**

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

India is "open and flexible" on negotiating terms with Apple Inc for making iPhones in the country, Union Minister Ravi Shankar Prasad has said, asserting that the tech titan "will not be a loser" if it opts to do so in Asia's third-biggest economy. In an interview to PTI, the IT minister said: "We are in the process of serious engagement with Apple. Let us await their response. I can only tell you, Apple will not be a loser in India (because of the opportunities it presents)... but let us wait for the formal proposal". India is not just a large consumer market but can also serve as a strong export hub for global mobile phone makers like Apple, he said, adding that the government is engaged in discussions with the US-based firm on the issue. Smartphone makers are looking to boost business in India - a country of 1.3 billion people - as sales in other large markets like the US and China stagnate. India is the second largest market globally after China in overall mobile subscriber base, and had 1.18 billion users at the end of March 2018.