

<b>Daily Economic News Summary: 3 September 2019</b>
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**1. Govt restores duty-free replenishment facility for jewellery exporters**

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

The government has again permitted gold and silver jewellery exporters to replenish the precious metal duty-free after selling it at international exhibitions, a move which would help in promoting the growth of the sector. This facility of duty-free replenishment of precious metals was stopped after the implementation of the goods and services tax (GST). The Directorate General of Foreign Trade (DGFT) on 2 September issued a notification in this regard by amending a provision of the foreign trade policy (FTP) which had stated that “no replenishment” of the precious metal shall be available to the exporter or manufacturer where they are availing benefits in respect of the exported product.

**2. New Motor Vehicles Act: Two states will not impose higher penalty for traffic violations**

**Source: Livemint ([Link](#))**

The state governments of Punjab and Madhya Pradesh, both Congress-ruled, are yet to implement the penalties for traffic violations under the new Motor Vehicles Act which came into force from September 1. Madhya Pradesh Chief Minister Kamal Nath said his government will first study the new amendments in the Motor Vehicles Act and then decide. Nath said he does not agree with the enhanced penalties imposed for violations of traffic rules, according to an IANS report. Stating that the hiked penalty for traffic rule violations would put additional burden on the common man, Congress-ruled Punjab has also refused to implement the stricter Motor Vehicles Act for the time being.

**3. New Delhi looks to diversify economic links with Moscow**

**Source: Livemint ([Link](#))**

India and Russia are expected to set a road map for cooperation in the hydrocarbon sector, which will include terms for exploration and purchase of assets in the energy-rich Russian Far East. The move is part of New Delhi's efforts to diversify the sources for its oil imports and lower its dependency on the volatile Gulf region. The five-year road map is among the two dozen agreements set to be signed during Prime Minister Narendra Modi's two-day visit to Russia starting on 4 September. The two sides are also expected to discuss the modalities of sending

skilled Indian workers to the sparsely populated region bordering China. Indian foreign secretary Vijay Gokhale said India will send skilled workers in farming and mining to the region. They will also explore the setting up of a shipping link between Chennai and Vladivostok, Indian officials said, adding that climate change was making it possible for countries to explore the Arctic route to Europe.

#### **4. India yet to capitalize as US funds, firms flee China**

**Source: Livemint ([Link](#))**

India is yet to take advantage of the ongoing flight of American capital and companies from China, analysts said, as US President Donald Trump escalated the trade war with China on Sunday with 15% tariffs on more than \$125 billion of Chinese goods. The Chinese have placed themselves in a bad situation, as some 13% of certain companies “are going to be leaving China in the not-too-distant future”, Trump suggested on 30 August. “I think it is going to be much higher because they cannot compete with the tariffs (imposed on the Chinese goods),” he said. American companies, which seem frustrated with the administration’s trade war with China, are now scrambling to limit their exposure to China, in some cases shifting production other countries such as Vietnam, to avoid tariffs that will soon reach as much as 30%, The New York Times reported. These companies are increasingly locating their operations in Vietnam, despite difficulties involved in shifting production activities from China because of established supply chains.

#### **5. India’s sugar stockpile threatens to drag down global prices**

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

India is dumping its extra sugar on the world, threatening to further drag down prices that are already at the lowest in almost a year. The Centre is spending ₹6,268 crore (\$873 million) to subsidise exports to cut the nation's record stockpiles. The move is drawing ire from rival growers in Brazil and Australia, who say the policy is depressing world prices and hurting their farmers. Meanwhile, hedge funds are betting declines for futures will continue. The subsidies are just another blow to the market that’s already suffering from oversupply. A weaker currency in Brazil, the world’s top producer and exporter, has encouraged a flood of shipments. Meanwhile, demand growth is slowing in developing countries over health concerns, and threats to the global economy could further hurt consumption.

## **6. Fintech committee recommends new legal framework for consumer protection**

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

A panel on issues related to financial technology (fintech), in its report submitted to Finance Minister Nirmala Sitharaman on 2 September, has recommended a new legal framework for consumer protection. The framework encompasses fintech and digital services, a National Digital Land Records Mission, a unified database (stacks) for small industries and the agriculture sector, removing discriminatory regulatory barriers in digital payments infrastructure, and allowing non-banking financial companies (NBFCs) into agriculture credit. The Steering Committee on fintech-related issues has also suggested cash flow-based financing for micro, small and medium enterprises (MSMEs); using drones and remote sensing to assess risk in agriculture credit and insurance; increasing the use of artificial intelligence among state-owned banks; and regulatory and legislative changes to enable fixed deposits and other financial instruments to be issued in dematerialised form and allowing their frictionless use as collateral.

## **7. Auto industry seeks immediate policy steps as sales continue to plummet**

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

Auto industry body SIAM on September 2 sought immediate steps from the government, including reduction in GST rates and initiation of scrappage policy, as sales continued to plummet with passenger vehicle makers witnessing a decline of 30 percent offtake in August. The Society of Indian Automobile Manufacturers (SIAM) said even the commercial vehicle and two-wheeler sales are significantly negative indicating that the market has still not responded to the various measures initiated by the Finance Minister Nirmala Sitharaman last month. "All this while, the industry has pulled out all the stops in offering attractive deals and discounts to the consumers.

## **8. AK-203, Chopper deals top of Modi-Putin meet agenda**

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

Moving ahead on agreements to produce assault rifles and helicopters in India will be among the top items on agenda when Prime Minister Narendra Modi meets President Vladimir Putin for bilateral talks in Vladivostok this week. ET has learnt that significant progress has been made on both the agreements and talks will firm up the timeframes to operationalise the deals by starting production in India. In addition, the two sides are also likely to sign an agreement that will lead to the production of spare parts for Russian origin military equipment in India, most likely

under a Joint Venture (JV) framework. High on the agenda will be the discussions on the next step of placing of an order for light helicopters by the Army and Air Force to the Indo Russia Helicopters Limited (IRHL), which was formed after an agreement signed in 2015 during a visit by PM Modi.

**9. Government initiates anti-dumping probe into imports of clear float glass from Malaysia**  
**Source: The Economic Times ([Link](#))**

The government has initiated a probe into an alleged dumping of clear float glass, used in automobiles and refrigeration industries, from Malaysia following a complaint from domestic players. The investigation is being conducted by the commerce ministry's arm Directorate General of Trade Remedies (DGTR). In a notification, the directorate has said it has found sufficient evidence of dumping of the glass from Malaysia and its impact on the domestic industry. In the probe, it would determine the existence and effect of the alleged dumping and recommend the amount of anti-dumping duty, which if levied, would be adequate to remove the injury to the domestic industry.