

Daily Economic News Summary: 5 June 2018

1. Suzuki Achieves 20 Million Vehicle Sales In India, Faster Than Japan

Source: Livemint ([Link](#))

Japanese car maker Suzuki Motor Corporation through its subsidiaries Maruti Suzuki India Ltd and Suzuki Motor Gujarat on June 4 reached the 20 million vehicle sales mark in the Indian market. This is a first for the company in any of the foreign markets where it operates. Suzuki achieved this feat through its most profitable subsidiary Maruti Suzuki in 35 years and five months, while it took 45 years and nine months to do the same in Japan. Maruti Suzuki is the biggest subsidiary of Suzuki and contributes more than half of the total volumes at a parent level. According to Suzuki, Alto has been the most manufactured vehicle in India and a record 3.17 million vehicles were sold in the domestic market. Suzuki started manufacturing cars in India from 1983 as Maruti Udyog when it operated as a joint venture. In April 2013, Suzuki decided to buy majority share in Maruti. Having maintained its dominance over the Indian automobile market in FY18, Suzuki is now getting into the electric vehicle space in India in collaboration with Toyota Motor Corporation of Japan.

2. Unilateral Trade Curbs To Risk Fragile Global Economic Recovery, Says Commerce And Industry Minister Suresh Prabhu

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

Unilateral trade restrictive actions by some developed countries could derail the fragile global economic recovery which would have implications on job scenario, Commerce and Industry Minister Suresh Prabhu has said. Prabhu was speaking at an informal gathering of 28 member countries of the World Trade Organisation (WTO) in Paris on May 31, according to a release by the commerce ministry. On the recent cycle of unilateral trade measures and proposed counter measures, Prabhu said “actions and counter actions such as this could stop the fragile global economic recovery in its tracks, with consequences for jobs, GDP growth and development that would harm everyone and could also irrevocably damage the rules-based multilateral system built up with hard work over many years”. He also cautioned that while some countries viewed plurilateral discussions as a stepping stone to multilateral agreements, such initiatives could, on

the contrary, weaken the multilateral trading system. The minister stressed on the need to work together quickly to address the challenges which the WTO is facing at present. Stating that trade must contribute to development, he said that India and many other developing countries have to accord priority to addressing the challenges in the journey towards greater trade liberalisation and global integration.

3. India Seeks To Fast-Track Pact With MERCOSUR

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

India has asked the MERCOSUR countries to fast-track negotiations for the expansion of the India-MERCOSUR Preferential Trade Agreement (PTA), which is in line with Prime Minister Narendra Modi's strategy of expanding India's trade basket. Sources said the countries that are part of the India-MERCOSUR PTA have been in discussions to increase the tariff lines in order to boost the trade volumes. The expansion of the agreement will enhance trade relations between the countries involved, and the trade volume target is set at \$30 billion in 2030. All South American countries are linked to MERCOSUR (Brazil, Argentina, Paraguay and Uruguay), either as member state or associate member. Chile, Peru, Colombia, and Ecuador are associate members of MERCOSUR, in addition to Guyana and Suriname that acquired this status in July 2013. Both sides have already exchanged lists of items where each side is seeking greater market — India has exchanged a wish list of 4,836 tariff lines mentioning 8-digit HS codes with MERCOSUR in July 2016 and the MERCOSUR grouping has exchanged their wish list of 3,358 tariff lines.

4. Govt Set To Announce Rs8,000 Crore Plan To Bail Out Sugarcane Farmers

Source: Livemint ([Link](#))

In a move to help sugar mills clear pending payments to sugarcane farmers, the centre is going to announce a ₹8,000 crore package which includes creation of a buffer stock, expanding ethanol production capacity and fixing a minimum sale price for sugar, a government official said. The latest package comes as dues to sugarcane farmers crossed ₹20,000 crore in the 2017-18 season following a production glut. The move also comes close on the heels of the ruling Bharatiya Janata Party's defeat in the Kairana Lok Sabha bypolls in Uttar Pradesh last week where dues to farmers were a major issue. "The centre is going to bring out a comprehensive package of more than ₹8,000

crore which will include creation of a buffer stock of 3 million tonnes for which the money will be transferred directly to the accounts of the sugarcane farmers,” the senior government official said, requesting anonymity. According to the official, setting up of the buffer stock will cost around ₹1,200 crore which will not only help clear dues to farmers but also ensure regular supply of sugar in the market by maintaining the demand and supply balance. The package will also include a scheme of over ₹4,400 crore for increasing the ethanol capacity which will help in diversion of sugarcane for production of ethanol during the surplus season, the official said.

5. Sushma Swaraj Calls For Joint Action Against Money Laundering, Terrorist-Financing At BRICS Meet

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

External Affairs Minister Sushma Swaraj on June 4 underlined that multilateralism, international trade and rules based world order was facing “strong head-winds” as she called for joint action by the BRICS nations against money laundering, terrorist-financing and de-radicalisation. Swaraj, who is on a five-day trip to South Africa, was attending BRICS (Brazil, Russia, India, China and South Africa) Foreign Ministers’ meeting. The meeting is expected to lay the foundation for the annual summit of the grouping in Johannesburg next month. “Our deliberations here will contribute towards enriching intra BRICS cooperation further,” Swaraj said. India attaches importance to the role of BRICS in consolidating intra-BRICS cooperation and in international affairs, she was quoted as saying by a statement by the Ministry of External Affairs. Swaraj called for joint action of the BRICS nations against challenges to long-term growth. “Our meeting today takes place at a time when multilateralism, international trade, and rules based world order face strong head-winds,” Swaraj said. “Though, the global growth has exhibited signs of recovery, the challenges to long-term growth continue to persist. Ensuring that the benefits of globalisation are shared widely remains a challenge,” she added.

6. PFC Looks Beyond Electricity Sector, Eyes Farm, Rail And Smart Cities

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

As its core business sector faces insolvency heat and with no new big projects in sight, Power Finance Corporation (PFC) is looking beyond the electricity sector. The government-owned financier is looking to diversify its loan portfolio to fund irrigation schemes, railway

electrification, the Smart Cities project and e-vehicle manufacturing & charging infrastructure. Around 80,000 mw of power generation assets, including 14,000 mw of PFC's loan book, are under Insolvency & Bankruptcy Code proceedings. And, likely to land at the National Company Law Tribunal if no debt resolution is achieved. In a first, the company sanctioned Rs 120 billion for the electro & hydro mechanical components of irrigation schemes in Telangana during 2017-18. It has till now disbursed Rs 20 billion for the same. It is now betting on growth in newer areas such as energy efficiency, gas or liquefied natural gas and coal mining, solar energy, distributed power generation through micro grids and electrification drive of the railways.

7. Niti Aayog Identifies Five Sectors That Can Adopt Artificial Intelligence

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

NITI Aayog has identified five sectors that includes healthcare, agriculture, education, infrastructureNSE -0.92 % and transportation that can benefit from adoption of artificial intelligence. In its discussion paper on national strategy for artificial intelligence (AI) released on June 4, the Aayog has proposed a two-tier structure to address research in India. According to the Aayog, application of AI to healthcare could increase access and affordability of quality healthcare while it can enhance farmers income, increase productivity and reduce wastage when used in agriculture. "In areas of education AI can improve access and quality of education while improving connectivity and safer modes of transportation when put to infrastructure and transportation sectors," the Aayog said. Aiming to put AI to use for all and across sectors, the Aayog has identified barriers that needs to be addressed to achieve success in the use of AI. These include lack of expertise, absence of enabling data ecosystem, high resource cost and low awareness, privacy and security issues and absence of collaborative approach to adoption and application of AI. These include lack of expertise, absence of enabling data ecosystem, high resource cost and low awareness, privacy and security issues and absence of collaborative approach to adoption and application of AI. Finance minister Arun Jaitley had entrusted the Aayog with a task to initiate a national program to direct government's efforts in the area of artificial intelligence, including research and development of its applications in the Union Budget 2018 in February.

8. A Welfare Scheme For 500 Mn Indians: Is This Modi's Big Plan For 2019?

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

Prime Minister Narendra Modi is set to extend a welfare program to India's 500 million workers as he bids for re-election in 2019, but he has limited time and resources to implement the ambitious plan. PM Modi aims to initially provide three programs old age pension, life insurance and maternity benefits, while leaving out unemployment, child support and other benefits — to most working citizens, government officials said, asking not to be identified as discussions are private. Prime Minister Narendra Modi is set to extend a welfare program to India's 500 million workers as he bids for re-election in 2019, but he has limited time and resources to implement the ambitious plan. PM Modi aims to initially provide three programs old age pension, life insurance and maternity benefits, while leaving out unemployment, child support and other benefits to most working citizens, government officials said, asking not to be identified as discussions are private. While it could translate into significant political gains to offset the challenges he faces in the lead up to the national poll, it is likely to add pressure on India's fiscal deficit, already one of the widest in Asia. The government has drafted a bill to extend benefits to all workers, including those in informal employment, by merging and simplifying 15 federal labour laws into one. It plans to present the bill in July in the upcoming session of Parliament, Labour Minister Santosh Gangwar told *Bloomberg News*, while remaining non-committal on a full-fledged roll-out before the national poll.

9. First Long-Term LNG Cargo From Russia Arrives In Gujarat

Source: Livemint ([Link](#))

As part of India's new energy sourcing strategy, the first Russian long-term liquefied natural gas (LNG) cargo arrived at the Dahej LNG terminal in Gujarat on June 4. This 3.4 trillion British thermal unit (TBtu) of cargo followed the first US long-term LNG cargo from the Houston-based Cheniere Energy Inc that arrived in India in March. Indian firms have inked long-term LNG contracts totalling 22 million metric tonnes per annum (mmtpa), with the country consuming 145 million standard cubic meters a day (mmscmd) of gas. India, the world's fourth-largest LNG importer, has also been trying to leverage the glut in global LNG supplies to renegotiate its contracts. "The first LNG cargo under the long term contract between GAIL and Gazprom

Marketing & Trading Singapore (GMTS) of Russia arrived on June 4 at the LNG terminal of Petronet LNG Ltd (PLL) in Dahej, Gujarat,” GAIL said in a statement. Major energy consumers such as India are seeking better prices as new natural gas suppliers such as Mozambique, Tanzania, Egypt, Israel, Canada and Cyprus expected to enter the LNG market. India imported 19 million metric tonnes of LNG in 2016-17.

10. India, Iran Discuss Revival Of Rupee-Rial Payment Mechanism

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

To get around the sanctions imposed on Iran by the US last month, India and the Islamic Republic are discussing a possible re-activation of the rupee-rial payment mechanism established six years ago to deal with the Western sanctions that were subsequently lifted in 2015. Iranian Foreign Minister Javad Zarif and his team, including Deputy Minister of Industry, Mine & Trade Mojtaba Khosrowtaj, who were in New Delhi last week, met senior officials in the Commerce Ministry, where the two sides discussed ways to increase bilateral trade and weighed the advantages of reviving the near-dormant rupee-rial payment mechanism operated through India’s UCO Bank, a government official told *BusinessLine*. “Iran seems to be open to the idea of reviving the UCO Bank account by pouring more money into it, but the important thing to be agreed upon is whether Iran would want to pool all the oil money into the account or a portion of it. These are the nitty-gritties that need to be ironed out,” the official said. Under the barter-like arrangement made in 2012, following the nuclear sanctions against Iran by a number of Western economies including the US, UK, France and Germany, about 45 per cent of the oil payments to Tehran was made in rupees through UCO Bank.

11. Govt Puts Mission 300 Projects In The Fast Lane

Source: Livemint ([Link](#))

With less than one year to go for the 2019 general elections, the ministry of road transport and highways is fast-tracking projects under Mission 300. The ministry along with the National Highways Authority of India (NHAI) is planning to complete 300 highway and expressway projects by the year-end. “We plan to complete 300-400 road projects so that infrastructure becomes one of the biggest achievements of the NDA (National Democratic Alliance) government.

Our plan is to target 450 projects and ensure at least 300 are completed,” said Nitin Gadkari, the minister for road transport and highways. Gadkari believes Mission 300 will help Prime Minister Narendra Modi highlight the government’s achievements before the masses during the inaugurations, starting January 2019, and till the time the model code of conduct comes into force. Besides, it would be a huge feat, given that so many projects have never been completed within such a short time. Mission 300 includes the ₹11,000 crore Eastern Peripheral Expressway and Phase I of the 14-line Delhi-Meerut Expressway, which were recently inaugurated by Modi.

12. On The Ministry’s Menu: An Exclusive NBFC For Food Processing Sector

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

The Ministry of Food Processing Industries is creating a financial institution that will cater exclusively to the credit and lending needs of the food processing sector. The Ministry expects to bring out an RFP (request for proposal) by July for the Agro-Processing Financial Institution, which will be a non-banking financial institution. Minister of Food Processing Harsimrat Kaur Badal told reporters: “We are in the process of creating a new financial institution that will provide loans exclusively to fund food processing projects. Request for Proposal for the institution, which will be called Agro Processing Financial Institution, will be out by July.” She said this was being done as the existing banks and financial institutions do not fully understand the risk assessment of food processing companies and the sector loses out in terms of loans. “This is an unprecedented initiative to create a financial institution that will completely focus on providing credit to agro-processing enterprises. This will be driven by the private sector. There is keen interest among both national and international companies for the same,” Badal said. The government is likely to hold a minority stake in this NBFC, while the majority equity will be held by a private company

13. Commerce Ministry Approves 15 Projects For Export Infrastructure Under TIES

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

As many as 16 projects, including setting up of a cold chain in Madhya Pradesh, were approved under by a commerce ministry scheme to develop infrastructure for promoting exports, a senior official said. Last year, the commerce ministry launched the Trade Infrastructure for Export Scheme (TIES) to create appropriate infrastructure for development and growth of exports through

engagement of central or state agencies. Of the total scheme outlay of Rs 600 crore, Rs 80 crore was provided in 2017-18 and the same amount will be provided during the current fiscal also, the ministry official said. The scheme has been launched for three years to 2020. The approved projects include setting up of an integrated cargo terminal at Imphal international airport; establishment of trade promotion centre in Bhopal; solid waste management system at Noida SEZ; and construction of office cum laboratory complex of export inspection agency at Vishakhapatnam. The central and state agencies, including Export Promotion Councils, Commodities Boards, SEZ authorities and apex trade bodies are eligible for financial support under the scheme. The Central government funding will be in the form of grant-in-aid, normally not more than the equity being put in by the implementing agency or 50 per cent of the total equity in the project.