

## Daily Economic News Summary: 6 June 2018

### **1. India, China Fail To Resolve Differences On Trade Tariffs**

Source: Livemint ([Link](#))

India and China failed to resolve their differences on tariff liberalization under the proposed Regional Comprehensive Economic Partnership (RCEP) free trade agreement after two days of talks in New Delhi. Ahead of the July RCEP ministerial in Tokyo, China demanded tariff elimination in more than 90% of traded goods for granting non-reciprocal market access to India. India's current offer is of tariff elimination in 73% of traded goods to China. In addition, many countries negotiating the terms of the RCEP want India to open up its market for 92% of traded goods, while India is only ready to offer market access for up to a maximum of 85% items with deviations to countries like China, Australia and New Zealand with whom it does not have a free trade agreement. An Indian commerce ministry official speaking under condition of anonymity said the Chinese delegation led by Zhang Shaogang, director general in the Chinese ministry of commerce was "very demanding and not flexible. We made a fresh offer to the Chinese side. But they were not quite happy with the ambition level," the official added.

### **2. New Delhi Railway Station To Soon Have Skywalk; Will Connect The Station To Two Delhi Metro Lines**

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

A skywalk connecting the New Delhi Railway Station with two metro lines, decongesting the Ajmeri Gate side of the station, will be completed within the next six months, the Northern Railways said on June 5. New Delhi Railway Station handles more than four lakh passengers per day and the Ajmeri Gate side entry is the convergence hub of the Airport Metro, Yellow Line Metro and the DTC bus stop and therefore, the preferred entry for passengers. "At present, passengers arriving by metro and public buses have to walk through the vehicular traffic to reach the station building. To resolve this problem and to facilitate the smooth movement of passengers, a skywalk is being constructed duly equipped with escalators and stairs. "The work is being executed in close coordination with DMRC and will be completed within the next six months," the Northern Railways said in a statement. Additionally, to handle the huge rush of passengers and

vehicular traffic on the Ajmeri Gate side coming via the Bhavbhuti Marg, which many times causes massive traffic jams and congestion especially during peak hours, the entry road and circulating areas were being remodelled completely.

### **3. RBI Monetary Policy Decision Today: 5 Things To Watch Out For**

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

After an unusual 3-day long deliberation, the Reserve Bank of India's (RBI) monetary policy committee (MPC) is set to announce its decision on key policy rates on June 6. While the majority of economists surveyed by *Mint* expects the MPC to hold the repo rate at 6%, with the central bank signalling the withdrawal of an accommodative policy, a minority is not ruling out the probability of a rate hike in June 6 policy. RBI will announce policy decision after 2.30pm. Here are five things that might be on the radar of the monetary policy committee: Policy action: Even as the market expects status quo, there are three likely scenarios that can emerge from June 6 policy. Inflation: Since the last policy retail inflation has accelerated to 4.6% in April, after dropping to 4.28% in March and 4.4% in February. Dissent: The April policy saw RBI deputy governor Viral Acharya's clear indication that in all probability his next vote will be for a rate hike. Global factors: Emerging markets are facing a dollar liquidity shortage due to the combined effect of US Federal Reserve unwinding its balancesheet and a substantial increase in US government borrowing. Banking sector issues: Besides future policy cues, market will watch out for RBI governor's commentary on the current state of banking.

### **4. India Might Hold World's Second Largest Gas Hydrate Reserves**

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

When petroleum minister Dharmendra Pradhan recently said India might well have hydrocarbon reserves to serve the country for 300 years, it raised many eyebrows. However, according to the latest estimates of the US Geological Survey, we have the second largest gas hydrate reserves after America. The Krishna-Godavari (KG), Cauvery and Kerala basins alone contributing 100-130 trillion cubic feet of estimated reserves. In a meeting on the National Gas Hydrate Programme (NGHP) last month, the recent estimates were discussed. The government has given a nod to the third stage of the ambitious programme. "We have firmed up plans for NGHP-3. The pilot testing is planned in the KG Deepwater. We have also set up a dedicated gas hydrate research centre at Panvel (Navi Mumbai)," Oil and Natural Gas Corporation (ONGC) chairman Shashi Shankar told the media last week. Natural gas hydrates are a mixture of ice-like forms of water

and gas in molecular cavities. However, no country in the world has so far developed the technology to produce gas hydrates commercially and economically.

## **5. Solar Power Scheme Entailing Rs 1.4 Lakh Cr To Be Implemented From Next Month:**

**RK Singh**

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

The big ticket Rs 1.4 lakh crore KUSUM scheme to promote the use of solar power among farmers will be implemented from next month, renewable energy minister R K Singh said on June 6. Recounting the government's achievements in the last 4 years, he exuded confidence that 4 crore families targeted under the SAUBHAGYA scheme would get electricity connections by December, ahead of the March 2019 deadline. "The KUSUM (Kisan Urja Suraksha Evam Utthaan Mahaabhiyan) will be implemented in July. Under this scheme farmers would be provided with solar water pumps," the minister of power and new & renewable energy said at a press conference. Under the scheme, the government has planned to provide 27.5 lakh solar pumps (17.50 lakh standalone + 10 Lakh Grid-connected). It will help farmers install total 10 GW of Solar Power Plants of intermediate capacity of 0.5 to 2 MW each. It also envisages 50,000 Grid-connected tube-wells/lift irrigation and drinking water projects. Singh also gave assurance about bringing the hydro power policy and expressed hope to roll out the Rs 16,000 crore plan for beleaguered hydro power capacities in the country. A senior official said that both big ticket programmes are at advance stages of approval by the Union Cabinet and may get go ahead in July this year.

## **6. Kia Ties Up With Hyundai To Drive Into India**

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

Kia Motors, a subsidiary of South Korean car maker Hyundai Motor Company, is gearing up to enter the Indian market, but as a competitor to Hyundai Motor India Ltd. At the parent level, Kia's management in South Korea is collaborating with Hyundai's India team to set up its local operations—from establishing a plant and other infrastructure to selecting vendors and dealers. In its quest to break even as early as possible, Kia Motors India will also start exporting engines and other components to different geographies, three people directly aware of the development said. Kia Motors India is expected to start production at its Andhra Pradesh plant by mid-2019. It will first start production of a compact utility vehicle that was showcased at the Auto Expo. Though the firms will compete with each other, there will be some collaboration, especially during the initial years, according to one of the three people mentioned above. *Mint* had reported in March

about Kia Motors' plans to introduce its electric vehicles, Niro and Soul, in India given the availability of infrastructure for electric mobility in the country. Kia Motors India will have an annual capacity of 300,000 units and the company plans to exhaust the capacity in the next three-four years.

## **7. Will Connect Every House With Electricity 3 Months Ahead Of Deadline, Says Modi Government**

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

On April 29, the Narendra Modi government electrified all 5,97,464 villages. As more than 3.1 crore rural households still remain unconnected, the next target is to provide electricity connection to every single household in the country by year-end, three months ahead of the initial deadline. Power Minister R K Singh on June 5 said that the government will “connect every house in the country with electricity by December 2018. Under PM Modi’s ambitious Saubhagya Scheme, the houses are expected to get linked with the grid. “We added 24,000 MW power generation capacity per year compared to 4,800 MW of earlier governments,” RK Singh said. He said that 1 lakh MW of power generation capacity and 1 lakh circuit KM of interstate transmission capacity has been added in the last four years while addressing a press conference. In September last year, the Narendra Modi government launched Rs 16,320-crore Pradhan Mantri Sahaj Bijli Har Ghar Yojana (Saubhagya) scheme with an aim to connect every household with electricity. But as 100% village electrification was achieved by April end, the government now aims to achieve the Saubhagya target three months ahead of the original deadline.

## **8. NITI Aayog Preparing Roadmap For Full-Scale Methanol Economy**

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

The NITI Aayog on June 5 said it was working on a roadmap for full-scale implementation of methanol economy in the country in near future, which would not only curb pollution, but reduce India's dependence on oil imports as well. On the World Environment Day, the government think-tank said it had already drawn out a comprehensive plan to replace 20 per cent of crude imports using methanol alone, adding that adopting methanol in such a scale would bring down pollution in the country by more than 40%. It said that Indian Railways alone burns three billion litres of diesel every year and plans were in place to convert 6,000 diesel engines to work on 100 per cent methanol and make railways a carbon neutral organisation. It said efforts were also on to substitute oil with methanol in the marine sector and energy sector. The concept of methanol economy is

being actively pursued by China, Italy, Sweden, Israel, US, Australia, Japan and many European countries. 10 per cent of fuel in China in transport sector is methanol, the NITI Aayog statement said.

### **9. GST: Centre Planning To Revamp AAR Mechanism To Deal With Contradictory Rulings**

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

The government is planning to revamp the advance ruling mechanism under GST by setting up either a centralised authority or 4 regional authorities, in the wake of the contradictory orders passed by AARs in different states. Under the Goods and Services Tax (GST) law, each state is required to set up Authority for Advance Rulings (AAR) comprising one member from the central tax department, and the other from the respective state. In view of the confusion being created by contradictory rulings given by different authorities on the same or similar issues, the Finance Ministry is weighing the option of setting up either a centralised AAR or regional AARs, an official said. As tax officers are members of the authorities, there can be a conflict of interest as they often try to protect the interest of revenue while giving their rulings, the official said. The AARs in different states have so far passed about 60 orders under the GST law, while most states are yet to set up the GST appellate authority to entertain appeal against AAR verdict.

### **10. PMFBY: Modi Govt's Crop Insurance Scheme Sees Decline In Farmers' Enrolment**

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

The Pradhan Mantri Fasal Bima Yojana (PMFBY), the flagship crop insurance scheme of the Narendra Modi government, has entered its third year of operation, albeit with a substantial decline in farmers' enrolment in its second year, the data reveals. Between FY16 and FY17, the number of farmers enrolled in the scheme declined from about 57.3 million to about 48.5 million, a fall of around 15 per cent. Despite the fall in the number of enrolments, both premium and claims increased substantially over the last financial year. As a result, the premium rates quoted by insurance firms to the government this year are likely to remain high, raising questions about the increasing cost of the scheme. The key reasons cited for this sharp fall in farmers' enrolments include missing data while linking Aadhaar with bank accounts, the low growth of agriculture credit offtake, and technical glitches while shifting the PMFBY data to a new portal. Banks are required to collect farmers' premium and upload it on the PMFBY website. A senior official of an insurance firm has claimed owing to poor network connectivity, many farmers reportedly failed to

enrol in the scheme. In the case of farmers who have taken loans, banks auto-deduct the premium for the scheme. For the rest, the enrolment scheme is optional.