

Daily Economic News Summary: 7 August 2018

1. Modi Government Doubles Import Duty On 328 Textile Items To Boost ‘Make In India’ **Source: Financial Express ([Link](#))**

With an aim to boost domestic manufacturing and create employment opportunities, government on August 7 doubled import duty to 20 percent on 328 tariff lines of textile products, ET Now reported citing news agency Cogencis. A notification to this effect was tabled by Minister of State for Finance Pon Radhakrishnan in the Lok Sabha, PTI reported. The notification said it seeks to “increase customs duty on 328 tariff lines of textile products from the existing rate of 10 per cent to 20 per cent...under Section 159 of the Customs Act, 1962”. It is expected that an increase in duties would provide a much needed edge to the local manufacturers as the imported products currently are much cheaper than the ones locally manufactured. This step would ensure that nearly 10.5 crore people receive employment as increase in manufacturing activity will help create jobs in the sector, PTI had earlier reported.

2. Nation-Wide Strike By Public Transport Organizations Against Motor Vehicles Amendment Bill **Source: Livemint ([Link](#))**

Public transportation across India is likely to be affected on August 2 following a one day nation-wide strike against the Centre’s Motor Vehicle Amendment Bill. The Bill has been approved by the Lok Sabha in 2017 and is waiting for approval in the Rajya Sabha. The Motor Vehicle Amendment Bill (MV Bill) has provisions which opens up the public transport sector for the private players and also control and regulate permits and taxation. It also aims to create National Transportation Policy within the ambit of a national Act giving power to the Centre. Public Transportation System at present is a state subject and is operated by State Transport Undertakings (STUs) under the direct control of the State Government. These State Transport Undertakings offer travelling facilities at low rates as compared to private buses. The transport sector workers fear if the private sector is allowed to interfere in this sector, it will create more difficulty to the public and will be a threat to the job security of the employees working under STUs

3. Chinese Boost To Make In India: Xiaomi's Component Supplier Holitech To Invest Rs 1,400 Crore In This State

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

China's Holitech Group on August 6 said it will set up a production facility in Tirupati, Andhra Pradesh, with an investment of Rs 1,400 crore (USD 200 million) to supply mobile phone components like camera modules and touch panels to smartphone major Xiaomi. Spread over 75 acre, the facility is expected to be operational in the first quarter of 2019, providing employment to about 6,000 people at full-scale in the next three years. "We will set up the plant in two phases with phase I starting in January where we will invest USD 100 million and phase II, an additional USD 100 million. The facility will cater exclusively to Xiaomi," Holitech Technology CEO Guisheng Chen told reporters. He added that the facility will have an annual capacity of 50 million component sets at the end of phase I and ramp it up to 100 million within three years' time. The components that will be made at the Tirupati facility include camera modules, TFT (thin film transistor), flexible printed circuit, touch panels and fingerprint modules.

4. Nitin Gadkari Says Waste Recycling Offers Rs 5 Lakh Crore Opportunity; Asks NITI Aayog To Form Policy

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

Urging Niti Aayog to formulate a policy for waste recycling, Union Minister Nitin Gadkari on August 6 said converting waste into wealth offers a more than Rs 5 lakh crore opportunity in the country. Gadkari said the policy can create huge employment potential and can bolster the country's economic growth. "Economy of this waste recycling is of more than Rs 5 lakh crore. It has huge potential...NITI Aayog can formulate a waste recycling policy. This policy will see economic transformation of the country and create huge employment potential," Gadkari said addressing an international conference on 'Sustainable Growth through Material Recycling' at Pravasi Bhartiya Kendra here. The Road Transport, Highways, Shipping, Water Resources, River Development and Ganga Rejuvenation Minister said efforts should be made to convert waste into wealth.

5. Anti-Dumping Duty On 'Methylene Chloride' From US, EU Extended By One Year

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

The Finance Ministry has extended by one year the validity of existing anti-dumping duty on 'methylene chloride' -- a chemical used by Pharma companies -- imports from the US and the European Union. The anti-dumping duty - which was earlier valid till October 21, 2018 - will now be valid till October 20, 2019, the revenue department has said. Methylene Chloride is used in the manufacture of polycarbonate and phenolic resins, rayon yarn, pharmaceuticals, agro and fragrance chemicals. It is also used as an extractant for edible fats, cocoa butter and essences. The latest revenue department move comes in the wake of the Designated Authority in the Commerce Ministry recommending a one year extension of duty following the initiation of sunset review investigations on imports of ' Methylene Chloride' from the US and the EU.

6. Mounting Resistance: India Reviews RCEP Plan, Forms Gom

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

India is having second thoughts on whether to join the 16-nation Regional Comprehensive Economic Partnership (RCEP) that includes China with which it has the largest merchandise trade deficit. Amid growing domestic resistance that pervades not only industry but also several key economic ministries, India has set up a panel of ministers, headed by commerce and industry minister Suresh Prabhu, to see if the mega trade deal is in the country's best interests. Apart from Prabhu, the panel comprises interim finance minister Piyush Goyal, defence minister (former commerce minister) Nirmala Sitharaman and housing and urban affairs minister Hardeep Singh Puri, sources told FE. Puri has been chosen for his earlier experience in trade diplomacy as an IFS officer. The panel will hold its first meeting on August 10. "Not just industry, certain ministries are also opposing RCEP," said one of the sources.

7. India To Roll Out 5G By 2022, Increase Fiber Backbone To 2.5 Mn Kilometers

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

India plans to roll out state-of-the-art 5G telecom services in the next four years, a senior official said, as the nation rushes to catch up with its Asian peers. "We are not there yet," Telecom Secretary Aruna Sundararajan said in an interview in New Delhi, adding that complete roll-out of 5G will be done by 2022. "5G won't be driven by supply, it'll be driven by demand and the rest

of industry needs to wake up to this.” The South Asian nation, traditionally a laggard while embracing latest technology in telecommunication, will follow South Korea, Japan and China where 5G service will be offered within the next two years. The high-speed and low latency service will help Prime Minister Narendra Modi’s Digital India plan, which seeks to broaden Internet access, and the Smart Cities initiative. The new technology has advantages of massive connectivity, low power consumption and boasts of download speeds and capacity that can enable autonomous vehicles, drones, remotely assisted surgeries and traffic control.

8. No GST Refunds For Foreigners As Of Now: Finance Ministry

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

Foreigners coming to India may not get GST refunds on goods purchased and carried back by them as the government has not invoked relevant provisions of the Integrated Goods and Services Tax Act yet, the Finance Ministry has said in reply to an RTI query. It was asked to provide details on procedures for foreigners to get GST refunds on goods purchased by them in India. Some western nations provide refunds of certain taxes on goods purchased by foreigners there. “Please note that Section 15 of the IGST (Integrated Goods and Services Tax) has not yet been enforced. Therefore the reply of this office is nil information currently,” the Central Board of Indirect Taxes and Customs (CBIC) said in reply to the Right to Information (RTI) application filed by this *PTI* correspondent. According to the section, integrated tax paid by a tourist leaving India on any supply of goods taken out of India by him shall be “refunded in such manner and subject to such conditions and safeguards as may be prescribed”. For the purposes of this section, the term ‘tourist’ means a person not normally resident in India, who enters India for a stay of not more than six months for legitimate non-immigrant purposes, the Act says.

9. India Not To Join US-Led Counter To China’s BRI

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

India has stayed away from a joint initiative launched by the United States, Japan and Australia to fund infrastructure projects to counterbalance China’s Belt and Road Initiative (BRI) in the Indo-Pacific region. The decision not to join the US-led trilateral initiative, launched on July 30, is in

keeping with India's emphasis on multipolarity in the Indo-Pacific region and non-bloc security architecture, said people aware of the matter. India continues to harbour serious reservations against the BRI and is keen to foster greater stability in the Indo-Pacific region, they said. But as Prime Minister Narendra Modi made it clear at the Shangri La dialogue in Singapore on June 1, India never viewed the region as "a strategy or as a club of limited members". Earlier, during his informal summit with Russian President Vladimir Putin in Sochi, Modi emphasised on a non-bloc security architecture for the Indo-Pacific region. The latest US-led trilateral partnership is aimed at funding projects to "build infrastructure, address development challenges, increase connectivity and promote economic growth" in the countries in the Indo-Pacific region. The US has separately committed \$113 million to support digital economy, energy and infrastructure development projects in the region. It has also committed funds for security initiatives in the region.