

Daily Economic News Summary: 7 March 2018

1. How Trump's Tariff Hike Will Hit India's 10 Mt of Metal Scrap Imports

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

The United States' imposition of import tariff on primary metals including steel and aluminium is likely to hit India's 10 million tonnes (mt) of metallic scrap import annually. India imports about 10 mt of ferrous and non-ferrous metal scrap from across the world of which US contributes nearly 20 per cent. With the proposed increase in import duty on primary metals in the US, secondary metal producers in India fear that metal producers would use metallic scrap as raw material in order to prevent costlier import of finished into the country. Apart from the United States, Indian secondary metal producers import around eight mt of ferrous scrap from various parts of the world including European and African countries. Apart from that, India imports around two million tonnes of non-ferrous metals scrap from all across the world. Data compiled by the global consultancy KPMG showed, of India's 3.48 million tonnes (2017) of aluminium production, primary and secondary (originating from scrap processing) producers contribute 70 per cent (2.86 million tonnes) and 30 per cent (1.23 million tonnes) respectively. Similarly, secondary metal from scrap contributes 20 per cent and 85 per cent of India's total production of 0.96 million tonnes each of copper and lead.

2. Relief for Suppliers? E-Way Bill May Not Be Needed for Small Orders

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

Small orders that are part of a large consignment out for multiple deliveries within a state may not require an electronic-way (e-way) bill in the goods and services tax (GST) regime. This will come as relief for e-commerce and consumer goods suppliers. The e-way bill requirement will be limited to items priced over Rs 50,000 for intrastate supply. This is among changes expected in the GST e-way bill to ease the compliance burden and will likely be taken up by the GST Council during its meeting on March 4. The exemption, however, will not apply to interstate movement of consignments. Exemption from the e-way bill may also be extended to shipments from inland container depots to ports. "It will be a relief for the industry if smaller consignments do not require

e-way bills, but the government should consider it for interstate transactions as well,” said Pratik Jain, partner, PwC India. The validity of an e-way bill is 24 hours.

3. Commerce Ministry to Devise National Strategy on Product Standards

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

The commerce ministry has started an exercise to formulate a national strategy for standardisation of products and services with an aim to provide a level-playing field to domestic industry and adopt best practices. The Department of Commerce has floated a draft Indian National Strategy for Standardisation seeking comments from all concerned stakeholders till March 30. The ministry in a statement said that the rapid growth of the economy, its size and emerging relevance in global trade, make it essential to establish a robust quality infrastructure in India with a harmonised, dynamic, and mature standards ecosystem for goods. This would fuel economic growth and enhance the ‘Made in India’ label, it said. It also said that standards have been widely recognised as catalysts for technical development, industrial growth, well-being of the society and more recently for convergence of new and emerging technologies. Countries are accordingly evolving strategies to synergise standardisation work with technological, social and economic development at the national level, the ministry said.

4. Air India Gets Saudi Okay for Overflights to and From Israel, Netanyahu Says

Source: The Times of Israel ([Link](#))

Prime Minister Benjamin Netanyahu told reporters on March 5 that Saudi Arabia has given Air India approval to fly through its airspace on flights between Israel and India. The agreement would shorten the flight path by some two hours and mark a significant achievement as Jerusalem attempts to upgrade its relationship with Riyadh. “Air India signed an agreement today to fly to Israel over Saudi Arabia,” the Israeli premier said during a briefing at the Blair House in Washington, DC, emphasizing that the flight to and from Mumbai would take the same length of time as flights between London and Tel Aviv, some five and a half hours. The Indian airline’s ability to fly over Saudi Arabia would substantially reduce the flight times, but Netanyahu stressed the planes would not be able to fly over Iran, Iraq and Pakistan other countries with which Israel has no diplomatic ties.

5. GE to Halve Suppliers in India within Three Years

Source: Livemint ([Link](#))

Multinational conglomerate General Electric (GE) is planning to halve the number of its suppliers in India from the existing 300 within three years as part of an ongoing exercise, a top company executive said. “Having begun a supplier consolidation last year, we will aggressively continue it over the next three years to scale up with our strategic (supplier) partners and drive more volumes to get the best outcomes,” Amit Kumar, vice-president, global supply chain, GE South Asia and ASEAN said. “In the past five years, we acquired many industrial businesses in India, so their suppliers just came in. Now, we want to ensure that we don’t have, say 10 suppliers, for the same product because none of them is operating at a large scale and gaining significant volume growth from GE,” Close to \$500 million will be invested by GE over the next two years to a build a greenfield facility to manufacture CFM International LEAP engine components in a collaboration with Tata Advanced Systems Ltd in Hyderabad. The company is also making “significant investments” to participate in the government’s \$6-10 billion programme to source military aircraft and engines locally and increase overall localisation, according to Kumar Kandaswamy, senior director, Deloitte Touche Tohmatsu India Pvt. Ltd.

6. Traders in Export-Focused Sectors Wary of Donald Trump's Tariff Threats

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

Traders across export-focused sectors with a significant business presence in the United States say they are apprehensive of growing noises from Washington DC for higher import tariffs. India’s export exposure in sectors such as diamond jewellery, pharmaceuticals and marine products with regard to the US remains far higher than steel and aluminium exports, which have attracted US President Donald Trump’s ire. The US alone consumes about 30 per cent of India’s annual jewellery exports and 40 per cent of shrimps and prawns. About 40 per cent of all pharma exports also end up stateside. The US is India’s largest export destination, with \$42.21 billion worth of shipments sent to that country in 2016-17. While China has mostly been on the receiving end of Trump’s trade barbs, the US president raised again last week the issue of Harley-Davidson attracting “unfair” import taxes in India. In case the Trump administration decides to pursue country-specific tariff hikes on industrial and consumable commodities, its disastrous

impact could be first felt on India's diamond jewellery exports worth \$40 billion. The jewellery demand from the US sets the tone for the rest of the world and indirectly contributes a lot towards India's overall export growth in the sector, according to traders.

7. India to Become EBRD's 69th Member

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

India has got the go-ahead to join the London-based European Bank of Reconstruction and Development (EBRD), after its shareholders agreed to make the country its 69th member, enabling Indian companies to undertake joint investments in regions in which the EBRD operates. "This is an important step in the relationship between the EBRD and India, allowing us to build further on already very close ties," said the organisation's president Suma Chakrabarti. Set up in London 1991, based on a proposal by former French President Francois Mitterand, the bank's initial focus was to help Central and Eastern European nations reconstruct their economies in the post-Cold War era. Since then the bank's remit has extended to wider development aims. It remains committed to furthering the development of "market-orientated economies and the promotion of private and entrepreneurial initiative." Other members who receive investments include Mongolia, Turkey, Egypt, Cyprus, Greece, and Lebanon, among a total of 38 of the member states. Others including China, Russia, the US, UK, and France, are stakeholders, whose companies are able to invest in EBRD projects but do not receive financing for domestic projects.

8. Commercial Coal Mining May Cut Import Bill By ₹30,000 Cr

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

The move to allow the private sector to mine coal for commercial use will boost both production and mining efficiency. Substitution of imported non-coking coal with domestic production can save about ₹30,000 crore of coal imports, according to a Crisil estimate. The Cabinet Committee on Economic Affairs recently approved the methodology for auction of coal mines for sale without restrictions on end-use. Currently, about 94 per cent of the mining is done by government-owned Coal India and Singareni Collieries Company. Despite the recent increase in domestic coal production, India still meets a fifth of its annual requirement through imports, which costs about ₹1 lakh crore. Participation of private miners would increase competition, enhance productivity by

facilitating the use of latest equipment, technology and services through higher investments, said Crisil. Considering that almost half of the domestic coal reserves of 300 billion tonne, mostly non-coking coal, are yet unallocated, commercial mining can have far-reaching impact.

9. NFRA to Have Power to Impose Penalty on Erring Audit Firms

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

The newly set up National Financial Reporting Authority (NFRA) is empowered to impose penalties on erring audit firms, said PP Chaudhary, Minister of State for Corporate Affairs and Law and Justice. The power to impose penalties on audit firms has been conferred on NFRA under the Companies Act 2013, Chaudhury said in a written reply to a Rajya Sabha question on March 6. It may be recalled that the Union Cabinet had on March 1 approved the setting up of NFRA as an independent regulator for the auditing profession. It was also specified that the jurisdiction of NFRA for investigation of CAs and their firms would extend to all listed companies and large unlisted companies, the thresholds for which shall be prescribed in the rules. Meanwhile, the government has given its nod to initiate penal action on 199 companies for non-compliance of Corporate Social Responsibility (CSR) norms. This was stated by Chaudhary in a written reply to another Rajya Sabha question on March 6. He also said that the government has no proposal to review the state of implementation of CSR provisions in the existing Companies Act

10. ITC Sets Sights Higher for Foods Brand Aashirvaad

Source: Livemint ([Link](#))

ITC Ltd has set its sights higher for Aashirvaad—the Kolkata-based cigarette-to-shampoo maker's largest packaged food brand. The company has set an internal target of generating Rs10,000 crore from Aashirvaad annually in five years. For perspective, this means that in five years, ITC will generate what the country's largest pure-play listed food company, Nestle India Ltd, notched up in calendar year 2017 sales (Rs10,135 crore), and more than the financial year 2017 revenue of biscuit maker Britannia Industries Ltd (Rs8,684 crore), by selling food products under Aashirvaad brand ITC created in May 2002 to sell *atta*, and later expanded to include spices, salt, ghee, instant mixes and ready-to-eat meals. To hit the Rs10,000 crore mark, according to

Malik, Brand Aashirvaad will see a stream of product launches backed by a micro-regional strategy for product innovation, distribution and communication targeting to get new sets of consumers

11. Technology Will Be Strongest Point of National Health Protection Scheme: Niti Aayog
Source: The Economic Times ([Link](#))

The work on National Health Protection Scheme (NHPS) is in full swing with Niti Aayog officials going through health welfare schemes of 6 states-Rajasthan, Uttar Pradesh, Maharashtra, Karnataka, Tamil Nadu and Telangana. One of the state officials who gave presentation to Niti Aayog officials told ET that schemes in relatively large states are being studied. “We are looking at the concept, design, medical records, data and implementation,” an official said