

## Daily Economic News Summary: 7 August 2017

### **1. TFA implementation: Government formulates action plan with timelines**

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

The government has formulated a detailed action plan with timelines for smooth implementation of WTO's trade facilitation agreement (TFA), an official said. Members of the World Trade Organisation (WTO) including India has ratified TFA, which aims at easing customs procedures, expediting movement, release and clearance of consignments. For the implementation of the pact, the government has last year set up Cabinet Secretary-headed National Committee on Trade Facilitation (NCTF). The official said recommendations made by four working groups on legislative changes, time release study, outreach programme and infrastructure augmentation are included in the National Trade Facilitation Action Plan (2017-20). Implementation of the plan, which also includes suggestions of the private sector, have been divided into short term (0-6 months), medium term (6-18 months) and long term (18-36 months). The short term action plan includes augmentation of storage infrastructure for perishable goods and clearance of such goods within 12 hours of landing for import and 8 hours for export.

### **2. India signs USD 329 million loan pact with AIIB for Gujrat road project**

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

India signed a loan agreement with Asian Infrastructure Investment Bank (AIIB) for financing of USD 329 million for Gujarat Rural Roads Project, a finance ministry statement said. The agreement was signed by Joint Secretary (MI) in the Ministry of Finance, Sameer Kumar Khare, on behalf of India and Vice President and Chief Investment Officer, AIIB, D J Pandian on behalf of the AIIB. “The objective of the project is to improve the rural road connectivity and accessibility (by providing all weather road connectivity) to 1,060 villages in all the 33 districts in Gujarat state benefiting about 8 million people. “The project will also benefit the service providers such as public transport operators, educational institutions, hospitals, local markets and traders,” the statement said.

### **3. Over Rs 8 lakh cr earmarked for railways modernization: Govt**

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

The government has earmarked over Rs 8 lakh crore (USD 125.67 billion) for a period of five years for modernisation of the Railways, the Rajya Sabha was informed on Friday. Minister of Railways Suresh Prabhu said a leading company, GE Alstom, has been given a contract worth Rs 40,000 crore for making state-of-the-art and environmental friendly diesel and electric locomotives. Over a period of five years, Rs 8,52,000 crore has been earmarked for modernisation of the railways and of this, we have already allocated an amount of Rs 3,75,000 crore before completion of three years since allocation. Prabhu said that during the United Progressive Alliance (UPA) government's tenure, not more than Rs 35,000 crore per year had been spent as capital expenditure. Responding to a question about the decision to implement flexible tariffs for rail travel like it is done for air travel, the minister said that 10 per cent discount is given.

### **4. India wants quick deal on BIMSTEC free trade**

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

With an eye on bypassing Pakistan and boosting regional trade, India is aggressively pushing for the conclusion of long-pending Free Trade Agreement (FTA) under the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) by November during the Summit meeting Conclusion of the FTA in goods, the talks for which were launched in 2004, will be one of the topmost agenda items of External Affairs Minister Sushma Swaraj during the upcoming BIMSTEC Foreign Ministers' Meeting that is scheduled to be held in Nepal on August 10-11, according to sources. However, though the government is keen on concluding the FTA, a lot of hurdles need to be crossed before all members agree to sign the pact, the primary reason being disagreement between India and Thailand over market access for professionals, duty cuts on traded goods and policy relaxation, sources told... "BIMSTEC needs to produce a few visible results or successes in the short term. Concluding the protracted negotiations for a Free Trade Agreement in goods, and later, services, and investment, is the way forward. Without an appropriate FTA, the grouping will continue to be perceived as an empty shell," said Rajiv Bhatia, former Indian Ambassador to Myanmar, now Distinguished Fellow at Gateway House, a Mumbai-based foreign policy think-tank...Sources said the major difference in BIMSTEC FTA is that India wants to

negotiate the pact afresh and not what was agreed in 2004, when the FTA framework was signed, whereas all other member countries want to maintain status quo.

#### **5. Chabahar Port a gateway to golden opportunities: Nitin Gadkari**

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

Keen on rolling out infrastructure projects in Iran and Afghanistan, Union Minister Nitin Gadkari has said that once Chabahar Port in Iran becomes operational, there will be no looking back as it will be a gateway to golden opportunities. As a special envoy of India, deputed by Prime Minister Narendra Modi, Road Transport and Shipping Minister Gadkari is in Tehran and represented India at the oath taking ceremony of President Hassan Rouhani for the second term. "Talks are on for building railways and roads through Chabahar till Afghanistan and then we have access to Russia. Once Chabahar is operationalised, which we are hopeful to be in 12 to 18 months' time, it will prove to be a gateway to golden opportunities to boost trade and business," Gadkari told. Chabahar port, located in the Sistan-Balochistan province in the energy-rich Persian Gulf nation's southern coast, lies outside the Persian Gulf and is easily accessed from India's western coast, bypassing Pakistan. "We are hopeful of ratification of Trilateral Transit and Transport Agreement by Iran and once approvals are given, the work will start," Gadkari said.

#### **6. North-East Agra transmission line to be inaugurated soon**

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

The North East-Agra transmission line, said to be the biggest power transmission line to be built in the country in terms of capacity, is to be inaugurated soon. This means that cheap power from the hydro-rich North-East can now reach the central part of North India. A spokesman of the government-owned Power Grid Corporation of India told, that the line "is under testing and is likely to be commissioned shortly"... Confirming the imminent commission of the line, Sanjeev Sharma, Managing Director and CEO, ABB India, told *BusinessLine* that the 'Ultra high voltage direct current' technology that ABB has reduces the land footprint of the line to a third of a conventional (AC) line. Without this, it will be difficult for the line to have passed through the narrow 'chicken's neck' – the Siliguri corridor. "There is also a provision for reversal (of flow) of power from Agra to the North-East," a September 2015 press release of ABB said. The project, which one transmission expert described as "unique and a technological marvel", because it takes power from two points,

that is, Biswanathcharlie and Alipurduar, and dumps it in Agra. The completion of the project is good news because it will enable better transmission of clean, hydro-power both from the North-East and Bhutan, to consumption centres in north India. Further, because of this line, more projects in the North-East could be planned. According to the Ministry of Development of North Eastern Region, the seven far-eastern States have a hydroelectric potential of 60,000 MW, with Arunachal Pradesh alone accounting for 85 per cent of it.

### **7. FinMin rejects Commerce Ministry pitch for lower gold import duty**

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

The Finance Ministry has turned down the Commerce Ministry's pitch for a reduction in import duty on gold, citing improved data in respect of the current account deficit (CAD), official sources said. Backing demands by gold traders, the Commerce Ministry had been keen on a 2-percentage point cut in gold import duty, either in phases, or in one go. The Ministry had argued that since August 2013, when a runaway CAD led to the import duty being raised to 10 per cent — where it has remained ever since — the situation had improved, and there was a case for paring the levy. Moreover, such a move could lead to a drop in gold smuggling, it claimed. In 2016-17, about 650 tonnes were imported into the country, resulting in tax revenues of about ₹20,000 crore. The World Gold Council (WGC) estimates that 120 tonnes of gold was smuggled into India in 2016. Gold imports more than doubled in the first half this calendar year to 518.6 tonnes, the WGC said. They usually go up in the second half of the year, when festivals such as Diwali and Dussehra are celebrated. The WGC has, however, pegged the full-year demand at 650-750 tonnes, lower than the 10-year average of 845 tonnes. In its latest Gold Demand Trends Report, the industry-funded WGC said global demand for gold fell 14 per cent in the first half of this year, mainly on account of sharp decline in purchases by exchange-traded funds.

### **8. The time is right: India moves closer to a 'desi' – local GPS**

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

In a move that would give strategic advantage to the country, the Indian Space Research Organisation (ISRO) on Friday signed a pact with the New Delhi-based National Physical Laboratory (NPL) to use the “official time” provided by the latter for its indigenous global positioning system, the Indian Regional Navigation Satellite System (IRNSS). Linking the IRNSS to high-precision atomic clocks maintained at NPL — the official timekeepers to the nation and a constituent laboratory

of the Council of Scientific and Industrial Research (CSIR) — would help ISRO end its dependence on the United States Naval Observatory (USNO) for time synchronisation. Moreover, this will bring down the error in time precision to less than 20 nanoseconds. One nanosecond is one-billionth of a second. Currently, when IRNSS, which can be used for accurate positional information services, just like GPS or Russia's GLONASS, tracks an event or location, it gives out time with respect to Coordinated Universal Time as per the time maintained by atomic clocks at the USNO...High-precision time measurements are becoming increasingly important for different sectors of the economy. Smart grids for electricity distribution, for instance, need precise time synchronisation to avoid outages. Similarly, resolving cyber-crimes would require the exact time of online fraud as million of transactions are done every second, the ISRO official said. "Currently, we all use GPS for tracking and location services. GPS is not a NASA project, it is owned by the US Department of Defense. Anytime they can stop you from accessing GPS data. They have already done that in West Asia during the wars in the recent past," another ISRO official present on the occasion said.

## **GST FOCUS**

### **9. Calls for rate review for 150 items with GST Council**

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

Nearly 150 proposals for reduction of tax rates on items ranging from clay idols and dhoop battis (incense sticks), *dosa* and *idli* batters, macaroni pasta to granite raw blocks and scientific instruments have been examined by the Fitment Committee of officials under the Goods and Services Tax Council since the first month of the roll out of the levy. Significantly, it is understood to have ruled out any reduction in the rate on hybrid cars where the industry had wanted the compensation to be lowered by three per cent. For many food items, such as sharbats with synthetic flavouring, treatment of dried methi patta as spices or dried vegetables, sweets and milk products served in restaurants... for a lower tax rate, the Committee has suggested clarifications to remove any doubts. The GST Council in its meeting on Saturday revised the rates of items such as job works in textiles to five per cent, some tractor parts to 18 per cent and rent-a-cab service and goods transport agency services to 12 per cent with full input tax credit... The E-Way Bill, which mandates pre-registration of goods costing over ₹50,000, is expected to be implemented by October 1. E-Way Bills would be valid for a period between one day and 20 days depending on the distance to be travelled. The Council has decided that items exempt from GST would not require an E-Way Bill. Similarly, for inter-city movement of

goods up to a distance of 10 kilometres, no such document would be needed. Goods being transported from a non-motorised vehicles like carts and rickshaws or being transported from a port, airport, air cargo and land customs complex to an inland container depot or freight stations will also be exempt. The GST Council also appealed to industry to pass on price benefits of the new levy to consumers.

**10. GST rollout was extremely smooth without any disruption, record number of registration done: Arun Jaitley**

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

Union Minister Arun Jaitley today said the rollout of Goods and Services Tax (GST) was ‘extremely smooth’ in the country. “It has been an extremely smooth turnover without any disruption” the Union Finance Minister told reporters here. He rejected the argument that trade registration under GST was less and said a record number of registrations have taken place. On the alleged irregularities connected with MCI clearance to a private medical college involving a BJP functionary in Kerala, Jaitley said the state BJP had taken prompt action against the worker. “We are the only political party in the country, which, as part of self-introspection, takes action, he said, adding that in several states, people have been caught for improprieties and parties were strongly trying to defend them. “If a party sets a precedent by dismissing a member for irregularities, it is a good action and also a good step in Indian politics”, Jaitley said.

**11. Post GST rollout, government monitoring prices; says no supply disruptions yet**

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

The government is closely monitoring daily price variations in over two dozen essential commodities – from wheat to tea – to check at early stage any abnormal movement in rates post GST rollout, CBEC Chairperson Vanaja Sarna said. Prices have remained by-and-large under check post Goods and Services Tax (GST) implementation on July 1 and there has been no big instance of supply disruption, the chairperson of the indirect tax body told PTI. The roll out of the biggest tax reform since Independence has been “relatively smooth” with multi-layer monitoring and officers of the tax department have been working overtime to weed out major bottlenecks in the implementation, she said. GST unified 17 different levies including central excise, service tax and VAT and there were apprehensions of initial hiccups. “The Consumer Affairs Ministry is giving us the daily price, the price variations in common commodities. In that there was nothing untoward that has happened. For

the past 30 days we get a report every single day,” Sarna said. She said prices of about 25-30 of the most common goods, the food items used in every household – wheat, rice, pulses, sugar, tea – are being monitored by the ministry and it sends the daily reports to the revenue department and Cabinet Secretary office.

**12. Customs, IGST collection nearly doubles to 30,000 cr**

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

The collections from customs duty and IGST from imports post implementation of Goods and Services Tax (GST) has almost doubled to Rs 30,000 crore in July, a senior government official said. The revenue collected include those on account of customs duty, Integrated-GST (IGST) from imports, Countervailing Duty (CVD), special addition duty (SAD) and cess collection on imported items. The July collections compare to indirect tax collection of over Rs 16,000 crore of the same month of 2016. GST, which subsumed more than a dozen central and state levies like excise duty, service tax and VAT, was implemented from July 1. However, the tax revenues which will come on account of Central GST (CGST) and State GST (SGST) will be known only after domestic manufacturers, dealers and traders file their tax returns. Over 71.30 lakh excise, service tax and VAT payers have migrated to the GSTN portal with 13 lakh fresh registrations.