

## Daily Economic News Summary: 12 July 2018

### **1. Big Gain! India Saves Whopping Rs 90,000 Crore By Aadhaar-Enabled Direct Benefit Transfer**

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

The estimated savings and gains since the inception of Aadhaar-based Direct Benefit Transfer (DBT) stood at over Rs 90,000 crore as on March 31 this year, a top official of UIDAI said on July 11. “We have not spent even Rs 10,000 crore on Aadhaar cards and related systems so far. But the savings are enormous. We were able to save Rs 90,012 crore as on March 31 this year by using Aadhaar in some of the schemes such as PDS. “We were able to weed out bogus and duplicate beneficiaries by using Aadhaar,” J Satyanarayana, chairman of the Unique Identification Authority of India (UIDAI) said in a programme at India School of Business (ISB). He said 121 crore residents have so far enrolled for Aadhaar card and on an average over 30 million e-transactions are done using the identification system. Satyanarayana further said there is need to do research and effect improvements on the Aadhaar system in the areas of Artificial Intelligence, Machine Learning for fraud detection and improving the process of enrolment and security ecosystem. He said Aadhaar data is completely safe and secure and is kept in about 7000 servers in Bengaluru and Manesar.

### **2. Good News: India Pips France To Become World’s 6th Largest Economy; These 5 Nations Are Still Ahead**

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

In a good news, India has now become world’s sixth-largest economy, pushing past France, according to the updated World Bank figures for 2017. France has been pushed to seventh spot in the list, AFP reported. When compared with \$2.582 trillion for France, India’s GDP stood at \$2.597 trillion at 2017 end. The US remains the world’s largest economy followed by China, Japan, Germany and Britain, AFP reported. In April earlier this year, the International Monetary Fund (IMF) projected India to grow at 7.4 per cent in 2018 and 7.8 percent in 2019, leaving its nearest rival China behind respectively at 6.6 and 6.4 percent in the two years. “Growth is expected to moderate gradually in China (though with a slight upward revision to the forecast for 2018 and

2019 relative to the fall forecasts, reflecting stronger external demand), pick up in India, and remain broadly stable in the ASEAN-5 region,” the IMF had then said. In 2017, China at 6.8 percent was ahead of India at 6.7 percent, giving China the tag of being the fastest growing emerging economies, as has been witnessed for the major parts of the past several years.

### **3. Telecom Commission Approves New Telecom Policy, Backs Net Neutrality**

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

Net neutrality, a controversial issue around the world, has emerged a winner in India. In a heavy-duty meeting on July 11, the Telecom Commission, the highest decision-making body in the Department of Telecommunications, approved the net neutrality rules implying internet will remain open to everybody in the country. Apart from net neutrality rules, the commission has also approved the new telecom policy , National Digital Communications Policy (NDCP), 2018 aimed at promoting investments, ease of doing business, and emerging technologies like 5G. The move on net neutrality, which was the biggest decision at the meeting, is in sync with the recommendations of the Telecom Regulatory Authority of India (Trai). It is meant to ensure no service provider can restrict or discriminate in the treatment of content by blocking, slowing down or granting preferential speeds while providing internet access. However, some critical services will remain out of the purview of the net neutrality rules, Telecom Secretary Aruna Sundararajan said after the commission meeting chaired by her. The Commission on July 11 approved a proposal to rationalise double taxation for virtual network operators (VNOs) as well. It is an important step to encourage provisioning of services from VNOs. Despite 67 firms taking up licences for VNOs, the services were not launched because they were subject to double taxation and in certain cases three times cascading taxes.

### **4. India A Bright Spot For US Coal Miners Struggling To Get Buyers At Home**

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

The big bright spot for US coal miners is located halfway around the world. India almost tripled its imports of the rock from America in the first quarter from a year earlier, helping fuel its fast-growing economy and making it the largest foreign buyer of US coal, according to the US Energy Information Administration. The South Asian nation is extending a lifeline to US miners who are

struggling to find buyers at home as cheap natural gas and renewable energy continue to force coal-fired power plants into retirement. Miners are increasingly relying on overseas sales to maintain -or at least slow the decline in - production levels. The US may export 104 million tons of coal in 2018, up 7.2 percent from a year ago, the EIA forecast in its July Short-Term Energy Outlook published on July 10. Through April, India had brought in almost 7 million tons, approaching a fifth of all US exports of the fossil fuel. The next largest customers included South Korea, Japan, Brazil and the Netherlands.

### **5. India Can't Have Single Rate GST, 3-Slab Structure Possible, Says CEA Arvind Subramanian**

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

Ruling out a single rate Goods and Services Tax (GST), Chief Economic Advisor Arvind Subramanian on July 11 pitched for a three-rate structure going forward as revenues stabilise. He said GST is a "work in progress" and there is a need for further simplification of rates with fewer exemptions and simpler policies. Under the GST regime, there are four rates -- 5 percent, 12 percent, 18 percent and 28 percent. Luxury and demerit goods are subject to cess on top of the highest slab. The single rate GST structure was advocated by Congress President Rahul Gandhi. Subramanian said since GST is a regressive tax, it won't be "fair" to have a single rate structure unless there are instruments to protect the poor who get hurt by rising costs. "...I think over time we will see simplification. For example, once the revenue stabilises, 28 percent can (be rationalised).... but the broader point I want to make is that why can't we have three (tax slabs). That's what we should ask for," said Subramanian. Union Minister Arun Jaitley too had dismissed the idea of a single rate GST as "flawed" saying that it can only work in a country where the entire population has 'similar and high' capacity to spend. Subramanian said that GST implementation "has not been too bad" in the first year of difficult implementation.

### **6. Govt Proposes Easing Local Data Storage Rules For Foreign Payment Firms After Intense Lobbying By US Firms**

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

The finance ministry has proposed relaxing a directive from the central bank that would compel global payment firms to store customer data only locally, following weeks of intense lobbying by

US companies and trade bodies. Prime Minister Narendra Modi has been aggressively pushing digital and cashless modes of payment that leave an electronic trail as part of a campaign to crack down on the black economy. Foreign payment companies were caught off guard in April by the Reserve Bank of India's (RBI) one-page directive that said all payments data should, within six months, be stored only in the country for "unfettered supervisory access". The finance ministry, in a meeting held in June with RBI officials and executives from payment firms, said that a possible solution could be that companies would be allowed to store data offshore, as long as a copy was kept in India. The companies had opposed the restriction on storing data overseas and had lobbied for its removal. The ministry has also proposed clarifying the kind of data that needed to be stored and the time given to implement the directive, according to a copy of the minutes of the meeting reviewed by *Reuters*.

#### **7. Panel Shuns Sugar Cess Proposal To Clear Sugarcane Dues**

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

A group of ministers, tasked by the Goods and Services Tax Council, on July 11 rejected the idea of imposing cess on sugarNSE 0.00 % to help clear dues to sugarcane farmers, on the back of declining sugarcane arrears. The group of minister (GoM) on sugar cess headed by Assam finance minister Himanta Biswa Sarma, however, endorsed reduction in tax rate on ethanol to 12% from 18%. It could also look at the option of 1% agri cess on luxury goods that could be levied to deal with unforeseen circumstances in the farm sector. A decision on this cess would be taken after Attorney General of India KK Venugopal gives his opinion. GST Council had earlier sought the AG's opinion on its legality, keeping in mind the architecture of GST regime that subsumes all cess, surcharge, taxes and other levies. The AG has not yet given his opinion as a case with regard to cess under GST is pending in the Supreme Court. In case the AG gives his views to the GoM soon, it could meet for one more time before the GST Council meeting on July 21, an official said.

#### **8. US To Hold Talks With India, Others At WTO Over Tariffs**

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

The US will engage in consultations with India and other countries at the World Trade Organization (WTO) on 20 July over the unilateral increase in steel and aluminium tariffs that has

set off a global trade war. India had dragged the US to the WTO over the 25% steel tariff and 10% aluminium tariff imposed by President Donald Trump on grounds of national security. The other countries that have raised the issue at the WTO include China, European Union, Canada, Switzerland, Russia, Norway and Mexico. India has, in retaliation to the tariff hikes by the US, announced that it will from 4 August target 29 US products worth \$10.6 billion, including almonds, apples and phosphoric acid. India did not impose the tariffs immediately as the two countries are engaged in bilateral negotiations to finalize a trade package to douse tensions. The next round of negotiations for the trade package is scheduled to take place on July 16 and July 17 in the US. Trump's key target in his war against unfair trade though is China. Both the US and China last week imposed tariffs on each other on imports worth \$34 billion with Beijing accusing Washington of triggering the "largest-scale trade war".

### **9. Bangladesh Looks At India To Fulfil Its 'Power For All' Promise**

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

Electricity-starved Bangladesh has hit upon a novel model that involves wheeling power from projects being set up in India across the fuel sources to help meet its energy demands, said a top official in the Sheikh Hasina-led government. This comes in the backdrop of India pushing for cross-border energy trade, with energy diplomacy being a key part of Prime Minister Narendra Modi's South Asia-focused neighbourhood-first policy. Also, such a mechanism will help Bangladesh meet its ambitious target of providing 'electricity to all' by 2021. "This is a very new idea which actually has germinated recently because we see that the price in India has gone down whereas in Bangladesh, we have given like many projects so far but none of them have been successful. Even with a very high tariff. So that means that if someone is not developing his projects, there is a problem," Ahmad Kaikaus, Secretary of power division, in Bangladesh' Power, Energy and Mineral Resources ministry, told *Mint*. India signed an agreement with Bangladesh in April for the construction of 129.5 km-long oil pipeline between Siliguri and Parbatipur for transporting diesel from India to Bangladesh. The proposed pipeline with a capacity of 1 million tonnes per annum will extend from Siliguri Marketing Terminal of the Numaligarah Refinery Ltd in India to the Parbatipur depot of the Bangladesh Petroleum Corporation