

Daily Economic News Summary: 15 February 2018

1. In Free Trade U-Turn, Narendra Modi Raises India's Wall of Import Duties

Source: Livemint ([Link](#))

Less than a month after he declared to the World Economic Forum that India was open for business, Prime Minister Narendra Modi has raised import duties to their highest in three decades, setting the stage for a protracted trade war. "India has taken a dramatic protectionist turn," Richard Rossow, an Indian policy expert at the Washington-based Center for Strategic and International Studies, wrote in a note. "The scale of India's protectionist leap is surprising and likely to elicit a strong response from the United States and other major trading partners." President Donald Trump signalled tit-for-tat duties against India's barriers on motorcycles, while the German ambassador to India, Martin Ney, questioned the decision to raise custom duty on the import of auto components. The US commerce department on Feb 13 said it was examining imports of welded pipes from India and five other countries. All this could add up to bad news for India at the World Trade Organisation (WTO).

2. PNB Names Nirav Modi and Gitanjali Gems in the Mega Rs 114-Bn Fraud

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

In what may turn out to be one of the biggest scams in the country's corporate history, Delhi-based Punjab National Bank (PNB) said on Feb 14 it had been defrauded of about Rs 114 billion by jeweller Nirav Modi, his maternal uncle Mehul Chinubhai Choksi, and other relatives through a clutch of companies they own. The country's second-largest public sector bank (PSB) said two of its employees were involved in the scam, where the bank's core banking system was bypassed to raise payment notes to overseas branches of other Indian banks, including Allahabad Bank, Axis Bank, and Union Bank of India, using the international financial communication system, SWIFT. Three jewellers Gitanjali Gems and its subsidiaries Gili and Nakshatra are also under the scanner of investigation agencies.

3. India Shifts Export Focus to Processed Fruits, Vegetables for Better Gains

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

India is gradually shifting its focus from the export of fresh horticulture products to processed ones for better realisation and to beat the stringent import quality norms set by West Asian and European countries. Data compiled by the Agricultural and Processed Food Export Development Authority (APEDA) showed an over 15 per cent decline in export of fresh vegetables to \$581 million during April-December 2017 from \$686 million in the year-ago period. Export of processed vegetables, however, rose 3.9 per cent to \$197 million during the period from \$190 million in the same period last year. Similarly, export of fresh fruits declined 4.3 per cent to \$391 million during the first nine months of the current financial year from \$408 million a year ago. Shipment of processed fruits and juices rose 8.3 per cent to \$460 million during the period from \$425 million in the year-ago period.

4. Nestle India's Annual Sales Cross Rs10,000-Crore Mark in 2017

Source: Livemint ([Link](#))

Swiss packaged food company Nestle SA has finally joined the Rs10,000 crore sales club in India more than a century after it entered the burgeoning market to sell Swiss condensed milk as a trader. On Feb 14, its local entity Nestle India Ltd reported total sales at Rs10,135.11 crore for the year ended December 2017. The maker of Maggi noodles, Kit Kat chocolates and Nescafe instant coffee mixes follows a January-December accounting year. Nestle, which began trading in India in 1912, is the first listed “pure-play food company” to cross Rs10,000 crore in sales in India. While there are many packaged goods companies in India with more than Rs10,000 crore sales, Nestle India is among the very few to have crossed the mark with a pure-play food business.

5. Hassan Rouhani Arrives in India Today, Visit to Bolster India-Iran Ties

Source: Livemint ([Link](#))

Rouhani's three-day visit is his first to India since he took office in August 2013. “President Rouhani will be accorded a ceremonial reception on 17 February,” an Indian foreign ministry statement said on Feb 14. Iran has been trying to reach a better bargain with India after crippling economic sanctions against it were eased following its 2015 nuclear pact with six world powers—the US, UK, Russia, France, China, and Germany, according to news reports. Iran's bilateral trade

in 2017-18 was \$12.89 billion, with India importing \$10.5 billion worth of goods, mainly crude oil, and exporting commodities worth \$2.4 billion. The Iranian president's visit comes amid the emergence of new fault lines in the Gulf region with Saudi Arabia, the United Arab Emirates (UAE) and others like Bahrain and Kuwait seen ranged against Shia majority Iran—in tandem with Israel

6. GAIL to Buy Coal-Bed Methane Gas from Essar in West Bengal at \$8 Per Unit

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

State-run GAIL (India) has won a contract for buying coal-bed methane (CBM) gas produced from Essar Oil's Raniganj block in West Bengal. The gas will be supplied based on the three-month daily average price of Brent crude oil, which works out to around \$8 per million British thermal unit (mBtu) now. Based on current prices, the 15-year contract will be around Rs 7 billion on an annual basis. This comes a few months after Reliance Industries (RIL), which began commercial production of CBM from its two blocks in Madhya Pradesh, started buying CBM at around \$7.8 mBtu. GAIL has outbid other contenders like Matix Fertilisers, Graphite India and Positron Energy to buy CBM gas from Essar Oil and Gas Exploration and Production

7. India, Singapore Exchanges Eye Trading Link to Modi's Gujarat

Source: Livemint ([Link](#))

Singapore's exchange may have a shot at keeping its lucrative India index futures, as long as it can meet the desire of Prime Minister Narendra Modi's government to keep investor activity within the country's borders. The bourse is discussing a trading link with the National Stock Exchange of India Ltd that would make Singapore a gateway to the NSE's derivatives market in Gujarat, Modi's home state, said NSE chief executive officer Vikram Limaye. An agreement would allow Singapore Exchange Ltd to replace some of the business it's set to lose after NSE cancelled a licensing deal that allowed derivatives linked to the Nifty 50 Index to trade in the city-state.

8. Tata Motors, Ashok Leyland, Eicher Ramp up Truck Manufacturing Eyeing Infra Boost

Source: Livemint ([Link](#))

India's top three truck makers, Tata Motors Ltd, Ashok Leyland Ltd and Volvo Eicher Commercial Vehicles Ltd have asked their suppliers to ramp up capacity, anticipating an increase in demand

for trucks and tippers which are used for road construction, transportation and mining. Truck makers are hoping that the increased spending on infrastructure by the government will translate into rising demand for their products. Demand in the commercial vehicle segment has started to look up after the implementation of overloading rules, barring trucks from carrying loads beyond prescribed limits. The BS VI emission norms that will come into effect from 2020 will also create replacement demand, the executives cited earlier said. Sales of trucks are likely to touch a new peak in March, said Vinod Aggarwal, managing director and CEO of Volvo Eicher Commercial Vehicles, a joint venture between Eicher Motors Ltd and Volvo AB.

9. NPA Norm Revision: Banking Stocks Take a Knocking

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

The Reserve Bank of India's (RBI) move to revise non-performing asset norms on Feb 12 night triggered a sell-off in banking stocks on Feb 14. The Nifty Bank index, a barometer for bank stocks, declined 1.40% to 25,341.25 points, three times more than the market benchmark index. The Sensex slipped 0.42% to 34,155.95 points. The Nifty PSU Bank index, which tracks public sector bank stocks, saw an even sharper decline of 4.78% to 3,307.05. The sell-off in banking stocks follows the RBI's move to revamp non-performing asset (NPA) recognition norms and dismantle the earlier regime of multiple restructuring options, by putting in place a clear, but tougher, roadmap for recognition and resolution of NPAs. The RBI also directed banks to share information on all defaulting borrowers with an exposure of over Rs 5 crore with the central bank on every Friday. Indian banks are sitting on a stressed assets pool of over Rs 10 lakh crore.

10. Manchester-India Partnership to Build Better Trade, Tech Ties

Source: Money Control ([Link](#))

The newly-launched Manchester- India Partnership (MIP) aims at connecting Indian companies with northern England to further trade, investments, science and innovation cooperation between the two nations. The MIP is a public-private initiative designed for building closer ties between Manchester and India encompassing the full scope of country-to-city ties, including trade, investment, science and innovation, connectivity and culture. Addressing the India-UK Createch summit that celebrates and explores the convergence of creativity and technology, held here

recently, he said, “we are having discussions with the government of India, and a number of airlines have shown keen interest in direct flights between Manchester and India.” Around 1,000 delegates from film, advertising, healthcare, industrial design, music, gaming and immersive technologies sectors attended the summit and have entered into commercial deals worth 58 million pounds. Some of the top such deals include those inked by the Producers Guild of India with the Producers Alliance for Cinema and Television of England.