

Daily Economic News Summary: 16 August 2018

1. Ayushman Bharat: PM Modi Announces Launch Of World's Largest Healthcare Insurance On Independence Day

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

Independence Day speech: With an aim to provide country's poor access to quality and affordable healthcare, government on August 15 announced the launch of Ayushman Bharat (now Jan Aarogya Abhiyan) on September 25, covering 50 crore people. Nearly 10 crore families will get health cover worth Rs 5 lakh each year under the scheme, and the pilot testing for the same will start on August 15, Prime Minister Narendra Modi said in his last Independence Day address from the ramparts of Red Fort ahead of the next Lok Sabha elections. Health and insurance for all Indians is the foremost mission of the government, Modi also said. Since it's a technology-driven scheme, technology-testing will take next 6-7 weeks, he said. With the launch of this scheme across the country, tier-2 and 3 cities will see new hospitals being built, he added. It will also open avenues for employment, Modi said. So far 28 Indian states have come on board in terms of launching the scheme. The world's largest healthcare cover plan that covers 10 crore families provides 5 lakh cover to them each year. The scheme has, of late, become popular as 'Modicare'.

2. Rupee Hits New All-Time Low Of 70.32 Against US Dollar, Plunges 43 Paise

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

The rupee on August 16 slumped 43 paise against the dollar to trade at a life-time low of 70.32 on strong demand for the US currency. At the Interbank Foreign Exchange, the local currency opened at a record low of 70.25 a dollar, down from its previous close of 69.89, and weakened further to trade at a fresh low of 70.32, down by 43 paise. Forex dealers said besides strong demand for the American currency from importers, capital outflows mainly weighed on the domestic currency. A sharp surge in trade deficit too impacted the rupee. Trade deficit soared to a near five-year high of USD 18 billion, data released by the commerce ministry on August 14 showed. Furthermore, depreciation of the Turkish lira against the dollar after the US imposed tariffs on steel and aluminium imports also put pressure on the Indian rupee, they added.

3. Draft Policy Expects E-Commerce Platforms, Search Engines To Store Data Locally

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

A draft e-commerce policy wants online retailers such as Amazon.com, search engines like Google and social media platforms to locally store data generated by users in India, with the government having access to such data for national security and public policy objective. According to the 19-page draft policy, “a level playing field needs to be provided to domestic players by ensuring that foreign websites involved in e-commerce transactions from India also follow the same rules, including procedures for payment systems, such as two-factor authentication, as in case of domestic companies”. The draft policy recommends strengthening regulatory vigilance for payments system, curbing discounts in online retail and a single legislation to encompass all aspects of e-commerce with a single regulator to govern the industry. The draft has been criticised in some quarters, prompting the commerce ministry to tweet on Saturday that “another round of consultation with stakeholders” will be done to address their concerns.

4. Bad News For Economy: Exports Shrink; Trade Deficit Widens

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

In a bad news for economy, the trade deficit expanded to \$18.02 billion in July as against \$16.60 billion last month as oil imports surged 57.41 percent to \$12.35 billion, government data showed. The exports shrank to \$25.77 billion as against \$27.70 billion in previous month and July imports reached \$43.79 billion as against \$44.30 billion in the month of June. However, the merchandise exports rose 14.32 percent year-on-year in July. In June, the trade deficit stood at \$16.6 billion. The July gold imports rise to \$2.96 billion in July compared to \$2.39 billion in June. The oil imports in the same month reduced to \$12.35 billion as against \$12.7 billion in June. The import of electronic goods also rose to \$5.12 bn as against \$4.89 billion in June, the data showed. Meanwhile, trade deficit in the month of June recorded a 61-month peak reaching \$16.6 billion on back of surge in net oil import bill. The rise in oil imports offset gains from a reduction in imports gold and precious stone, official data said. The current account deficit touched 1.9 percent of GDP in fourth quarter of FY18. It is marginally lower than 2.1 percent what was recorded in the last quarter.

5. India-Bangladesh Trade To Scale New High

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

The Bangladeshi financial year 2017-18 (July-June) might prove to be a landmark in bilateral trade relations. For the first time trade is set to cross \$9 billion mark and Bangladesh's exports to India will close near \$900 million, riding primarily on ready-made garments, according to sources. Though India offered duty-free and quota free entry to Bangladesh goods under the (South Asian Free Trade Area)SAFTA agreement in 2011, Dhaka was slow in taking advantage of the facility, as their exports to India grew from \$512 million to \$672 million over the last six years. During the past 11 months Bangladesh's garment exports to India increased by 113 per cent from \$129 million to \$276 million. Add to this footwear, fish, beverages etc and India's imports from Bangladesh increased by a 30 per cent (\$201 million) since July, 2017.

6. Government Seeks China Role In Northeast Connectivity Plan

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

India is seeking Chinese participation in a newly-drafted project that involves connecting the northeastern states with Bangladesh's Chittagong port. Making the pitch is BJP general secretary Ram Madhav and the cabinet ministers of three BJP-ruled states Assam, Tripura and Nagaland, who are currently in China. Significantly, the team of visitors does not have a minister from Arunachal Pradesh, which borders disputed portions of Tibet in China. Madhav admitted there are challenges in putting the new plan in place because of China's claims over Arunachal Pradesh. "We have issues in Arunachal Pradesh... and that remains a challenge," he said. Madhav's announcement is significant because India has been reluctant to allow implementation of China's Belt and Road Initiative across its borders.

7. Prabhu To Visit Uzbekistan To Promote Trade, Economic Ties

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

In line with the country's increased focus on intensifying strategic ties with the resource-rich Central Asian countries, Commerce Minister Suresh Prabhu is leading a business delegation to Uzbekistan later this week to scout for opportunities in sectors such as textiles and garments, pharmaceuticals, agriculture, food processing and engineering goods. Prabhu's visit to Uzbekistan follows External Affairs Minister Sushma Swaraj's three-nation Central Asian tour to Kazakhstan,

Kyrgyzstan and Uzbekistan earlier this month. India's increased focus on Central Asia is also due to its recent membership of the Shanghai Cooperation Organisation — a Eurasian political, economic and security alliance. All three countries are members of the SCO. India's exports to Uzbekistan mainly comprise pharmaceutical products, mechanical equipment, vehicle parts, services, optical instruments and equipment. It imports fruit and vegetable products, services, fertilisers, juice products, extracts and lubricants from the country.

8. Spike In Chinese Raw Material Prices Hits Indian Drug-Makers

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

The spurt in prices of raw materials and intermediates being imported from China has adversely impacted Indian drug-makers. “There has been significant pricing pressure on our import of key raw materials from China, which has led to a gross margin decline by 3 per cent in the first quarter of the current financial year,” VV Ravi Kumar, Chief Financial Officer, Laurus Labs told *BusinessLine*. Many firms engaged in production of raw materials in China are being closed down due to strict implementation of pollution control norms leading to dip in production resulting in price increase. “There is an urgent need to develop a base for indigenous production of raw materials,” said P Eashwar Reddy, Executive Director, Bulk Drug Manufacturers Association-India. According BDMA, about 90 per cent of intermediates being used by active pharmaceutical ingredients (APIs) makers is being imported from China. As per the data available with Pharmaceutical Export Promotion Council (Pharmexcil), India imports worth \$6 to \$7 billion raw materials from China for APIs and key standing materials.