

Daily Economic News Summary: 17 July 2018

1. IMF Lowers Growth Rate For India To 7.3% In 2018, 7.5% In 2019, But It Still Retains World's Top Spot

Source: Firstpost ([Link](#))

The International Monetary Fund (IMF) on July 17 projected a growth rate of 7.3 percent in 2018 and 7.5 percent in 2019 for India as against 6.7 percent in 2017, making it the fastest growing country among major economies. However, the latest growth rate projection for India is slightly less -0.1 percent in 2018 and 0.3 percent in 2019 than its April projections. India's growth rate is expected to rise from 6.7 percent in 2017 to 7.3 percent in 2018 and 7.5 percent in 2019, as drags from the currency exchange initiative and the introduction of the goods and services tax fade, said the IMF's latest World Economic Outlook (WEO) update. The projection is 0.1 and 0.3 percentage points lower for 2018 and 2019, respectively than in the April WEO, reflecting negative effects of higher oil prices on domestic demand and faster-than-anticipated monetary policy tightening due to higher expected inflation, it said. Despite this slight downgrade in its projections, India continues to outperform China, IMF's WEO update figures reflect. Growth in China is projected to moderate from 6.9 percent in 2017 to 6.6 percent in 2018 and 6.4 percent in 2019, as regulatory tightening of the financial sector takes hold and external demand softens, the report said.

2. Relief For India? US To Consider Waivers On Iran Sanctions, Says Mnuchin

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

The United States in certain cases will consider waivers for countries that need more time to wind down imports of oil from Iran as it seeks to avoid disrupting global oil markets while reimposing sanctions against Tehran, US Treasury Secretary Steven Mnuchin said. Only non-compliance of the order of the officer will be deemed as offence warranting a trial by a special court. "We want people to reduce oil purchases to zero, but in certain cases, if people can't do that overnight, we'll consider exceptions," Mnuchin told reporters on July 13, clarifying some US officials' comments that there would be no exemptions. Mnuchin's comments were embargoed for release on July 16 as other US officials were expected to begin talks in India this week on cutbacks in Iranian oil supplies. Mnuchin spoke to reporters while en route from Mexico, where he was part of a high-

level US delegation led by Secretary of State Mike Pompeo to meet Mexico's next president, Andres Manuel Lopez Obrador. The Trump administration is pushing countries to cut all imports of Iranian oil from November, when the United States reimposes sanctions against Tehran. Trump withdrew from the multi-national 2015 Iran nuclear deal against the advice of allies in Europe and elsewhere.

3. This Variety Of Basmati Helps India Earn Whopping Rs 18,000 Cr Per Year From Export

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

India has earned more than Rs 18,000 crore foreign exchange per year from export of basmati rice, especially from the variety 1121 developed by the country's top agri-institute ICAR, Agriculture Minister Radha Mohan Singh said on July 16. The Indian Council of Agricultural Research (ICAR) has developed many new varieties and technologies which have helped transform the food importing nation to an food exporting country, he said. The institute is playing an important role in fulfilling the government's vision of doubling farmers' income by 2022, he added. "Instead of boasting about the past achievements, the ICAR should focus on addressing the present and future challenges," the minister said while addressing the 90th foundation day ceremony of the ICAR. Much of the ICAR research so far was on raising farm output to reduce the country's dependence on imports but going forward the institute should concentrate on raising crop yields, increasing nutrition level, developing climate resilient crop varieties besides attracting youth in farm sector, he said.

4. Govt Raises Import Duties On A Large Number Of Textile Apparel, Fibres

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

India on July 16 raised the import duties on a large number of textile apparels, fibres and related products such as carpets by up to 20 per cent. Spread across 37 broad tariff areas, the import duties, however, target products for which India's imports are low. This includes textile apparels and accessories, hosiery item and certain types of vegetable based textile fibres, among others. Effective duty rate for most of these items have been doubled. Import duties had been increased for an even broader set of products and goods in the textile categories back in October 2017. Interestingly, the export of apparels, the largest chunk of exports within the textile segment, has

been contracting since the same month. Export of ready-made garments continued to drop in June, contracting by 12.34 per cent, albeit lower than the 16.62 per cent fall seen in May.

5. Chinese And Malaysian Solar Panels Face 25% Safeguard Duty In India

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

The Indian government is likely to impose a safeguard duty (SGD) of 25 per cent on solar cells and modules imported from China and Malaysia for the coming two years, increasing the cost of more than 85 per cent of the solar capacity in the country. Exempting all other exporting nations such as the US, the UK, and Taiwan, the Directorate General of Trade Remedies (DGTR) in a gazette notification has recommended 25 per cent duty in the first year, 20 per cent for the first six months of the second year, and 15 per cent for the balance six months. The imposition of duty would be notified by the Department of Revenue, Ministry of Finance. The DGTR has not notified duty on the three solar cells and module manufacturers in the special economic zone (SEZ) area – Adani Green Energy, Vikram Solar, and Websol Energy. The notification said the issue of levy of SGD on sales/clearances by SEZ units falls under section 30 of the SEZ Act and Section 8B of the Custom Tariff Act, 1975, and hence “required to be dealt by the relevant competent authorities and outside the purview of this investigation.”

6. Changes In Visa Rules To Have Serious Adverse Consequences On US Economy:

Nasscom

Source: Firstpost ([Link](#))

The recent work visa-related changes announced by the US will have "potentially serious adverse consequences" on the American economy as it will make it more difficult for companies to employ skilled foreign nationals to fill critical skills gaps in the US, Indian IT body Nasscom said on July 16. One of the changes, which come into effect on 11 September, allows US Citizenship and Immigration Services (USCIS) adjudicators full discretion to deny applications, petitions, and requests without first issuing a Request for Evidence (RFE) or Notice of Intent to Deny (NOID). Besides, a memo issued on 28 June switches the authority to issue Notices to Appear (NTAs) in most instances from US Immigration and Customs Enforcement (ICE) to USCIS. According to Nasscom, this could mean that USCIS can issue a NTA and initiate removal proceedings if someone's H-1B visa expires, even while they are waiting for an extension request to be

adjudicated. "This policy memorandum, combined with others previously announced, will harm the US companies and discourage the best and brightest globally from wanting to work in the US and contribute to the US economy," it added.

7. India Keen To Join Russia In WTO Case Against US On Steel, Aluminium Duties

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

India has expressed its willingness join the WTO dispute consultation requested by Russia as third party against the US decision to impose high customs duties on certain steel and aluminium products. In a communication to the World Trade Organisation (WTO), India has stated that it has substantial trade interest in the sector. In May, India has already dragged the US to the World Trade Organisations dispute settlement mechanism over the imposition of these import duties. "India hereby notifies its desire to join the consultations requested by the Government of the Russian Federation concerning the measures that the US introduced to adjust imports of steel and aluminium into the US, including imposing additional ad valorem import duties on certain steel and aluminium products and exempting certain WTO members from these measures," the WTO said. To understand the developments on the issue, India is joining the dispute cases on the subject as a third party member. India has also stated that it is a significant exporter of steel and aluminium products to the US.

8. Government Gives More Time To 15 SEZ Developers, Units To Complete Projects

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

The government has granted more time to as many as 15 special economic zone developers and units, including HBS Pharma, Electronics Corporation of Tamil Nadu and DLF Info Park, to execute their projects. The decision was taken by the Board of Approval, chaired by Commerce Secretary Rita Teatia, at its meeting on June 19. The board is the highest decision making body related to special economic zones (SEZs). The government has granted more time to as many as 15 special economic zone developers and units, including HBS Pharma, Electronics Corporation of Tamil Nadu and DLF Info Park, to execute their projects. The decision was taken by the Board of Approval, chaired by Commerce Secretary Rita Teatia, at its meeting on June 19. The board is the highest decision making body related to special economic zones (SEZs). SEZs have emerged

as a major export hubs of the country. Setting up of new zones and timely operations of existing units will help in promoting exports from the country.

9. TRAI's Twist: Telecom Regulator Bats For Stronger Data Privacy Rules

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

The Telecom Regulatory Authority of India (Trai) on July 16 suggested that pending a notification of a general data protection law by the government, the existing regulatory laws applicable to telecom players be made applicable to all entities in the digital ecosystem to strengthen privacy of users' data. What this means is that the regulator has urged the government to notify a policy framework for regulation of devices, operating systems, browsers and applications in the same manner as mobile operators are regulated currently. Simply put, as currently there are regulations and laws which mandate telcos as to how they can store call data records of subscribers, Trai wants that the government also regulates all consumer data stored in the cloud by devices, operating systems, browsers and applications. If the subscriber wants that his data be deleted from the cloud, then the regulation should ensure this. The larger issue of data privacy and local storage and the like is being looked at by a committee set up by the government under retired justice BN Srikrishna, based on which the government plans to frame a law. Trai's recommendations are meant to act as inputs for the committee.

10. India, South Korea To Discuss Trainee Aircraft Deal

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

Close on the heels of South Korean President Moon Jae-in's visit, a high level delegation, led by defence minister Song Young-moo, is arriving to India early next month. Military exchanges, training and experience sharing, and research and development, including innovative technologies for mutual benefit and joint defence manufacturing, will top the agenda of talks between Song Young-moo and his Indian counterpart Nirmala Sitharaman," source told FE. A former navy admiral, Song is also expected to interact with defence PSU shipyards such as Hindustan Shipyard and Goa Shipyard as Korean firms have evinced interest in a number of shipbuilding projects. Proposed induction of trainer aircraft KT-1 of Korean Aircraft Industries in the Indian Air Force will also be discussed. Both countries have concluded a pact on shipbuilding, which was agreed

upon during Modi's visit to Seoul in 2015 when the two countries had upgraded their relationship to a 'special strategic partnership'. Modi had visited Hyundai Heavy Industries shipyard and expressed hope that Korean expertise would soon benefit Indian shipyards.

11. Britannia Launches Its Biggest Greenfield Plant In Assam, Invests Rs 1.7 Bn

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

Seeking better traction in the northeastern market, fast-moving consumer goods (FMCG) major Britannia Industries has launched its largest greenfield manufacturing facility in the Guwahati at an investment of Rs 1.7 billion. The state-of-the-art plant is spread over 22 acres and has an annual production capacity of 60,000 tonnes. Catering to Britannia's vision of being a total foods company, the unit will soon be adding manufacturing lines of new product categories in the snacking space. Britannia Industries Managing Director Varun Berry said, "We are very excited about this launch as it helps augment our vision to be a total foods company and strengthen our position as a market leader in the packaged foods industry." The idea is to make Assam a gateway to South-Asian and South East Asian markets, he added. This is the third Britannia plant to be set up in Assam to serve the growing biscuit market in the northeast. The region currently generates a revenue of Rs 6 billion for the Rs 100 billion company. It is also planning to invest in a finished goods distribution centre at an investment of Rs 200 million in the state, which will also cater to the entire northeastern market.