

Daily Economic News Summary: 19-23 July 2018

1. India Among 10 Asian Economies To Beat US In Terms Of GDP By 2030, Says DBS report

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

The 10 major economies of Asia, including India, are expected to see robust growth and amount to over USD 28 trillion in real GDP terms on aggregate, more than the US by 2030, says a DBS report. According to DBS the Asia-10 economies are China, Hong Kong, India, Indonesia, Malaysia, the Philippines, Singapore, South Korea, Taiwan, and Thailand. By 2030, Asia-10 economies will grow so robustly that they will, on aggregate, amount to over USD 28.35 trillion in real GDP (2010 constant dollars) terms, while for the United States will amount to USD 22.33 trillion. “We expect Asia-10 to pull ahead of the US by 2030,” DBS said, but added that this neither is a sufficient nor a necessary condition to invest in Asia, as investing cannot be based on a single indicator, especially when it comes to a long-term horizon. According to the global financial services major, Asia has a bright economic future, however, all Asian economies face some common issues-climate change, rising inequality, worsening environment for trade, and technological disruption that can drag growth numbers.

2. Cross-Border Insolvency Norms: Modi Government Looking At Adopting UN Model

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

The government is looking at the possibility of adopting a United Nations legal model for cross-border insolvency cases as it works on strengthening the insolvency resolution framework, according to a senior official. The Insolvency and Bankruptcy Code (IBC) has sections pertaining to cross-border insolvency matters but they are yet to be made operational. The Insolvency Law Committee (ILC), headed by Corporate Affairs Secretary Injeti Srinivas, is studying the feasibility of introducing cross-border insolvency provisions. “The committee is looking at adoption of the United Nations Commission on International Trade Law (UNCITRAL) model on dealing with cross border insolvency,” Srinivas said in the ministry’s latest monthly newsletter. He also noted that the existing Code provides for two sections 234 and 235 relating to the cross border

insolvency, which allows central government to enter into an agreement with a foreign country for enforcing the provisions of the Code, which is considered insufficient and time taking.

3. Thailand's CP Group-Owned Lots Wholesale Opens Its Flagship India Store In Delhi

Source: Livemint ([Link](#))

Lots Wholesale Solutions, the Indian unit of the Thailand-based wholesaler, opened a 50,000 sq ft store in Delhi on July 18, its flagship store in India and the first of three to be opened this year. Owned by Thailand's \$50 billion Charoen Pokphand Group (CP), Lots aims to supply to kiranas, home-grown retailers and local suppliers. Except for some exceptional food items which may need to be imported, it plans to source all products domestically. For a start, the company plans to open outlets only in the National Capital Region (NCR) in the next three years, after which it will consider expanding in the south and east, said Tanit Chearavanont, managing director of Lots, at the launch of the store in Pitampura. The company calls this a "cluster approach" and plans to open stores in Noida and East Delhi this year, and five new stores next year. Chearavanont said that Lots wanted its stores to be at prime locations so that its customers don't have to travel long distances to procure supplies.

4. Washington Meet: India, US To Hold More Talks For Trade Package

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

Senior officials from India and the US met in Washington last week and agreed to hold further deliberations on a mutually-acceptable trade package, which will take some more time to materialize, a source told FE. The meeting was held amid escalation of the global trade war, with the US and China having already imposed additional tariff on each other. India has proposed an additional tariff worth \$235 million on 29 US goods, including almonds and apples, in retaliation to the additional duty on Indian steel (25%) and aluminium (10%) by the US. In the absence of a solution soon, India could implement its proposed retaliatory tariffs from August 4. While India wants exemption from the additional duty that the Trump administration has imposed on steel and aluminium, the US is seeking to use a special tariff regime generalised system of preference (GSP) it offers to India and some others to extract greater market access from New Delhi. The trade package is also aimed at fixing specific goals for improving the Indo-US trade through greater

market access and removing irritants. The latest meeting was a follow-up of a similar huddle late last month in New Delhi, which was attended by an American team, led by assistant US trade representative Mark Linscott.

5. Branches, Project Offices Of Foreign Companies Exempt From GST

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

In a move that brings relief to banking, insurance, infrastructure, IT and ITeS sectors, the GST Council has decided to exempt branches and project offices of foreign companies in India from goods and services tax (GST). A notification will be issued shortly, said a person familiar with the development. Industry bodies, including Indian Bank Association, had represented to the government as well as the GST Council on the issue, which was hurting most banks that have branch offices overseas and foreign infrastructure companies that typically implement projects through project offices. Incidentally, these transactions were not liable under service tax regime and were perhaps never intended to be taxed under GST. But, even then there was litigation when tax department issued notices to companies regarding tax on these charges. The definition of 'supply' under GST law is very wide and does not restrict the taxability to the transactions made by one person to another.

6. Now, Only 35 Goods In Highest Tax Bracket Of GST

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

The GST Council has pruned the 28 per cent slab by cutting tax rates on 191 goods over the last one year, leaving just 35 items, including AC, digital camera, video recorders, dishwashing machine and automobiles, in the highest tax bracket. There were around 226 goods in the 28 per cent category when Goods and Services Tax (GST) was implemented on July 1, 2017. Over the last one year, the Council, chaired by Union Finance Minister and comprising state ministers, has slashed rates in 191 items. The 35 goods, which will be left in highest slab once the new GST rates are implemented from July 27, also include cement, automobile parts, tyres, automobile equipments, motor vehicles. yachts, aircrafts, aerated drinks, betting and demerit items like tobacco, cigarette and pan masala. Experts said going forward as the revenues stabilise, the

Council may look at further rationalisation of the 28 per cent slab, to restrict the highest tax slab to super luxury and sin goods.

7. India Goes On Offensive Against China; Has Launched Over 200 Anti-Dumping Probes As Trade Deficit Soars

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

The government has initiated as many as 214 anti-dumping investigations up to December last year against China, with which India has a huge trade deficit, Parliament was informed on July 19. The trade deficit (difference between imports and exports) with China has increased to USD 63.12 billion in 2017-18 from USD 51 billion in the previous fiscal. Minister of State for Commerce and Industry C R Chaudhary in a written reply to the Rajya Sabha said that the directorate general of trade remedies (DGTR) has initiated a total of 888 anti-dumping investigations against imports from various countries. These investigations mainly pertain to China, EU, Korea, Chinese Taipei, Thailand, US, Indonesia, Japan and Malaysia, he said. “Out of 888 investigations initiated by India, duty has been imposed in 656 against various countries and out of which 167 were from China,” he added. After China, maximum probes were started against EU and Korea (65 each). It was followed by Chinese Taipei (62), Thailand (49), the US (40), Indonesia (39), Japan (39) and Malaysia (34) as on December 31, 2017, he said.

8. New Defence Policy To Give A Leg-Up To Domestic Production

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

Aiming to join the ranks of global leaders in arms production, India is to soon unveil the Defence Production Policy 2018. The policy, which aims to achieve a turnover of ₹1,70,000 crore in defence goods and services by 2025, and an export target of ₹35,000 crore, is expected to be tabled soon. As India relies on imports to meet 70 per cent of its defence requirements, and has reportedly spent over \$100 billion in the last decade to buy arms and weapons, the broad framework of the policy is set to promote domestic production by the public sector, private sector and MSMEs. “The Ministry is looking to boost MSMEs and start-ups as well as enhance defence exports. Even the DPP 2016 granted micro, small and medium enterprises the first right to undertake projects, where prototype development in government funded defence projects was not in excess of ₹10 crore,” said a Ministry official. The new policy also envisages enabling start-ups in strategic areas to

monetise newly developed technologies, and will provide 'right of first offer' to the government to acquire the technology through appropriate market based acquisition process.

9. Labour Ministry Proposes Changes In Trade Unions Act

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

The labour ministry has proposed changes in Trade Unions Act (1926), with an aim to give them wider recognition at central and state level. It has been alleged that the central and state government do not give due weightage to trade unions or their federation in the absence of any statutory backing, other than by the labour ministry. As per the existing rules, the trade unions are first verified by the Chief Labour Commissioner (Central), consequent to which the Ministry of Labour and Employment provides recognition. There are 13 recognised central trade unions/federations at present in the country. The verification is done on the basis of executive guidelines and a code of discipline for recognition of trade unions operating in a particular establishment or the industry. By way of the recognition given by the labour ministry, these 13 trade unions are allowed to have representation in national and international conferences or committees.

10. FAO Says India To Retain Top Slot In Tea Output In Next 10 Years

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

The Rome-based Food and Agricultural Organisation (FAO) has projected that India will continue to maintain its supremacy in global black tea production in the next ten years. In its document on medium-term outlook for tea giving predictions up to 2027, the FAO has projected India's black tea production to rise to 1,618 million kg (mkg) in 2027 from 1,260 mkg in 2017. This will mean India continuing to top the global black tea production table with Kenya following with 606 mkg, China with 554 mkg and Sri Lanka with 370 mkg. FAO projects Indian tea production to grow at 1.4 per cent per annum in this decade. Similarly, India will continue to be the world's largest consumer of black tea with a growth of 2.2 per cent per year. This will take the consumption level to 1,264 mkg in 2027 from 1,040 mkg in 2017. China's consumption of black tea will rise to 541 mkg from 302 mkg in 2017. This nation will continue to consume a heavy volume of green tea.