

Daily Economic News Summary: 19 September 2018

1. US Tariff On Metals: India Defers Response On Trade Deal Hopes

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

Hoping to hammer out a mutually-acceptable trade package, India has deferred its plan for a second time to impose retaliatory tariff worth close to \$235 million on 29 American products by 45 days to November 2. The proposed retaliation is against the Trump administration's move to slap an additional 25% duty on steel and 10% on aluminium supplies from countries, including India. New Delhi's decision to defer tit-for-tat action through a midnight notification on 17 September comes at a time when both the countries are engaged in serious trade negotiations. It is expected to ease a tariff war between the two countries, at least temporarily, when Washington has raised the stake in its trade war against Beijing by announcing extra tariff on around 6,000 Chinese goods worth \$200 billion on 17 September.

2. Govt Penalizes Insurers For Delay In Settling Crop Insurance Claims

Source: Livemint ([Link](#))

Faced with a sharp decline in the number of farmers signing up for its flagship crop insurance scheme, the centre on 18 September imposed a 12% penalty on insurance companies for delayed settlement of claims. Under the new guidelines that will take effect from the winter or Rabi crop season beginning October, state governments will also have to pay a 12% penalty for delays in releasing their share of subsidies to insurance companies. While farmers will receive a 12% penal interest payment for delays in settling claims beyond two months of the prescribed cut-off date, state governments will have to pay the penalty if they delay depositing their share of subsidies by three months or more.

3. PM Modi, Hasina Jointly Inaugurate India-Bangladesh Friendship Pipeline

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

Prime Minister Narendra Modi on 18 September described the cooperation between India and Bangladesh as an example for the world as he and his Bangladeshi counterpart Sheikh Hasina jointly inaugurated the construction of a friendship pipeline project through video conferencing. The 130-kilometre India-Bangladesh Friendship Pipeline Project will connect Siliguri in West

Bengal in India and Parbatipur in Dinajpur district of Bangladesh. The Rs 346 crore project will be completed in 30 months and the capacity of the pipeline will be one million metric tonnes per annum. Both countries had entered into an agreement for the pipeline construction in April this year during Foreign Secretary Vijay Gokhale's visit to Dhaka.

4. More Agents Of Foreign Companies To Approach Courts Against 18% IGST

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

[Indenting agents](#) of foreign companies in textiles, handicrafts and home furnishing industry would join their counterparts in metal industry to approach courts against 18 per cent Integrated GST (IGST) imposed on them under the place of supply rules. [Indenting agents](#) are the agents of foreign companies, who sell their products in India and overseas by charging a commission. [Indenting agents](#) in the metal industry have already approached Gujarat high court against [IGST](#). Now, those in textiles, handicrafts and home furnishing industry are planning to approach Chandigarh and Delhi high courts, said Abhishek Rastogi, counsel for indenting agents in the Gujarat High Court and partner at Khaitan & Co. He said the agents provide service to foreign players and are hence engaged in export of services, and hence [IGST](#) should not be levied on them.

5. Cabinet To Consider Rs 45-Bn Package For Cash-Starved Sugar Industry Today

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

The Union Cabinet is likely to consider on 19 September a Rs 45 billion plan to more than double the production assistance paid to sugarcane farmers and transport subsidy to mills exporting the sweetener, sources said. The proposal to raise production assistance to Rs 13.88 per quintal to farmers and transport subsidy to mills for exports of five million tonnes of surplus sweetener is part of government plan to clear more than Rs 135 billion arrears sugar mills have towards farmers. In June, the government had announced Rs 85 billion package for the cash-starved industry, which is facing a glut-like situation because of record 32 million tonnes of sugar production in the current 2017-18 marketing year ending this month.

6. Govt To Invest More In Rural Infra To Help Farmers, Says Arun Jaitley

Source: Livemint ([Link](#))

The centre is looking to invest more in rural infrastructure, such as roads and irrigation systems, along with price support mechanisms, to help farmers, given that subsidies may not be sustainable in the long run, said finance minister Arun Jaitley on 19 September. “Resource crunch is no longer a constraint to support agriculture...and every year we are taking additional steps to increase and blend subsidies with investment support,” Jaitley said, adding that “there is always a great temptation” to take populist decisions, but those may not be long lasting. The finance minister was speaking at a book release event. Edited by agriculture economist Ashok Gulati and former Syngenta Foundation chief executive Marco Ferroni, the book, *Supporting Indian Farms The Smart Way*, argued that it was time to move from price support to direct income support for Indian farmers by reviving public investments in agriculture.

7. US To Exempt Indian Steel, Aluminium From High Tariffs

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

In a massive relief for India, the United States is all set to exempt Indian steel and aluminium from the higher tariff regime announced by President Donald Trump's administration this March. But the exemption is likely to come with riders, a top government official tells ET Now. "The US has agreed to exempt a certain percentage of India's average exports in last five years from the higher import duty, but talks are still on as India is pushing for a complete exemption," a senior government official said. The US has exempted some other countries from import duties and they are willing to include India in the list too, the official added.

8. Bangladesh Cabinet Clears Deal With India For Port Usage

Source: The Wire ([Link](#))

Bangladesh's Cabinet on September 17 approved the draft of a proposed agreement with India to enable New Delhi to use the Chittagong and Mongla ports for goods movement to and from northeast India. “The agreement would allow India to use Chattogram (Chittagong) and Mongla ports to carry goods to their northeastern states in a very short time,” Cabinet Secretary Shafiul Alam said after a Cabinet meeting with Prime Minister Sheikh Hasina. “A draft of the communication network being built for connectivity between the Chattogram and Mongla ports

has been approved for India's signing. One of the provisions says that Nepal and Bhutan can be added to the agreement if they wish," he said. He said the draft suggested the agreement to be effective for five years with a provision of automatic renewal for another five years while either of the countries could scrap it giving a six-month notice.