Daily Economic News Summary: 23 August 2018

1. PMO Steps In To Allay Concerns Over E-Commerce Policy Draft
Source: The Hindu, Business Line (Link)

The proposed e-commerce policy drafted by the Commerce Ministry is likely to see a number of changes with the Prime Minister's Office (PMO) stepping in to take on board concerns raised by sections of the industry, as well as the government. The PMO, which convened a meeting of senior officials from key Ministries and Departments including Commerce, Industry, Consumer Affairs, IT, Finance and also the NITI Aayog last week, is now likely to keep a keen eye as the Commerce Ministry incorporates changes in the draft, a government official told *BusinessLine*. "Many sections in the government, including the IT Ministry, the Consumer Affairs Ministry, the Finance Ministry and also the NITI Aayog, have raised certain objections to some proposals in the first draft. The PMO will have a say on how valid these objections are and the changes that are to be made," the official said.

2. US Imposes Preliminary Anti-Dumping Duties Of Over 50% On Metal Pipes Made In India
Source: The Economic Times (Link)

The US has announced hefty preliminary anti-dumping duties on metal pipes imported from India, China and four other countries, in an aggressive tactic by the Trump administration to protect the American industry and lower the trade deficit. Six US pipe manufacturers had filed the antidumping complaint with the Commerce Department in January. Announcing the preliminary determinations in anti-dumping duty investigations of imports of the pipes, the US Department of Commerce August 22 said the six countries were selling the large diameter-welded pipe -- used to transport oil, gas and other fluids -- far below the fair price, and that dumping harms the US industry.

3. Govt Imposes Restrictions On Import Of Bio-Fuels
Source: The Hindu, Business Line (Link)

The government has imposed restriction on import of bio-fuels including ethyl alcohol and other denatured spirits, bio-diesel, petroleum oils and oils obtained from bituminous minerals other than crude, through an amendment in import policy. The import of these items, which was free earlier, will now only be allowed for non-fuel purpose on actual user basis. "Import policy of bio-fuels revised from 'free' to 'restricted' and allowed for non-fuel purpose on actual user basis as per the National Bio-Fuel Policy," the Directorate General of Foreign Trade (DGFT) said in a notification. In another notification, the government said export of beach sand minerals has been brought under state trading enterprise and shall be canalised through Indian Rare Earths Limited. Export of rare earth compounds classified as beach sand minerals, permitted anywhere in the export policy, will now be regulated.

4. India Looks To Keep Iran Oil Lines Open In Face Of Us Sanctions
Source: The Hindu, Business Line (Link)

India is working to ensure that its bilateral ties with Iran suffer no structural damage, even as New Delhi seeks to find a way to deal with the unilateral sanctions that the US has imposed on the Gulf nation. "India cannot afford to end its trade ties with Iran under any kind of pressure. We are talking to European Union members to find a way out, apart from trying to impress upon the US that blanket economic sanctions will have negative implications for the Indian economy," said an official involved with the developments. In fact, India may bring up the issue when US Secretary of State Michael R Pompeo and Defence Secretary James Mattis call on their Indian counterparts, Sushma Swaraj and Nirmala Sitharaman, respectively, during their official visit in September, another official told *BusinessLine*.

5. After 6 Years, India May Resume Rapeseed Meal Export To China
Source: The Hindu, Business Line (Link)

Thanks to China's trade war with the US, India is expected to restart rapeseed meal export to its neighbour. China had been importing 4-5 lakh tonnes of the material till 2012, when it banned Indian shipments over issues of contamination. Rapeseed meal is used as feed for poultry and livestock. BV Mehta, Executive Director of the Solvent Extractors Association of India, said the Commerce Ministry had organised a video-link with Chinese officials last week to explain to them that their fear of contamination in rapeseed meal is unfounded as all pests are destroyed when rapeseed meal is processed at extreme heat. After banning Indian oil meal imports in 2012, China had increased its shipments from the US. However, following the recent tariff war, shipments from the US have become costlier after Beijing levied a 25 per cent import duty on the commodity in retaliation for US tariffs, he said.

6. Orient Electric Plans Exports To US, Europe And Other Destinations
Source: Business Standard (Link)

After firming up its exports across Asia, Africa and North America, Orient Electric, part of the diversified Rs 126-billion CK Birla Group, is planning to start export of electric fans to the US, Europe and other destinations. "We are currently increasing the depth of our exports in the countries we are present in and looking at new countries to export to. Such exports to the US, Europe and other countries is expected to start in another years' time", Atul Jain, senior vice-president and business head of the fans division at Orient Electric told *Business Standard*. Out of an estimated 3 million units of fans exported from India, Orient Electric commands a 60 per cent market share. It is the market leader in the premium segment with a 40 per cent market share. It is trying to increase its market share in the premium segment to 50 per cent. The overall margins for fans from exports are similar to that of domestic sales. Its RoHS (restriction of hazardous substances) compliance has helped it bid for export enquiries.

7. Fuelled By Steel Production, Coking Coal Imports May Climb To 58 Mt By 2023
Source: Business Standard (Link)

Imports of coking coal in the country is seen rising to 58 million tonnes (mt) by 2023, appreciating 23 per cent over the 47-mt recorded in 2017-18. Import of the key steel making ingredient will be fuelled by growth in production of steel. Also, tightness in domestic supplies is likely to be another factor. A report by ratings agency CRISIL forecasts the demand for metallurgical coal in the country to reach 65 mt by 2023, up from 51 mt in FY18, marking a CAGR (compound annual growth rate) of five per cent. By contrast, the domestic supply of coking coal is expected to be tepid despite a CAGR projection of 9.5 per cent in the comparable period. In FY23, the country’s coking coal output is pegged at only 19 mt. Lacklustre production within the country is bound to drive imports, which will have a dominant share of 85-87 per cent in the total coking coal consumption over the next five years, the report by CRISIL Research states.

8. Pradhan Mantri Awas Yojana: Curbing Unfair Practices: Lock-In Period Mulled For Sale Of House Under PMAY (U)
Source: Financial Express (Link)

The Ministry of Housing and Urban Affairs is planning to introduce the provision of a lock-in period of five years for sale of houses under the Pradhan Mantri Awas Yojana (Urban), a senior government official said. "We got reports that many people are taking undue advantage of this scheme… The government wants to ensure that there is no misuse of funds," the official said. Beneficiaries of the scheme are entitled to subsidy in the form of loan at cheaper rates for buying properties. "Some people opt for this scheme, and after getting possession they sell these homes at higher rates. This unfair business tactic defeats the actual aim of the developmental scheme," the official said. Launched on June 25, 2015, the aim of the PMAY is to bridge the gap in housing demand and supply in urban areas in respect of economically weaker sections, low and middle income groups, and meet the target of 'housing for all' by 2022.

9. Freebies May Be Freed Of GST Payment Burden
Source: The Economic Times (Link)

Buy one and get one, free samples and additional quantities for the same price the mainstay of marketing for FMCG, pharmaceutical and textile companies and food and retail chains may no longer be taxed. Tax authorities had sent notices to companies in these sectors that had offered such freebies, which had become taxable after the goods and services tax was rolled out last year.
A panel of officials under the GST Council, the decision-making body of the tax, has favoured doing away with GST on freebies. The final call on the issue will be taken by the Council, a government official told ET. The Law Review Committee said in a report submitted to the Council that the total consideration paid for such goods should be chargeable to GST and input tax credit should not be denied in such cases. Essentially, the price paid by the consumer for the goods would be considered for the levy of GST, even though one item may have come free with another. By that logic, the input taxes on both items would be available to be set off against the final tax.