

Daily Economic News Summary: 27 July 2018

1. China Allows Rice Imports From Five More Indian Processors

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

China has allowed five more rice processors in India, including Chaman Lal Setia and Adani Wilmar, to export the cereal to the world's second largest economy after inspecting their facilities while four companies were told to improve their storage conditions. Amid the stand-off with the US on trade tariffs, China appears to be serious on importing rice from India, exporters said. In 2016, China had accredited 14 rice exporters, after an inspection of their processing facilities in India, but prevented the physical shipment on quarantine issue claiming presence of a pest called 'khapra' (cabinet) beetle. During Prime Minister Narendra Modi's visit to the neighbouring country in June, an MoU was signed between China's General Administration of Customs and India's Department of Agriculture on phytosanitary requirements for exporting rice from India to China. The 2006 protocol on phytosanitary requirements for exporting rice from India to China was amended to include the export of non-basmati varieties of rice from India. China, the world's largest producer and importer of rice, buys over 5 million tonne of the cereal per annum mainly from Vietnam, Thailand and Pakistan. There is a potential of exporting 1 million tonne of rice, including basmati variety to China in a few years if there is free trade allowed, exporters said.

2. Big GST Relief! 88 Items Of Common Use May Get Cheaper With Rate Cut Coming Into Effect From Tomorrow – Check List

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

Items of common use like sanitary napkins, footwear and fridge may get cheaper with the GST rate cut on about 88 items coming into effect from July 27. The GST Council, chaired by Union Finance Minister Piyush Goyal, last week pruned the highest 28 per cent tax slab by moving some white goods to the 18 per cent tax bracket. It was decided that the new tax rates would come into effect from July 27. Refrigerator, washing machine, small screen TV, storage water heaters, paints and varnishes will attract 18 per cent GST from tomorrow, as against 28 per cent at present. Sanitary napkins, which attract 12 per cent GST, have been exempted from tax with effect from tomorrow. "The amount of reduction in pricing can be anywhere between 5 per cent and 10 per

cent,” said Amar Tulsian, founder, Niine Movement, which aims to tackle taboos associated with menstruation. However, it was feared that the price of sanitary napkins may go up as manufacturers would not be able to avail credit of taxes paid on inputs. But finance ministry officials were of the opinion that prices should come down as input tax credit (ITC) claimed was around 2-4 per cent, while the GST was 12 per cent.

3. Modi meets Chinese President

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

Prime Minister Narendra Modi had a “very productive” meeting with Chinese President Xi Jinping today during which he emphasised the need to maintain the “momentum” generated by their recent meetings and provide “proper instructions” to their militaries to maintain peace at the border. The two leaders held a two-day informal summit in the Chinese city of Wuhan in late April and then they met on the sidelines of the Shanghai Cooperation Organisation (SCO) Summit in Qingdao, China in June. Recalling his recent meetings with Xi, Prime Minister Modi said they have given a new strength to India-China ties and also provided new opportunities for bilateral cooperation. “It is important to maintain this momentum and for this we should, at our level, regularly review our relationship and give proper instructions whenever required,” Modi told Xi in his opening remarks.

4. India Wants To Work With BRICS Nations On Fourth Industrial Revolution, Says PM

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

Prime Minister Narendra Modi said on July 26 India wants to work with BRICS nations on the Fourth Industrial Revolution and called for sharing the best practices and policies in the area. The Fourth Industrial Revolution (4IR) is the fourth major industrial era since the initial Industrial Revolution of the 18th century. It is characterised by a fusion of technologies that is blurring the lines between the physical, digital and biological spheres. Modi, who arrived Johannesburg on July 25 to attend the BRICS Summit, said technological innovations can help to enhance better service delivery, productivity levels. "India wants to work collectively along with BRICS nations in the area of Fourth Industrial Revolution and all nations must share the best practices and policies on

this," the prime minister said. "Compliance with laws, the example of better delivery by direct payment technology to beneficiaries of social security and government schemes," he said.

5. US Wants To Reduce Trade Deficit With India Soon: Official

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

The US wants to reduce its trade deficit with India as quickly as possible, a senior official told lawmakers here, asserting that the Trump administration is aggressively pushing New Delhi on the issues of medical devices, pharmaceuticals, dairy products and agriculture. "The President wants fair and reciprocal trade...when we look at India, there are three sectors where, I think, we can get a significant boost in our trade," Alice G Wells, Principal Deputy Assistant Secretary of State for South and Central Asia, told lawmakers during a Congressional hearing on July 25. When asked by Congressman Brad Sherman if the Trump administration has a target date to reduce this trade deficit, she said, "We would like the trade deficit to be reduced as quickly as possible." Wells identified defence, aviation and energy as the three sectors which would play a key role in reducing the trade deficit over the long term.

6. Walmart Supports India's Case For US Duty Benefits

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

US retail giant Walmart has come out in support of India on a trade measure against the country by the Trump administration. The retailer has urged continuation of low or zero duty benefits for Indian exports worth \$5.6 billion to the US under the Generalised System of Preferences (GSP) scheme. In a submission to the US government, which EThas seen, the company said revoking India's GSP eligibility was "too blunt a tool" and would only end up benefiting others. "Removing India from GSP, or removing eligibility for a broad range of GSP products from India, would most likely shift that production to non-GSP eligible countries such as China," it said. The US is in the midst of trade disputes with various countries but China, Canada and the European Union head the Trump administration's list of adversaries. Diverting supply chains away from India would be disruptive and produce short-term higher costs as US duties were applied to Indian goods.

7. Israeli Airline Drops Plea Against Air India Flying Over Saudi Airspace

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

Israel's national carrier El Al said it has withdrawn its plea filed in the top court against the government decision to allow Air India to fly over Saudi Arabia's airspace on Delhi-Tel Aviv route, something it had claimed gives its competitor an unfair competitive edge. Local media reports said Israel's High Court of Justice had urged El Al to drop the petition it filed in March this year, days after Air India's inaugural flight landed in Tel Aviv on March 22. In a statement to the Tel Aviv stock exchange, the airline said its decision was made following a hearing on the matter on July 18. No further details were provided, but it seems the airlines decided to pay heed to the court's request. El Al had filed an urgent petition to the court against the Israeli government, Transportation Ministry and the Civil Aviation Authority, claiming that granting the Indian airline permission to fly the route, which significantly reduces the cost and flight time, gave a foreign company an unfair competitive advantage and violated the state's commitment to Israel's national carrier.

8. Projects For 6,320 Km Roads Awarded Under Bharatmala

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

Projects for constructing 6,320 km of road have been awarded under the first phase of the Bharatmala project, with the financial implication estimated to be Rs 1.44 lakh crore, the government said on July 26. Road Transport and Highways Minister Nitin Gadkari also informed the Lok Sabha during Question Hour that the total investment for Bharatmala is expected to be around Rs 7.50 lakh crore for constructing about 84,000 km of road. "Out of the total financial outlay of Rs 5,35,000 crore allocated for Bharatmala Pariyojana Phase-I, projects with financial implication of approximately Rs 1,44,300 crore for a length of about 6,320 km have been awarded," he said. According to Gadkari, a total length of 2,000 km for border and international connectivity roads as well as 2,000 km for coastal and port connectivity roads have been considered under the first phase.

9. FSSAI: In The Process Of Framing GM Food Regulations

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

The Food Safety and Standards Authority of India (FSSAI) on July 26 said it is in the process of framing regulations for Genetically-Modified (GM) Foods. It was reacting to a study released by Centre for Science and Environment stating that genetically-modified processed foods were being widely sold in the country illegally and that there was a lack of regulations. FSSAI said that these regulations will focus on procedures for safety assessment and approval of foods, including imported foods derived from genetic-modification processes based on internationally well-established and accepted scientific principles, procedures and best practices before they are allowed for food purposes. FSSAI further pointed out that it is the process of finalising the draft Food Safety and Standards (Labelling and Display) Regulations that states that a company needs to make a declaration on the label in case it's food product has 5 per cent or more of ingredients which are genetically engineered or genetically modified.