

Daily Economic News Summary: 31 May 2019

1. India To Lose Preferential Trade Terms With U.S. Under Generalized System Of Preferences Programme

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

India will lose access to preferential trade terms with the U.S. under the latter's Generalized System of Preferences (GSP) programme, a Senior State Department official told reporters in Washington DC on 30 May. The official, who did not want to be named, said the restoration of benefits remained a possibility if underlying trade issues were resolved, but the withdrawal of India's GSP eligibility, was "a done deal". "...The persistent market access issues, which we were engaged with ... our Indian counterparts over the last year [sic], led us to announce in March that we would be suspending or withdrawing us India's benefits under the generalized system preferences program...I think that suspension is a done deal."

2. 'Japan, South Korea Tighten Grip Over Indian Steel Imports

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

Japan and South Korea strengthened their grip on the Indian steel market in April, supplying nearly three-fifths of the total imports, according to government data seen by Reuters. The increasing inroads the foreign steelmakers are making will add to pressure on the Indian government to take protectionist measures to support local mills. Indian steelmakers have been lobbying New Delhi for such backing in recent weeks. India, the world's second biggest steel producer, relies on imports to meet demand for high-grade steel required for automobiles and white goods. Japan and South Korea together supplied about 57% of India's 630,000 tonne of steel imports in April, compared with about 45% in the same month a year ago, the provisional data showed.

3. Nirav Modi Extradition: UK Court Sets 14-Day Deadline For India To Confirm Prison Plans, Diamantaire Remanded Till 27 June

Source: Livemint ([Link](#))

A UK court hearing the extradition case of fugitive diamond merchant Nirav Modi on 30 May fixed his next remand hearing for June 27 and directed the Indian government to confirm within

14 days which prison he is to be held in if he were to be extradited to India. Modi, wanted in India to face charges of fraud and money laundering amounting to nearly \$2-billion in the Punjab National Bank (PNB) case, was produced in the dock at Westminster Magistrates Court before Chief Magistrate Emma Arbuthnot for his first case management hearing on 30 May. The judge has given the Crown Prosecution Service (CPS), representing the Indian government, six weeks' time to present an opening position statement laying out the prima facie case against Modi, with the next case management hearing set for 29 July – when a timeline for extradition trial is expected to be laid out.

4. Airtel beats Reliance Jio In Data, Voice Usage Per Customer

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

Indicating a strong resurgence, Bharti Airtel has for the first time beaten Reliance Jio, both in terms of data and voice usage per customer, while also narrowing the gap in average revenue per user (ARPU) in fourth quarter of FY19. Airtel's ARPU for fourth quarter stood at `123, which is just a tad lower than Rs 126.2 of Reliance Jio. Sharing details for the January-March quarter, Airtel said its data usage per customer increased 4.9% to 11.04 GB, compared to 10.5 GB in the preceding quarter, whereas voice usage per customer increased to 858 minutes, against 726 minutes in third quarter.

5. Adani Wins Queensland Govt's Approval To Protect Endangered Finch Bird At Coal Mine Site In Australia

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

Indian energy giant Adani won a key approval from the Queensland state government of Australia on 31 May to protect the endangered black-throated finch bird population as part of its crucial environmental plan at the site of its proposed billion dollar mine project. The victory for the Adani Group's long-delayed mega coal mine project came days after a surprise election win of Australia's pro-coal ruling coalition led by Prime Minister Scott Morrison. The Department also asked Adani to ensure additional protection for the bird, including population studies and limited grazing on the site. "(The Department) is also satisfied that Adani will engage appropriately qualified ecologists to undertake the company's survey and monitoring work in relation to the black-throated finch," it said.

6. Amit Shah Likely To Be FM; Investors Say He Will 'Get Things Done'

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

Indian Prime Minister Narendra Modi is set to name Amit Shah, the chief of his Hindu nationalist Bharatiya Janata Party (BJP), as the country's new finance minister after taking his oath of office for the second time on 30 May, according to several Indian media reports. As Modi's right-hand man and long-time strategist, Shah would be in a powerful position to direct financial policy in Asia's third-largest economy in his first role as a federal lawmaker. Modi is expected to announce his ministers' departments on 31 May, after all of them were sworn in on Thursday evening at an open-air ceremony outside the colonial-era presidential palace with some 8,000 guests including Bollywood stars and leaders of neighbours Bangladesh and Sri Lanka.

7. Companies Pitch For GST Rate Cut As Modi Govt Takes Charge Second Time

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

Companies across sectors such as durables, automobiles and real estate have been lobbying hard for a goods and services tax (GST) cut as the Narendra Modi-led National Democratic Alliance prepares for a second term in office. Modi and his council of ministers were sworn in on 30 May in the presence of over 8,000 people at the Rashtrapati Bhawan. Durable firms said the issue of rationalising the tax rate of products such as air conditioners and larger television sets, which sit in the 28 per cent tax bracket, has been on the government's table for long. The Society of Indian Automobile Manufacturers (Siam), too, has made a representation to the government to cut the GST rate on commercial and passenger vehicles from the current 28 per cent to 18 per cent, Rajan Wadhera, president, Siam, told reporters on 29 May.

8. Railways, Roads And Highways Sector To Get The Largest Chunk Of Investment In Modi 2.0: ICRA

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

Railways, roads and highways sector are to get the largest chunk of investment over the next five years as the government is expected to spend Rs 30 trillion in the transport sector in India, market research firm ICRA said. Taking cues from the BJP manifesto, ICRA said that railways is expected to receive a financial outlay of Rs 10-12 trillion over the next five years while up to Rs 9 trillion is expected to be pumped into the roads and highways sector. The BJP in its manifesto proposed to construct 12,000 kms of national highways every year till 2024. ICRA said that the target was achievable given the length of highways conducted in 2018-'19 touched 10,000 kms. For the railways, the manifesto has proposed a conversion of all viable rail tracks to broad gauge,

electrification of all railway tracks, and completion of the two dedicated freight corridor projects by 2022, ICRA said.

9. India's Economy Seen Limping Behind China As Modi Begins Second Term

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

India probably lost its spot as the fastest growing major economy to China in the January-March quarter as a chill in domestic and global consumer demand hit manufacturers and service providers. The slowing economy didn't stop voters giving Prime Minister Narendra Modi a landslide victory in an election concluded earlier this month. But it puts an onus on him to deliver reforms that can truly unlock growth, which had waxed and waned during his first five years in office. A Reuters survey of economists forecast growth slipped to 6.3% annually in the three months ending in March, its slowest pace in six quarters.

10. Amitabh Kant Task Force Proposes Policy Framework For Public-Private Partnerships And Public Sector Projects

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

A task force on project management led by Niti Aayog chief executive Amitabh Kant has pitched for a dedicated policy framework for public-private partnerships and public sector projects to improve efficiency. It has proposed the formation of a high-level committee to draft the policy framework, oversee its implementation as well as review and monitor existing public-sector projects. The new government is expected to consider the proposal, aimed at creating world class infrastructure. According to the task force, poor project management leads to additional expenditure burden, which crowds out funding for more deserving projects, creates a culture of acceptance of delays and avoidable costs, and results in delayed return in investments.

11. In Pincer-Like Movement, Monsoon Enters Comorin, More Parts Of Bay Of Bengal

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

The monsoon had entered the southern-most parts of the Maldives-Comorin, more areas of South-West, South-East and even East-Central Bay of Bengal, remaining parts of the Andaman Sea and the Andaman Islands by 30 May afternoon. This broad sweep of the monsoon was in normal south-west to north-east alignment, representing the 'pincer-like' approach of its arms - across the Arabian Sea and the Bay of Bengal - into the Indian subcontinent. Along the way, it has to pass two major milestones - onset over Sri Lanka, the northern parts of Myanmar as well as the North-Eastern States in India - where it is already late by 8-10 days. The normal date of

onset over Sri Lanka is May 22, and then over mainland India in Kerala, little more than a week later. As of Thursday, the northern limit of the monsoon passed south of the island nation.