

## Daily Economic News Summary: 3 August 2018

### **1. US' Tariff Offensive: India Defers Plan To Hit Back By 45 Days**

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

India is set to defer its plan for retaliation against the American move to impose an extra 25% tariff on steel and 10% on aluminium supplies from this country by 45 days from August 4, upon a request by the US, sources told FE. New Delhi had proposed to slap retaliatory tariffs worth \$235 million on 29 American goods, ranging from almonds to apples. The move would substantially de-escalate a tariff war and indicates that New Delhi is willing to engage Washington further for a meaningful outcome to the ongoing bilateral trade negotiations. It also indicates that India is hopeful of getting a waiver from the extra tariff levied by the Trump administration on metal supplies from select countries, including India. The commerce ministry has asked the revenue department to amend the latter's June notification on proposed extra duties on US products suitably, a senior official said. Analysts said since both the countries will hold the so-called 2+2 strategic and defence dialogue in September, it makes sense for India to wait until then.

### **2. India Concerned Over China's Rising Investments In Sri Lankan Port Projects**

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

As China rushes to invest in more ports in Sri Lanka, India views with concern the Asian neighbour's bid to increase its footprint in the Indo-Pacific region. China also recently gifted a naval frigate to the island nation. "Sri Lanka has started to emerge as the new battleground for the two Asian super powers, India and China. China, Sri Lanka Ports Authority and India are to invest over \$700 million for the development of three key ports over the next three years in Sri Lanka," said a government official. Though no details have been released about the recent frigate that was gifted to Sri Lanka, market observers believe it could be a Type 053 frigate, or even a Type C28A or C13B corvette, since these three classes are the most common Chinese warships exported to other countries. Sources said China could "gain exponentially" through extending financial aid for the development of Sri Lanka's ports.

### **3. NITI Aayog Working On Strategy Document To Define 2023 Objectives**

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

The NITI Aayog is preparing a strategy document to define clear objectives for 2022-23 in diverse areas that are critical for India's transformation including poverty alleviation, the government said on August 2. During the Question Hour in Rajya Sabha, Minister of State for Planning Rao Inderjit Singh said the draft 'Strategy for New India@75' document was in the process of being finalised. It is currently going through a wide-ranging consultative process with a range of stakeholders for seeking their comments and suggestions, Singh said. He said the purpose of the document was to define clear objectives in a diverse range of areas critical for India's transformation including poverty alleviation, to note the progress already made and challenges that remain and suggest the way forward

### **4. Modi's 1st Ever Scheme As PM Gets Rs 15,000 Crore Boost; Set To Benefit 1.5 Crore Rural Households**

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

Swachh Bharat Mission-Prime Minister Narendra Modi's first ever scheme for India has got a big boost as the Union Cabinet approved Rs 15,000 crore extra-budgetary resource for the scheme in the financial year 2018-19 through NABARD. Union Minister Ravi Shankar Prasad said that the extra funds will be used to achieve open defecation-free (ODF) status in villages across the country by constructing toilets. The additional funds are set to benefit 1.5 crore rural households that will be eligible under the Swachh Bharat Mission (gramin). Swach Bharat was the first scheme announced by the Modi government on August 14, 2014, and was implemented on October 2, 2014, with an aim to make India open defecation free by October 2019. Gram panchayats identified for Solid and Liquid Waste Management (SLWM) are also set to benefit under the scheme.

### **5. Made In India Aircraft Soon? High-Level Panel Set Up To Explore Aircraft Building Under Make In India**

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

India's dream of getting its own indigenously made aircraft has finally got a leg up with the government setting up a task force to draw a roadmap, providing a major boost to PM Narendra Modi's flagship 'Make in India' programme. The high-level task force will formulate a plan for

the development of indigenous civilian aircraft, helicopters and associated aviation equipment under the 'Make in India' initiative, encouraging aircraft makers to manufacture in the country. The project will also help in promoting India as an important investment destination and global hub for manufacturing, designing and innovation, Civil Aviation Minister Suresh Prabhu said on August 2. "This is an idea which will actually change the manufacturing infrastructure," Suresh Prabhu said in the Rajya Sabha. A special purpose vehicle (SPV) will soon be set up for the project, which entails an investment of Rs 10,000 crore.

#### **6. Air India Plans To Enhance Codeshare Agreement With Ethiopian Airlines**

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

National passenger carrier Air India will enhance a codeshare agreement with Ethiopian Airlines, the company said in a statement on August 2. According to the statement, the expanded codeshare agreement will allow its passengers to access Ethiopian Airlines' network in Africa. On the other hand, Ethiopian Airlines' passengers will be able to access Air India's network in Australia and Hong Kong, in addition to the Indian domestic destinations. The expanded codeshare agreement between the two carriers will enable the customers to enjoy better connectivity options and play a significant role in enhancing investment and commercial ties, the national flag carrier said. The partnership between Air India and Ethiopian Airlines commenced in 2011 and currently includes 14 sectors each, on the services of either airline.

#### **7. Vietnamese Phone-Maker Mobiistar To Hire 3,000 People For India Business**

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

Vietnamese phone-maker Mobiistar, which entered the Indian smartphone market in May this year, will hire 3,000 people for its India operations by the end of the financial year. This will include those who work as third-party partners for the company. "We began India sales in May through Flipkart. But we realise that it's the offline market where people go for a touch-and-feel of the product before making purchasing decisions. We will have 600 distributors across the country for the offline market," Carl Ngo, Co-Founder and Chief Executive Officer, Mobiistar, said. In the South, the company will have 800 employees and 185 service centres. About 125 distributors will cover 10,000 retailers in the southern states. The handsets will be available in

offline stores across the country from August 2. India is the sixth market for Mobiistar, which sells phones in the range of Rs 4,000 to Rs 18,000 in the country. It sources the phones from VSUN's factory in Haryana. Its distribution strategy focuses on the top 50 cities and towns.

#### **8. Australia Considering To Challenge Legality Of Indian Trade Tariffs**

**Source: Xinhua News ([Link](#))**

The Australian government is considering launching a World Trade Organization (WTO) challenge against trade barriers imposed by India. Speaking at an Australian Grains Industry conference on August 1, Trade Minister Steven Ciobo described a series of trade tariffs imposed by India as "profoundly disappointing developments." Since late 2017 the Indian government has introduced a 30 percent tariff on the import of chickpeas and lentils, a 50 percent tariff on field peas and doubled the tariff on wheat to 20 percent. Ciobo said the government "was determined to vigorously defend" Australian farmers. "They have had, and will continue to have, an adverse impact on Australian producers," he told the conference. "In my meetings with Indian counterparts I have stressed that Australia is well placed to help meet India's growing food needs. But Australian exporters require certainty to enable further investment to expand and grow exports to the Indian market."

#### **9. India Scaring Away Foreign Investors? What New Bilateral Investment Treaty Is, And What It Does**

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

While PM Narendra Modi bets heavily on his grand 'Make in India' campaign to attract foreign investment, the revised Bilateral Investment Treaty is pro-state and limits the rights of foreign investors, a research report shows. The revised treaty allows renegotiation of investment protection agreements with other countries. In December 2015, the Union Cabinet approved revised model text for the BIT to enhance protection of foreign investors in India as well as Indian investments abroad. Following this, India started renegotiating the terms of investment with 83 countries. However, a research report by Brookings has red-flagged some provisions that make new Model BIT "pro-state with limited rights to foreign investors". Some provisions of new BIT have continued to remain undefined and vague, and grant significant discretion to ISDS arbitral tribunals, the Brookings research said, adding that India has not been quite successful in

developing a model that balances investment protection with the state's right to regulate nor in reducing arbitral discretion.