

Daily Economic News Summary: 7 December 2018

1. Farm Exports: Government Can Still Put Curbs On Key Items; Organic, Processed Ones Freed

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

The cabinet committee on economic affairs (CCEA) on 6 December approved an agriculture export policy that proposes to keep the outbound shipment of processed and organic items free of any restriction. However, it stopped short of advocating a complete removal of restrictions for all the time on exports of major items including rice, wheat, cotton and sugar that witnessed periodical curbs in the past. The policy aims to drive up farm exports to over \$60 billion by 2022 (from around \$38 billion in FY18), and help double farm income. Periodic curbs on items ranging from rice to cotton, especially during the UPA years, had stoked uncertainties, shifted buyers to competitors and dented India's image as a reliable supplier.

2. Crude Import Bill: India, Iran Sign Pact For Rupee Payment

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

India has signed an agreement with Iran to pay for crude oil it imports from the Persian Gulf nation in rupees, sources in know of the development said. The memorandum of understanding (MoU) was signed following the US letting India and seven other nations to keep buying Iranian oil despite sanctions were reimposed on the Islamic state on November 5. Sources said Indian refiners will make rupee payments in a UCO Bank account of the National Iranian Oil Co (NIOC). Half of these funds would be earmarked for settling payments for exports of Indian goods to Iran, they said. Under US sanctions, India can export foodgrains, medicines and medical devices to Iran.

3. Electric Vehicle Infrastructure To Have Large Pie In FAME II Scheme

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

The second phase of Rs 5,500-crore FAME India scheme will have a major portion for development of electric vehicle charging infrastructure alongside local manufacturing of lithium-ion batteries, which form the core of electric vehicles, according to an official aware of the development. The Faster Adoption and Manufacturing of Hybrid and Electric Vehicles (FAME II) scheme, which is still awaiting a Union cabinet approval, will see light of the day when the first phase gets over in March 2019, after four extensions since the rollout in April 2015. It is also likely

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to give a boost to companies like ABB and Tata Power, among others, who are into construction of EV charging stations as one charging point entails an investment in the range of `3-25 lakh, depending upon the technology.

4. Etihad Flies In To Rescue Jet Airways, Will Help Raise Loans

Source: Livemint ([Link](#))

In an apparent rescue act, Etihad Airways PJSC of Abu Dhabi has offered to guarantee loans worth \$150 million that Jet Airways (India) Ltd needs to keep the airline operational, two people directly aware of discussions between the two airlines said. The development follows several rounds of talks between the two sides which also included a potential equity infusion by Etihad Airways and adding a third Indian partner, said the two people cited above. Both requested anonymity as the talks are private.

5. CCI Clears Deal Involving Blackstone, Embassy Group

Source: Livemint ([Link](#))

The Competition Commission has approved the deal involving global investment company Blackstone and realty firm Embassy Group. The deal involves restructuring of Embassy Group, Blackstone Group and certain third parties into Embassy office parks REIT (Real Estate Investment Trusts). In a tweet on 6 December, the CCI said it “approves acquisition of real estate assets of Embassy Group and Blackstone Group by Embassy”. Sebi had notified REITs and InvITs Regulations in 2014, allowing setting up and listing of such trusts which are very popular in some advanced markets. Embassy group is one of the leading real estate developers in the country.

6. US Finalizes Duties On Certain Steel Pipe From China, India

Source: Livemint ([Link](#))

The US International Trade Commission on 6 December said it had determined that American producers were being harmed by imports of certain large-diameter welded steel pipe from China and India, a finding that locks in duties on those products for five years. Last month, the Commerce Department said the imports were being unfairly subsidized and dumped in the US market, and it announced duties to protect domestic producers. The US trade probe, which covered welded

carbon and alloy line and structural steel pipes with a diameter larger than 16 inches, began after a petition from a group of privately held US producers.

7. Slow Train To China: India's Trade Ties With Beijing Taking Time To Ripen

Source: Livemint ([Link](#))

China and India may be talking about improving their trade relationship but there is little action to go with the words. According to Indian government officials and representatives of various Indian trade bodies, progress is very slow - and may even be getting slower after last weekend's truce between the United States and China in their trade war. Both India and China have sought to rebuild trust after a armed standoff over a stretch of the Himalayan border last year. Indian and Chinese officials said after that meeting there was talk of Beijing increasing its soymeal, rapeseed meal, rice and sugar imports from India, while China would push for more Chinese exports of dairy products, apples and pears to India.

8. Govt Prepares Cabinet Note To Strike Down Section 33 (2) Of Aadhaar Act

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

Following the Supreme Court's verdict in September, the government is making certain changes in the Aadhaar Act, including striking down of Section 33 (2). Section 33(2) of the Aadhaar Act allowed identity and authentication data to be disclosed in the interest of national security on direction of an officer not below the rank of Joint Secretary (JS) to the government. The Supreme Court in its verdict directed striking down the Section terming it was unconstitutional. Apart from this, the government is making other changes to the Aadhaar Act too as reported by *BusinessLine* on 5 December. For instance, to have a provision that will say a child after attaining maturity (18 years), will have the power of withdrawing his/ her 12-digit unique number. This will mean that Aadhaar provider UIDAI has to delete all the data including the biometrics of the person once he/ she withdraws his name from the scheme.

9. Cabinet Okays Power Finance Corp's Takeover Of Rural Electrification Corp

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

The Cabinet Committee on Economic Affairs (CCEA) on 6 December gave an in-principle approval to the strategic sale of the Centre's 52.63 per cent holding in Rural Electrification (REC)

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to the Power Finance Corporation (PFC), along with transfer of management control. The government has a total 58.3 per cent stake in REC, remainder of which is part of Bharat 22 ETF and CPSE ETF. The move will help the Centre meet its disinvestment target of Rs 800 billion for FY19. The government said the acquisition intends to achieve “integration across the power chain, obtain better synergies, create economies of scale, and have enhanced capability to support energy access and efficiency to finance the power sector