ETW 1st to 7th April 2019

- **Agri Exports - procedure for claiming benefits (BL 2/4/19)**
  - Government has introduced TMA (Transport and Marketing Assistance) for promoting the agricultural exports
  - Under this govt would provide financial assistance for transport and marketing of agricultural products to boost exports of these to US and North America
    - Govt will reimburse a certain portion of freight charges and also assist in marketing of agricultural produce
    - Freight transportation through air and sea will be covered
  - Govt has approved agri export policy under which
    - Agri exports to increase/double to $60 bn by 2022

- **Return of external stress (BS 2/4/19)**
  - As per the data for Q3FY19,
    - The CAD is 2.5% of GDP
    - The lower crude oil prices have helped bring it down from 2.9% for Q2FY19
    - But the overall CAD for 3 quarters of FY19 stood at 2.6% which is much larger compared to 1.8% recorded for the same period in FY18
  - It continues to depict India's long term vulnerability to fluctuations of oil and gas prices
  - The Indian exports for this duration have remained stagnant, which shows that CAD has been completely dependent on the external factors - global commodity prices
  - Such a CAD could be manageable if there we had strong and sustained inflows of dollars, but in the recent times attracting FDI inflows is becoming increasingly difficult
  - For first three quarters in this fiscal, net FDI was just $25 bn and for the same duration in the last fiscal it was $24 bn
  - The NRI deposits also have flattened, leaving India dependent on the FPIs (which are affected by host of factors) and in first three quarters in this fiscal, the FPIs have flown out of India (net outflows of $12 bn) and in the same duration of FY18, there was a net inflow of $20 bn
  - With the strong capital inflows, the danger zone for CAD was at around 3%, with these changes happening, it has shrunk to 2.5%
  - The government has to take certain structural reforms in order to address these issues

- **How to achieve 24*7 power for all (TH 3/4/19)**

- Under Saubhagya scheme 45000 houses were electrified every day in the last 18 months
- Some of the questions are
  - What kind of measures were taken by the government?
  - Why access to quality electricity is more important than just providing connections
  - How 24*7 power for all can be ensured
- Government has implemented host of reforms in the past to provide electricity access such as Rajiv Gandhi Grameen Vidyutikaran Yojana (2005), enactment of Electricity act in 2003, roll out of Saubhagya scheme etc
- Providing electricity connection does not mean that the issues with electricity are over. Various surveys have shown that there is a gap between a connection and reliable power supply. The median number of hrs of electricity supply has increased from 12 hrs (2015) to 16 hrs (2018) but it is still far away from 24*7 electricity supply. Apart from this the households also have reported about the low voltage issues (for at least 5 days in a month)
- In order to ensure 24*7 electricity for all
  - There is need to monitor the supply at the end user level in real time. This kind of granular monitoring can show the areas where there is a need of improvement. The roll out of smart meters will help in achieving this but till then reporting from the end users will help in monitoring
  - Discoms will have to focus on improving the quality supply and maintenance services. For this it has to conduct efficient demand estimation and respective power procurement. This will also reduce load shedding
  - Customer services such as billing, metering and collection must be improved. The losses in the revenues because of power theft or subsidisation is affecting the financial position of discoms

- **<u>Why India should join negotiations on e-commerce (LM 4/4/19)</u>**
  - In the recently concluded Davos meet, 76 countries have come together to discuss and negotiate international rules on e-commerce at WTO
  - India has a vision of becoming a $10 tn economy and hence should align its domestic policy with that of international agreement
  - The domestic policy was announced because
    - Big companies such as Amazon and Walmart have entered the market in India and are competing with smaller domestic/other companies

        - There have been calls for multilateral rules on cross-border e-commerce
    - It must be noted that China which has a strict data localization policy, has been a part of 76 members who have called for "global data governance" at the WEF meet
        - China is confident these set of global rules will be conducive for its domestic suppliers to gain access to cross-border e-commerce (on the other hand Indian policy makers have been guarded in this regard and have been reluctant to join international negotiations)
        - China has a globally competitive e-commerce platform as Alibaba, which India lacks. The policy announced also does not provide any kind of an impetus to developing a domestic company being promoted to become a global one
    - India should join the negotiations because
        - The WTO rules on e-commerce would help the MSME sector to do cross border business
        - The e-commerce sector is one of the fastest growing sectors. The domestic policies will have to be aligned with international policy

- **<u>EU drags India to WTO over import duties on ICT products (IE 3/4/19)</u>**
    - India in October 2018 hiked import duties on certain communication items to up to 20% so as to reduce the widening current account deficit. These levies would affect EU exports worth 600 mn euros per year
    - EU has dragged India to WTO's dispute settlement mechanism over these tariffs. EU has alleged that by imposing these tariffs India has breached the global trade norms
    - EU has requested consultations with India under the WTO rules which govern dispute settlement
    - There's a legally binding agreement under WTO as per which India has committed not to impose any duties on ICT imports, despite this India has imposed duties ranging from 7.5% to 20%. Hence these are in breach of WTO rules