

Daily Economic News Summary: 11 April 2017

1. India, Australia sign 6 pacts

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

India and Australia today inked six pacts including one aimed at boosting counter—terrorism cooperation after talks between Prime Minister Narendra Modi and his Australian counterpart Malcolm Turnbull here. The two leaders held comprehensive discussions on bilateral, regional and international issues of mutual interest and concern. At a joint press event with Turnbull, Modi said they reviewed the entire gamut of ties and took many “forward looking” decisions including one on early holding of the next round of talks on comprehensive economic cooperation agreement. Emphasising on peace and stability in the Indo—Pacific region, Modi said challenges like terrorism and cyber security require global strategy and solutions. The two sides inked a pact to boost counter—terrorism cooperation which was signed between the Ministry of Home Affairs and its counterpart Australian ministry.

2. No proposal to review FDI policy in multi-brand retail: Govt

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

The government today said there is no proposal under its consideration to review the foreign direct investment (FDI) policy in the multi-brand retail sector. “No proposal is under consideration of the government to review the extant FDI policy on multi-brand retail,” Commerce and Industry Minister Nirmal Sitharaman said in a written reply to the Lok Sabha. The current foreign direct investment policy permits overseas players to hold 51 per cent stake in an Indian retail company. So far, only one foreign player, Tesco, has received approval for opening stores under the multi-brand retail policy. Replying to a separate question, she said that the government has been interacting with investors to identify issues for promoting FDI in the food processing sector. “Several issues, including sale of home and personal care products, have been raised by investors,” the minister said.

3. Bangladesh PM pitches for more trade channels with India

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

Bangladesh is looking to open more trade channels with India, widen footprint of Border Haats and open up routes that were closed during the 1965 war, visiting Prime Minister Sheikh Hasina said today. Hasina, on a four-day visit to India, called upon Indian industry houses to invest in Bangladesh, especially in infrastructure projects, power and energy, transport, manufacturing, food and agricultural processing sectors. At a meeting organised by business chambers here, she said Bangladesh is planning to open more channels of trade, enhance Border Haats and open routes which were closed during the 1965 war, steps that will help take bilateral trade to the next level. “To facilitate further investments, a One Stop Service Act is currently being finalised. I urge Indian investors to consider possible investments in Bangladesh in infrastructure projects, power and energy, food and agro processing, manufacturing and transport sectors,” Hasina said.

4. India, Cuba resist pressure on WTO e-comm rules

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

India has joined forces with Cuba to resist pressure from other members at the World Trade Organization to start negotiations on e-commerce rules. Australia, the EU, Norway and China have stepped up their campaign to include e-commerce in the agenda for the year-end Ministerial meeting in Buenos Aires, and New Delhi is reaching out to countries that share its opposition to the move. At a recent meeting of the WTO’s goods council, India and Cuba took the stand that it was premature to discuss multilateral rule-making in e-commerce, given the digital divide among members, an official familiar with the discussions told *BusinessLine*. Several other members such as Australia, Switzerland, Norway, Brazil and Argentina, however, said that an agreement on e-commerce was necessary for the WTO to demonstrate its continued relevance. *Enormous pressure. The stakes in India*

5. International North South Transportation Corridor trade route inching closer to reality

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

Inching closer to making the International North South Transportation Corridor (INSTC) a reality — connecting India with Russia and Europe via Iran — a dry run of container movement via the green corridor (smooth customs facilitation) will be conducted during the next fortnight, marking the 70th anniversary of Indo-Russian diplomatic ties. INSTC will substantially reduce time taken and cost for transport of goods between India and Eurasia once fully functional and increase economic activities between India and the resource-rich Russia as well as markets of Europe. The INSTC has moved closer to implementation after India decided to join international customs convention TIR following cabinet approval. The modalities of making INSTC functional was a discussed at a multi-stakeholder meeting on Monday, people familiar with the developments told ET. INSTC is one of corridors that Delhi is working on as part of connectivity initiatives parallel to China's One Belt One Road strategy.

6. 70% of all goods and some consumer durables to become cheaper under proposed GST regime

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

A number of goods such as cosmetics, shaving creams, shampoo, toothpaste, soap, plastics, paints and some consumer durables could become cheaper under the proposed goods and services tax (GST) regime as most items are likely to be subject to the rate of 18% rather than the higher one of 28%. India is likely to rely on the effective tax rate currently applicable on a commodity to get a fix on the GST slab, said a government official, allowing most goods to make it to the lower bracket. For instance, if an item comes within the 12% excise slab but the effective tax is 8% due to abatement, then the latter will be considered for GST fitment. Going by this formulation, about 70% of all goods could fall in the 18% bracket. The GST Council has finalised a four-tier tax structure of 5%, 12%, 18% and 28% but has left room for the highest slab to be pegged at 40%. A committee of officials will work out the fitment and the council will take a final call at its next meeting on May 18-19. GST, India's biggest tax reform in decades, is expected to be rolled out on July 1.

