

## Daily Economic News Summary: 15 June 2017

### **1. India, South Korea agree to more investments, fight protectionism**

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

India and Korea on Wednesday decided to stimulate investments to push infrastructure development and bilateral trade as they sought to ward off threats of rising protectionism. Finance Minister Arun Jaitley co-chaired the fifth India-Korea Financial Dialogue in Seoul on Wednesday with South Korea Deputy Prime Minister and Finance Minister Kim Dong-yeon and reviewed the international economic situation, and economic ties. The two countries also signed agreements to establish \$9 billion in concessional credit and \$1 billion in Official Development Assistance (ODA) funding for infrastructure development projects in India... Jaitley is on a four-day official visit to Korea. As the world's fastest growing major economy, India offers Korea important opportunities to deploy its capital and technologies in India. South Korea's interest in finding new openings to diversify its economic partnerships offers India great opportunities, the statement added.

### **2. DIPP to discuss SOP for FDI proposals with ministries tomorrow**

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

The industry department will discuss the draft standard operating procedure (SOP) for clearing foreign investment proposals with other departments, including revenue and economic affairs, tomorrow. The standard operating procedure (SOP) is being finalised after the abolition of Foreign Investment Promotion Board (FIPB), which was clearing FDI proposals earlier. The Department of Industrial Policy and Promotion (DIPP), under the Commerce and Industry Ministry, has already circulated the draft document to all departments... The meeting will be chaired by DIPP Secretary Ramesh Abhishek. Around 40 officials from ministries such as home affairs, finance, science and technology, defence and information and broadcasting would be attending the meeting. The finance ministry had stated that the DIPP would come out with detailed guidelines for processing FDI proposals and ensuring a consistency of treatment and uniformity of approach.

### **3. In a first, India to put dedicated cell to promote Russian investments**

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

India for the first time will put in place a dedicated cell to promote Russian investments in the country to take forward St Petersburg vision statement that seeks to open new vistas of economic engagement. The idea to create this cell was mooted by PM Narendra Modi when he met CEOs of India and Russia in presence of President Vladimir Putin on June 1 after the annual summit in St Petersburg. The cell which will report to the Prime Minister's Office will assist Russian businessmen to plan, execute, form joint ventures and search locations for their investments. The entire process hopes to cut the alleged role of middlemen who in the past were matchmakers. This dedicated cell will function under 'Invest India' – investment wing of the Indian government – which was part of the June 1 CEO forum as well as St Petersburg International Economic Forum (SPIEF) where Modi was the Guest of Honour...Areas that have been prioritised for Russian investments in India and JVs include agriculture, medical equipment, pharmaceuticals, start-ups, capital goods (metallurgy), food processing and civil aviation, according to Bagla.

### **4. GST Council: Tax experts see more relief coming to industry over genuine grievances**

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

The Goods and Services (GST) Council has already acted on more than half of the industry representations it had received during its last meeting, but tax experts say the Council is likely to make more changes to the rate structure for a few sectors, given their genuine grievances. The Council will meet for the 17th time on June 18. Sources said it was expected that the Council could consider representations from car lease rental companies, distributors with imported transition stock and the fertiliser industry. Last Sunday, the Council revised downwards the rates for 66 items against representations received for 133 items. Additionally, it had to also raise the revenue cap for composition scheme to Rs 75 lakh annually from Rs 50 lakh. While the Council had revised rules for claiming input credit on excise paid on the stock of goods that will transition from the current regime to GST on July 1, there was no relief for those who are holding imported stock. The rules say that a distributor or retailer can claim credit of excise duty paid partly or fully depending on the type of stocks, but the manufacturer of the goods need to be domestic. The same facility has not been extended to goods manufactured outside the country. For imported goods, a

distributor/retailer pays customs duty as well as countervailing duty (CVD) but can't avail input credit for the latter unless the council changes its stance.

### **5. Government to go soft on GST monitoring for a few months**

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

There will be some leniency in monitoring and implementation of the new goods and services tax in initial months to allow businesses to settle into the new tax regime, a review of GST preparations by a group of senior ministers was told. The discussions held on Wednesday saw the ministers being given a presentation of the planning done by the government so far, with officials informing that more than 4,500 meetings had been held all over the country to familiarise traders and businesses with the landmark tax reform...The government has pointed out that internet connectivity will be tackled where it is a chronic problem but the process of updating records will not be more than a day or two of work for traders. Similarly, the session saw officials point out that reports that GST will need frequent filing are not correct and the system will be more user-friendly as months go by.

### **6. India's bankruptcy code process for creditors, defaulters**

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

The Reserve Bank of India (RBI) has identified 12 of the country's biggest loan defaulters and said creditors must pursue bankruptcy proceedings against them, as it begins to cut the \$150 billion in stressed debt hobbling Asia's Number 3 economy. The move comes about a month after the government gave the RBI power to direct lenders to initiate the insolvency resolution process in the event of default. Such a process would be carried out under the largely untested Insolvency and Bankruptcy Code enacted in 2016.

### **7. After trashing FIPB, Narendra Modi government draws up time bound FDI nod plan**

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

After setting in motion the dismantling of the Foreign Investment Promotion Board (FIPB) and assigning the work of processing FDI applications to the administrative ministries concerned, the Narendra Modi government has now put in place a time-bound system for approval of these investment proposals. With a stress on digital filings, the new regime would be "simpler in execution and expeditious in disposal", according to a note sent by the department of industrial

policy and promotion (DIPP) to all ministries concerned. India received a record \$61-billion FDI (including reinvested earnings) in 2016-17, up from \$55.6 billion in the previous fiscal, both highest among all countries. “After the proposals are filed online, DIPP will identify the concerned administrative ministry/department and e-transfer the proposal to the concerned administrative/department within two days,” the note said. A maximum of 10 weeks should suffice to grant approval even in case the proposal requires security clearance and eight weeks for proposals where security clearance is not required, the DIPP, the nodal agency for FDI policy, added. Calculation of time limits for disposal of applications would be with reference to the date of filing of the online application. Detailing the standard operating procedure for processing FDI proposals, the DIPP said once a proposal is received online – on the revamped FIPB portal renamed as Foreign Investment Facilitation Portal–, the same shall be circulated by the competent authority through the portal within 2 days of the receipt of the proposal to the Reserve Bank of India for comments. However, proposals for foreign investment in sectors like broadcasting, telecom and satellites requiring security clearance would have to be additionally referred to the home ministry. Investments from Pakistan and Bangladesh as well as investments meant for the North-East region and Jammu & Kashmir will also require security clearance from the home ministry.

#### **8. Cabinet gives ex-post facto nod to India-Palestine agriculture pact**

**Source: Financial Express (Link)**

The Cabinet today gave ex-post facto approval to an agreement signed between India and Palestine in agriculture. The two countries had inked the memorandum of understanding (MoU) last month during the visit of the Palestinian minister of foreign affairs to India. “Under the MoU, an agricultural steering committee will be constituted to determine the programmes and action plans to achieve the objectives provided in the MoU. It will also set the agenda for cooperation,” an official statement said. The MoU provides for cooperation in agricultural research, veterinary field, including capacity enhancement of Palestinian veterinary services and animal health, irrigation and climate change. It will also be extended to areas such as plant and soil nutrition, exchange of experiences in sanitary and phytosanitary legislation and plant protection, animal husbandry, modern irrigation technology, including exchange of experiences, and training and capacity building, it added.

### **9. India ratifies two child labour conventions**

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

India on Tuesday ratified two key core conventions on child labour at the International Labour Conference in Geneva, a step towards complete prohibition of child labour. The two conventions were ratified months after amendment to the Child Labour Act and include Convention 138, which sets minimum age for admission to employment and Convention 182, which penalises and prohibits the worst form of child labour. According to the 2001 census, there were 12.6 million child workers between the ages of five and 14 years in India. In 2011, this number fell to 4.35 million. The National Sample Survey Office's survey of 2009-10 put the number at 4.98 million...With ratification of these two core ILO conventions, India has ratified six out of eight core ILO conventions, with the other four core International Labour Conference conventions relating to abolition of forced labour, equal remuneration and no discrimination between men and women in employment and occupation, thus reaffirming its commitment for promoting and realising fundamental principles and right at work.

### **10. Andhra Pradesh allots land for projects worth Rs 17,808 crore**

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

As Andhra Pradesh gears up to shape its new capital Amaravati, it has allotted 996 acres of land to a dozen institutions to set up educational, health and other bodies at a projected cost of Rs 17,808 crore. "Work is in full swing to create a world-class infrastructure for Andhra Pradesh's new capital Amaravati. A dozen institutions have been allotted 995.5 acres of land in Amaravati for projects worth Rs 17,808 crore," an Andhra Pradesh government official told PTI. The official said these projects will create 32,726 jobs. And the 12 institutions to come up will involve the government as well as private bodies and include Rs 7,100 crore projects from Vellore Institute of Technology (VIT) University and SRM University. Besides, Amrita University and Indo-UK Institute of Health have been allotted land at a cost of Rs 3,200 crore. In addition, BR Medi City Health Care & Research is building its campus at an estimated cost of Rs 5,450 crore, the official said. The land has also been allotted to Reserve Bank of India, Central Public Works Department, Central Institute of Design Tools, National Institute of Designs and AP Human Resources Development Institute, among other government institutes. Last month, the Andhra Pradesh government inked a pact with Singapore for developing an area of 6.84 km at capital Amaravati

as startup area in phases. The two sides affirmed cooperation for economic development and master development of the startup area besides promotion of bilateral trade and investments and enhancing capacities of government departments.

**11. Our India operations will see double-digit growth: Amit Agarwal, Amazon**  
**Source: Business Standard ([Link](#))**

Amazon has spent half of the \$5 billion committed by its founder Jeff Bezos in creating logistics, warehouses and technology infrastructure in India. The infrastructure and programmes to reach out to sellers and customers in remote parts has helped Amazon India get nearly two-thirds of its customers from smaller towns. “I think the maturity word doesn’t really make sense for an industry that’s so young. The kind of growth I’m talking about, if you plot this point of time on a graph for e-commerce over the next 10 years, you will not even see it, it’s that small,” Amit Agarwal, vice-president and country manager of Amazon India, told... choice, convenience, access, partnering with existing ecosystems, and loyalty are five big contributions from Amazon that have changed e-commerce in India. It has made it what e-commerce should be. In the absence of this, e-commerce would be an urban-only, high average selling price, discount-led and a once-in-a-year phenomenon. In my opinion, if this had remained the case, all the investment going in the sector would be completely a waste of money. In the last four years, we have directly created 150,000 jobs. This does not even count the sellers and indirect jobs that we have generated. This has given a good recipe on how India could use e-commerce to solve one of its core promises, which is job creation... We are still seeing those numbers, maybe it’s a different story elsewhere. Our first-quarter growth was 85 per cent year-over-year and we are not really seeing any slowdown. I think the maturity word doesn’t really make sense for an industry that’s so young. The kind of growth I’m talking about, if you plot this point of time on a graph for e-commerce over the next 10 years, you will not even see it, it’s that small. The reason I think we’re still growing at this pace is customers are shopping more, Prime members are spending more, new customers continue to come to us. Amazon.com, at its current scale, is still growing at 30 per cent plus, and the US market is 100 times bigger than India. Here, it’s so early that I foresee double-digit growth for many more years to come.