

Daily Economic News Summary: 19 December 2017

1. Bill to increase maternity leave period & gratuity limit tabled in Lok Sabha

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

The government on Monday introduced a bill in the Lok Sabha that will allow it to notify a higher period of maternity leave and raise gratuity limit for employees. The gratuity limit for private sector is expected to be raised to Rs 20 lakh in line with that in the government sector. Labour minister Santosh Kumar Gangwar introduced the Payment of Gratuity (Amendment) Bill, 2017 in the House. The Payment of Gratuity Act 1972 was enacted to provide for gratuity payment to employees engaged in factories, mines, oilfields, plantations, ports, railway companies, shops or other establishments. It is applicable to employees who have completed at least five years of continuous service in an establishment that has 10 or more persons. According to the Statement of Objects and Reasons of the bill, the amendment would allow the central government to notify the maternity leave period for "female employees as deemed to be in continuous service in place of existing twelve weeks".

2. Iraq replaces Saudi Arabia as India's lead oil supplier

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

Iraq has overtaken Saudi Arabia for the first time to become India's top crude oil supplier in the current fiscal, helped by sales of discounted heavy crude, Oil Minister Dharmendra Pradhan said on 18.12.2017. Saudi Arabia traditionally has been India's top oil source but in the April-October period of 2017-18, Iraq dethroned it, supplying 25.8 million tonnes (MT) of oil. In a written reply to a question in the Lok Sabha, Pradhan said Saudi Arabia supplied 21.9 MT of crude oil in the

first seven months of 2017-18. For the second year in a row, Iran continues to be the third largest supplier to India by selling 12.5 MT oil during the period. Iran was India's second biggest supplier of crude oil after Saudi Arabia till 2010-11 but western sanctions over its suspected nuclear programme relegated it to the 7th spot in the subsequent years. In 2013-14 and 2014-15, India bought 11 MT and 10.95 MT respectively from it.

3. Centre plans additional spending of Rs 66,113 crore, move may hit fiscal deficit

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

The government has planned an additional expenditure of Rs 66,113 crore with a net cash outgo of `33,380 crore, which could have some adverse impact on the fiscal deficit for the current financial year. The government has presented the second supplementary demand for grants seeking nod for additional spending in the current fiscal. The major chunk of allocation has gone to the department of food and public distribution (`3,480 crore) for food subsidy-related spending, the Mahatma Gandhi Rural Employment Guarantee Scheme (Rs 3,595 crore) and Rs 5,905 crore for meeting additional requirement for pensions following implementation of the Seventh Pay Commission. Finance minister Arun Jaitley moved the second batch of Supplementary Demands for Grants for 2017-18 in the Lok Sabha. The government has also set aside Rs 960 crore for the Goods and Services Tax Network (GSTN). This is towards meeting the establishment-related expenditure including payment of advance user charges.

4. Transport Ministry to seek Rs 5,000 crore for electric bus fleets, bus ports

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

The road transport and highways ministry will seek separate budgetary allocation of Rs 5,000 crore for introducing government-owned electric bus fleets and building world-class bus ports across the country, Union minister Nitin Gadkari has said. The ministry plans to set up special purpose

vehicles with state governments and road transport corporations, under which it will provide funds to procure electric buses and modernise public transport system, Gadkari told ET. "State transportation corporations should phase out the cost intensive diesel buses and must induct e-buses to bring down their losses," he said. "With the scale, their cost of operations would fall by almost 50% making them profitable. We can also have private sector-run e-buses by providing them subsidy and incentives," the minister said. "I will soon write to finance minister Arun Jaitley regarding the same along with pushing the proposal with state transport ministers," Gadkari said.

5. India to host meeting of 30-40 WTO members in February

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

Commerce and Industry Minister Suresh Prabhu today said India will host a meeting of about 40 WTO members in February to muster support for food security and other issues. "We are trying to call a meeting of almost 30-40 countries (WTO ministerial) in Delhi in February just to help multi-lateral process," Prabhu said here at an event organised by Apparel Export Promotion Council (AEPC). He, however, did not give details of the meeting. The proposed meeting would be in the backdrop of developed nations forming groupings to prepare ground for pushing investment facilitation, preparing rules for e-commerce, promoting gender equality and reducing subsidy on fisheries with a view to curbing illegal, unreported and unregulated fishing. India has been keenly pushing agriculture issues at the World Trade Organisation (WTO). It has also been raising its voice against bringing new issues, especially those which are not directly linked to trade, on the negotiating table.

6. India's trade deficit with China stands at \$37 billion in April-October

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

India's trade deficit with China stood at USD 36.73 billion during the first seven months of the current fiscal (April-October) compared to USD 51.11 billion in the financial year 2016-17, Parliament was informed on 18.12.2017. The bilateral trade between India and China stood at USD 50.19 billion during the April-October period, as against USD 71.45 billion in the entire 2016-17, according to the provisional data for April-October placed in the Lok Sabha by Minister of State for Commerce & Industry C R Chaudhary. "Increasing trade deficit with China can be attributed primarily to the fact that Chinese exports to India rely strongly on manufactured items to meet the demand of fast expanding sectors like telecom and power, while India's exports to China are characterised by primary and intermediate products," Chaudhary said.

7. Brighter growth prospects for India by FY20 and beyond: HSBC

The Economic Times ([Link](#))

India's growth prospect is likely to see a slowdown in the next two years followed by recovery in the medium term, with 2019-20 GDP expected at around 7.6 per cent, says a report by HSBC. According to the global financial services major, India's growth story has a two-part narrative. The first is a slowdown and gradual recovery in the short run, likely over 2017-18 and 2018-19 as key sectors revive from disruptions related to the implementation of the goods and services tax (GST). The subsequent narrative is of brighter growth prospects in the medium term (2019-20 and beyond), HSBC said in the report adding that "we forecast growth at 6.5 per cent, 7 per cent and 7.6 per cent over 2017-18, 2018-19 and 2019-20 respectively". In the medium term, GST alone may add 40 bps to GDP growth through productivity gains, it noted.

8. India can grow at 8 pc for next 20 years: UN expert

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

India can achieve an eight per cent growth rate for the next two decades by promoting investment and improving the living conditions of its people, a senior UN economic official has said. Describing India's economic condition as largely positive and "favourable to growth", Sebastian Vergara, an Economic Affairs Officer at the United Nations, said the country needs to unleash the next set of reforms to achieve its potential. "It needs to think as to how to maintain and consolidate its growth for a very long period of time. India in our assessment has the potential to grow at eight per cent, not for a few years, but 20 years," Vergara told PTI. "For that, India needs to come out with the next series of reforms, for example, promote investment and improve the living condition of its population," he said.

9. WTO must focus on emerging issues to remain relevant: Prabhu

Source: The Hindu Businessline ([Link](#))

The WTO must incorporate emerging issues if it wants to remain relevant in the changing times, Union Minister Suresh Prabhu said today, asserting that India will organise a "mini ministerial" meeting of the global trade body within a few weeks to help realise this objective. The 11th WTO meet collapsed last week in Buenos Aires, ending without any ministerial declaration or any substantive outcome with the US going back on its commitment to find a permanent solution to the public food stockholding issue, leaving India and other developing nations disappointed. "We are in the next few weeks going to organise a major conclave in India wherein we want to bring in the top countries of the world. We call it the mini Ministerial for the WTO (World Trade Organisation), Prabhu said. He had earlier said that India will call a meeting of some WTO members in February to muster support for food security and other issues.

