

Daily Economic News Summary: 10 June 2019

1. Pre-Budget Consultations Between June 11-23; Sitharaman To Meet Economists, Industry Chambers

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

The pre-Budget consultation exercise is all set to commence this week, with Finance Minister Nirmala Sitharaman scheduled to meet economists, banks and financial institutions as well as industry chambers between June 11-23. The state finance ministers are also expected to give their suggestions for Budget 2019-20 to the Centre during the GST Council meeting slated for June 20. Sitharaman would be presenting the first Budget of the Modi 2.0 government. The minister would kickstart the pre-Budget consultation by meeting the members of the Prime Minister's Economic Advisory Council (PMEAC) and seek their views on the state of the economy and way forward. Over the fortnight, the minister is likely to meet agriculture sector experts, banks and financial institutions and industry chambers. The full budget for 2019-20 would be presented on July 5.

2. India, US Working On Framework For Sharing Of Classified Defence Technology

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

India and the US are working on a framework to facilitate transfer of critical military technology and classified information by American defence firms to Indian private sector for joint ventures, authoritative sources said. The framework will also prescribe specific measures for ensuring safety and security of sensitive technology and classified information when shared with Indian firms. At present, there is no provision for sharing classified defence information by American companies with the Indian private sector although both countries have been favouring joint development of critical military platforms. The two countries are working on the specific framework to facilitate sharing of critical military technology by American defence firms with their Indian counterparts, the sources said.

3. Monsoon 2019 update: Arrival Likely To Be Delayed In Odisha, Several Districts Reel Under Intense Heat

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

Southwest monsoon, that hit Kerala after a week-long delay on 8 June, is likely to make a late arrival in Odisha, the IMD's regional centre in Bhubaneswar said. The monsoon is unlikely to hit Odisha in the next four-five days and no specific date has been announced about its arrival, H R Biswas, Director of the Meteorological Centre here said. The monsoon usually makes an onset in Odisha by June 10, he said. "At present, there is no sign of the onset of monsoon in Odisha and a clear picture is likely to emerge in a day or two," he said. Several parts of Odisha have been experiencing rains and thunderstorms due to Norwesters in the last few days.

4. Export Subsidy Programme To Be Phased Out To Meet WTO Norms

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

With countries like the US having challenged India's export subsidy programmes at the World Trade Organization (WTO), the government is considering phasing out the flagship Merchandise Exports from India Scheme (MEIS), possibly over the next two-three years. Instead, it will roll out WTO-compliant schemes that will offset both state and central levies on inputs consumed in exports, two sources who attended a marathon meeting chaired by new commerce and industry minister Piyush Goyal on June 6, told FE. Already, a scheme for the remission of state and central levies has been implemented in garments and made-up exports; this will be expanded gradually to include all key sectors. The next foreign trade policy (FTP), which will kick in from April 2020, will likely see the revamped architecture of various export schemes

5. India Calls on G-20 Nations For Early Solution On Taxing Digital Companies

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

India Sunday called on G-20 countries to adopt principle of 'significant economic presence' while addressing challenges to tax profits made by the digital companies. Addressing the two-day meeting of the G-20 finance ministers and central bank governors in Fukuoka, Japan, Finance Minister Nirmala Sitharaman noted the urgency to fix the issue of determining right nexus and profit allocation solution for taxing the profits made by digital economy companies. Sitharaman expressed confidence that a consensus-based global solution, which should also be equitable and simple, would be reached by 2020. The minister said that with almost 90 jurisdictions now adopting the automatic exchange of financial account information (AEOI), it

would ensure that tax evaders could no more hide their offshore financial accounts from the tax administration.

6. Finance Minister Nirmala Sitharaman To Hold First Pre-Budget Meet With Agricultural Experts on June 11

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

Finance Minister Nirmala Sitharaman will hold her first pre-budget consultation meeting with farm bodies and agricultural experts on June 11 amid delayed monsoon and drought in some states like Maharashtra. This would be the first interaction of Sitharaman, who took over as India's first full-time woman finance minister last month, after the BJP-led NDA government won the second term. Sitharaman will be presenting the Modi 2.0 government's first full budget on July 5. According to sources, the Finance Minister in the meeting would seek the views of different agriculture organisations and farm economists on ways to boost the farm sector growth and double farmers' income. The special focus will be on giving a boost to allied farm activities such as fishery, poultry and animal husbandry.

7. India's Automobile Major Mahindra wins Gold Award in S Africa

Source: The Statesman ([Link](#))

India's automobile major Mahindra won the Gold Award in Johannesburg for fairing on various indicators, including level of satisfaction among its network of dealers and the manner of allocation of vehicles to them. Mahindra, which has been in South Africa for the past 16 years, received the award on Friday from the country's National Automobile Dealers' Association (NADA) which tests dealers' satisfaction with the way a brand supports and communicates with them. The automobile giant, which has more than 60 dealers in South Africa, secured the top position out of the 29 vehicle brands surveyed for the awards. "We are very proud of our Gold Award as it is a direct indication of the health and happiness of our dealer network," Rajesh Gupta, CEO of Mahindra South Africa, said. "This Award is a welcome recognition of the team's hard work to improve every aspect of our dealer support, knowing that a happy dealer ultimately leads to a happy customer," he said.

8. Digital Firms, Traders To Discuss E-Commerce Policy With Piyush Goyal

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

To overhaul the draft e-commerce policy and proposals on data localisation, digital commerce firms and trader organisations are coming up with their set of recommendations which they

expect to discuss with Commerce Minister Piyush Goyal. The draft e-commerce policy and the proposals around data localisation were brought out right before the elections. Trader organisations have made it clear they want the e-commerce policy draft to be revamped; they believe it does not deal with issues of small retailers and traders. The final e-commerce policy to government's plans on data protection law, public policy teams from various firms, including Amazon India, Flipkart, Facebook, among others, are planning to meet senior officials from the Department for Promotion of Industry and Internal Trade (DPIIT), finance ministry as well as Ministry of Electronics and Information Technology (MeitY) to understand the newly formed government's stance on various issues.

9. Government To Move Full Steam Ahead On Labour Reforms With New Bill

Source: The Statesman ([Link](#))

In what could be a significant improvement over existing wage rules, the government is likely to extend the applicability of the Minimum Wages Act to all forms of employment and workers in both the organised and the unorganised sectors. The legislation is currently limited to employees in scheduled employment. This is part of the government's efforts to move aggressively on labour reforms – to bring equity in wages across sectors and take into account the fact that over 90 per cent of the workforce is in the unorganised sector. The proposal to introduce changes in labour laws through the Code on Wages Bill, 2019, in Parliament includes other important provisions. For instance, one aspect of the proposed legislation could be that while the state government concerned will fix and revise minimum wages, the Centre could, by notification, fix the so-called floor wage, which may be different for different geographical areas. The proposed Bill, which will be discussed by the Union Cabinet, is likely to contain a provision that the floor wage would be based on the minimum needs of a worker.

10. Incentives On Cards To Push Industry 4.0

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

The government could offer incentives in the form of tax breaks or subsidies to prompt India Inc to adopt a new standard that aims to drive use of new technology and digitisation, a senior official said. “A major initiative is being mulled to push the industry to adopt ‘Industry 4.0’,” the official said. Industry 4.0, or the fourth industrial revolution, will have as its mainstay increased digitisation and interconnection of products, value chains and business models. It has been devised by the Niti Aayog. Fiscal support such as subsidies or tax breaks for a fixed period could

be considered for industries adopting the standard, the official said. Aayog will initiate stakeholder consultation before the government introduces a policy in this regard, the person said.

11. India Likely To Join China-Russia Call For New Trading System On SCO Sidelines

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

India is likely to join China and Russia in voicing reservations about US trade protectionism at the SCO summit in Bishkek this week, which will mark prime minister Narendra Modi's maiden foreign outreach beyond South Asia in his second term. At the Shanghai Cooperation Organisation (SCO) meeting on June 13-14, leaders of these three nations along with other member states may pitch for a "new type" of multilateral trading system based on rules, people familiar with the issue told ET. The continuing trade war between the US and China and its impact on the global economy will be among the key talking points at the meet, one of persons cited earlier said.

12. Soon You May Have To Pay Tax On Cash Withdrawal Of Rs 10 Lakh A Year

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

In order to encourage digital transaction and crack down on black money, the Narendra Modi-led NDA government may soon start taxing those who withdraw more than Rs 10 lakh in cash in a year, Times of India reported on 10 June. The government may also mandate Aadhaar authentication for all high-value cash withdrawals in order to track individuals and tally tax returns. Earlier this week, the Reserve Bank of India said it would waive the fee currently imposed on banks for using its NEFT/RTGS payment servers. The central government also said it was setting up a panel to review charges imposed by banks on ATM withdrawals. While announcing the scrapping of charges on RTGS and NEFT transactions, the RBI said it was doing so to boost digital transactions.