

Daily Economic News Summary: 11 September 2019

1. India, ASEAN agree to review decade-old free trade pact

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

The Association of Southeast Asian Nations (Asean) has agreed to India's long-pending demand to review the free trade agreement (FTA) between the two sides. The exercise could help address India's concerns that it has not benefitted from the agreement and its goods trade deficit with the 10-member grouping has widened. The trade gap was \$22 billion in FY19, up from \$13 billion in FY18. On 10 September, the two sides agreed to "make it more user-friendly, simple and trade facilitative for businesses," according to a joint statement. This was agreed during a meeting between the grouping's economic ministers and commerce minister Piyush Goyal in Bangkok on 10 September at the 16th Asean Economic Ministers (AEM)-India consultations.

2. India, US talk restoration of GSP, withdrawal of tariffs

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

India is in talks with the US for restoration of Generalised System of Preferences (GSP), mutual withdrawal of their disputes at the World Trade Organization and removal of higher tariffs on steel and aluminium by Washington, as the two sides work to resolve their bilateral trade differences. "We have been discussing various issues with the US such as GSP restoration, and withdrawal of their Section 232 tariffs and our retaliatory duties," said an official. The two sides have been engaged in talks to iron out the differences, which began last year when the US levied global additional tariffs of 25% and 10% on the import of steel and aluminium products, respectively. Commerce minister Piyush Goyal is also likely to visit Washington soon. Officials said while the economic impact of GSP withdrawal on India's exports is not significant, these issues have longterm strategic implications and should not become deal breakers.

3. Nirmala Sitharaman says govt working on measures to help auto industry

Source: Livemint ([Link](#))

Finance minister Nirmala Sitharaman on 10 September said the government will soon respond to the demands of the automobile sector, which is facing the worst slump in more than two decades.

"We are working on a few things. We are conscious that we need to respond," Sitharaman said, adding that the GST Council will decide on cutting goods and services tax on automobiles, which attract a 28% rate now, at its 20 September meeting in Goa. Carmakers have sought an immediate cut in GST on vehicles to revive sales during the crucial festive season, after auto sales declined for the 10th straight month. They are hoping that a cut in tax would help attract buyers. Sitharaman was addressing reporters in Chennai to mark the NDA government's first 100 days in office in its second consecutive term. It has been a challenging start for the government, with India's economy expanding at the slowest pace in six years in the June quarter, amid sluggish demand, slowing private investment, a slump in the automobile sector and rising job losses.

4. PM Modi, K P Oli jointly inaugurate Motihari-Amlekhganj petroleum product pipeline
Source: Money Control ([Link](#))

Prime Minister Narendra Modi and his Nepal counterpart K P Sharma Oli on 10 September jointly inaugurated the Motihari-Amlekhganj petroleum product pipeline via a video link. The over 60 km-long pipeline is the first-ever cross-border petroleum product pipeline in the South Asia region, according to a video presentation made before the inauguration. As of now, tankers carry petroleum products from India to Nepal as part of an arrangement which is in place since 1973.

5. NITI Aayog urges Chinese business houses to make export-oriented investments in India
Source: Money Control ([Link](#))

In an address at the CII India China Economic Cooperation Summit, NITI Aayog Vice Chairman Rajiv Kumar said that India and China have agreed to identify non-tariff barriers and hold regular interactions among various industries to work towards better policies. "India-China defining partnership will provide the momentum and stability for global growth and stand against protectionism," said Kumar. He assured Chinese investors of due support from the Indian government. He said that India will welcome all export oriented investment from China. There are opportunities for Chinese investment in infrastructure, railways, roads, ports and airports. The economic cooperation forum covered discussions on manufacturing, digital infrastructure and renewable sector.

6. Mahindra Electric joins hands with Dassault Systemes for EV testing

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

Mahindra Electric Mobility of Mahindra & Mahindra (M&M) has partnered French multinational software firm Dassault Systemes to use its technology for faster electric vehicle (EV) development. Dassault Systemes, part of Dassault Group, is popular for its 3DEXPERIENCE platform that is used world over for designing, testing, and simulation in a range of industries. Mahindra Electric is using a particular offering from the Dassault Systemes' stable called SIMULIA for simulating the functioning of automotive components in a virtual environment. While the partnership is announced only now, Dassault Systemes said it had been working with Mahindra Electric for months on its existing and some new EV models. Mahindra Electric's portfolio includes eVerito and e20Plus passenger vehicles, eSupro cargo van, and three-wheeler passenger trucks Treo and eAlfa Mini. "OEMs want to develop new vehicles faster," said Olivier Sappin, vice-president of transportation and mobility, Dassault Systemes. "It typically takes 4-5 years for a new model (to roll out), but now the companies want to do it in 2-3 years."

7. Jammu & Kashmir: State holds big business opportunity in these key sectors

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

With the central government bringing constitutional changes in J&K, discussions are on about the likely business opportunities in the state. The northern state holds immense potential as rating agency CARE Ratings has come up with a detailed report examining the socio-economic profile of the region. It also evaluated the various sectors and segments that hold potential. The possibilities in the fruits and textile related products could be leveraged further so as to boost the state's economy, CARE Ratings said. It would also result in the spread of technology and create job opportunities, it added.

8. Modi govt's market borrowings touch Rs 3 lakh crore in first four months

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

The Union government has exhausted two-third of its market borrowing estimates in the first four months of this fiscal. According to the latest official data, the Modi government has borrowed Rs 2.96 lakh crore during April-July period, which is 66% of its annual estimate. In her maiden budget presented in July this year, finance minister Nirmala Sitharaman had pegged the Union government's market borrowings to be at Rs 4.48 lakh crore in FY2019-20. However, a slowing economy and weak revenue collection have caused concerns among the policy circles

about the government's ability to stick to the fiscal deficit target for the year despite receiving a record Rs 1.76 lakh crore surplus transfer from the Reserve Bank of India.

9. Alibaba-like MSME marketplace soon: Nitin Gadkari

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

The government is working on an Alibaba-like e-marketplace for micro, small and medium enterprises (MSMEs) which is expected to bring a turnover of around Rs 10 lakh crore over the next two to three years, Union MSME minister Nitin Gadkari said. "We are developing an e-market portal like Alibaba. We will call it Bharat Craft. This will provide a direct interface between buyers and sellers. In the next 2-3 years this portal will bring a turnover of about ₹10 lakh crore to the MSME sector," Gadkari said via an email communication. The government is looking at the MSME sector for its huge potential to generate income and employment, boost exports and its contribution to economic growth. Currently, MSMEs contribute around 29% to the country's GDP. "We will take this to 50% in the next five years. The sector gives employment to about 11 crore people currently, we will take this to 15 crore in the next five years," Gadkari said.