

## Daily Economic News Summary:16 March 2020

### **1. PM Narendra Modi proposes SAARC fund to combat coronavirus outbreak**

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

Sharing details of India's preparedness to prevent and contain the spread of novel coronavirus (COVID-19), Prime Minister Narendra Modi on 15 March told leaders of SAARC member countries that India recognised it was "still in an unknown situation" and "cannot predict how the situation will unfold". At a teleconference between the leaders of SAARC member nations on 15 March evening, called at Modi's initiative, suggested greater cooperation within the grouping, including sharing of experiences and best practices by their respective health experts. Sri Lanka President Gotabaya Rajapaksa, his Maldivian counterpart Ibrahim Mohamed Solih, and Bhutanese PM Lotay Tshering, all three of whose countries depend heavily on tourism sector that is hit the hardest in recent weeks, called for a common fight not just against COVID-19 but also its economic fallout.

### **2. GST Council meet: Finance Ministry to examine possibility of borrowing from market to solve compensation issue**

**Source: Money Control ([Link](#))**

The Goods and Services Tax (GST) Council, in its meeting on March 14, discussed whether it could borrow from the market to resolve the compensation issue. "There were suggestions recalling what late Arun Jaitley had said about there can be ways that the Council can probably even borrow from the market. So all this was discussed," Union Finance Minister Nirmala Sitharaman said in a press briefing. Under the GST law, states are guaranteed compensation for revenue loss for five years if their revenue does not increase 14 percent on the base year of 2015-16. There were no differences between the Centre and states with regard to compensation payment in 2017-18, 2018-19, and in the first four months of the current fiscal.

### **3. India, US discuss COVID-19 developments**

**Source: Livemint ([Link](#))**

The US secretary of state Mike Pompeo and Indian foreign minister S Jaishankar discussed over the weekend the situation arising out of the pandemic of COVID-19, commonly known as the

novel coronavirus, a US state department statement said. "Secretary of State Michael R Pompeo and Indian Minister of External Affairs Dr S Jaishankar spoke March 14 to discuss COVID-19 developments, including ways in which India and the US can cooperate to address this global challenge," the statement said late 15 March. "Productive conversation with Indian External Affairs Minister (EAM) Dr S Jaishankar on ways the US and India can collaborate to fight the global #coronavirus outbreak," news agency ANI quoted Pompeo as saying.

#### **4. Customs duty on e-transmissions: India, South Africa make new submission at WTO**

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

India and South Africa have made a new submission at the World Trade Organisation against the proposed extension of the moratorium on customs duty on electronic transmissions, raising concerns on the possible inclusion of digitisable goods in its scope that could severely hit developing countries. "Today, members (countries) are waking up to the weighty impact of the moratorium assuming the scope of the moratorium is centred on digitised and digitisable goods...The moratorium will be equivalent to developing countries giving the digitally advanced countries duty-free access to our markets," said a recent joint communication by India and South Africa to the General Council of the WTO.

#### **5. New upgraded IT system for GST by July, e-invoicing to be implemented from Oct 1**

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

GST rates on mobile phones, fertilisers, man-made fabrics and garments are likely to be hiked to 18 per cent in the next GST Council meeting on March 14. Experts said the rate hike would improve working capital position of the manufactures as it would correct the inverted duty structure but may lead to increase in price of the finished goods. Currently, under the goods and services tax (GST), certain manufactured goods attract a tax rate of 5 per cent or 12 per cent while their inputs, input services and capital goods attract GST at the higher rate of 18 per cent or 28 per cent.

#### **6. ITAT: Only one representative of litigant allowed in courtroom**

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

With various States closing down public places such as schools, malls and gyms, the Income Tax Appellate Tribunal (ITAT) is also taking measures to prevent the spread of coronavirus. To ensure that court rooms are not overcrowded, and to encourage e-mail communication for the

purpose of seeking adjournments, the ITAT Mumbai Bench has now said that except for lawyers, chartered accountants and departmental representatives who are going to act in the matter, only one representative of the litigant will be permitted in the court room. Further, in case more than one Bench is functioning in a court room, these will function in alphabetical order and after a break of 15 minutes in between. “No person, whether departmental representative or the representatives of the assessee, connected with the Bench, not functioning at that point of time, will ordinarily be allowed inside the court room,” it has stressed.

### **7. Indo-American trade: FTA talks may start after US elections**

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

India and the US will likely explore the feasibility of a full-fledged free trade agreement (FTA) to boost bilateral trade only after the US presidential elections in November, sources told FE. However, a limited deal, based on the convergence so far, may be signed before that. While the quantum of incentives involved in the limited deal is still unclear, it could cover products with a total bilateral trade of around \$13 billion a year, more than the initial expectation of \$10 billion. At a joint press meet with Prime Minister Narendra Modi in New Delhi last month, American President Donald Trump had said India and the US had agreed to focus on a “comprehensive trade deal”. Modi, too, said: “President Trump and I have agreed that our teams will give a legal shape to the understanding that our commerce ministers have reached. We have also agreed to start negotiations for a big trade deal.”

### **8. With India-Iran trade at standstill, banks set to lose low cost deposits**

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

The coronavirus scare has led to a near-standstill of trade between India and Iran. Apart from exporters, the two lending entities UCO Bank and IDBI Bank which enable the payment mechanism for this bilateral trade, will also be hit, since they will lose on a pool of low-cost deposits. A top official of UCO Bank said the deposits on account of the special mechanism put in place for trade with Iran had already substantially reduced the bank would be able to extend the support till funds were available. This is a double whammy for exporters, struggling with a drastic fall in trade with Iran over the past month due to acute shortage of containers, largely supplied from China (which accounts for nearly 30 per cent of container supply worldwide). For the banks, if both export and import get halted, the payment mechanism will turn redundant. The two banks did not reveal the extent of deposits on account of the Iran trade. However, its utility

can be gauged from the fact that in the final quarter of 2018-19, UCO Bank could trim its loss by 27 per cent since it got Rs 13,000-14,000 crore of an interest-free floating fund from Indian oil refiners.

### **9. Tax officials ready with rules, forms to implement Vivad Se Vishwas scheme**

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

Tax officials are ready with necessary rules and forms under the Vivad Se Vishwas Scheme to settle direct tax disputes, and will issue them soon after the law gets presidential assent, two officials told ET. The Central Board of Direct Taxes has also directed its officers to be prepared with tax calculations for taxpayers to ensure speedy execution of the scheme, given the tight deadline of March 31, they said. It is also ready with the online system that will be used by taxpayers to avail the scheme. Parliament had on Friday approved the Direct Tax Vivad se Vishwas Bill, 2020, which would give taxpayers an opportunity to settle their disputes by paying due taxes with complete waiver of interest and penalty until March 31. It would also allow dispute settlement with some additional payment till July 31.