

Daily Economic News Summary 7 February 2020

1. Finance Ministry to assess impact of Coronavirus outbreak on trade and 'Make in India' scheme

Source: Firstpost ([Link](#))

The Finance Ministry will hold a meeting on 16 February to assess the impact of coronavirus outbreak and any disruptions posed by it to the country's trade or the 'Make in India' initiative. "On the impact of coronavirus outbreak and any disruptions to 'Make in India' or to Indian export/import, Finance Ministry is scheduled to hold a meeting on 18 February. Stakeholders welcome. If unable to attend please email your inputs at fmo@nic.in," Union Finance Minister Nirmala Sitharaman said in a tweet on 16 February. India is one of China's leading trade partners in Asia and has a huge trade deficit with the country. The toll from China's coronavirus (COVID-19) epidemic climbed to 1,665 on Saturday after 142 more people died, mostly in the worst-hit Hubei province, and the confirmed cases jumped to 68,500.

2. Amazon, Flipkart seek rollback of new tax on online sellers

Source: Livemint ([Link](#))

Amazon and Walmart's Flipkart are among online retailers demanding that India scale back a proposed tax on third-party sellers on their platforms, saying the burden of compliance will hurt the fledgling industry, according to documents seen by Reuters. The online retail industry is braced for a possible 1% tax on each sale made by sellers on their platforms from April if the proposal is approved by parliament next month. The move is part of a broader plan by Prime Minister Narendra Modi's government to increase tax revenues and counter a sharp economic slowdown due to weakening consumer demand. But the tax will hurt the country's fledgling e-commerce sector, according to a presentation prepared by the Federation of Indian Chambers of Commerce and Industry (FICCI) for the government and seen by Reuters.

3. More firms in India complying with CSR norms under Companies Act: Report

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

More companies in India are complying with corporate social responsibility norms under the Companies Act, 2013, with 76 per cent firms having spent 2 per cent or more of their profits on

such initiatives during 2019, according to a report. The findings of the 'India CSR Reporting Survey 2019', compiled by KPMG in India, that covered 100 companies also revealed a 150 per cent rise in the number of firms that have committed to carry forward 2 per cent of the unspent amount. The Companies Act which came into effect from April 1, 2014 stipulates that firms with a net worth of Rs 500 crore or more, or a turnover of Rs 100 crore or more, or a net profit of Rs 5 crore or more during the immediately preceding financial year are required to spend 2 per cent of their profits on corporate social responsibility (CSR) programmes.

4. Looking to get Zojila tunnel completed without cost escalation; project may undergo design changes: Nitin Gadkari

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

The strategic Zojila tunnel for all-year connectivity between Leh and Srinagar may undergo some design changes to prevent cost escalation as the government plans to complete the project at the earlier estimated cost of about Rs 6,800 crore, Union minister Nitin Gadkari said. The tunnel project, stalled for about six years, holds strategic significance as Zojila Pass is situated at an altitude of 11,578 feet on the Srinagar-Kargil-Leh National highway and remains closed during winters due to heavy snowfall, cutting off Ladakh region from Kashmir. Though the revised project cost estimate of a little over Rs 8,000 crore has been sent to the Cabinet, "we are deliberating on minor design changes to prevent cost escalation," the minister said.

5. Expectations high on 'mini' trade deal, higher investments from US firms during Trump's visit: India Inc

Source: Firstpost ([Link](#))

India Inc expects tangible outcomes from US President Donald Trump's maiden visit to the world's fifth-largest economy later this month, including a bilateral "mini" trade deal and higher investment commitments from American companies, industry groups said on 16 February. The two countries are negotiating a trade package to iron out certain issues and promote two-way commerce. India is demanding exemption from high duties imposed by the US on certain steel and aluminium products, resumption of export benefits to certain domestic products under the Generalised System of Preferences, and greater market access for its products from sectors like agriculture, automobile, auto components and engineering.

6. India forex reserves soar to record \$473 billion

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

The country's foreign exchange reserves rose by \$1.701 billion to a lifetime high of \$473 billion in the week to February 7 on account of increase in foreign currency assets, according to RBI data. In the previous week, the foreign exchange reserves had swollen by \$4.607 billion to \$471.3 billion. In the reporting week, foreign currency assets, a major component of the overall reserves, rose by \$1.938 billion to \$439.186 billion. Expressed in dollar terms, the foreign currency assets include the effect of appreciation or depreciation of non-US units like the euro, pound and yen held in the foreign exchange reserves.

7. Vietnam looks to Indian market to ease virus hit to farm exports

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

Vietnam is seeking to boost its farm produce exports to India to alleviate the impact of the coronavirus on the Southeast Asian country's trade with China, its largest trading partner. Vietnam has asked India to reduce trade barriers on its exports, such as black pepper and cashew nuts, the Ministry of Industry and Trade said on 14 February. "Vietnam and India have room to significantly increase bilateral trade," the ministry said in a statement, adding that the two countries target to raise trade to \$15 billion from \$11.3 billion last year. The statement comes amid a visit by Vietnam deputy trade minister Cao Quoc Hung to India "to boost bilateral trade and discuss measures to tackle difficulties faced by Vietnam's farm produce exports due to the disease outbreak in China."

8. India in talks with Russia for long-term import of crude oil

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

India and Russia have finalised the broad contours of an ambitious government-to-government agreement for long-term import of crude oil by India from Russia's Far East region. The pact is likely to be inked during Russian President Vladimir Putin's visit in October for the annual summit talks with Prime Minister Narendra Modi, diplomatic sources told PTI. The pact is set to help the two countries achieve their target of taking the volume of annual bilateral trade to \$25 billion from current \$11 billion. When asked about it, Russian Deputy Chief of Mission Roman Babushkin told PTI that both India and Russia are adopting a "multi-dimensional" approach in boosting cooperation in oil and gas sector in sync with decisions taken by Putin and Modi in their last annual summit in Vladivostok in September.