

<b>Daily Economic News Summary: 17 October 2019</b>
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**1. India-bound FDI may face thorough frisking**

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

India is taking a fresh look at security protocols to be followed by foreign direct investors as concerns rise over money coming in from countries that New Delhi has sensitive ties with and monitors closely. The Department for Promotion of Industry and Internal Trade (DPIIT), the finance ministry's department of revenue and the home ministry are holding discussions on the matter, said people with knowledge of the matter. The review comes amid the rising trend of FDI being screened worldwide. The EU recently adopted a screening framework on the grounds of security and public order. The US has stepped up scrutiny of Chinese investments in the country amid a trade war over concerns about acquisition of American assets.

**2. Govt to bring back FRDI Bill, may hike insurance cover of customers**

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

The finance ministry has started work on reviving the contentious Financial Resolution and Deposit Insurance (FRDI) Bill, a year after the proposed law for ushering insolvency of financial institutions was withdrawn by the Union government. "The Department of Economic Affairs is redrafting the FRDI Bill and will soon circulate it for inter-ministerial consultation," said a top finance ministry official. Another finance ministry official said the government would be ironing out issues related to the controversial 'bail-in' clause in the earlier Bill, would explore hiking the deposit insurance cover of customers, and would decide whether the resolution framework should apply to public sector banks. The government intends to hike the insurance cover of customers of a failed financial institution from Rs 1 lakh per depositor at present, the official added. The move comes at a time when financial institutions, especially non-banking financial companies (NBFCs) and co-operative banks, are showing signs of distress. The Insolvency and Bankruptcy Code, 2016, takes care of the resolution process for ailing non-financial firms, but does not cover deposit-taking financial companies.

### **3. Bajaj makes first move, brings back Chetak scooter in an electric variant**

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

On 16 October, in the presence of road transport minister Nitin Gadkari and NITI Aayog CEO Amitabh Kant (NITI Aayog had proposed electrification of two-wheeler industry by 2023), his company launched the first electric two-wheeler from the Bajaj stable. Through this, it also returned to the scooter segment, which it had exited in 2009. Aptly, the electric scooter has been named Chetak, which had been a household name in the last decade. “Our future is in our past,” the managing director at Bajaj Auto said. “The fact that Bajaj doesn’t sell scooters is our bigger strength. We are starting from here because there is no conflict of interest. When you enter into a new market, you don’t make money from Day One. The price will not be viable from Day One, but it will add to our numbers.”

### **4. Civil society organisations question govt on RCEP’s benefits when India’s economy is slowing**

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

Farmer and civil society organisations on 16 October questioned the government about the benefits of the proposed Regional Comprehensive Economic Partnership (RCEP) trade agreement especially when the economy is going through a period of slowdown and there are apprehensions from many sectors. They said various sectors of the Indian economy including agriculture, dairy, services and data would be impacted, going by the leaked texts of the agreement and asked why the government is involved in e-commerce negotiations in the pact when it is opposed to even engaging on the subject at the World Trade Organization (WTO).

### **5. Asia’s latest trade spat divides palm oil giants over Kashmir**

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

India, the world’s top palm oil buyer, is shunning purchases from Malaysia after the Southeast Asian nation’s prime minister criticized its policy in Kashmir, sparking the latest trade spat in the region. Malaysian Prime Minister Mahathir Mohamad last month told the United Nations that India “invaded and occupied” Kashmir. Since then, many Indian buyers of palm oil have started shifting to Indonesian supplies amid concern that Prime Minister Narendra Modi will curb purchases of the vegetable oil from Malaysia. The spat is the latest regional diplomatic dispute to impact trade flows. South Korea and Japan’s disagreement earlier this year over the latter’s

colonization of the Korean Peninsula has resulted in stricter export checks and hits to tourism, while the China-US conflict over issues including intellectual property has roiled global trade flows and financial markets.

#### **6. FM promises more reforms before the end of the fiscal**

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

Finance minister Nirmala Sitharaman said more reforms are on the anvil this fiscal to boost growth as fresh economic data and subdued corporate earnings point to a deeper economic downturn. “We have just entered the second half of 2019-20 and already implemented a series of reforms with more on the anvil before the close of year. The reforms were and will be guided by close scrutiny of growth evidence in the economy,” she said at Columbia University’s School of International and Public Affairs on 15 October. Sitharaman has already announced a series of measures, including a deep cut in corporate tax, to counter a severe demand slowdown and slump in private investment that have left economic growth stuttering at a six-year low of 5% in the quarter ended June.

#### **7. USTR may visit India soon to seal limited scope deal**

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

United States trade representative Robert Lighthizer is likely to visit India within the next two weeks as the two sides work towards resolving their bilateral trade issues. Sources said a limited scope trade deal is on the menu for his visit. This will be the second high-level visit of an American trade official this month. US secretary of commerce Wilbur Ross met commerce and industry minister Piyush Goyal on October 3. “The USTR will visit India soon but the dates are yet to be firmed up,” said one official aware of the development. This would be current USTR’s first visit to India.

#### **8. India slips in the EM league tables**

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

The current slowdown seems to have dented India’s attractiveness among emerging markets considerably, with the country slipping two positions to ninth among key emerging markets. The rankings are based on Mint’s Emerging Markets Tracker, launched last month to track seven high-frequency indicators across 10 large emerging markets, and help us make sense of India’s relative position in the emerging markets league tables. The selection of the emerging markets is

based on the International Monetary Fund (IMF) classification of emerging and developing economies. The 10 emerging markets selected were the largest economies in this group for which consistent and comparable time series data were available. In recent months, India's metrics have deteriorated considerably, and in August, India was already at the seventh spot. September saw a further slide, with all emerging markets except Turkey, ranking ahead of India. China displaced the Philippines from the top position, buoyed by a recovery in its stock markets, and despite a decline in exports.

### **9. Road ministry issues draft norms to set up vehicle scrapping facility**

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

India is a step closer to legalizing scrapping of old vehicles. The road transport and highways ministry has issued draft guidelines to set up vehicle scrapping centres in the country, a move aimed at protecting the environment and promoting legally backed dismantling and scrapping industry. Towards this, the government has sought comments from relevant stakeholders by 15 November. These norms, when implemented, will enable safe and regulated disposal of vehicles. Vehicles can be offered for scrapping if they are impounded or abandoned by enforcement agencies, beyond repair, registration certificate has not been renewed, damaged due to fire, natural calamity, without fitness certificate, among others, the draft said.

### **10. India imposes anti-dumping duty on certain steel imports**

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

India has imposed a provisional \$29-\$200 a tonne anti-dumping duty to rein in burgeoning and predatory imports of galvalume steel products from China, Vietnam and Korea which were causing material injury to the domestic industry. The duty will remain in effect for six months. JSW Steel Coated Products, a unit of Sajjan Jindal-led JSW Steel, had moved a petition before the Directorate General of Trade Remedies (DGTR) for imposition of the trade remedial measure on imports of the high-end aluminium and zinc coated flat products (galvalume) that find application in roofing purposes to making auto parts. Following investigations, the DGTR found that exporters from these three countries were sending galvalume to India "below their normal values", causing "material injury" to the domestic producers like JSW Steel, Tata Steel and Bhushan Power and Steel among others