Daily Economic News Summary: 19 September 2019

1. Govt constitutes Company Law Committee to improve ease of doing business
Source: The Economic Times (Link)

The government has created a committee to look at recategorization of certain offences under the Companies At as civil offences as well as review other provisions of the Companies Act and the Limited Liability Partnerships Act 2008. The company law committee which will be chaired by Injeti Srinivas, secretary of the corporate affairs ministry will look into key issues including the introduction of a settlement mechanism for offences under the companies act as well as de-clogging the National Company Law Tribunals and measure to improve the functioning of statutory bodies under the Companies Act including the Serious Frauds Investigations Office (SFIO), The Investor Education and Protection Fund Authority (IEPFA) and the National Financial Reporting Authority (NFRA).

2. Multiple ministries at work on their own ecommerce rules
Source: The Economic Times (Link)

Even as an umbrella ecommerce policy is on the anvil, several ministries are working in silos to frame their own set of rules, pushing to the margins the industry's ask for a consolidated set of guidelines for the sector. Commerce and industry minister Piyush Goyal had said in June that a national ecommerce policy would be ready within 12 months. However, the ministry of electronics and information technology (MeitY) and the consumer affairs ministry have started parallel consultations to frame their own rules to regulate ecommerce companies. While MeitY has set up a panel to regulate non-personal data, the consumer affairs ministry has floated draft guidelines for consumer protection. These make up a significant portion of the Department for Promotion of Industry and Internal Trade's draft national ecommerce policy.

3. Sun may set on Coal India monopoly; govt to invite bids from global miners
Source: Financial Express (Link)

The government aims to allow companies with winning bids to begin development of the coal blocks which hold proven reserves by early 2020, the three sources said. The government plans to invite bids from global firms for the first time for coal mining blocks before end-2019, sources familiar with the matter said, a move that would end Coal India's near-monopoly on the fuel as the nation tries to cut imports. Coal is among the top five commodities imported by India, one of the world's largest consumers of the fuel. Coal imports are surging after the government failed to open the industry to competition, despite having passed a liberalisation policy 19 months ago. The coal block auctions are intended to attract global miners such as Glencore, BHP Group, Anglo American and Peabody Energy. The government aims to allow companies with winning bids to begin development of the coal blocks which hold proven reserves by early 2020, the three sources said. It is not clear when the government expects to see first output from the coal blocks. The coal ministry did not respond to a request for comment.

4. Government notifies changes to FDI in single-brand retail
Source: Financial Express (Link)

The 30% local sourcing norms had been a pain point for many companies, restricting their India expansion plans. In 2012, the government had allowed 100% FDI in single-brand retail under the government approval route. The government on 18 September formally notified the amendments to the foreign direct investment (FDI) policy in single-brand retail. Last month, the Cabinet had relaxed key aspects of the 30% local sourcing rules applicable to single-brand retail entities where FDI is over 51%. In a boost to foreign behemoths such as Apple, IKEA and H&M, single-brand retail entities can now adjust their entire procurement of goods from India for their global operations against their mandatory 30% local sourcing requirements. Even sourcing for global operations done through group companies (resident or non-resident) or indirectly via third parties such as contract manufacturers will be counted towards domestic sourcing obligation.

5. India to soon set up apex water authority for northeast region
Source: Livemint (Link)

To evolve a consolidated strategy for management of its north-east region' water resources, India will shortly set up a North East Water Management Authority (NEWMA), according to government officials. The authority is being set up on the recommendations of a high level committee headed by NITI Aayog vice-chairman Rajiv Kumar, in the backdrop of China's ambitious $62 billion south-north water diversion scheme. NEWMA will be the apex authority for developing all projects related to hydropower, agriculture, bio-diversity conservation, flood control, inland water transport, forestry, fishery and eco-tourism in the region. It will also help spearhead India's efforts to establish prior user rights on waters from the rivers that originate in China.

6. Govt scraps import duty on open cell TV panel to boost manufacturing
Source: Money Control (Link)

The government has scrapped import duty on open cell TV panel used to make television sets, as it aims to boost local manufacturing by lowering input costs for TV makers who have been complaining about a slump in demand. The decision to remove 5 per cent customs duty will help reduce manufacturing cost by around 3 per cent but it wasn't immediately clear if all TV makers will pass on the benefit to consumers. Panasonic said it will pass on the benefit of 3-4 per cent reduction to consumers. Finance Ministry in a notification said customs duty on "open-cell (15.6-inch and above), for use in the manufacture of Liquid Crystal Display (LCD) and Light Emitting Diode (LED) TV panels" will be nil as against 5 per cent import duty previously.

7. Govt likely sell part of Air India stake to foreign airline; may invite preliminary bids by 10 October: Report
Source: Firstpost (Link)

The government is open to selling a partial stake in debt-laden state-run carrier Air India to a foreign airline, people familiar with the matter said on 18 September. The government has moved about Rs 30,000 crore ($4.21 billion) of Air India's debt to a separate holding company, leaving the carrier with roughly another Rs 30,000 crore of debt, said a Reuters report quoting sources. The government will also likely invite preliminary bids for the carrier by 10 October, the sources added. In a major set back for the debt-laden Air India, the finance ministry is unlikely to infuse any additional funds into the debt-laden airline this financial year amid a report that the government may come out with a fresh disinvestment plan for the national carrier.

8. NTPC to build India's biggest solar park in Gujrat
Source: The Hindustan Times (Link)

India's NTPC Ltd. plans to set up a 5 gigawatt solar park in the western state of Gujarat, which would be the biggest in the country, as the top electricity generator shifts toward cleaner energy. A site has been identified for the project, which is expected to cost as much as 250 billion rupees ($3.5 billion) and begin operations by 2024, according to a company official, who asked not to be named as the plan isn't public yet. The company may also invite bids from developers to set up projects in the park. The plan is part of the NTPC's aim to build 32 gigawatts of renewable capacity by 2032 and reduce the share of fossil fuels in its energy mix to 70% from about 96% now. Government regulations to cap emissions from coal-fired power plants, which increase the costs of building such projects, have also prompted the New Delhi-based company to turn to green energy for growth.