

Daily Economic News Summary: 1 August 2019

1. With Eye on Improving Road Safety, Rajya Sabha Clears Motor Vehicles (Amendment) Bill

Source: News 18 ([Link](#))

The Rajya Sabha on 31 July cleared a bill to tighten road traffic regulations, such as the issuance of driving licence, and imposed stricter penalties for violations in an attempt to improve road safety around the country. The Upper House passed the Motor Vehicles (Amendment) Bill, 2019, with 108 votes in favour and 13 against it, with three amendments moved by Union Road Transport and Highways Minister Nitin Gadkari. The legislation was passed by the Lok Sabha on July 23, but the bill will be sent back to it due to a typo. The bill, which was pending for approval in the Rajya Sabha, had lapsed after the term of the 16th Lok Sabha ended. Replying to a debate on the bill, Gadkari allayed concerns of states and said the Centre would not encroach on any of their rights, including a right to levy vehicle registration charge and permit fee besides posting of officials. Not a single rupee of state revenue would be taken by the Centre, he said. The rights of the states to set up driving training institutes will also not be tinkered with, he added.

2. PM Modi Says Govt Committed to 'Housing for All by 2022', Tells Bureaucrats to Remove Hurdles to Mission

Source: News 18 ([Link](#))

In the first 'Pragati' review meeting of his second term in office, Prime Minister Narendra Modi reiterated on 31 July his government's commitment for the "Housing for All by 2022" mission and urged bureaucrats to remove hurdles to achieve the objective. He also called upon states to put in maximum efforts towards water conservation, especially during the current monsoon season, according to an official statement. This was the first meeting of Pro-Active Governance and Timely Implementation (Pragati) in Modi's second term in office. Twenty-nine such meetings in the previous term of the government saw a cumulative review of 257 projects with a total investment of over Rs 12 lakh crore. On Wednesday, the prime minister reviewed the progress in resolution of grievances related to the PM Awas Yojana (Urban). He underlined the resolve of his government to ensure that no family will be left without a home by 2022, and

exhorted the officers to work diligently towards this objective, and remove all hurdles coming in the way.

3. India only Asian economy that's growing its export share amid trade war

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

The only major Asian economy that's grown its export share since the start of the tariff wars in 2018 is the one with the fewest trade links to China. India's share of world exports rose to 1.71 per cent in the first quarter of 2019 from 1.58 per cent in the fourth quarter of 2017, data compiled by Bloomberg show. The share of every other economy among Asia's 10 biggest exporting nations fell in the same period. Part of the reason for India's outperformance is that it's not as integrated into global manufacturing supply chains as peers, which means exporters are cushioned from rising trade tensions in the region. It's a sentiment that was flagged by central bank Governor Shaktikanta Das in a recent interview. "India is not part of the global value chain," he said. "So, US-China trade tension does not impact India as much as several other economies."

4. Govt softens stance on time frame for transition to electric vehicles

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

The government seems to have softened its stance on the time frame for transition to electric vehicles (Evs). The Ministry of Heavy Industries, the Ministry of Road Transport and Highways, the power ministry, and the NITI Aayog tasked with the policymaking and implementation of the government's e-mobility plan have extended an olive branch to the beleaguered automobile industry by agreeing to a "softer, pragmatic, phase-wise approach". Under the revised plan, highly-polluted urban cities will be targeted first. The change in stance follows a strong opposition by automakers of the proposed government plan to ban two-wheelers (below 150cc) and three-wheelers by 2023 and 2025, respectively, and replace them with battery-operated EVs. The industry had said the move was not well-thought-out and would create unwanted disruptions in a market where infrastructure and ecosystem for EVs was non-existent.

5. At \$2.73 trn, India's economy pushed to 7th spot; UK, France march ahead

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

The UK and France have toppled India from the position of the fifth-largest economy in 2018, according to data compiled by the World Bank. Earlier data had shown that India had become the sixth largest economy in 2017, pushing France to the seventh place. However, the latest data

showed that India had in fact become the fifth-largest economy that year, ahead of even the UK. In 2017, India's economic size stood at \$2.65 trillion, followed by the UK at \$2.64 trillion and France at \$2.59 trillion. However, this status was short lived as the UK's economy grew to \$2.82 trillion and the French economy expanded to \$2.78 trillion in 2018, against India's \$2.73 trillion, showed the data. It means that India's economy grew a mere 3.01 per cent in dollar terms in 2018 against 15.72 per cent in 2017. On the other hand, the UK's economy grew 6.81 per cent against a contraction of 0.75 per cent in this period. The French economy expanded by 7.33 per cent against 4.85 per cent.

6. Govt, exporters discuss strategy to increase exports to US, China

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

To help India maximise the benefits from the on-going tariff war between the US and China, Commerce and Industry Minister Piyush Goyal has asked exporters to flag concerns related to availability of land and labour, setting up of common effluent treatment plants, cluster development and necessary logistics support in ports, airports and customs. "The Ministry will then be able to iron out the issues impeding India's exports and facilitate the exporters to take maximum benefit from the tariff escalation between the US and China," Goyal said addressing an interactive session was organised in New Delhi on Wednesday by the Commerce & Industry Ministry on emerging opportunities to enlarge India's exports to US and China. The Federation of Indian Export Organisations (FIEO), in its presentation, pointed out that India's success to get the best out of the tariff war would depend on how quickly exporters could add to their capacity.

7. Centre to tax foreign tech firms on profits; framework being finalised: Report

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

The government is finalising a framework to tax foreign technology companies that have a user base of 500,000 and above and earn more than Rs 20 crore revenue, a move that will have a bearing on tech giants such as Google, Facebook and Twitter, reports. The Economic Times. The direct tax at 35 percent would be on par with what local companies pay and will be imposed on profits earned by foreign companies in India, the report said. The move was under consideration after Budget 2018 introduced the 'Significant Economic Presence' concept and the Central Board for Direct Taxes (CBDT) had in July that year called for suggestions to frame SEP rules. Besides the framework for tech companies, SEP may be included in the Finance Ministry's draft direct taxes code, which aims to streamline India's direct tax laws, it added.

8. Air India, Fiji Airways sign codeshare pact

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

Air India on 30 Jul inked a codeshare pact with Fiji's flag carrier Fiji Airways which will provide convenient connections between three domestic cities and the South Pacific nation. The codeshare partnership between the two partners will come into effect from next month, Air India said in a release. Code sharing allows an airline to book its passengers on its partner carriers and provide seamless travel to destinations where it has no presence. The pact will allow Fiji Airways to place its FJ flight code on flights operated by Air India from three domestic cities to Hong Kong and Singapore, and in turn, it will allow Air India to place its AI designator code on Fiji Airways flights from Hong Kong and Singapore to Nadi, the release said.

9. Flipkart launches 'Samarth' to empower Indian artisans, weavers and craftsmen

Source: Livemint ([Link](#))

Flipkart, India's leading e-commerce marketplace on 31 July launched 'Flipkart Samarth' – a breakthrough initiative aimed at bringing India's artisans, weavers, and handicrafts producers onto e-commerce. The initiative was launched by Minister of state for Finance & Corporate Affairs Anurag Singh Thakur along with Flipkart CEO Kalyan Krishnamurthy in New Delhi. According to Krishnamurthy, Flipkart Samarth has been designed to support the e-commerce journey for artisans from on-boarding until they reach familiarity with the process of selling online. The host of initiatives and benefits under Flipkart Samarth include dedicated support for onboarding, cataloguing, account management, business insights, dedicated seller support, reduced commission where eligible, and warehousing support. Flipkart Samarth will work closely with reputed NGOs and government bodies and livelihood missions to reach a large number of rural entrepreneurs, with a special focus on women-led enterprises, differently-abled entrepreneurs, artisans, and weavers, who often face obstacles such as lack of access to working capital, poor infrastructure, and inadequate training.

10. FDI sets a new record at \$64.37bn in FY19: Centre

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

India received the highest-ever FDI inflow of USD 64.37 billion during the fiscal ended March 2019, said a government report. According to the Annual Report 2018-19 of the Department for Promotion of Industry and Internal Trade (DPIIT), foreign direct investments (FDI) worth USD 286 billion were received in the country in past five years. "In the current financial year (2018-

19), the country registered highest ever FDI inflow of USD 64.37 billion,” the report said. Highlighting the importance of FDI, it said the foreign inflows bring in resources, the latest technology and best practices to push economic growth on to a higher trajectory. The DPIIT under the commerce and industry ministry further said path-breaking reform measures undertaken during the last financial year have resulted in India surpassing the FDI received in 2016-17 and registering an inflow of USD 60.98 billion during 2017-18, a new all-time high.