

## Daily Economic News Summary: 20 January 2019

### **1. Government to de-criminalise Income Tax Act, anti-money laundering law: FM Nirmala Sitharaman**

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

The government will decriminalise the Income Tax Act and the Prevention of Money Laundering Act (PMLA) as part of steps towards taking the country to a \$5 trillion economy, finance minister Nirmala Sitharaman has said. The minister said in her address on the 'roadmap to a \$5 trillion economy' at the Nani Palkhivala centenary celebrations in Chennai on 19 January that decriminalising corporate laws, settling tax disputes and rapid privatisation of state-run firms were among the steps that the government was taking to achieve the goal. The government has already identified the statutory changes to be made in the Companies Act to decriminalise several procedural lapses and those that do not affect public interest as part of efforts to reduce the rigors of compliance and to improve ease of doing business

### **2. Commerce ministry moots limiting liquor purchase to 1 bottle at duty-free shops**

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

International travellers may be able to add just a single litre of liquor to their carts at an Indian airport duty-free shop next time they return from an overseas trip, as against the two litres allowed now. Cigarettes may also vanish from the duty-free shelves. The measures are part of a set of proposals prepared by the commerce ministry to reduce imports of non-essential items. If accepted, finance minister Nirmala Sitharaman could announce them in the Union budget on 1 February. "This is part of our drive to reduce unnecessary imports. We have also recommended to the finance ministry a hike in duties on 200 items we consider non-essential," a commerce ministry official said on condition of anonymity.

### **3. India ranks 76th on WEF's Social Mobility Index, Denmark tops the list**

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

India has been ranked very low at 76th place out of 82 countries on a new Social Mobility Index compiled by the World Economic Forum, while Denmark has topped the charts. The report, released ahead of the 50th Annual Meeting of the WEF, also lists India among the five countries

that stand to gain the most from a better social mobility score that seeks to measure parameters necessary for creating societies where every person has the same opportunity to fulfil his potential in life irrespective of socioeconomic background. Increasing social mobility, a key driver of income inequality, by 10 per cent would benefit social cohesion and boost the world's economies by nearly 5 per cent by 2030, the WEF said. But, few economies have the right conditions to foster social mobility.

#### **4. Centre considering specific excise duty on aviation fuel to curb volatility**

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

With no sight of including jet fuel in Goods and Services Tax (GST) in near future, the government is considering levying specific rate of excise duty on aviation turbine fuel (ATF) in place of current ad valorem rates to insulate its prices from cascading effect in times of volatile prices. ATF presently is chargeable at 11 per cent ad valorem rate of excise duty. Concessional rate of 2 per cent is applicable for ATF sold under Regional Connectivity Scheme. Ad valorem rate means that the impact of an increase in price of the fuel because of global rate hike translates into an even higher price for airlines as the tax incidence also rises. To insulate airlines from such volatility, the government may in the forthcoming Budget for 2020-21 fiscal year may bring specific excise duty expressed in Rs per kilolitre, sources aware of the development said. Petrol and diesel already attract a specific rate of excise duty and so ATF naturally qualifies for such a shift, they said.

#### **5. Hyderabad pips Bengaluru to become world's most dynamic city, says JLL**

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

Indian cities featured strongly in a list of the world's most dynamic cities despite a slowing economy. Hyderabad emerged as the world's most dynamic city, pushing last year's index winner, Bengaluru, to the second place. In 2019, lesser number of Indian cities made it to JLL's City Momentum Index. The index combines socio-economic and commercial property metrics to identify the world's most dynamic city economies and realty markets.

#### **6. 63 Indian billionaires have wealth more than the Union Budget 2018-19: Oxfam**

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

India's richest 1 per cent hold more than four-times the wealth held by 953 million people who make up for the bottom 70 per cent of the country's population, while the total wealth of all Indian billionaires is more than the full-year budget, a new study said on 20 January. Releasing

the study 'Time to Care' here ahead of the 50th Annual Meeting of the World Economic Forum (WEF), rights group Oxfam also said the world's 2,153 billionaires have more wealth than the 4.6 billion people who make up 60 per cent of the planet's population. The report flagged that global inequality is shockingly entrenched and vast and the number of billionaires has doubled in the last decade, despite their combined wealth having declined in the last year.

### **7. Neighbourhood First: India-Bangladesh to sign trade agreement soon**

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

Ahead of Prime Minister Narendra Modi's visit to Bangladesh in March, both sides are working on finalising a bilateral Comprehensive Economic Partnership Agreement (CEPA) for mutual trade-related benefit. Once this agreement is in place the two sides are hoping that bilateral trade between the two countries could go up significantly from the current \$ 10 bn. Earlier this week, at the commerce secretary-level meeting in New Delhi, in an effort to resolve several important issues related to the agreement were discussed. Talking to Financial Express Online, Gautam Lahiri, Bangladesh expert, said, "Bangladesh is seeking many concessions including withdrawal of anti-dumping duty on jute products and removal of restrictions on the Onion export from India."