

Daily Economic News Summary: 22 January 2020

1. Govt planning to launch National Mission on Edible Oil in the near future

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

As reliance on imported edible oil is growing, India needs to relook at ways to address it to improve domestic availability. Two thirds of the domestic demand is met by imported oil and this is considered very high. Experts have suggested creating an oilseed development fund while looking at the possibility of permitting GM oilseeds to raise domestic availability. So far, government policies have focused on restricting imports and some tariff measures. “The government is seriously concerned about stagnant oilseeds production and the rising import of edible oils to the tune of 15 million tonnes per annum, costing the exchequer over Rs 75,000 crore. To increase production of oilseeds from the current 30 million tonnes to over 47 million tonnes by 2024-25, the government plans to launch the national mission on edible oil programme in the next three months,” said Atul Chaturvedi, president of the Solvent Extractors Association (SEA) of India.

2. Finance ministry exempts mutual funds from foreign-investor status

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

The finance ministry has clarified to foreign-owned mutual funds (MFs) that they will not be categorised as foreign investors and subjected to sectoral caps under the Foreign Exchange Management Act (Fema). Last October, a circular had notified rules with regard to foreign investment in non-debt instruments, classifying mutual funds with over 50 per cent equity as “investment vehicles”. This meant that downstream investment by such funds by way of subscription or acquisition of shares would have been considered “indirect foreign investment” if their investment manager or sponsor is owned or controlled by a non-resident. The finance ministry has now said that mutual funds that invest more than 50 per cent in equity shall be omitted from the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996.

3. Government allows 100% FDI in Bharti Airtel

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

The Department of Telecommunication (DoT) has approved Bharti Airtel's application to increase the limit of foreign investment up to 100 percent of the paid-up share capital of the company. "The Company has received the approval from Department of Telecommunications (DoT) vide its letter dated January 20, 2020 for increasing the limit of foreign investment upto 100 percent of the paid up capital of the Company," Bharti Airtel said in a filing to the exchanges. It added in the statement that the approval, read together with the RBI approval dated July 3, 2014, granted to the company allows Foreign Portfolio Investors (FPIs) and Foreign Institutional Investors (FIIs) to invest up to 74 percent of the paid up share capital of the company.

4. Cabinet likely to consider Nirvik scheme on Wednesday to give fillip to export credit

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

The Union Cabinet is expected to consider on January 21 approval of the Nirvik (Niryat Rin Vikas Yojana) scheme, which aims to ease lending process and enhance loan availability to exporters, an official said. The commerce ministry proposes to subsidise the premium under the scheme that has to be paid by exporters of certain key sectors, the official said. Under the scheme, also called the Export Credit Insurance Scheme (ECIS), the insurance cover guaranteed could cover up to 90 per cent of the principal and interest. The insurance cover may include both pre- and post-shipment credit.

5. Govt considering lifting ban on onion exports

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

The government is considering lifting ban on exports of onion as fresh arrival of the commodity has started softening its prices in the domestic market, an official said. "Arrival of fresh onion will further soften the prices so there is a need to lift the export ban," the official said. Onion prices have come down to around Rs 60-70 per kg depending upon quality and locality from the peak of Rs 160 per kg last month. Fresh onion is available from January to May. In September 2019, the government banned the export of onion to increase availability of the commodity in the domestic market and contain rising prices. The government had also imposed stock limits on traders.

6. Bali Meeting: India invited for fresh talks with RCEP members

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

India has got an invitation from members of the Regional Comprehensive Economic Partnership (RCEP) grouping to take part in a meeting on February 3 and 4 in Bali where its concerns will be addressed, in the first credible sign of efforts by RCEP nations to get New Delhi back into the Beijing-dominated free trade agreement. India had pulled out of RCEP talks in Bangkok on November 4 last year on the grounds that its key issues, including extra safeguard mechanism to curb irrational spike in imports and tougher rules on the origin of imported products, were not addressed adequately. A decision on whether India should attend the Bali meeting is yet to be made,” a senior government official said. The invitation has been sent by the Asean secretariat. But analysts say even if India participates in the meeting, it won’t be an easy task for either side to hammer out a consensus so easily, given the sensitivity of the Indian demands and the stubbornness of some RCEP nations, including China, in resisting those.

7. PM Modi, Nepalese counterpart KP Sharma Oli inaugurate check post at Jogbani-Biratnagar

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

Prime Minister Narendra Modi and his Nepalese counterpart K P Sharma Oli on 21 January jointly inaugurated the second integrated check post at Jogbani-Biratnagar along the border. Built with Indian assistance, the integrated check post is spread over 260 acres and is capable of handling 500 trucks on a daily basis. The Rs 140 crore project will improve trade and people-to-people contact. The project was launched jointly by the two leaders via a video link. The first ICP was built in Raxaul-Birgunj in 2018. At the event, both the prime ministers also witnessed the progress in Indian-assisted post-2015 earthquake housing reconstruction projects in Nepal.

8. Shaktikanta Das brings in historic change; RBI meetings will now be more transparent

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

In a bid to improve public awareness about the functioning of RBI and bring accountability to the directors, governor Shaktikanta Das has ordered to disclose minutes of the meeting of RBI central board directors. The central bank on 20 January released details of the meeting held between RBI central board members held on October 11, 2019, in Chandigarh. RBI central board meetings have been contentious in the recent times, especially considering that then governor Urjit Patel had resigned for the very reason of alleged difference of opinions on policy matters with the government. This major change in RBI’s working marks yet another landmark for the

governor Shaktikanta Das who was appointed to replace Urjit Patel and the jury was out on him to maintain RBI's sanctity. RBI routinely publishes the minutes of the Monetary Policy Committee's bi-monthly meetings on monetary and credit policy. However, it is only now that the central bank will release the minutes of the meetings of the central board, which has members representing the government as well.

9. India seeks fairer, more equitable terms in trade deals: Piyush Goyal at WEF

Source: Livemint ([Link](#))

Union Minister Piyush Goyal on 21 January said India is working on ways to have fairer and more equitable terms in its trade relationships with various countries. Speaking here at the World Economic Forum Annual Meeting 2020, the commerce and industry minister also called for greater cooperation among various nations to realize the huge growth prospects in the Indian Ocean region and also for tackling the important issue of climate change. Goyal said RCEP in its present form was clearly an unworkable agreement. "Any pact needs to take into account several factors. India is grappling with a huge trade deficit, particularly with China and many other nations in the region," he said. For the first time, India demonstrated that trade cannot be dictated by diplomacy, Goyal said, referring to India's decision to pull out of the RCEP. The Regional Comprehensive Economic Partnership (RCEP) has had to factor in several diversities among partners, but India has serious concerns about climate change and is seeking greater cooperation on fair terms, he asserted.