

Daily Economic News Summary: 25 October 2019

1. Meghalaya to come up with trade policy

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

Meghalaya Chief Minister Conrad K. Sangma on 25 October informed that the government is contemplating to formulate a trade policy that would encompass both domestic and international opportunities for business and investment. The Chief Minister made the announcement while addressing at “The Shillong Dialogue” organised by Asian Confluence in collaboration with the Meghalaya Basin Development Authority. The theme of the event was Creating trans- boundary value chains in Agri/Horticulture and Tourism with Northeast India. The Chief Minister told the gathering which included entrepreneurs from India and Bangladesh that Northeast and South East Asian countries has huge potential for exchange of trade and business.

2. India, Saudi Arabia to ink raft of pacts during PM’s visit to Riyadh

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

India and Saudi Arabia will sign a raft of key pacts to significantly ramp up ties in several key sectors including oil and gas, renewable energy and civil aviation during Prime Minister Narendra Modi’s two-day visit to the Gulf nation beginning 28 October. The major pacts to be signed included an agreement to launch an India-Saudi Arabia Strategic Partnership Council, an MoU to roll out RuPay card, India’s digital payment system, and a separate one on bringing coordination between e-migration systems of the two countries, Secretary (Economic Relations) in the External Affairs Ministry T S Tirumurti said. Briefing reporters on Modi’s visit, the official said both sides will also deliberate on further enhancing defence and security cooperation, adding the first naval exercise between the two nations will take place by end of this year or early next year. Asked whether Modi will brief the Saudi leadership about India’s decisions on Kashmir, he said Riyadh has shown understanding about recent developments in the Valley.

3. Bicycle industry urges govt to keep sector out of RCEP agreement

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

The domestic bicycle industry on 24 October urged the government to keep the labour-intensive sector out of the purview of the proposed mega free trade agreement RCEP as any cut in customs

duty would hit manufacturing. The Regional Comprehensive Economic Partnership (RCEP) agreement is being negotiated among 16 countries including the 10-member Association of Southeast Asian Nations (Asean), India, China, Japan, Australia, New Zealand and South Korea. Ludhiana Handtool Association President S C Ralhan said the presence of China in the grouping is a big concern for domestic bicycle industry as it is already facing problems due to significant increase in imports from the neighbouring country. The import is happening despite the fact that there is a 30 per cent basic customs duty on bicycle and 20 per cent on bicycle components.

4. Fitch cuts India's FY20 GDP growth forecast to 5.5%

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

Fitch Ratings on 24 October slashed India's GDP growth forecast in the current fiscal to 5.5 per cent saying a large credit squeeze emanating from shadow banks has pushed economic growth to a six year low. Fitch, which had in June this year put India's GDP growth at 6.6 per cent for the fiscal year that began in April 2019, said the recent government measures to boost economy including a cut in corporate tax rates will gradually nudge growth. The projection is lower than 6.1 per cent that the Reserve Bank of India (RBI) had forecast in early October. GDP expansion will pick up to 6.2 per cent in the next financial year (2020-21) and to 6.7 per cent in the year after, Fitch said.

5. Commerce Ministry held discussions with exporters: MEIS, credit, IGST refund issues raised

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

Exporters raised several issues such as credit and IGST refund at a meeting called by the commerce ministry on 24 October amid dip in the country's outbound shipments. Exports contracted for the consecutive second month in September. The meeting was chaired by Commerce Secretary Anup Wadhawan and was attended by export promotion councils. The Federation of Indian Export Organisations (FIEO) said they flagged issues related to stoppage of filing of MEIS (Merchandise Exports from India Scheme), problems being faced by exporters at credit front and list of risky exporters.

6. India, US join hands to develop a range of warfighting tech and systems

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

Seeking to galvanise the US-India defence partnership, the two countries on 24 October signed a joint statement of intent (SoI) that formalised their intention to co-develop a range of cutting-

edge warfighting technologies and systems for their militaries. US Under Secretary of Defense Ellen Lord said the technologies being discussed include “things such as virtual augmented reality (VAR), air-launched unmanned airborne systems (UAS), networked operations, brand new weapon and light-weight ammo (ammunition) designs.” Lord is in Delhi for the 9th meeting of the India US Defence Technology and Trade Initiative (DTTI), which she co-chairs with India’s Secretary for Defence Protection, Subhash Chandra. The DTTI was set up in 2015 to fast-track defence ties. During 24 October’s DTTI meeting, both the nations agreed to co-develop three specific projects in the near-term, two in the mid-term and two in the long-term. Lord clarified that “near-term” meant about six months.

7. Inter-ministerial group to discuss FDI policy easing on October 29

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

An inter-ministerial group will meet on October 29 in New Delhi to discuss the possibility of further simplification and easing of the foreign direct investment (FDI) policy with a view to attract overseas investors. The meeting will be chaired by Department for Promotion of Industry and Internal Trade (DPIIT) Secretary Guruprasad Mohapatra. “Officials from different ministries, including defence, information and broadcasting, electronics and IT, and finance, will attend the meeting,” an official said. The exercise assumes significance as the department is holding series of internal meetings with different ministries and departments to look at sectors where more liberalisation of the FDI policy is possible. Although FDI is allowed through automatic route in most of the sectors, certain areas such as defence, telecom, media, pharmaceuticals and insurance, government approval is required for foreign investors. Recently, the Government has relaxed the FDI norms in several sectors like single brand retail trading, contract manufacturing, and coal mining.

8. Indian economy seen rebounding to 7 per cent next fiscal year : IMF official

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

The International Monetary Fund (IMF) sees Indian economic growth rebounding to around 7 per cent in the next financial year, supported by measures like monetary policy stimulus and corporate income tax cuts. “We see the Indian economy rebounding from our projected 6.1 per cent growth this fiscal year to something like 7 per cent in the next fiscal year (2020). We see the factors that will support growth, including monetary policy stimulus, working their way through the pipeline,” Jonathan Ostry, Deputy Director, Asia Pacific Department at the IMF, told

reporters. The recent tax cuts, the Government's progress in addressing lingering weaknesses in the financial sector and measures to support growth sectors as seen as factors underpinning growth in the near term, Ostry said.