

Daily Economic News Summary: 26 June 2019

1. India warns foreign e-commerce firms like Amazon, Flipkart over discounts

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

India has told foreign e-commerce firms such as Amazon and Walmart's Flipkart that they must ensure compliance with new foreign investment rules aimed at deterring them from providing steep online discounts, three sources familiar with the discussions told Reuters. Commerce Minister Piyush Goyal has said that while the government was prepared to listen to concerns about its new foreign direct investment rules (FDI), it was committed to protecting small traders from predatory behaviour by foreign-funded companies, the sources said. The comments were made by Goyal during a closed-door meeting on 24 June with several e-commerce companies. It comes in a week when U.S. Secretary of State, Mike Pompeo, is due to visit New Delhi - he is expected to arrive late on 25 June and trade tensions have heightened between the two countries.

2. Improving ease of living for people govt's key goal, says PM Narendra Modi

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

Prime Minister Narendra Modi on 26 June sought to rise above the acrimony that had marred the recently concluded election campaign to outline his government's vision for the next five years. He said the government would run on the twin tracks of welfare of the poor and developing modern infrastructure. In his reply in the Lok Sabha to the motion of thanks on the President's address to Parliament, the PM said it was difficult to cure ailments of 70-years in a short period of five years, but his government "neither diverted nor diluted" from its goal to improve "ease of living" of the people. Appealing to all political parties to contribute to the building of a "new India, a modern India", the PM spoke of the need for "paradigm shift" from the current centrality of fundamental rights to each citizen's duties.

3. Trade war: India plans to offer incentives to companies moving from China

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

India is weighing offering incentives to attract companies moving out of China amid its trade war with the US, a person familiar with the development said. "Financial incentives such as preferential tax rates and the tax holiday provided by Vietnam to lure companies are among

measures being considered,” the person said, asking not to be identified as the discussion is still private. “Industries identified for incentives include electronics, consumer appliances, electric vehicles, footwear and toys,” according to a Trade Ministry document seen by Bloomberg. Economies, including Vietnam and Malaysia, have benefited from businesses trying to sidestep tariffs, while India has largely missed out on any investment gains. The Trade Ministry’s effort is part of a larger plan to cut reliance on imports, while boosting exports, and needs Finance Minister Nirmala Sitharaman’s approval.

4. Kerala tops NITI Aayog’s health index for second time, UP at bottom

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

Uttar Pradesh (UP) continued to be the worst state in terms of overall performance in the second NITI Aayog health index, while Kerala grabbed the top spot for the second successive time. The Ministry of Health has decided to link a part of National Health Mission (NHM) funds to the progress achieved by states on this index. The mission, a flagship health scheme since 2005, received an allocation of Rs 31,745 crore in the 2019-20 interim Budget, up 3 per cent from 2018-19 Revised Estimates. The 2018 report also showed that Bihar, which saw a spate of child deaths because of the encephalitis virus that was blamed on the poor primary health care facilities in the state, continued to remain at the bottom of the ranking, just like UP.

5. Monsoon has covered nearly half of India: IMD

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

Monsoon rains have covered most parts of cane, cotton, and soybean fields in western India and some parts of rice-sowing areas in central and northern India, the country's weather office said on 25 June. After a limp start, the rains have covered nearly half of the country, a weather department official told Reuters on 24 June. A shortfall in monsoon rains has narrowed to 37% of the long-term average against 44% between June 1 and June 19, the office said. Conditions are now favourable for the southwest monsoon to further advance into the western state of Gujarat, and a few more parts of the central state of Madhya Pradesh and northern states of Uttar Pradesh and Uttarakhand, the weather office said. Monsoon rains are crucial for farmers who plant cane, corn, cotton, rice and soybean in June and July, with harvests from October.

6. Govt considering hike in pension age limit under Atal Pension Yojana

Source: Livemint ([Link](#))

The Pension Fund Regulatory and Development Authority (PFRDA) has submitted a proposal to increase the limit of pension and age which the government is looking into. The proposal, under the Atal Pension Yojana (APY), is being examined by the government, said Union Minister of Finance Corporate Affairs, Nirmala Sitharaman in a written reply to Parliament. The APY is based on defined benefit for providing a guaranteed minimum monthly pension of ₹1,000/ ₹2,000/ ₹3,000/ ₹4,000/ ₹5,000 at the age of 60 years based on the pension amount chosen. The scheme is available to account-holders between the age of 18 to 40 and offers a minimum guaranteed monthly pension of between ₹1,000 and ₹5,000, depending on the customer's contribution which starts at as low as ₹42 per month.

7. Data storage rules out of e-commerce policy

Source: Livemint ([Link](#))

In a major change from the e-commerce policy draft, commerce minister Piyush Goyal has decided to keep data localization norms out of the final policy, leaving the proposed data protection legislation to deal with the matter. In a meeting with 25 major e-commerce players, including Amazon and Flipkart, on 24 June evening, Goyal said data protection would now be handled by the nodal ministry of electronics and information technology (MeitY), which is working on a data protection bill, two industry representatives who attended the meeting said on condition of anonymity. "This is a positive development. There were conflicting provisions in the draft e-commerce policy and the Personal Data Protection Bill. To have one point of reference for data-related issues is always welcome," said one of the participants cited above.

8. Improvement in logistics, infra to boost exports to \$1 trillion in next 3 years: Industry body FIEO

Source: Firstpost ([Link](#))

The government's focus to improve logistics, ease of doing business and modern trade infrastructure will help exports to touch USD one trillion in the next three years, exporters body FIEO said on 25 June. Federation of Indian Export Organisations (FIEO) President Ganesh Kumar Gupta said India has huge potential to boost its exports of goods and services from the current \$535 billion. "With steps like special focus on cutting logistics cost and time, further improvement in ease of doing business, proper implementation of government policies for exporters and timely refund of taxes will help us touch USD one trillion exports in the next

three years," Gupta said. He said the logistics time, cost and inadequate trade-related infrastructure are impacting the exports.

9. Canada, US gain as India cuts dependence on Australian coking coal

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

Shipments of coking coal from the United States and Canada rose to a sixth of all Indian imports of the fuel during the year ended March 2019, as steelmakers in the coal guzzling country look to cut their dependence on Australia. Australia's share in India's coking coal market fell to 71 percent, or 36.91 million tonnes, during the year ended March 2019 from about 88 percent three years ago, India coal ministry data reviewed by Reuters showed. The United States and Canada had a 5.6 percent share of the market three years ago. Regular interruptions in India's main supplier over the last few years, including a flood in a major coal producing region in February and a cyclone which tore into Queensland in 2017, have caused worries about major supply disruptions in India.

10. Government mulling budget sops to put its house in order

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

The government is contemplating measures to boost the housing sector in the budget, seeing this as a quick way of providing an impetus to the slowing economy and creating more jobs. The steps under consideration include a bigger tax benefit to encourage purchases, softer interest rates for affordable housing and restoring some benefits for a second house. "There is a view that some incentives need to be given to encourage the housing sector," a senior government official said, adding that various options, including higher tax incentives or steps to boost the affordable housing sector, are being considered. Discussions have taken place, the official said, adding that a final call on the proposal will be taken closer to the July 5 budget.