

## Daily Economic News Summary: 29 August 2018

### 1. GST Council To Consider Ways To Raise Funds To Aid Kerala

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

The GST Council, in its next meeting, will take a call on a special tax rate or cess for Kerala to raise additional resources. For the first time after GST was introduced in July 2017, a State will seek additional resources through increased tax rates. “The issue is what can be considered a special rate or cess?” a senior Finance Ministry official said. “The law has provisions for both. Now it is up to the GST Council to decide.” Since the Centre and States have pooled their sovereignty in terms of deciding on indirect tax rates in the GST Council, the final call will be taken by the Council on any demand by a State. Flood-hit Kerala is seeking additional resources to meet the cost of rehabilitation and reconstruction. Kerala’s Finance Minister TM Thomas Isaac told *BusinessLine* he is going to approach the GST Council for the imposition of a cess to raise additional resources. The State’s Cabinet, in its meeting on August 21, had approved the proposal for a 10 per cent cess.

### 2. Govt Rectifies Anomaly, Allows Law Enforcement Agencies To Hold Banned Notes

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

The Centre has come to the rescue of law enforcement agencies like tax department and Enforcement Directorate, which are faced with a unique situation of holding confiscated currency notes beyond specified limits, by making changes in the law. A notification in this regard has been issued by the Ministry of Finance allowing agencies such as Central Board of Direct Taxes, Central Board of Indirect Taxes and Enforcement Directorate to hold banned currency notes. Under the Specified Bank Notes (Cessation of Liabilities) Act, 2017, banned currency notes beyond a certain limit could be held only by the Reserve Bank, its agencies, or other person authorised by it, and in pursuance of court order.

**3. India's Foodgrain Output To Touch New Record Of 284.83 Mn Tonnes In 2017-18:  
Agriculture Ministry**

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

India's foodgrain production is estimated to grow to an all-time high of 284.83 million tonnes in the 2017-18 crop year ending June, driven by record output in wheat, rice, coarse cereals and pulses after a normal monsoon, according to the Agriculture Ministry. Wheat output has been pegged at record 99.70 million tonnes, rice at Rs 112.91 million tonnes and pulses at 25.23 million tonnes for the 2017-18 crop year, it said. The previous record foodgrain output was 275.11 million tonnes achieved in the 2016-17 crop year. The foodgrain basket comprises of rice, wheat, coarse cereals and pulses. In its fourth advance estimate released on Tuesday, the ministry revised upward the total foodgrain production by 5.3 million tonnes from the previous projection of 279.51 million tonnes for the 2017-18 crop year.

**4. Gadkari Comes To Rescue Of ₹8,500 Crore Rail Corridor Project**

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

Union transport minister Nitin Gadkari has come to the rescue of a ₹8,500 crore project to build a railway corridor between Indore and Manmad, Maharashtra. The 362-km railway corridor will be executed by a special purpose vehicle (SPV) with the Jawaharlal Nehru Port Trust (JNPT) and Indian Port Rail Corp Ltd (IPRCL) contributing 70% of the project costs. JNPT and IPRCL are both under Gadkari's shipping ministry. JNPT will hold 55% in the SPV, while IPRCL and the state governments of Maharashtra and Madhya Pradesh will provide equity share of 15% each, according to the memorandum of understanding (MoU) signed between them. However, financial contribution of railways in this corridor will be nil. IPRCL will be the executing agency. The project, approved in budget 2016-17, has been a non-starter because of paucity of funds with the Indian Railways and the state governments of Maharashtra and Madhya Pradesh.

**5. It's Official: Warren Buffett's Berkshire Buys Stake In Paytm**

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

India's largest payment services provider Paytm on 28 August said Warren Buffett-owned Berkshire Hathaway Inc. has invested an undisclosed amount in the company, in a rare deal for the world's best-known investor who typically avoids internet firms. One97 Communications Ltd,

which owns Paytm, also said Berkshire's investment manager Todd Combs who was leading the investment discussions will join its board. *Mint* first reported on 27 August that Buffett's Berkshire Hathaway is set to buy a 3-4% stake in One97 for ₹ 2,200-2,500 crore, the billionaire investor's first investment in any Indian company. The current round pegs Paytm's valuation at about \$10-12 billion, the report said. Investors that *Mint* spoke to expressed surprise that Berkshire Hathaway chose to invest in Paytm which, though the market leader, has reported mounting losses.

**6. Indian Oil Seeks Nod To Raise ₹20,000 Crore Through Private Placement Of Debentures**  
Source: Livemint ([Link](#))

Indian Oil Corp. Ltd, the country's largest oil marketing company, has sought shareholder approval to raise up to ₹20,000 crore through a private placement of debentures in 2018-19, said two people aware of the development. The company plans to approve issuance of debentures through private placement at its annual general meeting on 29 August, it said in its annual report for 2017-18. It, however, did not specify how much. "To fund its various expansion plans, Indian Oil is planning this fund raise," said a source requesting anonymity. Indian Oil plans to invest ₹ 1.43 trillion in the next five years to expand projects across its business segments. Currently, the company has projects worth ₹ 32,000 crore in various stages of execution.

**7. India, Vietnam To Boost Trade, Maritime, Defence Cooperation**  
Source: Money Control ([Link](#))

External Affairs Minister Sushma Swaraj on August 28 held wide-ranging talks with her Vietnamese counterpart Pham Binh Minh and discussed steps to boost bilateral trade, investment, maritime and defence cooperation. Swaraj visited Vietnam on the first leg of her four-day two-nation tour aimed at deepening India's strategic cooperation with Vietnam and Cambodia, the key countries in the ASEAN region. Earlier, addressing the 3rd Indian Ocean Conference in Hanoi on 28 August, Swaraj said India and Vietnam are connected not only by the common waters but also by a shared vision for peace and prosperity. Hanoi is therefore a particularly appropriate setting to discuss developments in the Indian Ocean and the Indo-Pacific region, she said.

### **8. India Shares Advance As US-Mexico Trade Pact Boosts Risk Appetite**

**Source: Nikkei Asian Review ([Link](#))**

Indian shares rose for the sixth time in seven days after a trade agreement between the U.S. and Mexico boosted risk appetite, prompting record highs on the Wall Street. The BSE Sensex rose 0.5% to 38,896.63 and the Nifty 50 Index added 0.4% to 11,738.50 to hit lifetime highs on Tuesday. Out of the Sensex's 30 constituents, 17 stocks ended higher, while 21 of the Nifty's 50 members closed in positive territory. Reliance Industries, ending 2.1% higher, and Infosys were among the key contributors to the Sensex's advance. The software exporter added 0.7% after a 2.5% gain in the previous session, making up for last week's losses triggered by the resignation of its Chief Financial Officer. NTPC added 1.3%.

### **9. India Set To Stress On RCEP In Singapore On Thursday After PMO Nod**

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

India is set to stress its commitment to the proposed Regional Comprehensive Economic Partnership (RCEP) pact at a crucial trade ministers meet beginning on 30 August in Singapore, though a final call on the issue will be taken by the Prime Minister's Office. Commerce Minister Suresh Prabhu, who skipped the last such meeting, will attend the August 30-31 event. "While he is set to assuage the concerns of other nations on India's commitment to the pact, we will stick to our position on differential tariff cuts that single out China," a senior commerce department official said. No date has been set for the next meeting of ministers but the government hopes to clear the confusion on RCEP by November, when Prime Minister Narendra Modi is expected to visit Singapore for the ASEAN summit, a senior official said. Despite other ministries and stakeholders voicing concern on the RCEP, the commerce ministry will continue to bat for it, citing the advanced stage of negotiations and the expected benefits for India's services exports, sources said.