

Daily Economic News Summary: 29 January 2020

1. Trade, tourism and tech key: PM Modi tells envoys

Source: Hindustan Times ([Link](#))

Prime Minister Narendra Modi wants India's envoys to foreign nations to focus more on international trade which, he believes, is an intrinsic and crucial part of the country's diplomatic outreach. In a meeting with his ministers and bureaucrats earlier this month, the Prime Minister also spoke about how diplomats posted in foreign countries can try to boost inflow of tourists and technology from foreign shores to the country. Modi's focus on the three Ts, trade tourism and technology comes at a time when New Delhi has drastically improved its ease of doing business and opened up more avenues for Foreign Direct Investments (FDI). The government, which is also dealing with an economic slowdown, is keen to attract investment to push growth.

2. Janak Raj to succeed Michael Patra at RBI's monetary policy department

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

The Reserve Bank of India has appointed Janak Raj, principal advisor to the monetary policy department, as executive director. He succeeds Michael Patra effective January 24. With this, the RBI will have 12 EDs, its full strength. Patra will be part of the six-member monetary policy committee (MPC) as a deputy governor, and so will be Raj as an ED of the department. Raj would be part of MPC as an internal RBI member. However, Raj also retires in a few months, and the RBI is also fast-tracking promotions of two chief general managers in the bank. Coupled with the superannuation of Deepak Mohanty in about four months, RBI would have two executive director positions vacant. Sources say Mridul Sagar, adviser in charge of international department, and Rajiv Ranjan, adviser and chief of economic and policy research department, could be successors of Raj and Mohanty.

3. Cracking the whip: E-comm policy to deal with online counterfeits

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

The upcoming e-commerce policy will make it tougher for sellers to peddle fakes online. The policy, likely to be out in March, will detail a plan of action for consumers and companies to deal with counterfeit products sold online. The Department for Promotion of Industry and Internal

Trade (DPIIT) is looking at various ways through which fakes sold on e-marketplaces can be curbed. Officials said the department will study the recent steps proposed by the US to curb counterfeit imports through third-party sales on online retailers. The official added that the department would examine the American policy which proposes higher oversight of US warehouses and ramped up fines and penalties for violations. The new US strategy is to shift the liability for counterfeit goods from third parties to e-commerce platforms.

4. Ahead of Trump visit: India and US set to finalise \$10-billion trade deal in February

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

India and the US are likely to finalise a mega trade deal pegged above \$10 billion (more than Rs 71,000 crore) next month when United States Trade Representative (USTR) Robert Lighthizer visits New Delhi. The deal, whose legal vetting is underway, will be signed during US President Donald Trump's visit to India, and is a precursor to a free trade agreement between the two nations, officials in the know of the plans said. Lighthizer and commerce and industry minister Piyush Goyal are likely to meet in the second week of February to finalise the terms of the deal. Trump is expected to be in India during February 24-25, his first visit here as head of state.

5. Budget 2020: NBFCs seek setting up of permanent refinance window

Source: Livemint ([Link](#))

Non-banking finance companies (NBFCs) have sought setting up of a permanent refinance window for the sector in the Union Budget, which they say will help them diversify their funding sources. The shadow banking players have also asked for allowing NBFCs with strong support from their parents to access public deposits. Finance Minister Nirmala Sitharaman is scheduled to present the Budget for financial year 2020-21 on February 1. Banks have been reluctant to lend to the NBFC sector after a series of default by Infrastructure Leasing and Financial Services (IL&FS) in September 2018. This risk averse approach of banks created a liquidity crunch for the entire NBFC sector which in turn had a multiplier effect on the important sector like automobiles, micro, small and medium enterprises (MSMEs) and consumer goods.

6. India's food tech sector to touch \$8 billion by 2022

Source: Livemint ([Link](#))

Consumer appetite for food ordering is set to rise with India's online food ordering market expected to grow at a compound annual growth rate of 25-30% to touch \$7.5- \$8 billion by 2022,

up from \$4 billion, according to a report by Google and Boston Consulting Group (BCG). Increased reach of internet in India's smallest cities will help consumers discover new platforms, even as online food companies expand their reach to more cities and rope in more restaurants, prompting users of apps to spend more time and money on them. "Overall online spending in India is rising rapidly and expected to grow at 25% over the next five years to reach over \$130 billion," said Rachit Mathur, managing director and partner, India lead, consumer and retail practice, BCG. The reach of food tech firms has grown six times over the last couple of years on the back of rapid digitization and steadily growing consumption and will continue to increase, he said. Between 2017 to 2019, the reach of food tech aggregators grew six times.

7. FinMin puts in place measures to protect prudent commercial decision of bankers

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

With a view to protect prudent commercial decision of bankers, the government has taken a slew of decisions, including doing away with personal responsibilities of MD and CEO of PSBs for compliance in dealing with large value frauds committed by bank officials. Powers have been delegated by Department of Financial Services (DFS) to the Boards of public sector lenders to put in place a suitable mechanism for ensuring compliance of the various timelines laid down in RBI and CVC circulars, an official statement said. Finance Minister Nirmala Sitharaman at several occasions assured bankers that adequate measures would be taken to protect honest commercial decisions taken by them and distinction would be made between genuine commercial failures and culpability.

8. Budget 2020: Finance Ministry may take decision on FDI hike in insurance companies

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

The Union Budget 2020 is likely to increase the foreign direct investment (FDI) threshold in the insurance sector. Both the industry and the Insurance Regulatory and Development Authority (IRDAI) are in favour of increasing the insurance FDI to 74 percent from the current 49 percent. Finance minister Nirmala Sitharaman will present the new government's first full Budget on February 1. Sources said that the government is likely to set up a committee to look into this matter. IRDAI, as well as the industry bodies, have already sought a rise in FDI to 74 percent.

9. Govt likely to restore 2% additional duty incentive on mobile phones export
Source: Business Standard ([Link](#))

The government is likely to restore 2 per cent additional duty incentive on mobile phones export with effect from January 1, a source said. This duty benefit, which will help boost exports, is expected to continue till March 31, 2020. A notification in this regard is likely to be issued soon. The Directorate General of Foreign Trade (DGFT) on December 7 had reduced export incentive from 4 per cent to 2 per cent. "There is a proposal to give 2 per cent additional export incentive on mobile phones till March 31. It will be effective from January 1, 2020 onward. The order is likely to be issued in this regard within a week," a source aware of the development told PTI. The India Cellular and Electronics Association (ICEA) had written to the government expressing disappointment on reduction of the incentive, saying it will lead to massive job losses.