

Daily Economic News Summary: 30 October 2019

1. DPIIT kickstarts exercise to ease FDI norms more

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

The Department for Promotion of Industry and Internal Trade (DPIIT) on 29 October kickstarted an exercise to relax India's foreign direct investment norms. The department held an inter-ministerial meeting to discuss further opening up in sectors, especially where 100% FDI is not allowed on the automatic route. "This was an exploratory meeting... this is the start of the exercise," said one official. The department has asked ministries and departments to submit specific proposals wherever they seek scope for relaxation. The next meeting is likely in 2-3 weeks. The exercise comes two months after the government opened up FDI in contract manufacturing and eased norms for overseas investors in single-brand retail and coal mining.

2. US discussing deal to reinstate GSP for India: Congress report

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

The US and India are reportedly discussing a deal to allow the Trump administration to reinstate the Generalised System of Preference for India in exchange for certain market access commitments to America, a US Congressional report has informed the lawmakers. The Generalised System of Preference (GSP) is the largest and oldest US trade preference programme and is designed to promote economic development by allowing duty-free entry for thousands of products from designated beneficiary countries. In June, the US terminated India's designation as a beneficiary developing nation under the key GSP trade programme after determining that New Delhi has not assured the US that it will provide "equitable and reasonable access" to its markets.

3. High-level advisory suggests panel for easier entry to foreign investors

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

A high-level advisory group (HLAG) on trade and policy has recommended simpler regulatory and tax framework for overseas investment funds, allowing individual investment from abroad in Indian debt and capital markets, and state-specific policies to facilitate foreign direct investment in agro-processing. The group also favours a single ministry for the regulation of medical devices across the value chain, an independent commission on pharmaceuticals and

biotechnology, a simpler medical visa regime and health insurance portability of social security entitlements across countries.

4. DPIIT to soon approach Cabinet for Startup India Vision 2024; proposes several support measures

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

The Department for Promotion of Industry and Internal Trade (DPIIT) will soon approach the cabinet to seek approval for implementation of a comprehensive vision document for startups which has proposed series of steps for budding entrepreneurs, an official said. Under the Startup India Vision 2024, the department has proposed measures like easing regulatory requirements for startups such as reducing tax compliance time to just one hour per month and facilities of debt financing, the official said. The other proposals include setting up of 500 new incubators and accelerators, creating innovation zones in urban local bodies, deployment of entire corpus of Rs 10,000 crore fund of funds, operationalise credit guarantee scheme, and establishment of a seed fund.

5. Citing Singapore model, experts bat for cutting multiple GST rates in India

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

Citing the example of Singapore, several experts have suggested that India should do away with multiple tax slabs under the Goods and Services Tax (GST) for greater ease of compliance. Singapore has only one tax rate under GST seven per cent on taxable goods and services while India has multiple slabs to charge the indirect tax. An achievement of India's GST implementation is that the measure hasn't been inflationary, according to Abhijit Nath, who works with Insitor Partners, a consultancy firm on GST. "However, to avoid confusion and greater ease of compliance, India should aim for a two-rate system over time to be in line with global best practices," suggested Nath.

6. Govt sets up panel of secretaries to help ease stress in telecom sector

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

The government has set up a committee of secretaries (CoS) under Cabinet Secretary Rajiv Gauba to suggest measures to mitigate financial stress in the telecom sector, which is looking at a payout of Rs 1.33 trillion to clear statutory dues. The Supreme Court (SC) had on October 24 agreed with the Department of Telecom's (DoT's) definition of adjusted gross revenue (AGR), asking the telcos to pay dues and interest within three months. The telcos had subsequently

appealed to the government to reduce the amount and also extend the deadline or provide a moratorium. The CoS will comprise representatives from the ministries of finance, law and telecom. Sources in the government said it will consider issues such as deferment of spectrum auction for two years and reduction in spectrum usage charges, and take a relook at the Universal Service Obligation Fund (USOF) charges.

7. Nirmala Sitharaman exhorts India Inc to expand reach to poor, North East states

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

Corporate Affairs Minister Nirmala Sitharaman on 29 October exhorted India Inc to expand CSR reach to poor states like Jharkhand, Chattisgarh, Bihar and North East region. Appreciating that companies have spent about Rs 13,000 crore last year under Corporate Social Responsibility (CSR), she said, this is very relevant for development of hinterland. "We find a significant presence of CSR in states like Maharashtra, Gujarat, Karnataka, Tamil Nadu, Andhra Pradesh and Delhi... states like Chattisgarh, Odisha, Jharkhand and Bihar also require such support from CSR. Not to forget all the eight states of North East region," the finance minister said on the occasion of First National CSR Awards.

8. India signs deal with Saudi Arabia for strategic oil reserves & retail matters

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

India's energy partnership with the world's biggest oil producer that will enable energy security in the long term took a leap forward on 29 October with a bilateral deal to build emergency crude reserves as a buffer against volatility in oil prices and supply disruptions for Asia's third largest economy. Indian Strategic Petroleum Reserves Limited signed an agreement with Saudi Aramco to lease part of the 2.5 million-tonne Padur storage in Karnataka. India has already built 5.33 million tons of underground reserves in three locations, which can meet about 10 days of the country's oil needs. Delhi plans two new reserves with a combined capacity of 6.5 million tons, sufficient to cover for an additional 12 days.

9. Global Hunger Index: India's fall in ranks worrying when tonnes of food grains stored in godowns

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

Even when tonnes of food grains are stored in the government godowns across the country, India ranks 102 out of 117 countries in the Global Hunger Index (GHI) 2019, much below to its South Asian neighbours such as Nepal, Bangladesh, Pakistan, said Ashok Dhawale, President, All India

Kisan Sabha (AIKS). Nearly 7 tonnes of food grains lie in the state-owned godowns, people are unable to purchase them, owing to higher prices, head of India's largest farmer body All India Kisan Sabha told Financial Express Online in an interview. "It's a question of giving (grains) at a cheaper rate. Give at a cheaper rate so people can buy. Since prices are increasing, people can't buy," he added. The recent report pointed out that "India is suffering from a serious hunger problem". The Global Hunger Index measures countries on a 100-point scale, where a score of 0 (zero) is considered as best performing countries and 100 is the worst. The stock of grains in FCI's central pool stood at around 73.6 million tonnes in September, which is over 2.4 times the buffer norm for October. Generally, high domestic grain prices make exports uncompetitive.

10. Business deals worth \$15 billion signed at key financial summit in Saudi Arabia
Source: Money Control ([Link](#))

Saudi Arabia on October 29 announced that 23 investment agreements totalling more than \$15 billion in value were signed on the first day of a three-day high-profile financial summit, being attended by Prime Minister Narendra Modi and several other world leaders. The deals were signed on the sidelines of the Future Investment Initiative, dubbed "Davos in the desert", which is an initiative of Saudi Crown Prince Mohammed bin Salman, who plans to diversify the Kingdom's economy while reducing its economic dependence on petroleum products under his ambitious vision 2030 plan. "Totaling more than \$15 billion in value, these agreements were exchanged by signatories in a dedicated ceremony held at the Ritz-Carlton hotel in Riyadh. Coordinated under Invest Saudi," the Saudi Arabian General Investment Authority (SAGIA) said in a statement.