

Daily Economic News Summary: 5 August 2019

**1. Nirmala Sitharaman to meet stakeholders for actions proposed by U.K. Sinha Committee to boost MSMEs**

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

Finance Minister Nirmala Sitharaman will meet with the concerned stakeholders within the next week to finalise decisions to be taken and timelines for action required with respect to the Expert Committee on MSMEs headed by former SEBI Chairman U.K. Sinha and aimed at enhancing the competitiveness and credit accessibility for MSMEs, the Finance Ministry said in a statement however the day for the meeting wasn't disclosed. The eight-member committee was set up in January this year by the Reserve Bank of India to review and support the sector with the economic and financial sustainability apart from locating structural problems impacting its growth etc. The committee had submitted its report in June this year.

**2. India to rethink RCEP engagement if China denies market access**

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

India will rethink its engagement with the 16-nation Regional Comprehensive Economic Partnership (RCEP) grouping and may even be forced to pull out of the mega trade deal if negotiations are sought to be concluded hurriedly without addressing its concerns on its massive trade imbalance with other members, especially China, sources told FE. Even without the deal, India's merchandise trade deficit with the RCEP grouping hit \$105 billion in FY19 (60% of its total deficit). China alone contributed as much as \$53.6 billion. New Delhi will now link meaningful market access from Beijing in key sectors including IT, pharma and agriculture to its endorsement of an RCEP deal. Commerce and industry minister Piyush Goyal skipped the ministerial, purportedly to attend the extended Parliament session, and Wadhawan represented India. Many potential members, including China, want the RCEP deal to be concluded by November this year. As for India, several bumps remain.

**3. Monetary policy panel may slash key policy rate by 25 basis points**

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

The Reserve Bank of India (RBI) is likely to cut its key policy rate by a quarter percentage point on 7 July as tepid consumption and investment growth continue to hurt economic expansion, a

survey showed. RBI's monetary policy committee will lower the repo rate by 25 basis points (bps), according to the survey of 10 economists and company treasurers by Mint. The central bank's monetary policy commentary will be more dovish in nature as it sticks to its accommodative stance, they said. RBI is likely to go for one more rate cut after August, in October or December, for a total of 50 bps reduction in the rest of 2019, according to Harihar Krishnamoorthy, head of treasury operations at FirstRand Bank.

#### **4. Centre may cut e-visa fee to attract more tourists**

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

The Centre is planning to reduce the e-visa fee in the next few days, to attract more tourists into the country and compete with other countries in the neighbourhood.. Last year, the e-visa fee for the US and the UK that account for the highest number of foreign tourist arrivals, was increased to \$100 from \$50, and for most other countries to \$80, resulting in tourists choosing destinations such as Thailand, Sri Lanka and Dubai over India. "Talks are on to reduce the e-visa fee to the earlier rates (\$50), as it will help India compete with Singapore, Thailand, Sri Lanka and Dubai," said a source familiar with the matter. To keep the flow of foreign tourists going even during the off-season, there are plans to make the fee cheaper for that period, the source added.

#### **6. Shipping, Tourism Ministry to set up committee to promote coastal tourism**

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

The Shipping Ministry is promoting tourism in maritime states under the Sagarmala Programme, which is being done alongwith with the Ministry of Tourism and Tourism Development Departments of maritime state governments. The Minister of State for Shipping, Mansukh Mandaviya, and Minister of State for Tourism & Culture, Prahlad Singh Patel, discussed the immense potential for in a recent meeting maritime tourism in the country, said a release. One of the many ideas was that every coastal area can create a calendar of events to engage tourists. This would include activities like beach volleyball, sand art, food festivals, dances of the fishing community, and the likes. To explore the opportunities in Coastal Tourism, the Shipping and Tourism Ministry may soon set up a committee that will think of strategies to promote cruises, sea sports and a light house viewing gallery among others.

## **7. Foreign investors pull out Rs 2,881 cr in just two trading sessions in Aug**

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

Continuing their selling spree, foreign investors have withdrawn a net amount of Rs 2,881 crore from the Indian capital markets in the first two sessions of August on account of domestic as well as global headwinds. According to latest depositories data, foreign portfolio investors (FPIs) pulled out a net sum of Rs 2,632.58 crore from equities and Rs 248.52 crore from the debt segment during August 1-2, taking the cumulative net outflow to Rs 2,881.10 crore. Prior to this, FPIs withdrew a net Rs 2,985.88 crore from the Indian capital markets (both equity and debt) during July 1-31. "FPIs withdrew more than they invested as the US-China trade war has started brewing again which is not helping investors' sentiments," said Harsh Jain, COO at Groww. Further, "the announcement of rate cuts by Fed in the US has evoked confused reactions and added to the uncertainty," he added.

## **8. Digital tax | India wants to fix loopholes in the law to tax local income of global tech giants, before it is too late**

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

To date, foreign-owned internet companies including Google, Facebook and Twitter have not paid any tax on their income they generate in India, especially from advertising as a revenue stream. This was so primarily because there was no law to bring them under the tax net. This is going to change soon. The Indian government is finalising a framework that will make non-resident internet companies pay direct taxes on profits earned locally, beyond a limit. The Indian government is following the concept of 'Significant Economic Presence', introduced in the Budget last year, which specified the limit. According to a report by the Economic Times, the government is looking to set the threshold at Rs 20 crore revenue and 500,000 users. Local technology players, however, wants a lower limit. In a letter to the Finance Ministry on July 29, LocalCircles recommended the threshold to be set at Rs 10 crore revenue. It has also suggested that global tech players with 1 million registered users and 100 paying customers should be made to invoice in India.