

Daily Economic News Summary: 5 July 2019

1. Economic Survey lays out blueprint for growth to make India a \$5-tn economy

Source: Livemint ([Link](#))

The Economic Survey on 4 July prescribed a private investment-led growth strategy to achieve Prime Minister Narendra Modi's vision of making India a \$5 trillion economy. The Survey said India needs to cut real interest rates, ease labour rules, reduce capital gains tax on startup investments and encourage infant firms to grow at a sustained 8% rate to reach the GDP target by 2024-25. The 2018-19 Survey, authored by chief economic adviser in the finance ministry Krishnamurthy Subramanian, projected the Indian economy to grow at 7% in the year ending 31 March, slightly faster than 6.8% achieved in the previous year.

2. Govt to double farmers' income by 2022 by focusing on 7 sources of income, says

Economic Survey

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

The Inter-Ministerial Committee to examine issues relating to Doubling of Farmers' Income (DFI) and recommend strategies has identified seven sources of income to double farmers' income by 2022. The Government has set a target of doubling of farmers' income by the year 2022 and constituted the DFI. "The Committee has identified seven sources of income growth namely, improvement in crop productivity; improvement in livestock productivity; resource use efficiency or savings in the cost of production; increase in the cropping intensity; diversification towards high value crops; improvement in real prices received by farmers; and shift from farm to non-farm occupations," informed the Economic Survey.

3. Indonesian, Thai ministers to meet Piyush Goyal next week

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

Trade ministers of Indonesia and Thailand, accompanied by the Asean Secretary General, will meet commerce minister Piyush Goyal early next week to hear India's concerns and expedite negotiations for the proposed Regional Comprehensive Economic Partnership (RCEP). This comes on the heels of Prime Minister Narendra Modi's meetings with Southeast Asian (Indonesia-Thailand-Singapore) leaders on the sidelines of the G20 summit in Osaka on June 28-

29, where the issue of concluding an agreement by the end of the year figured prominently. Over the past two years, key SE Asian leaders have raised the issue with Modi, who has a favourable view of what would be the world's largest trading bloc, ET has learnt.

4. Govt may further ease FDI norms to bridge current account deficit: Economic Survey 2019

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

The government is expected to further ease the foreign direct investment (FDI) norms with a view to bridge the widening current account deficit (CAD), according to the Economic Survey 2018-19. "Government policies are expected to further lift restrictions on FDI inflows, which will continue to increase the stability of sources funding the current account deficit," the survey, tabled in the parliament on 4 July. It said that from a macro-economic perspective, the deterioration of CAD may be contained if consumption slows in the economy while increase in investment and exports become the new drivers of the Indian economy. The deficit increased to USD 57.2 billion or 2.1 per cent of gross domestic product (GDP) in 2018-19 as against 1.8 per cent in the previous year.

5. Coming soon, Amazon-like e-commerce site to sell MSME products: Nitin Gadkari

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

Union Minister Nitin Gadkari on 4 July said the government is in the process of launching an e-commerce website to connect micro, small and medium enterprises (MSMEs) and the khadi industry directly with consumers. Gadkari, who holds the MSME portfolio, informed Lok Sabha that the website will be loosely based on the Chinese e-commerce portal Alibaba and USA's Amazon. Citing an example, he said through this portal a bee keeper can sell his/her product to any part of the world. He also elaborated on the problems faced by the MSMEs such as marketing of products, labour issues, and the cost of working capital. The MSME ministry aims to give individual attention to all these stakeholders and resolve these issues, Gadkari said. On the issue of funding, he said, "On the cost of credit, we are talking with the ADB and the World Bank. We did a meeting with them".

6. Economic Survey 2019: Indian economy grows to USD 2.75 trillion in FY19 despite slowing global economy

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

The size of Indian economy has grown to USD 2.75 trillion in 2018-19 from USD 1.99 trillion in 2015-16 even as global economy has faltered, according to the Economic Survey 2018-19. When

the world economy and emerging markets and developing economies (EMDEs) are projected to slow 0.3 and 0.1 percentage points in 2019 respectively, growth of Indian economy is forecast to increase, said the Survey, tabled by Finance Minister Nirmala Sitharaman in the Rajya Sabha on 4 July. “Crucially, India forms part of 30 per cent of the global economy, whose growth is not projected to decline in 2019,” it said. According to data from the World Bank, India surpassed France and emerged as the world’s sixth-largest economy in 2017, and is likely to overtake the UK in the world’s largest economic rankings in 2019. The five economies ahead of India are the United States, China, Japan, Germany and the United Kingdom.

7. US trade delegation visiting India next week to resolve sticky trade issues

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

A high-level trade delegation from the US is expected to visit India next week to find ways to resolve the recent trade tensions between the two countries, official sources said 4 July. Commerce Minister Piyush Goyal is also likely to travel to Washington in the next few weeks as part of a larger bilateral engagement to thrash out the differences between the two sides on tariffs, they said. Trade ties between the two sides have come under strain after the US last month announced its decision to end preferential trade status for India. As a retaliatory measure, India also announced raising tariffs on 29 goods imported from the US.

8. Govt attempts fresh focus on FTAs, talks with U.S., EU and ASEAN negotiators next week

Source: The Hindu ([Link](#))

With fresh focus on resolving its pending talks on trade and dispelling criticism that India has been ‘protectionist’ and held up Free Trade Agreement (FTA) negotiations, the Modi government will engage in three sets of important trade talks: with the European Union (EU), the United States and ASEAN (Association of Southeast Asian Nations) negotiators this week. On 5 July, sources say, the chief negotiators of the EU and the Commerce Ministry will meet in an effort to restart talks on the Bilateral Trade and Investment Agreement (BTIA), which was suspended in 2013, despite several attempts to restart them., a three-member delegation of ASEAN will visit Delhi to discuss taking negotiations on the Regional Comprehensive Economic Partnership (RCEP) to a conclusion by November. Assistant USTR (United States Trade Representative) Christopher Wilson and Deputy Assistant USTR Brendan Lynch will also be in Delhi next week to restart talks as decided by Prime Minister Narendra Modi and U.S.

President Donald Trump when they met on the sidelines of the G20 summit last week in Osaka. They will prep for talks between USTR Robert Lightizer and Commerce Minister Piyush Goyal.