

Daily Economic News Summary: 6 January 2019

1. Amit Shah-led GoM to vet National Tariff Policy

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

Home minister Amit Shah will head a group of ministers to discuss the proposed National Tariff Policy that is being awaited as a major reform by the stressed power sector but being opposed by state governments and discoms due to clauses like penalties for load shedding. The inter-ministerial group will have 10 ministers, including eight in cabinet rank and two with independent charge, people familiar with the development said. The draft policy was sent for approval to cabinet secretariat, and later it was referred to the GoM headed by Shah. The draft policy has proposed that any subsidy would have to be given through direct benefit transfer, i.e. directly in the bank account of consumers. Also, cross subsidies on industries would not exceed 20%.

2. DGFT told to tighten system for accrediting exporters

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

The Central Board of Indirect Taxes and Customs (CBIC) has asked Director General of Foreign Trade (DGFT) to beef up its system used for accrediting exporters after investigations brought to the fore integrated goods and services tax (IGST) fraud by some 'star' status holding exporters. Star exporters, which are given more leeway than others including reduced customs inspections, may now be asked to produce statutory records of compliance, including certifications declaring no non-performing assets (NPA) from the banks as CBIC cracks down on fake invoicing and fraudulent tax crediting, being encashed through IGST and input tax credit refunds.

3. Switzerland sends notices to Indians for trusts set up in tax havens

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

Indian and Swiss authorities are investigating trusts set up in overseas tax havens for seemingly evading taxes by parking illicit funds in Switzerland banks, as per notices issued to those entities.

Individuals suspected to have moved abroad after evading taxes back in India are being probed too and their bank details are in the process of being shared by the Swiss authorities with their Indian counterparts. Individuals, trusts and companies based in Cayman Islands have been asked to appoint their nominees to appeal against sharing of their banking details with India, according to notices published in Switzerland's federal gazette since December. Those named in these notices include businessman Atul Punj, Gautam Khaitan, Satish Kalra, Vinod Kumar Khanna, Dullabhbai Kunverji Vaghela, Revaben Dullabhbai Kunverji Vaghela and Balwantkumar Dullabhbai Vaghela.

4. Further escalation in US-Iran tension may affect India's exports: FIEO

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

Further escalation in the tension between the US and Iran will have implications on India's exports to the Persian Gulf nation, apex exporters body FIEO said on 5 January. Federation of Indian Export Organisations (FIEO) Director General Ajay Sahai said so far exporters have not flagged any concerns related with exports to Iran. "However, if the tensions will continue, it may have affect on India's exports to Iran," he said. He added that due to existing trade sanctions on Iran, Iranian shipping lines are only taking Indian consignments to that country. Tensions between Iran and the US increased after an American drone strike killed top Iranian general Qasem Soleimani last week.

5. Some SE Asian nations dither on joining India-based solar alliance

Source: Livemint ([Link](#))

The India-headquartered International Solar Alliance's (ISA's) drive to co-opt countries from South-East Asia is facing problems with some countries holding back because of New Delhi's decision to not join the Regional Comprehensive Economic Partnership (RCEP) trade deal, said two people aware of the development. Vietnam, Malaysia, Singapore, Philippines, Thailand, Brunei, Indonesia, and Laos are yet to become a signatory of the ISA, the first treaty-based international government organization headquartered in India. Myanmar has signed and ratified the agreement, while Cambodia is yet to ratify it and has the status of observer. This comes against the backdrop of China's attempts to co-opt countries into its ambitious One Belt One Road initiative, a programme to invest billions of dollars in infrastructure projects, including railways, ports and power grids, across Asia, Africa and Europe.

6. Eight states finalise action plan for agri export policy: Govt

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

The government on 5 January said eight states, including Maharashtra, Uttar Pradesh, Punjab and Karnataka, have finalised action plan for agriculture export policy which aims to double such exports. “The Agri Export Policy was announced last year with an objective of doubling the export and ensuring doubling of farmers’ income...Many states have nominated nodal agency and nodal officer. Maharashtra, Uttar Pradesh, Kerala, Nagaland, Tamil Nadu, Assam, Punjab and Karnataka have finalised the State Action Plan and other states are at different stages of finalisation of the action plan,” the Ministry of Commerce and Industry said in a statement. The Agricultural and Processed Food Products Export Development Authority (APEDA) has been adopting a focused approach for ensuring greater involvement of the state governments for effective implementation of Agri Export Policy (AEP).

7. With less than 10% tariff lines regulated, India working on 252 new standards

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

India is one of the most unregulated markets among major trading countries, with regulations on less than 10 per cent of its national tariff lines. Compared to India’s 452 technical and sanitary standards notifications, the US has 8,105 notifications, China has a total of 2,900 notifications, Brazil has 3,913 notifications, the EU has 2,974 notifications; while Australia has 888 notifications in place, according to figures compiled by the Commerce Ministry. Now, the government is working on new standards to redress the situation. It is considering 252 new technical regulations on items such as chemicals and pharmaceuticals, toys, footwear, sports good, telecom equipment and industrial equipment, which will apply on both imports and domestic manufacture, according to a government official.

8. World Bank’s ease of doing business: DPIIT focusing on 6 parameters to push India’s ranking

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

The Commerce and Industry Ministry has prepared a blueprint to further improve India’s ranking in the World Bank’s ease of doing business index with a focus on six parameters, including enforcing contracts and starting a business, an official said. The Department for Promotion of Industry and Internal Trade (DPIIT), under the ministry, is also following reform activities in Kolkata and Bengaluru as these two cities are included by the World Bank this year besides

Delhi and Mumbai for preparing the ease of doing business report, with a view to provide a holistic picture of business environment in India, the official said. The bank has added a new parameter government contracting, taking the total number of criteria to 11. The government will share with the World Bank reform activities undertaken for ease of doing business (EoDB) in May-June this year.