

Daily Economic News Summary: 7 November 2019

**1. IMF wants Indian government to be more credible, transparent on fiscal numbers**

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

New Delhi needs to become more "transparent" on the fiscal numbers as it is a "laggard" among the G20 peers on this front, a senior official from the International Monetary Fund said in Mumbai on 6 November. The government has been missing its budgeted fiscal targets for the past few years and there is a need for a "credible fiscal consolidation" which is more ambitious as well, the official said, adding this is more so as government has not addressed how it will make up for the massive Rs 1.45 lakh crore tax giveaways in the form of corporate tax cuts. The comments come amid allegations of the budget math not adding up with some pointing to a Rs 1.7 lakh crore hole in the estimates, and also over 100 economists questioning the official data computation.

**2. Finance ministry now notifying authority for any change in FDI policy**

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

The government has notified a new rules framework for investments through nondebt instruments making it clear that finance ministry will be the notifying authority for any change to foreign direct investment policy instead of the Reserve Bank of India. Four years after the Foreign Exchange Management Act, 1999 (Fema) was amended to switch control on equity inflows from the central bank to the North Block, the finance ministry has finally notified Foreign Exchange Management (Non-debt Instruments) Rules, 2019 that deals with all forms of non-debt investments, including equity, mutual funds that are dominantly equity oriented, depository receipts issued based on equity instruments, and immovable property.

**3. India examines creating regulator to settle e-commerce disputes**

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

India is examining the feasibility of setting up a regulatory authority to settle disputes related to e-commerce, a top government official said, amid a raging battle between big online retailers and mom-and-pop stores. The proposal being considered comes after small traders approached the government with allegations of predatory pricing and deep discounting by Amazon.com Inc. and Walmart Inc. They allege that the U.S. giants are pricing them out of the market. Prime Minister

Narendra Modi's administration is under pressure from small traders, a traditional support base for the ruling Bharatiya Janata Party, to act against the big online retailers. In their defense, online retailers say e-commerce has the potential to create millions of jobs in India and give opportunities to smaller businesses.

#### **4. China says RCEP countries committed to work with India to resolve trade deal issues**

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

China on 6 November played down India's decision not to join the mega Regional Comprehensive Economic Partnership (RCEP) trade deal, saying the members of the grouping are prepared to work together to address New Delhi's concerns. Chinese Vice-Commerce Minister and top trade negotiator Wang Shouwen also expressed confidence that the differences would be resolved by the end of this year. Prime Minister Narendra Modi on 4 November conveyed India's decision not to join the China-backed RCEP deal at a summit meeting of the 16-nation bloc, effectively wrecking its aim to create the world's largest free trade area having half of the world's population. Commenting on India's decision, Wang said that China and the 14 other member states respected India's outstanding concerns and they are prepared to work together to address them.

#### **5. FM Nirmala Sitharaman to review state of economy at FSDC meeting on Thursday**

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

The meeting will review the current global and domestic economic situation and financial stability issues, including those concerning banking and NBFCs, sources added. Finance Minister Nirmala Sitharaman will review the state of economy at a meeting of the Financial Stability and Development Council (FSDC) on 7 November to be attended by sectoral regulators, including RBI Governor Shaktikanta Das. The FSDC is the apex body of sectoral regulators, headed by the finance minister. According to sources, the meeting will take stock of various measures taken by the government to boost the sagging growth which hit a six-year low of 5 per cent in the first quarter of the current fiscal. The meeting will review the current global and domestic economic situation and financial stability issues, including those concerning banking and NBFCs, sources added.

## **6. Homebuyers may get houses soon; Nirmala Sitharaman announces Rs 10,000 Cr for unfinished housing projects**

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

In another move to boost the economy, Finance Minister Nirmala Sitharaman has approved the establishment of a 'Special Window' to provide priority debt financing for completion of stalled housing projects in the Affordable and Middle-Income Housing sector. Addressing a press briefing after the Cabinet meeting, Nirmala Sitharaman said that the government shall act as the sponsor of the fund and infuse funds up to Rs 10,000 crore, which will provide relief to developers with unfinished projects and ensure delivery of homes to buyers. She further said that the move will help in relieving financial stress faced by a large number of middle-class homebuyers who have invested their hard-earned money. The move is aimed at releasing a large amount of funds stuck in the housing projects for productive use in the economy. The announcement has come as another relief measure after a few big announcements such as corporate tax cut, bank recapitalisation, etc, in the recent past.

## **7. Fitch raises India's FY20 fiscal deficit forecast to 3.6 per cent of GDP**

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

Fitch said it was revising the fiscal deficit forecast as revenue collection is likely to fall far short of the projections in the FY2019/20 Union Budget due to weak goods and services tax (GST) and corporate income tax collections. Fitch Solutions on 6 November raised India's fiscal deficit forecast to 3.6 per cent of the GDP for this fiscal year, from 3.4 per cent previously, due to weak revenue collections resulting from sluggish economic growth and government's sweeping corporate tax rate cut. Fitch said it was revising the fiscal deficit forecast as revenue collection is likely to fall far short of the projections in the FY2019/20 Union Budget due to weak goods and services tax (GST) and corporate income tax collections.

## **8. Commerce Minister Piyush Goyal expected to visit US next week**

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

Commerce and Industry Minister Piyush Goyal is likely to visit the US next week amid ongoing talks for a trade package between the two countries, an official said. The visit assumes significance as both the countries are negotiating a trade package to promote two-way commerce. Trade issues started cropping up between the countries when the US imposed high customs duties on certain steel and aluminium products, which are affecting India's exports of these items to America. The US had also rolled back export incentives for Indian exporters,

under its Generalized System of Preferences (GSP) programme. India exports goods worth about \$6 billion to America under the scheme.

### **9. Rice exporters require certification of inspection to export to European Union**

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

Indian rice exporters will now have to obtain a certification of inspection from a government agency to ship both the basmati and non-basmati varieties to countries of the European Union. "Export of rice (basmati and non-basmati) to European Union (EU) countries will require certificate of inspection from Export Inspection Council/Export Inspection Agency with immediate effect," directorate general of foreign trade has said in a notification. Two aromatic basmati rice varieties -- PB1 and 1401 -- witness maximum export to the EU. The European Commission had brought down in basmati rice the maximum residue limit (MRL) level for Tricyclazole, a fungicide used by farmers against a disease, to 0.01 mg per kg from 0.03 mg earlier. This was done for all countries. India, the world's top rice exporter, exports about 3 lakh tonnes of basmati rice to the EU.

### **10. Indian firms in Fintech 100 list: Paytm, OlaMoney make it to top 10**

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

Eight Indian fintech firms were featured in the KPMG and H2 Ventures' 'Fintech100' list, with Paytm and OlaMoney making it to top 10. "In 2019, we have seen the emergence of India as a fintech force," the report said. The Fintech100 list comprises 27 payments and transaction firms, 19 wealth companies, 17 insurance companies, 15 lending companies, 9 neo banks and 13 companies that operate across multiple fintech sectors.