

Daily Economic News Summary: 8 January 2019

1. Government begins drive to remove speed breakers on National Highways

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

The National Highways Authority of India (NHAI) has begun a drive to remove all kinds of speed breakers on national highways, particularly at toll plazas to ensure smooth flow of traffic. "Considering the fact that National Highways are designed to cater to high speed traffic without any hindrance, NHAI has started drive to remove speed breakers from national highways under its jurisdiction," the authority said in a statement on 7 January. While the authority has already mandated implementation of FASTag on toll plazas and conversion of cash toll lanes to FASTag lanes, the speed breakers or rumble strips constructed at toll plazas are being removed with immediate effect for smooth vehicular movement.

2. Next Ease of Biz ranking of states likely in March

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

The Commerce and Industry Ministry is likely to release the next index to rank states and union territories (UTs) in terms of ease of doing business in March, a senior official said. "It will be released in February end or March. Due to elections, the release got delayed," the official said. The exercise is aimed at triggering competition among states to improve business climate in order to attract domestic and global investors. State governments are taking several steps such as setting up single window system for approvals to improve ease of doing business. The parameters include construction permit, labour regulation, environmental registration, access to information, land availability and single window system.

3. India asks domestic refiners to avoid buying Malaysian palm oil: Sources

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

India has informally asked palm oil refiners and traders to avoid buying Malaysian palm oil, government and industry sources said, following Kuala Lumpur's criticism of India's actions in Kashmir and its new citizenship law. Palm oil inventories could spike in Malaysia, and prices may come under pressure if India, the world's biggest buyer of palm oil, reduces purchases from

the country. "In Monday's meeting we have been verbally told to avoid buying Malaysian palm oil," a senior industry official, who attended a meeting in New Delhi of two dozen industry officials, said.

4. Govt taking steps to simplify taxation; curb harassment of honest taxpayers: FM Sitharaman

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

Finance Minister Nirmala Sitharaman on January 7 said the government is taking various steps to simplify taxation system and eliminate harassment of honest taxpayers. Addressing an event organised by Confederation of All India Traders (CAIT), the finance minister said the government is open to suggestions for the betterment of GST filing system. Based on suggestions received from various stakeholders, the government is taking steps towards simplification of taxation system, she added. In a bid to curb harassment of taxpayers, she said, a faceless e-assessment scheme was launched in October to eliminate interface between an assessing officer and a taxpayer.

5. GDP first advance estimate: CSO pegs FY20 growth at 5%, lowest in 11 years

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

The government has pegged economic growth rate for 2019-20 at 5 percent, slower than the 2018-19 expansion rate of 6.8 percent. At 5 percent, the growth would be at an 11-year low, CNBC-TV18 reported. India's GDP the total value of goods and services produced in the country slumped to over 6-year low of 5 percent in the April -June quarter and 4.5 percent in the July - September quarter of 2019. The government estimated that gross value added (GVA), which is GDP minus net taxes, will grow at 4.9 percent in 2019-20. GVA is a more realistic guide to measure changes in the aggregate value of goods and services produced in an economy. According to the estimates, farm sector is set to grow at 2.8 percent against 2.9 percent last year, at constant or inflation-adjusted prices.

6. India's animal husbandry sector saw landmark move in 2019: US report

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

India's animal husbandry sector underwent a significant change last year due to a "landmark move" by the government which helped ease import regulations, according to a report released by the US Department of Agriculture on 7 January. The report states that a separate ministerial portfolio was formed for animal husbandry, dairying and fisheries, known as the Ministry of

Fisheries, Animal Husbandry and Dairying (MFAHD). The report, prepared by US Embassy New Delhi's Office of Agricultural Affairs (OAA), serves as a reference guide for stakeholders wishing to export food and agricultural products to India.

7. Investors pin hopes on banking sector once again to lift Q3 results

Source: Livemint ([Link](#))

After a small increase in sales during the festive season, Q3 FY20 will be a litmus test for an earnings recovery. In Q2, write-backs due to corporate tax cuts led to earnings growth despite weak sales growth. Now a small increase in festive demand has raised hopes that an earnings recovery may be on the cards. If these hopes get fulfilled, it will be largely on account of the banking sector. Kotak Institutional Equities expects a big bump in profits of the banking sector on the back of the recovery from non-performing loan (NPL) accounts. "We model 74% y-o-y growth in net profit of the banking and diversified financials sector led by a recovery from some large corporate NPL accounts, lower tax rates and large fair value gain of ₹9,000 crore recorded by HDFC on de-recognition of investment in Gruh following the latter's merger with Bandhan Bank," Kotak's analysts said in a report. The year-ago quarter also represents a low base, with high provisions made during the period.

8. Central government, states to get tough on GST refund claims

Source: Livemint ([Link](#))

Central and state government officials on 7 January decided to scrutinize goods and services tax (GST) refund claims more diligently, compulsorily investigate all fake claims and step up coordination between income-tax and GST authorities. The move to tighten enforcement measures comes amid the continued shortfall in GST revenue collections. The decision to deal with fake tax refund claims by businesses and traders with no leniency was taken at a meeting of central and state officials in the capital. At the meeting, led by revenue secretary Ajay Bhushan Pandey, it was decided to set up a panel of officers to recommend quick measures to curb "fraudulent refund claims, including the inverted tax structure refund claims and evasion of GST", said an official statement. The panel will give its advice within a week, which may be implemented across the country by January-end, it added.

9. Insolvency code modified: This type of investors won't be able to buy out under liquidation

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

The Insolvency and Bankruptcy Code (IBC) provides for time-bound and market-linked resolution process for stressed corporates. In case the resolution process does not materialise, then the entity goes for liquidation. A secured creditor cannot sell assets of a company undergoing liquidation process to any person barred from submitting an insolvency resolution plan, as per a new amendment made to the norms by the Insolvency and Bankruptcy Board of India (IBBI). Besides, a secured creditor will have to contribute its share towards insolvency resolution and liquidation process costs and workmen's dues within 90 days of the liquidation commencement date, an official release said on 7 January.

10. NITI floats draft documents for discussion on private passenger trains

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

Niti Aayog on 7 January floated draft documents, including Request for Qualification and Project Information Memorandum, to seek stakeholder comments on them, which are aimed at paving the way for participation of private entities in operation of passenger trains on 100 routes. The Ministry of Railways and the National Institution for Transforming India (NITI) Aayog are spearheading participation of private entities in operation of passenger trains on 100 routes. In this respect, a draft of Request for Qualification (RFQ) document, Concession Agreement Guiding Principles, Project Information Memorandum (PIM) along with a presentation on the salient features of the project (draft documents) have been uploaded on the Aayog website. The Niti Aayog and Indian Railways had last week came out with a discussion paper for running 150 trains on 100 routes by private operators, envisaging an investment of Rs 22,500 crore.

11. Bharat Bandh 2020: Banking, transport services likely to be hit as 10 trade unions support strike; private sector may not be affected

Source: Firstpost ([Link](#))

In the nationwide strike called by ten trade unions against the Centre's wrong labour and economic policies, about 25 crore workers are expected to join the strike on 8 January. Services at public sector banks across the country are expected to be affected in the Bharat Bandh on 8 January. However, private sector banks may not be affected during the strike. Apart from banking services, transport and other services across the country are likely to be hit on 8 January. Various bank employee associations, including AIBEA, All India Bank Officers' Association

(AIBOA), BEFI, INBEF, INBOC and Bank Karmachari Sena Mahasangh (BKSM), have expressed their willingness to participate in the strike.