

DAILY NEWS MONITOR: 6 AUGUST 2021

1. PM steps in to launch national mission to meet \$400 billion export target

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

Prime Minister Narendra Modi on 6 August will launch a national effort to achieve the target of \$400 billion worth merchandise exports in the current fiscal. India has met nearly a third of its annual target in the first four months of 2021-22. Modi will virtual interact with heads of Indian Missions abroad, along with various other stakeholders in the trade and commerce within the country. Over the last nine years, merchandise exports from India have hovered around \$260-330 billion, with the highest ever being \$330 billion in 2018-19. Robust exports can boost economic growth at a time when other factors such as private consumption as well as investment have been tepid due to the disruption caused by the Covid-19 pandemic. July saw the highest ever merchandise exports at \$35.17 billion, with the cumulative exports in the first 4 months at \$130 billion. The government has set up a target of \$1 trillion in 2027-28 for merchandise exports and \$500 billion exports in the next two years.

2. RBI Monetary Policy: Here are highlights of the MPC's announcement

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

The Reserve Bank of India (RBI) on August 6 maintained the status quo on monetary policy, keeping the repo rate unchanged at 4 percent, in line with the expectations of economists. The Monetary Policy Committee (MPC) said it will continue with the accommodative stance as long as necessary to support a struggling economy hit by the COVID-19 pandemic. "The growing consensus is that the recovery is occurring on a diverging two-track mode. Countries that are ahead in vaccination and have been able to provide or maintain policy stimulus are rebounding strongly. Growth in other economies remains subdued and vulnerable to new waves of infections. There has been a slowing of momentum in global trade volumes in Q2:2021, with elevated shipping charges and logistics costs posing headwinds," the MPC said in its statement

3. Govt buries retrospective tax, introduces Bill to amend Income Tax Act

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

Putting an end to the contentious retrospective tax law that hit the confidence of foreign investors, including Vodafone and Cairn, for years, Finance Minister Nirmala Sitharaman on Thursday introduced a Bill in Parliament to nullify the provision in the Income Tax Act. The government has also proposed to refund the amount paid in litigation by companies without any interest thereon. Finance Secretary T V Somanathan told Business Standard that the total

amount involved for all cases is about Rs 8,100 crore, of which about Rs 7,900 crore is related to the Cairn dispute. The Bill would withdraw the retrospective amendments to the Income Tax Act that had raised demands on Vodafone, Cairn and some others, indicating a move to attract foreign investments. This comes soon after Aditya Birla Group Chairman Kumar Mangalam Birla offered to transfer the group's ownership in Vodafone Idea to the government in a last-ditch effort to keep the cash-strapped telco from collapsing. Vodafone plc has maintained it would not throw good money after bad.

4. India launches sixth OALP bid round

Source: Livemint ([Link](#))

In an attempt to boost domestic hydrocarbon production, the petroleum and natural ministry launched the sixth bid round on 6 August under the liberal open acreage licensing programme (OALP). In the latest round, around 35,346 sq. km. have been offered to investors. According to a statement from the ministry, 21 blocks are on offer across 11 sedimentary basins and includes 15 onland blocks, four shallow water blocks and two ultra deep water blocks. India's domestic energy production has been low. In what doesn't bode well for the country's energy security, India's crude and oil and gas production fell 5.22% and 8.06% respectively in the last financial year. "It is expected that this Bid Round VI would generate immediate exploration work commitment of around USD 300-400 million. An area of 156,580 sq. km. has already been awarded under past bid rounds OALP Bid Rounds (I to V). This Bid Round-VI is expected to add further 35,346 sq. km, taking the total area for exploration to 191,926 sq. km. under the HELP regime," the statement said.

5. Ease of doing business: Maadhyam portal in works for swift nod to proposals

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

In what may further the ease of doing business in India, the government is working towards the launch of a digital platform 'Maadhyam'--a National Single Window System--to allow investors to identify and apply for various pre-operation clearances required for starting business in the country. The Department for Promotion of Industry and Internal Trade's (DPIIT's) had planned to launch the portal on 15 August, but it is currently in a testing phase, with the one of the biggest challenges being coordination with multiple stakeholders involved. Government officials said that in the first phase of the integration, 43 government departments and 14 States Single Window Systems will be onboarded. The Maadhyam platform will do away with the need for multiple applications across various portals. To be

sure, all approval will still be needed. An investment proposal typically requires a bunch of approvals and clearances across various states and government departments.

6. Lok Sabha passes Bill to settle retrospective taxation

Source: Livemint ([Link](#))

Lok Sabha on 6 August passed the Taxation Laws (Amendment) Bill, 2021, which will likely help settle disputes with Cairn Energy Plc, Vodafone Group Plc and 15 other companies over retrospective tax demands raised by the Union government. The Bill was cleared in the lower house, amid uproar by opposition parties, after finance minister Nirmala Sitharaman made a brief statement about the need for the amendment. Sitharaman said the idea was to fulfil commitments given by the Bharatiya Janata Party (BJP), Prime Minister Narendra Modi and the former finance minister late Arun Jaitley. The minister also explained that during the period when these cases were sub-judice at various platforms, the government could not make legislative changes and had to wait for their logical conclusion in courts.