

Daily Economic News Summary: 14 February 2018

1. FDI in Food Processing to Touch \$1 Bn in FY'18, Says Harsimrat Kaur Badal

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

The foreign direct investment (FDI) in the food processing sector is expected to rise by 38 per cent to \$1 billion this fiscal, driven by recent reforms, Union minister Harsimrat Kaur Badal said Feb 13. Efforts are being made to translate the proposals worth \$14 billion signed during the 'World Food India 2017' event held in November last year into actual investment. Already, 17 companies, including ITC, have started the ground work, she said. The new initiatives 'Operation Greens' and setting up of a 'specialised agro-processing financial institution' announced in the Budget 2018 will help further boost the processing levels, reduce wastage and improve farmers' income, she added. "FDI in food processing is increasing.

2. Income Tax Raid Cases Not to be Processed Under E-Assessment: CBDT

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

The soon-to-be rolled out pan India e-assessment system for scrutiny cases of taxpayers will not be applicable to instances where a raid has been conducted against an assessee by the Income Tax (IT) department, the CBDT has said. It has added that the current system of manual assessment will continue in cases, where the books of accounts or original documents have to be examined, the taxman has to conduct a third-party investigation and where the tax officer has to examine a witness. It will also be applicable to cases where the taxman has issued a show-cause notice to the assessee, "contemplating any adverse view", and cases where the taxpayer has requested for a "personal hearing" to explain the matter to the assessing officer.

3. Food Processing Ministry Begins Work on Operation Greens

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

The Ministry of Food Processing Industries has started consultations with stakeholders to determine the contours of Operation Greens, under which Rs 500 crore has been earmarked in this budget, with a focus on preventing distress sale by tomato, potato and onion farmers. The ministry added that post World Food Fair held in 2017, foreign direct investment in the sector was flowing

in at a fast pace. Pacts worth \$14-billion were signed at the event and of this, projects worth close to \$4 billion had started ground work, said minister for food processing industries Harsimrat Kaur Badal while addressing a press conference. The government is looking at creating infrastructure for natural preservation of these crops and promoting the Farmers Producers Organization (FPO), agri logistics processing facilities and professional management.

4. Tea Growers Demanded Renegotiation of ASEAN-India FTA Agreement

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

Large portion of Indian tea sector is skeptical about outcome of free trade agreement of India with ASEAN countries. After the agreement comes into full effect, duty cut in import of the green beverage is feared to cause severe adverse impact on Indian tea production sector. The ASEAN–India FTA is an area of free trade between India and ten ASEAN (Association of Southeast Asian Nations) member countries. It came into effect on 1 January 2010 with objective of enjoying better economic cooperation by mutually eliminating or modify tariff of around 4500 items including tea. According to Chakroborty, after full implementation of the agreement clause in 2019, existing tea import duty or around 100% will be reduced to 45% significantly lowering price of tea imported from ASEAN countries. Moreover, China, world’s largest tea exporter, may push its cheap produce in a big way through ASEAN FTA route.

5. Partnerships Key to Sustainable Growth: Teri Chief

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

India must develop partnerships that involve stakeholders to ensure its efforts to push economic growth do not result in higher air & water pollution and increased waste generation, say experts. They say the government must make resilience its cornerstone for its plans to develop infrastructure and housing, expand manufacturing, increase farm incomes and agricultural productivity to deliver on inclusive and sustainable growth. “Broadly, there are three components of resilience. First, it is the ability of people to overcome adverse impacts due to climate change and macroeconomic shocks. Second, the economy must become more resource-efficient. Third, it must focus on minimising waste and/or reusing it,” said Ajay Mathur, director general of The Energy and Resources Institute (Teri), a New Delhi-based think-tank.

6. Exporters Seek Clarity on E-Way Bill on Moving Goods from Dry to Sea Ports

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

Exporters have sought clarity from the government on the functioning of the E-way bill when goods move from dry ports to sea ports for export and when they move between special economic zones within the same state. Exporters have shot off a letter to the finance ministry seeking clarity on a number of issues so as “to avoid problems at a later stage” at a time when the Reserve Bank of India pointed out that the implementation and refund delays under the Goods and Services Tax (GST) regime seem to have led to working capital constraints for companies, which in turn might have hurt their exports in October 2017. Days after the government deferred the roll out of the e-way bill due to technical glitches, exporters asked if any exemption in customs clearance would be given to goods when they move from inland container depots to ports on the lines of such relief given to imports.

7. Commerce Ministry Cancels 8 Projects of Navi Mumbai SEZ

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

The commerce ministry has cancelled approval granted to eight special economic zone projects of Navi Mumbai SEZ. The decision to cancel the formal approval to these projects was taken during the meeting of the ‘Board of Approval’ on February 5. These SEZ projects are facing certain operational and regulatory issues in Maharashtra. The board, highest decision making body on SEZ related matters, has stated that ample time had been given to the developer and state government of Maharashtra for resolving their issues and despite that no concrete action seems to have been taken. “The board, after deliberations, decided to cancel the formal approval granted to the eight SEZs,” according to the minutes of the meeting. The eight zones are from IT/ITeS (4), multi-services (2), multi-product (1), gems and jewellery (1) sectors. An SEZ area is considered to be a foreign territory for trade operations and duties. They are developed as export hubs. Exports from SEZs grew nearly 12 per cent to Rs 5.24 lakh crore in 2016-17.

8. Logistics Hub to Turn Assam’s Jogighopa Into India’s New Gateway to South-East Asia

Source: Livemint ([Link](#))

Jogighopa, a small town in Assam, is set to become India’s gateway to South-East Asia as well as the rest of the North-East with the road ministry gearing up to develop a multimodal logistics park

(MMLP) there with road, rail, waterways and air transport facilities. The development includes railway sidings, container terminals, warehousing, non-cargo processing, a truck terminal, common facilities, support infrastructure and equipment. A special purpose vehicle, backed by the Asian Development Bank (ADB), will be created to execute the project, which will be executed in two phases-Phase I of around Rs155.46 crore and Rs115.88 crore for Phase II. “Recent developments, like the announcement of the Northeast Economic Corridor under the Bharatmala programme of the road ministry and the signing of the MoU (memorandum of understanding) between India and Bangladesh for developing the Dalu-Tura-Goalpara-Gelephu multimodal trade route strengthen Jogighopa’s case for MMLP,” a senior government official said on condition of anonymity.

9. India Needs to Create More Salaried Jobs: World Bank

Source: Livemint ([Link](#))

India needs to create regular, salaried jobs with growing earnings rather than self-employed ones in order to join the ranks of the global middle class by 2047 the centenary of its Independence, the World Bank said in a draft Systematic Country Diagnostic (SCD) for India. The bank said in a society with wide inequalities, the most urgent priority is to create productive, regular jobs. “The issue is not just the number of jobs but also the type of jobs. A transition into the middle class calls for the creation of salaried jobs, which is a rare privilege in India today where less than a fifth of workers are in salaried employment,” the World Bank said in a first-of-its-kind draft report published on its website, seeking comments from stakeholders. India has been classed a lower-middle income country for a decade and aspires to move a step up in the global prosperity ladder. Globally, low-income countries are those with real per capita GDP less than 5% of that in the US in purchasing power parity (PPP) terms; lower-middle income countries are those with 5-15% per capita incomes of that in the US; and upper-middle income countries are those with 15-35% per capita incomes of that in the US. High-income countries are those above that line, including some even above the US’ income level.

10. New Act Will Not Reduce Benefits of Small Savings Schemes: Finmin

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

The Finance Ministry on Feb 13 assured retail investors that their deposits in small saving schemes will remain safe, regardless of the proposed Government Savings Promotion Act. “No existing benefits to depositors are proposed to be taken away through this process,” it said, adding that the

proposed Act will also provide flexibility for premature withdrawals by minors and more rights to nominees of account holders. “No change in interest rate or tax policy on small savings scheme is being made through this amendment. Apprehension that certain Small Savings Schemes would be closed is also without basis,” the Ministry underlined. The government plans to merge the Government Savings Certificates Act, 1959 and Public Provident Fund Act, 1968 with the Government Savings Banks Act, 1873. With this in mind, Finance Minister Arun Jaitley had in the Union Budget 2018-19 on Feb 1 proposed the Government Savings Promotion Act that would subsume the provisions of the Government Savings Certificates (NSC) Act, 1959 and the Public Provident Fund Act, 1968.