Daily Economic News Summary: 15 July 2019

1. 5 States make the most of PM's employment-generation scheme
Source: The Hindu, Business Line (Link)

Out of over one crore new employees who joined the workforce as part of the Pradhan Mantri Rojgar Protsahan Yojana (PMRPY) between August 2016 and March 2019, about 57 per cent came from five States — Maharashtra, Tamil Nadu, Karnataka, Gujarat and Haryana. Under the PMRPY launched for incentivising employers for generating employment, the government pays the entire employer's contribution (12 per cent or admissible contribution) towards the Employees' Provident Fund (EPF) and the Employees' Pension Scheme (EPS) for all eligible new employees for all sectors for three years.

2. Exports shrink as global tariff war takes toll on Indian trade
Source: The Economic Times (Link)

India's exports shrank for the first time in nine months in June as global trade tension hit shipments and the country braced for the impact of the US withdrawing some benefits. Exports shrank 9.71% last month to $25.01 billion while imports declined 9.06%. The trade deficit narrowed to $15.28 billion from $16.6 billion a year ago, data released by the government showed. Exports to China fell by a sharp 14.1% as the country struggled with the impact of the trade war with the US its GDP growth slowed to a 27-year low of 6.2% in the June quarter. India's shipments to the United Arab Emirates fell 15.31% and those to Hong Kong dropped 9.68% in June.

3. Business sentiment in India falls to lowest level in 3 years: Survey
Source: Financial Express (Link)

Business sentiment in India fell to its lowest level since June 2016, as companies were worried over a slowing economy, government policies and water shortage, a survey 15 July. According to the IHS Markit India Business Outlook, predictions of softer activity growth underpin the downward revisions of profit outlook, subdued hiring plans and relatively muted capital expenditure. The net balance of private sector companies foreseeing output growth in the year ahead fell from 18 per cent in February to 15 per cent in June — this matches the data of June

2016, and also October 2009 when aggregate figures became available. The Global Business Outlook Survey for worldwide manufacturing and services is produced by IHS Markit and is based on a survey of around 12,000 manufacturers and service providers that are asked to give their thoughts on future business conditions.

4. Bill to encourage arbitration of commercial disputes introduced in Rajya Sabha
Source: Money Control (Link)

A bill aimed at improving institutional arbitration by providing for settlement of commercial disputes within six months and other measures was introduced in Rajya Sabha on July 15 by Law Minister Ravi Shankar Prasad. The Arbitration and Conciliation (Amendment) Bill 2019 seeks to make India a hub of domestic and global arbitration for settling commercial disputes. A previous bill was cleared by Lok Sabha in August 2018 but could not be passed by Rajya Sabha. The bill lapsed following the dissolution of the 16th Lok Sabha. Successive governments have been pushing to make India a centre of domestic and international arbitration.

5. Govt considers splitting GAIL, to hive off pipeline business into a separate entity, sell it to strategic investor
Source: Firstpost (Link)

The government is considering to split state-run gas utility GAIL (India) Ltd by hiving off its pipeline business into a separate entity and selling it off to strategic investors, sources privy to the development said. GAIL is India's biggest natural gas marketing and trading firm and owns more than two-thirds of the country's 16,234-km pipeline network, giving it a stranglehold on the market. Users of natural gas have often complained about not getting access to GAIL's 11,551-km pipeline network to transport their own fuel. The sources said that to resolve the conflict arising out of the same entity owning the two jobs, bifurcating GAIL is being considered. While previously selling of the marketing business, possibly to another state-owned firm, was being considered, the government is now mulling on hiving off the pipelines into a separate entity and selling off a majority stake in it, they said.

6. India seeks investments, but won't sign unfair trade deals: Piyush Goyal
Source: Business Standard (Link)

India has "red lines" to protect its economy and it won't sign unfair trade agreements, said Commerce and Industry Minister Piyush Goyal in London on 14 July. Goyal spoke to an audience of Indian diaspora after his government's policy measures on e-commerce, data localisation and a tax surcharge on the rich were believed to have spooked investors. "Indian government is looking for ideas from all sides to strengthen and to give confidence to international investors, with the best of technologies, to come to India and invest," he said. India will sit down across the table and find a common meeting ground with the US and the UK, he said. "There are obviously some red lines, which each side may find difficult to compromise, but as long as we can respect that, as one would do in a business transaction or while negotiating a good deal, it will not be impossible to resolve it."

7. Compliance of FDI norms: RBI to unveil report submission mechanism soon
Source: The Indian Express (Link)

As the deadline for e-commerce marketplaces to submit their reports proving compliance with the latest FDI guidelines approaches, the Reserve Bank of India is soon expected to come up with a mechanism for submission of such reports in line with the norms announced by the Industry Department in December last year, a senior government official said. According to the FDI norms announced in the Press Note 2 of 2018 by the Department for Promotion of Industry and Internal Trade (DPIIT), e-commerce marketplace entities are required to furnish a certificate along with a report of statutory auditor to the RBI, confirming compliance of the guidelines by September 30 every year for the preceding financial year. The new rules prohibited group companies of a particular platform or controlled sellers from selling on that platform.