

<b>Daily Economic News Summary: 19 July 2019</b>
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**1. Tweaks in Companies Act to make fundraising easier**

**Source: Livemint ([Link](#))**

Fundraising through various financial instruments may get easier for companies in the days to come with the Union government trying to reduce compliance rigours as part of its 100-day agenda, a person familiar with the development said. The ministry of corporate affairs is working on a proposal that covers various financial instruments that come under the Companies Act, the person mentioned above said on condition of anonymity. One such instrument is shares with differential voting rights (DVR), which companies can use to raise capital without ceding control. "This will be of particular interest to startups keen to raise capital without diluting their stake in their company," said the person mentioned above.

**2. China promises greater market access to India if it improves RCEP offer**

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

China has dangled a carrot before India to make it improve its market liberalisation offer under the Regional Comprehensive Economic Partnership (RCEP) pact by offering to open its own market even more, but New Delhi is cautious. In the one-on-one talks between the two countries, that are part of the 16-member proposed regional bloc, China has said that if India went beyond its current offer of eliminating tariffs on about 74 per cent items for the country, it would not only match it but commit to a higher number, an official told BusinessLine. India, however, is apprehensive that its industry will not be able to make as much gains from the tariff elimination under RCEP as the Chinese already have a head-start which is reflected in the \$54-billion trade surplus China has over India.

**3. Marine Products Export Development Authority signs MoU with Telangana for boosting aquaculture export**

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

Telangana government has signed an agreement with the Marine Products Export Development Authority (MPEDA) to boost its export-oriented aquaculture. The MOU involves setting up a multi-species aquaculture centre with the state government's funding. The facility will consist of

hatcheries, nurseries and training centres for export-oriented aquaculture species. The pact also envisages providing technical assistance to set up an aquatic quarantine facility at Hyderabad airport through MPEDA society named Rajiv Gandhi centre for aquaculture (RGCA), besides extending technical and financial assistance for a chilled and live fish-handling facility at the same place.

#### **4. Piyush Goyal expected to meet USTR in Washington next month on sticky trade issues**

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

Commerce and Industry Minister Piyush Goyal is likely to hold discussions with US Trade Representative Robert Lighthizer next month in Washington to iron out differences on trade related issues, an official said. Goyal would be holding the meeting with his US counterpart on August 7th, 8th and 9th, the official added. The meeting assumes significance on account of rising trade tensions between the two countries. The US has imposed high customs duties on certain steel and aluminium products, which is affecting India's exports of these items to America.

#### **5. Nirmala Sitharaman: No tweaks in super-rich surcharge on FPIs**

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

Standing firm on her proposal, Finance Minister Nirmala Sitharaman on 18 July advised foreign portfolio investors (FPI) to register themselves as a company to protect themselves from the super-rich surcharge. She also dispelled fears that the higher effective tax rate will lead to a flight of investors from India. Replying to the debate on the Finance Bill in Lok Sabha, Sitharaman said that when FPIs register themselves as a trust, it means that they are a body of individuals, and hence, liable to pay higher surcharge on earning more than ₹2 crore. However, such a surcharge is not applicable on companies. The Budget has proposed a higher surcharge on persons earning more than ₹2 crore. Since it proposes a higher surcharge covering every individual or Hindu undivided family or association of persons or body of individuals, domestic or foreign, there is a fear that tax on the sale of equity will rise to 21.3 per cent from nearly 18 per cent for short-term capital gains, and to over 14 per cent from nearly 12 per cent for long-term capital gains.

## **6. Bengaluru tops list of most digitised cities, accounts for highest card payments**

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

Bengaluru has topped the list of “most digitised cities” accounting for highest card payments in a study conducted by payments solution company Razorpay. According to the Era of Rising Fintech Report, released by Razorpay Software Pvt Ltd, on 18 July, Bengaluru is followed by Hyderabad, Mumbai, Pune and Delhi. The top five digitised states as per the report are Karnataka, Maharashtra, Tamil Nadu, Andhra Pradesh and New Delhi. Payments made through credit and debit cards was at 50 per cent in the pay to merchants category in April, May, June while it was 56 per cent in January, February and March, the report said. Usage of credit and debit cards increased by 22 per cent in April, May, June period as against January, February and March period this year. Some of the top three sectors contributing to the digital payments growth in April, May and June was food and beverage 29 per cent, gaming industry 15 per cent, financial services 14 per cent among others.

## **7. ADB cuts India GDP growth forecast to 7 per cent for FY20; fastest growing major economy tag remains**

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

Asian Development Bank (ADB) on 18 July lowered the growth forecast for India from 7.2 to 7 per cent for the current fiscal, due to moderation in growth prospects for the advanced economies which could adversely affect tradable services. ADB, however, maintained that India would continue to remain the fastest growing major economy ahead of China. Releasing its update on the Asian Development Outlook (ADO) 2019, it said China will grow at 6.3 per cent in 2019, and slip further to 6.1 per cent in 2020, mainly on account of continuing trade war with the US. India’s economic growth, it said, is expected to inch up again to 7.2 per cent in FY2020 (2020-21), helped by recent reforms to improve the business climate, strengthen banks, and relieve agrarian distress, ADB said in the supplement. Notably, the 7.2 per cent economic growth projection in April this year was also curtailed from ADB’s earlier projection of 7.6 per cent for the current fiscal ending March 2020.

## **8. Chief ministers’ panel on agriculture favours linking Finance Commission grants with reforms**

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

The central government should link grants and allocations made by the Finance Commission to states with reforms in the agriculture sector, said Maharashtra Chief Minister Devendra

Fadnavis. A proposal to this effect was discussed at the first meeting of a 'High-Powered Committee of Chief Ministers for Transformation of Indian Agriculture' on 18 July. Briefing the reporters about the meeting, Fadnavis, who is also the convenor of the high-powered committee, said there should be greater coordination between the ministries of agriculture and commerce, as the former deals with production, while the latter with marketing. "Grants of the central government and fund allocation of the Finance Commission should be linked with the agriculture reforms undertaken in states," he said while adding that it is essential to ensure simultaneous reforms in states. Fadnavis further said unless all states come on board, the country will not witness major transformation in the agriculture sector. Among other things, some committee members also questioned the utility of the Essential Commodity Act (ECA), 1955, in the food sector.

#### **9. DGCA Found Safety Management System of 5 Airlines Deficient, Says Govt**

**Source: News18 ([Link](#))**

Aviation watchdog DGCA has conducted safety audits of Air India Express, SpiceJet, Air India, IndiGo and GoAir and it found the implementation of their safety management system "to be deficient", the government has informed the Rajya Sabha. Civil Aviation Minister Hardeep Singh Puri on 17 July said the audits also found that the flight crew rostering software was not upgraded and untrained staff were manning check-in counters. The "other staff" at check-in counters too did not have adequate knowledge to handle "dangerous goods" despite being trained in Dangerous Good Regulations, he said in a written response to a question in the Upper House. In a serious lapse, the regulator found, there was a delay in carrying out the corrective actions for the "FOQA exceedances", Puri said.