Daily Economic News Summary: 28 December 2018

1. Modi Government Writes New Rule Book For Bigbasket, Swiggy & Zomato
Source: The Economic Times (Link)

The Food Safety and Standards Authority of India (FSSAI) has issued revised guidelines that directly impact online food and grocery operators such as Grofers and BigBasket as well as food delivery platforms like Swiggy and Zomato. The national food regulator said it's stepping up scrutiny of ecommerce food companies because there can be no compromise on last-mile delivery and safety of food products. Food products offered for sale are liable to sampling at any point in the supply chain. Companies will also need to provide an indicative image of the food on their platforms so that consumers can recognise the product. All mandatory information mentioned in the Food Safety and Standards (FSS) Act will also have to be provided to consumers before purchase and only fresh food should be delivered to consumers.

2. India Pips China In FDI Inflows For The First Time In 20 Years
Source: The Economic Times (Link)

From Walmart to Schneider Electric and Unilever on the one side and TPG Capital or KKR on the other,a tide of global capital is flooding into India from strategic investors to financial sponsors and consequently changing the pecking order of mega M&A sweepstakes in the prized market of Asia. For the first time in two decades, India has been getting more foreign investment than its neighbour China. In 2018, India saw more than $38 billion of inbound deals compared with China's $32 billion, buoyed by stable fundamentals, a bankruptcy code and fresh opportunities in sunrise sectors.

3. Govt Looks To Appoint Regulator For E-Commerce Sector
Source: Livemint (Link)

The government plans to introduce a new policy on e-commerce within weeks to boost orderly growth and fair play in the $41 billion industry that caters to roughly 100 million online shoppers in Asia's third-largest economy. The new policy would boost the sector, promote exports and ensure fair play, a senior government official said on condition of anonymity. The government is also examining the need for a regulator for the sector, added the official. The proposed e-commerce policy and the changes in foreign direct investment (FDI) rules related to the sector announced on 26 December night are aimed at placating small traders, who contend that discounts offered by companies such as Amazon and Flipkart are driving them out of business. Addressing their concerns is important given that they are a core voter base for the ruling Bharatiya Janata Party.

4. Recapitalisation Sans Reform
Source: Business Standard (Link)

In what amounts to an admission that the Reserve Bank of India's prompt corrective action (PCA) framework cannot at the moment be diluted, the government has sought approval from Parliament for supplementary grants worth Rs 410 billion that it will use to infuse additional capital into public sector banks (PSBs) with weak balance sheets. The government, which is concerned that the lending slowdown will affect investment and growth in the run-up to the Lok Sabha elections, is hoping some of these banks will be able to exit the PCA framework and resume lending.

5. Draft E-Commerce Policy To Be Out In A Few Weeks: Government Source
Source: The Economic Times (Link)

India will announce a new draft policy for e-commerce in a few weeks, a source in the government said on 27 December, a day after the country tweaked foreign investment rules for the burgeoning sector. The new e-commerce policy could entail provisions for a regulator in the sector dominated by U.S. tech giant Amazon.com and homegrown Flipkart, which was bought over by retail giant Walmart for $16 billion earlier this year. India on 26 December introduced changes to foreign direct investment rules, banning e-commerce players from selling products from entities in which they have an equity interest, a move the source said was aimed at preventing anti-competitive practices.

6. Government Eases Power Exports To Neighbouring Nations
Source: Financial Express (Link)

The government has removed restrictive riders which discouraged neighbouring countries to buy power from India's spot power markets. Also, it barred plants with Coal India fuel linkage or captive mines from selling power outside India, a move that could help imported coal-based units in the private sector to have a larger pie of the markets in neighbouring countries. Industry representatives FE spoke to said the 2016 guidelines allowed cross border trade only through the ‘term ahead’ market and did not allow trading in the more attractive ‘day-ahead’ market. The latest guidelines for cross-border electricity trade issued by the power ministry, reviewed by FE, have removed such conditions. However, foreign entities would be required to participate in power exchanges only through Indian power trading entities.

7. Vibrant Gujarat Summit: Pakistan To Mark Presence After Five-Year Gap, Seven Delegations Expected To Attend
Source: Financial Express (Link)

For the first time in the last five years, business delegations from neighbouring Pakistan are set to make their presence at the biennial Vibrant Gujarat Global Summit. The event is slated to take place from January 18-20, 2019. According to a report by The Indian Express, about seven delegations from various regions of the neighbouring country are scheduled to take part. As per the reports of Global Conclave of International Chambers, at least 52 delegations representing trade and commerce bodies from several countries have confirmed their participation so far which includes Nepal, Bhutan, China and Sri Lanka. According to a report, Pakistan will be represented by one delegation each from Peshawar, Punjab province, Karachi, Islamabad, Khyber Pakhtunkhwa and two delegations from Faisalabad

8. Paid Maternity Leave: Finmin Raises Questions Over Labour Ministry's Move
Source: Business Standard (Link)

The finance ministry has raised questions over the labour ministry’s move to seek Rs 4 billion annually towards providing subsidies to companies for passing on maternity benefits to workers. “The finance ministry has asked the labour ministry about the need to frame such a scheme. The move to increase the maternity benefit leave was approved by the Parliament for welfare of women employees and its impact on the industry needs to be examined carefully,” said a senior government official, requesting anonymity. The labour ministry has sent the contours of an incentive scheme for companies that provide 26 weeks’ maternity benefit to their women workers, in line with the Maternity Benefit (Amendment) Act, 2017.