

Daily Economic News Summary: 3 January 2019

1. Rs 600-Crore Sops For Exporters; Nod For 3-Way Bank Merger And Other Key **Source: Financial Express ([Link](#))**

The Cabinet Committee on Economic Affairs (CCEA) on 2 January decided to extend a 3% interest subsidy for hundreds of items produced by labour-intensive sectors like agriculture, textiles and leather that also make up for a sizeable chunk of MSMEs. “The proposal will entail benefits of around Rs 600 crore to exporters on interest equalisation for the remaining period of the scheme,” the government said in a statement. The cabinet also approved a scheme for the proposed amalgamation of Bank of Baroda (BoB), Vijaya Bank and Dena Bank to create the country’s second-largest public sector lender (after SBI). The amalgamation will take off from April 1. As per the scheme, the businesses, assets and liabilities of Vijaya Bank and Dena Bank will be transferred to BoB.

2. Digging Deeper | Govt's New E-Commerce Fdi Rules To Hurt Amazon And Flipkart **Source: Money Control ([Link](#))**

A note issued by the Department of Industrial Policy & Promotion (DIPP) on December 26 said e-commerce entities which operate a marketplace will not be allowed to exercise ownership or control over inventory. Any ownership or control over the inventory will convert the business into an inventory-based model. The rules further state that the inventory of a vendor will be deemed to be controlled by an e-commerce marketplace entity if more than 25 percent of the vendor’s purchases are made through the marketplace or its group entities. Any outright equity investment in the vendor will also bar the entity from selling on the marketplace.

3. Cabinet Approves Bill To Provide Statutory Recognition To Trade Unions **Source: Financial Express ([Link](#))**

The government on 2 January approved amendment to the Trade Unions Act, 1926 to make provisions regarding recognition of trade unions. The present act provides for only registration of trade unions. Currently, there is no provision for recognition of unions in the Act. However, the recognition of trade union is governed by guidelines in the ‘Code of Discipline’ evolved in 1958, voluntarily accepted by employers and employees. The recognition is necessary because

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recognised trade union of an industry or establishment gets bargaining or negotiating rights with the employer. “The Union Cabinet chaired by Prime Minister Narendra Modi has approved amendment to the Trade Unions Act, 1926 to make provisions regarding recognition of Trade Unions,” an official statement said.

4. India’s Retaliatory Tariffs To Hit US Exports

Source: The Tribune ([Link](#))

India’s proposed retaliatory tariffs against US agricultural products, including apples, almonds and lentils, will have an adverse impact on American exports worth nearly \$900 million, according to the latest Congressional report. India last year announced higher import duties on many US products like apples, almonds, walnuts, chickpeas and lentils in retaliation to President Donald Trump’s decision to impose heavy tariffs on imported steel and aluminium items, a move that sparked fears of a global trade war. However, India is the only major country which has been continuously postponing the implementation of the retaliatory tariffs despite announcing it more than six months ago.

5. Govt tables Aadhaar Amendment Bill in Lok Sabha

Source: Livemint ([Link](#))

In a move aimed at providing legal backing to a Cabinet decision allowing voluntary linkage of Aadhaar with mobile phone numbers and bank accounts, the government on Wednesday introduced a bill in the Lok Sabha to amend three laws. The bill to amend the Aadhaar (Targeted Delivery of Financial and Other Subsidies, Benefits and Services) Act, 2016, the Indian Telegraph Act, 1885 and the Prevention of Money-laundering Act, 2002 is crucial. The government is trying to create the ground for allowing Aadhaar usage by private entities despite a Supreme Court ruling in September that Aadhaar can only be used for welfare schemes and for delivering state subsidies. It had barred private companies from using Aadhaar data for authenticating customers.

6. Advantage Indians If Country-Based Quota On US Green Card Goes

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

Hundreds of thousands of Indians waiting to receive permanent residency would benefit if the US removed country-based quotas, a US government research report showed. Removing the cap

could also benefit the IT services industry, which employ a large percentage of the Indians waiting for the green cards. "Currently, nationals from India in particular, and to a lesser extent China and the Philippines, face lengthy queues and inordinately long waits to receive lawful permanent residence status (LPR)," the report by the Congressional Research Service said. Foreign nationals, who have been approved as employment-based immigrants, must wait for statutorily limited visa numbers, totalled in excess of 900,000 as of mid-2018. Most originate from India, followed by China and the Philippines.

7. India's Border Trade: Nepal Tops The List, Bangladesh Second, Pakistan Even Behind Bhutan

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

India's border trade with its six neighbouring countries China, Pakistan, Bangladesh, Nepal, Bhutan and Myanmar accounts for a little over \$12 billion, which is just 1.56% of India's total global trade of \$769 billion in FY2017-18. India carries out its border trade with the farther neighbour Afghanistan via Pakistan. Nepal tops the list of countries in terms of India's border trade with its neighbours, leaving more populous countries Pakistan and Bangladesh behind. As per the latest official data given in Parliament, India's total bilateral trade with Nepal in FY 2017-18 stands \$6.82 billion, but it is highly skewed in India's favor as India exports goods worth \$6.38 billion and imports goods worth \$437 million.

8. Niti Aayog For Liberalising Mineral Mining Policy To Cut Imports

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

The government is considering liberalising the exploration and licensing regime for mineral exploration in India to attract big-ticket private investment in the sector. The plan includes an "Explore in India" mission, much on the lines of Skill India, Start-up India and Make in India, for the mining sector to reduce imports and tap India's huge mineral wealth. Niti Aayog, government's premier think-tank, has floated the idea for the mining sector with an aim to double the area explored in the country to 20% from 10%, which in turn is expected to create employment for 15 million people by 2022-23 against 10 million currently employed, both directly and indirectly. According to the Aayog, the mineral licensing regime in India has several

shortcomings, including the provision for two different types of licences – the mining licence and composite licence – and the different auction methodologies across minerals.

9. China Seeks Talks With India to Push Asia Trade Pact, Sources Say

Source: Bloomberg ([Link](#))

China has sought talks with India to allay concerns on a regional free trade pact it is spearheading, two people familiar with the matter said, as Beijing seeks newer markets amid the ongoing trade war with the U.S. The 16-country Regional Comprehensive Economic Agreement has been in the works for a while and China is keen to conclude it by end of 2019, the people said, asking not to be identified as the matter is not public. India's wariness about a possible flood of Chinese goods, and its demand for looser immigration rules for its tech professionals remain sticking points. India's imports from China have been rising for a while with the deficit reaching \$55.6 billion in 2017 compared to \$48.19 billion in 2015. A resolution of the stalemate appears unlikely any time soon as RCEP member countries like Australia, India and Indonesia go into elections in 2019.