



India received highest-ever FDI worth \$64.37 billion in FY19

The FDI inflows was USD 45.14 billion during 2014-15 when Prime Minister Narendra Modi-led NDA government assumed power.

India received the highest-ever FDI inflow of USD 64.37 billion during the fiscal ended March 2019, said a government report. According to the Annual Report 2018-19 of the Department for Promotion of Industry and Internal Trade (DPIIT), foreign direct investments (FDI) worth USD 286 billion were received in the country in past five years.

“In the current financial year (2018-19), the country registered highest ever FDI inflow of USD 64.37 billion,” the report said. Highlighting the importance of FDI, it said the foreign inflows bring in resources, the latest technology and best practices to push economic growth on to a higher trajectory.

The DPIIT under the commerce and industry ministry further said path-breaking reform measures undertaken during the last financial year have resulted in India surpassing the FDI received in 2016-17 and registering an inflow of USD 60.98 billion during 2017-18, a new all-time high. The FDI inflows was USD 45.14 billion during 2014-15 when Prime Minister Narendra Modi-led NDA government assumed power. The inflows were USD 55.55 billion in the following year.

Besides, the DPIIT said an action plan for promotion of Indian ‘geographical indications’ (GIs) has been prepared. This can help supplement the incomes of our farmers, weavers, artisans and craftsmen. A logo and tagline for all Indian GIs has been prepared through crowd-sourcing. The government regularly reviews the FDI policy, with a view to make it more investor-friendly.

(Financial Express, 30/7/2019)

Commerce ministry proposes a new export incentives scheme

The new scheme will allow reimbursement of duties on export inputs and indirect taxes through freely transferrable scrips. Under existing WTO rules, a country can no longer offer export subsidies if its per capita GNI has crossed \$1,000 for three years in a row.

The commerce and industry ministry has floated a cabinet note for a new export incentives scheme that would be compliant with the World Trade Organization (WTO) norms.

The Rebate of State and Central Taxes and Levies (RoSCTL) scheme, which at present is available on export of garments and made-ups, will now be extended to all exports in a phased manner. The new scheme will replace the extant Merchandise Exports from India Scheme (MEIS), which was challenged by the US last year in WTO.

The new scheme will allow reimbursement of duties on export inputs and indirect taxes through freely transferrable scrips. Scrips are incentives that can be used to pay duties. “We wanted RoSCTL to be the template for all schemes,” said an official in the know of the details.

In March, the Cabinet, approved the RoSCTL scheme to rebate all embedded state and central taxes for apparel and made-ups, through an IT-driven scrip system, and replace the existing Rebate of State Levies (RoSL) scheme that provided rebate of only certain state taxes.

The RoSCTL rebates the embedded taxes include central excise duty on fuel used in transportation, embedded CGST paid on inputs, purchases from unregistered dealers, inputs for transport sector and embedded CGST and compensation cess on coal used in the production of electricity. While the MEIS will be withdrawn in phases, the scrips' rate would be fixed three months after the Cabinet's approval.

As per the official, the revenue foregone would be monitored by the department of revenue, and the commerce and industry ministry. TIMING CRUCIAL The new scheme is crucial as the US has challenged India's export schemes under the WTO's Agreement on Subsidies and Countervailing Measures.

Pegging the quantum of subsidies at \$7 billion, the US has dragged India to WTO for violating commitments under the Agreement on Subsidies and Countervailing Measures (ASCM) in five of its most used export promotion schemes — the export-oriented units scheme and sector-specific schemes including electronics hardware technology parks scheme, MEIS, export promotion capital goods scheme, special economic zones and duty-free import authorisation scheme.

The agreement envisages the eventual phasing out of export subsidies and provides eight years for graduating countries (least developed and developing), which cross the \$1,000 mark at 1990 exchange rate to phase out export subsidies. India had crossed this threshold in 2015 and it became known when the WTO Secretariat produced its calculations in 2017.

Under existing WTO rules, a country can no longer offer export subsidies if its per capita GNI has crossed \$1,000 for three years in a row. In 2017, the WTO notified that India's GNI was \$1,051 in 2013, \$1,100 in 2014 and \$1,178 in 2015.

(Economic Times, 30/7/2019)

Chandrayaan 2 launch successful: 5 reasons why every Indian will be proud of ISRO's Moon mission today!

The country salutes ISRO as India scripts history in space exploration and technology. Chandrayaan 2 is in orbit and began its historic journey towards the lunar surface.

Chandrayaan 2 launch: Over one billion dreams have soared high today as India has taken a giant leap towards outer space! The country's second Moon mission, Chandrayaan 2 by the Indian Space Research Organisation (ISRO) has successfully been launched. ISRO's most powerful launch vehicle, the Geosynchronous Satellite Launch Vehicle Mark-III or GSLV Mk -III successfully lifted off from the Satish Dhawan Space Centre at Sriharikota and the spacecraft has been placed in the Earth's Orbit. This national space expedition to the Moon has made every Indian swell with pride as ISRO's dedicated and consistent efforts have resulted in Chandrayaan 2's flawless launch today. The country salutes ISRO and its scientists as India scripts history in space exploration and technology. Here are five reasons why every Indian will be proud today:

1. India's maiden landing on the Moon!

With ISRO's Chandrayaan 2, the country will land on the lunar surface for the very first time. During the premier lunar mission, Chandrayaan 1, the spacecraft was orbiting around the Moon and analyzed lunar surface. However, in this mission, Chandrayaan 2 has three components, namely, the Orbiter, the Lander 'Vikram' and the 'Pragyaan' Rover. While, the Orbiter will orbit around the Moon, the Lander will attempt a soft landing on the moon to deploy the six-wheeled artificial-intelligence powered Rover. The Rover will analyse the lunar surface and conduct in-situ experiments for exploration and further studies. These results will pave the way towards creating a paradigm shift in lunar expeditions.

2. First space mission to land on the Moon's South Polar Region!

Chandrayaan 2 holds a distinguished significance as it will pin the country's flag across global space research. This is because it is the first ever space mission to conduct a soft landing on the Moon's South Polar region. It is also the first Indian lunar expedition to attempt a soft landing on the lunar surface with home grown technology. This has made the mission even more unique as the South Polar region of the moon's terrain has not been explored or sampled by any other country in the past. The mighty launch vehicle GSLV Mk -III has been completely designed and made within the country, making it a fully home-grown technology, hence Chandrayaan 2 is a fully indigenous mission.

3. Lunar Mission led by India's 'Rocket Women'!

Apart from having many first-time milestones, the Chandrayaan 2 project is being spearheaded by two senior women scientists of ISRO. ISRO's very own Ritu Karidhal and Muthayya Vanitha, popularly known as India's 'Rocket Women' were leading the project for all its main components, which includes the project oversight as well as the crucial final phase of landing. Ritu Karidhal is the Mission Director, while Muthayya Vanitha is Project Director for Chandrayaan 2. With their illustrious scientific prowess and critical expertise for space engineering, these senior women space scientists have been associated with ISRO for almost two decades and have been a part of sub-system development for satellites and past launches.

4. India joins illustrious league of nations to ever land on the Moon!

With Chandrayaan 2, the country has joined the illustrious league of four nations across the world to make a soft landing on the lunar surface. Previously, China, the United States and the former Soviet Union have attempted soft landing on the moon. This puts India among the global leaders for space technology and research, while the discoveries during the mission will scale new frontiers for science.

5. Space mission at frugal cost of engineering

Chandrayaan 2 also stands out for its frugal cost of engineering as its total cost is way lower than several other lunar missions. Specifically, the total cost of Chandrayaan 2 is Rs 978 crore or \$142,651,080 (\$142 million) which includes the mission cost of Rs 603 crore and the cost of its launch which is Rs 375 crore. Interestingly, this cost was estimated to be lower than many of the high-grossing Hollywood movies such as Avengers Endgame, Titanic, Avatar, Spider Man 3. In this way, ISRO has carved a niche for itself across the globe, in the sphere of astronomy and space research for running cost-effective as well as less expensive projects.

Chandrayaan 2 launch highlights: ISRO creates history!

Over a billion Indians celebrate Moon mission take off

ISRO's Chandrayaan 2 is also the first Indian mission to explore the mysterious terrain of Moon with indigenous space-technology.

ISRO Chandrayaan 2 Launch Highlights: ISRO has created history on Monday after the successful launch of Chandrayaan 2 from Satish Dhawan Space Centre (SDSC) SHAR, Sriharikota. With this, Chandrayaan 2 has begun its nearly two-month-long journey to Earth's only natural satellite, the Moon. ISRO has achieved this feat 11 years after it successfully launched Chandrayaan 1 mission to the Lunar orbit. From now on, the Chandrayaan 2 mission undergo a few critical and tricky phase, the toughest being its landing on lunar south polar region. ISRO will attempt a soft landing on the south pole of the Moon between September 6-8. If it surpasses that litmus test, ISRO will become the first space agency to carry out a successful soft landing on the south polar region of the Moon. Once it soft-lands on the Moon, India will join an elite list of countries ever to soft-land on the surface of the Moon with homegrown technology. Chandrayaan 2 is also the first Indian mission to explore the mysterious terrain of Moon with indigenous space-technology.

Chandrayaan 2 launch was earlier scheduled on July 15. However, one hour prior to the launch, ISRO aborted its launch mission due to a "technical snag" in the launch vehicle. Chandrayaan 2's launch vehicle is ISRO's most robust and advanced rocket and its success will further give the agency capacity to carry out more complex missions like Gaganyaan which is planned as a manned mission.

(Financial Express, 22/7/2019)

Modi govt 2.0 sets sights on making India \$5 trillion economy

The has underlined its priorities in the first 50 days of its second term, setting sights on making India a \$5 trillion economy and hitting the ground running on spurring growth.

Sources in the know of the government policy making said the dispensation truly feels that transformative changes can be brought about only through economic growth and inclusive development.

Prime Minister Narendra Modi was sworn-in on May 30 after the BJP won 303 seats — the first time since 1971 that an incumbent government returned to power with such a thumping mandate.

The government was off the blocks on day one and set the ball rolling on manifesto promises such as pension schemes for farmers, small traders and unorganised workers, extension of PM-KISAN to all farmers, and setting up of a Jal Shakti Ministry, say political observers.

Just days after coming to power, the government spelt out its key priorities in the budget which was focused on laying the foundation for making India a \$5 trillion economy and doubling farmers' income, the two persons in the know of the government's policy making said.

Finance minister Nirmala Sitharaman, in her budget speech, said in the current fiscal, India's economy will grow to become \$3 trillion economy, sixth largest in world.

The minister had emphasised the need for structural reforms for achieving \$5 trillion economy.

The government has taken several reformative steps in the last 50 days to boost the economy, officials said without elaborating.

The budget talked of electric vehicles, the mission of taking electricity and cooking gas to every home, the end of angel tax and the beginning of a faceless, seamless tax assessment interface.

The budget also laid emphasis on urban development and Gram Sadak Yojana.

The government also made clear its zero tolerance on corruption stance with the removal of tainted bureaucrats across many departments as well as the cleanup of the J&K Bank, people in the know of government policy making said.

Labour reforms, enacting strong laws against frauds who dupe the poor, death penalty for child sexual assault, higher MSP for Kharif crops, are some of the people-oriented decisions the government in the last fifty days, they said.

Fast-paced development took place not just on the domestic front but also on the foreign policy front.

It started with BIMSTEC leaders arriving to witness PM Modi's swearing-in, the Shanghai Cooperation Summit, and the G20 summit in Osaka, Japan, where Modi had bilateral and pull aside meetings with several leaders, including US President Donald Trump.

He also visited Sri Lanka and Maldives and showed his strong belief in the Neighbourhood First policy, experts said.

Modi also strongly articulated India's position against terror at the SCO Summit in Bishkek and led the world in celebrating International Yoga Day.

"If the first fifty days are an indication, Modi 2.0 will be a transformative five years for India," an expert on government policy making said.

(Times of India, 21/7/2019)

India lifted 271 mn people out of poverty between 2006 and 2016: UN

The report said that in the 101 countries studied – 31 low income, 68 middle income and 2 high income - 1.3 billion people are "multidimensionally poor"

The report identifies 10 countries, with a combined population of around 2 billion people, to illustrate the level of poverty reduction

India lifted 271 million people out of poverty between 2006 and 2016, recording the fastest reductions in the multidimensional poverty index values during the period with strong improvements in areas such as "assets, cooking fuel, sanitation and nutrition," a report by the United Nations said.

The 2019 global Multidimensional Poverty Index (MPI) from the UN Development Programme (UNDP), the Oxford Poverty and Human Development Initiative (OPHI) was released Thursday.

The report said that in the 101 countries studied – 31 low income, 68 middle income and 2 high income - 1.3 billion people are "multidimensionally poor", which means that poverty is defined not simply by income, but by a number of indicators, including poor health, poor quality of work and the threat of violence.

The report identifies 10 countries, with a combined population of around 2 billion people, to illustrate the level of poverty reduction, and all of them have shown statistically significant progress towards achieving Sustainable Development Goal 1, namely ending poverty "in all its forms, everywhere".

The 10 countries are Bangladesh, Cambodia, Democratic Republic of Congo, Ethiopia, Haiti, India, Nigeria, Pakistan, Peru and Vietnam.

The report said that within these 10 countries, data shows that 270 million people moved out of multidimensional poverty from one survey to the next.

"This progress was largely driven by South Asia. In India, there were 271 million fewer people in poverty in 2016 than in 2006, while in Bangladesh the number dropped by 19 million between 2004 and 2014," it said.

The report noted that of the 10 selected countries for which changes over time were analysed, India and Cambodia reduced their MPI values the fastest—and they did not leave the poorest groups behind.

India's MPI value reduced from 0.283 in 2005-06 to 0.123 in 2015-16.

Noting the examples of pro-poor reduction, where the poorest regions improved the fastest, the report said that Jharkhand in India reduced the incidence of multidimensional poverty from 74.9 per cent in 2005-06 to 46.5 per cent in 2015-16. Mondol Kiri and Rattanak Kiri in Cambodia reduced it from 71.0 per cent to 55.9 per cent between 2010 and 2014.

Ethiopia, India and Peru significantly reduced deprivations in all 10 indicators, namely nutrition, sanitation, child mortality, drinking water, years of schooling, electricity, school attendance, housing, cooking fuel and assets.

In 2005-2006, the population in India living in multidimensional poverty stood at about 640 million people (55.1 per cent) and this reduced to 369 million people (27.9 per cent) living in poverty in 2015-16. India saw significant reductions in number of people who are multidimensionally poor and deprived in each of the 10 indicators over this time period.

India reduced deprivation in nutrition from 44.3 per cent in 2005-06 to 21.2 per cent in 2015-16, child mortality dropped from 4.5 per cent to 2.2 per cent, people deprived of cooking fuel reduced from 52.9 per cent to 26.2 per cent, deprivation in sanitation from 50.4 per cent to 24.6 per cent, those deprived of drinking water reduced from 16.6 per cent to 6.2 per cent.

Further more people gained access to electricity as deprivation was reduced from 29.1 per cent to 8.6 per cent, housing from 44.9 per cent to 23.6 per cent and assets deprivation from 37.6 per cent to 9.5 per cent.

The trends in these 10 countries also shine a light on where poverty reduction has been uneven, despite the good progress overall, it said.

"In all 10 countries rural areas are poorer than urban areas. In Cambodia, Haiti, India and Peru poverty reduction in rural areas outpaced that in urban areas—demonstrating pro-poor development—and in Bangladesh and Democratic Republic of the Congo poverty fell at the same speed in rural and urban areas," it added.

The report also showed that children suffer poverty more intensely than adults and are more likely to be deprived in all 10 of the MPI indicators, lacking essentials such as clean water, sanitation, adequate nutrition or primary education.

Child poverty fell markedly faster than adult poverty in Bangladesh, Cambodia, Haiti, India and Peru. But children fell further behind in Ethiopia, and their progress—together with that of adults—stalled in Democratic Republic of the Congo and Pakistan.

Globally, of the 1.3 billion people who are multidimensionally poor, more than two-thirds of them—886 million— now live in middle-income countries. A further 440 million live in low-income countries.

Even more staggering, worldwide, one in three children is multidimensionally poor, compared to one in six adults. That means that nearly half of the people living in multidimensional poverty—663 million—are children, with the youngest children bearing the greatest burden. The vast majority of these children, around 85 per cent, live in South Asia and Sub-Saharan Africa, split roughly equally between the two regions.

The report underscored that the traditional concept of poverty is outdated, demonstrating more clearly than ever that labelling countries - or even households - as rich and poor is an oversimplification.

"To fight poverty, one needs to know where poor people live. They are not evenly spread across a country, not even within a household," UNDP Administrator Achim Steiner said.

The report also highlighted a positive trend that those furthest behind are moving up the fastest.

(Times of India, 12/7/2019)

India climbs five places to 52 on Global Innovation Index

India is now ranked 52nd on the Global Innovation Index 2019, a jump of 5 places over last year, and 29 in the last five years - up from 81 in 2015. The list continues to be topped by Switzerland while Israel finds its place in the top ten for the first time.

Like India, economies at all levels of development are promoting innovation investments and impacts with the aim of fostering long term economic and social development. To support this quest, and to promote vibrant innovation economies, the GII probes and quantifies the state of national innovation ecosystems - including their strengths and weaknesses - establishing a critical tool for policymakers across the globe.

"Facilitating entrepreneurship through innovation is a critical component under our vision of new India by 2022. India's consistent rise at the global innovation index is a testimony of its people's entrepreneurial prowess, said Commerce and Industry Minister, Piyush Goyal at the launch of the Global Innovation Index 2019 in the capital.

Innovation does not come new to India and we are seriously looking at increasing our spends at R&D, Goyal added. "Right from establishing hundreds of Atal Innovation Labs to Mangalyaan and Chandrayaan, this new approach and engagement adopted by the government has become the new hallmark of India as we move towards a more prosperous country," he said.

Mentioning various initiatives taken by the government to spur growth and innovation in the country, Goyal added that the global launch of GII 2019 is a watershed event in country's history as its taking place for the first time in India. "The exercise duly recognises our innovation potential - our journey so far and the steps that we plan to take to enhance innovation landscape of the country," he said, adding that India will continue to take major strides in innovation and become a "beacon of progress to the world".

Co-published by World intellectual property organisation (WIPO), Cornell University and INSEAD, the global innovation index (GII) is an annual ranking that quantifies the state of national innovation ecosystem across countries. Now in its 12th edition, the GII 2019 ranked 129 economies based on 80 wide ranging indicators. These included aspects ranging from traditional measurements like research and development investments and international patent and trademark applications to newer indicators including mobile-phone app creation and high-tech exports.

WIPO Director General Francis Gurry, while highlighting that India has consistently outperformed on innovation relative to its GDP per capita, said, "India has consistently been ranked among the top countries on innovation parameters such as information and Communication Technology (ICT) Services Exports, (number of) graduates in science and engineering, the quality of universities and scientific publications, economy-wide investments, and creative goods exports."

In 2016, the DPIIT created a high-level task force on innovation to improve India's innovation system based on the GII metrics, and in 2017, the first consultative exercise was organised to address India specific data gaps in the GII to further improve its innovation performance.

"The rise in the GII by economic powerhouses like China and India have transformed the geography of innovation and this reflects deliberate policy action to promote innovation. India also stands out in the GII ranking of the world's top science and technology clusters, with Bengaluru, Mumbai and New Delhi featuring among global top 200 clusters," Gurry added.

(Economic Times, 24/7/2019)

Indian Budget at a Glance

India's Finance minister Nirmala Sitharaman presented the Union Budget 2019 in the Parliament on Friday. The first budget of Narendra Modi's government's second tenure is the maiden one for Sitharaman, who is the second woman finance minister of India after Indira Gandhi. Here are the key highlights of the Budget:

Budget 2019 Highlights: Nirmala Sitharaman announces extra tax for rich

* Finance minister proposed to enhance surcharge on individual income of Rs 2-5 crore and over Rs 5 crore by 3% and 7% respectively. She said that those in the highest income bracket need to contribute more to national development.

* Custom duty on gold and other precious metals from 10% to 12.5% has been proposed.

* To provide further impetus to affordable housing, additional deduction of Rs 1.5 lakh on interest paid on loans borrowed up to March 31, 2020 for purchase of house up to Rs 45 lakhs.

- * Special additional duty and road and infrastructure cess on diesel and petrol to be increased by Re 1/litre.
- * "From 1.85 trillion dollars in 2014, the economy has reached 2.7 trillion US dollars; We can very well reach 5 trillion dollars in the next few years. The Indian economy will grow to become a 3 trillion dollar economy this year itself."
- * Government has already moved GST council to lower the GST rate on electric vehicles(EV) from 12% to 5%.
- * Finance minister said that the fiscal deficit in 2019 is 3.3%, brought down from 3.4%.
- * All companies having annual turnover of 400 crores, will now be under the bracket of 25% corporate tax rate . This will cover 99.3% of all the companies.
- * To provide further impetus to affordable housing, additional deduction of 1.5 lakh rupees on interest paid on loans borrowed upto 31 March 2020 for purchase of house up to Rs 45 lakhs.
- * 'Gandhi-pedia' too to be developed on the lines of encyclopedia to help promote Gandhian school of thought.

Sector-wise highlights

Employment

- * 80 Livelihood business incubators and 20 technology business incubators to be set up in 2019-20 under ASPIRE to develop 75,000 skilled entrepreneurs in agro-rural industries.
- * Increase focus on skill sets required by the youth to apply for job opportunities abroad like language skills and artificial intelligence (AI).
- * We propose to start a television programme on DD National, exclusively for startups. This programme will be designed and executed by startup's themselves.

'Naari tu Narayaani'

- * "I draw attention to the women of India, 'Naari tu Narayaani'. This government believes that we can progress, with greater women participation."
- * To further encourage women entrepreneurship, Women Self-help Groups (SHGs) Interest Subvention Programme to be expanded to all districts in India.
- * An overdraft of Rs 5,000 will be allowed for every verified woman SHG member having a Jan Dhan account.
- * One woman in every SHG shall be made eligible for a loan of 1 lakh rupees under MUDRA scheme.

Banks

- * Government considering to go below 51% to an appropriate level of ownership stake in non-financial public sector undertakings on case by case basis.

- * Public Sector Banks (PSBs) to be provided Rs 70,000 crore to boost capital and improve credit.
- * PSBs will use technology, enabling customer of one PSB to access service across all PSBs as well.
- * For purchase of high-rated pooled assets of financially sound Non Banking Finance Companies (NBFCs) amounting to Rs 1 lakh crore during 2019-20, one-time six-month partial credit guarantee to be given to PSBs.
- * Proposals for strengthening regulatory authority of RBI over NBFCs have been made.
- * Regulation authority over housing finance sector to be returned from National Housing Bank to RBI.

Railways

- * Railway infra would need an investment of 50 lakh crores between 2018 and 2030; PPP to be used to unleash faster development and delivery of passenger freight services.
- * Railways to be encouraged to invest more in suburban railways through Special Purpose Vehicles (SPV) structures such as Rapid Regional Transport System (RRTS); more Public Private Partner (PPP) initiatives to be encouraged in rail sector.
- * Massive programme of railway station modernization to be launched in 2019.

Electric Vehicles (EVs)

- * Government has already moved GST council to lower the GST rate on electric vehicles(EV) from 12% to 5%.
- * Government will provide Rs 1.5 lakh income tax deduction on interest payments on loan taken for purchase of electric vehicles.
- * FAME II scheme aims to encourage faster adoption of electric vehicles by right incentives and charging infrastructure.
- * Customs duty on certain parts of electric vehicles being exempted to promote e-mobility.

Tax

- * Direct tax collection increased by 78%; Tax collection rose from Rs 6.38 lakh crore in 2013-14 to Rs 11.37 lakh crore in 2018.
- * All companies having annual turnover of 400 crores, will now be under the bracket of 25% corporate tax rate . This will cover 99.3% of all the companies.
- * More than 120 crore Indians now have Aadhar card, therefore for ease of tax payers I propose to make PAN card and Aadhar card interchangeable and allow those who don't have PAN to file returns by simply quoting Aadhar number and use it wherever they require to use PAN.
- * To provide further impetus to affordable housing, additional deduction of 1.5 lakh rupees on interest paid on loans borrowed upto 31 Mar, 2020 for purchase of house up to 45 lakhs.

* Faceless income tax assessment in electronic mode involving no human interface to be launched this year in a phased manner, to reduce taxpayer harassment.

GST

* Rs 350 crore allocated for 2% interest subvention for all GST-registered MSMEs on fresh or incremental loans.

* "We are further simplifying #GST regime". A simplified single monthly return being rolled out; taxpayers with annual turnover less than 5 crore need to file only quarterly returns. * Fully automated GST Refund module shall be implemented; multiple tax ledgers to be replaced by one; invoice details to be captured in a central system.

Connectivity

* Comprehensive restructuring of National Highways Programme to be done, to ensure creation of National Highways Grid of desirable capacity. Government envisions using rivers for cargo transportation, which will also decongest roads and railways.

* 657 km of metro rail network has become operational in the country.

* The government has given a massive push to all forms of physical connectivity via PMGSY, Industrial corridors, Dedicated freight corridors, Bharatmala, Sagarmala, Jal Marg vikas and UDAN schemes.

Custom duty

* Basic customs duty on certain items to be increased to promote the cherished goal of Make In India.

* Import of defence equipment not manufactured in India are being exempted from basic customs duty.

* 5% customs duty being imposed on imported books, to promote domestic publishing and printing industry.

Swachh Bharat Mission

* Proposal to expand Swachh Bharat mission to undertake solid waste management in every village.

* India to be open defecation free (ODF) by October 2 2019. To mark this occasion, Rashtriya Swachhata Kendra to be inaugurated at Raj Ghat, on the same day.

Gandhi-pedia

* 'Gandhi-pedia' too to be developed on the lines of Encyclopedia to help promote Gandhian school of thought.

Education and research

* Establish a National Research Foundation to fund, to coordinate and to promote research in the country.

* National Research Foundation to be set up to strengthen overall research ecosystem in the country; funds available under all Ministries to be integrated with NRF.

* New National Educational Policy to be brought in to transform Indian educational system; major changes in higher as well as school system to be introduced.

* Rs 400 crore under head, World Class Institutions in 2019-20, more than three times the revised estimates of previous year. 'Study In India' to be started to bring in foreign students into Indian higher education system.

Digital payments

* To discourage business payments in cash, Tax Deduction at Source of 2% to be levied on cash withdrawal exceeding Rs 1 crore in a year from a bank account.

* Business establishments with annual turnover more than 50 crore rupees may offer low-cost digital payments; no charges or merchant discount rates to be imposed on customers or merchants for these.

Disinvestment

* Strategic disinvestment of select Central Public Sector Enterprises will continue to be a priority; Strategic disinvestment of Air India will re-initiate; 1 lakh 5000 rupees is disinvestment target for 2019-20.

Rural

* By 2022, every single rural family except those who are unwilling to take the connection, will have an electricity and a clean cooking facility.

* In second phase of PMAY-Gramin, 1.95 crore houses to be provided to eligible beneficiaries, during 2019-20 to 2021-22; they will have amenities such as LPG, electricity and toilets.

* 10,000 new Farmer Producer Organizations to be formed to ensure economies of scale for farmers over the next five years.

* SFURTI envisions 100 new clusters in 2019-20 to help 50,000 artisans economically.

Pension

* Pension benefit to be extended to around 3 crore retail traders and shopkeepers with an annual turnover less than Rs 1.5 crore under Pradhan Mantri Karam Yogi Man Dhan Scheme.

Space

* To harness India's space ability commercially, a public sector enterprise, New Space India Limited (NSIL) has been incorporated to tap the benefits of Isro.

Social stock exchange

* Electronic fundraising platform, a social stock exchange, to be set up to list social enterprises and voluntary organizations working for social welfare objectives.

NRIs

* Aadhaar card for NRIs with Indian passports to be issued after their arrival in India, without waiting for the mandatory 180 days.

* To provide NRIs seamless access to Indian equities, NRI portfolio investment route to be merged with foreign portfolio investment route.

Bahi-khata

* Sitharaman departed from the 'colonial' practice of bringing the Budget documents in a leather briefcase and instead switched to a four-fold red-cotton cloth called a 'bahi-khata'.

* This is the 89th Union Budget, which is the financial statement of the government, detailing its revenue and expenditure in the past, as well as estimated spending and projections for the coming year.

Economic Survey 2019: Check out key highlights

Economic Survey 2018-19 has forecasted that the growth in the current fiscal year could rise to 7 per cent from 6.8 per cent for the year that ended March 31, which was the slowest pace in five years.

Tabling the survey document in Rajya Sabha, Finance Minister Nirmala Sitharaman said accommodative monetary policy is required to help cut real lending rates. The investment rate seems to have bottomed out. The decline in non-performing assets should push up the capital expenditure cycle.

Below are the key highlights:

Global growth: Growth rate of world output is projected to fall further to 3.3 per cent in 2019 as growth of both advanced economies and emerging and developing economies are expected to decline. Growth rate of Indian economy moderated in 2018-19 at 6.8 per cent, slightly lower than 7.2 per cent in 2017-18.

\$5 trillion economy: The country needs to sustain a real GDP growth rate of 8 per cent to achieve the objective to becoming \$5 trillion economy by 2024-25, which will make India the third-largest economy in the world. The Economic Survey 2018-19 highlighted that international experience, especially from high-growth East Asian economies, suggested that such growth can only be sustained by a “virtuous cycle” of savings, investment and exports catalysed and supported by a favourable demographic phase.

Updates on banking sector: The performance of the banking sector has improved as bad loans declined in the last fiscal, but financial flows are constrained due to fall in money raised from capital markets and stress in the non-banking financial sector.

Fiscal deficit: Fiscal deficit of the Government stood at a 3.4 per cent of GDP in 2018-19. Current account deficit was 2.6 per cent in April-December 2018. Fiscal deficit seen at 3 per cent of GDP by FY2020-21. “Outlook of Indian economy appears bright with prospects of pickup in growth in 2019-20 on back of pick up in private investment and robust consumption growth,” the survey said.

Roadblocks: Small firms dominate the Indian economy and holds back job creation and productivity. The Economic Survey 2018-19 showed that dwarfs account for half of all the firms in organised manufacturing by number, their share in employment is only 13.3 per cent. Their share in NVA is a miniscule 4.7 per cent despite them dominating half the economic landscape. In contrast, young, large firms (firms that have more than 100 employees and are not more than 10 years old) account for only

6.2 per cent of firms by number but contribute a quarter of the employment and 38 per cent of the NVA.

Large, but old firms (more than 100 employees and are more than 10 years old) account for only 9.5 per cent of firms by number but contribute half of the employment as well as the NVA. Thus, firms that are able to grow over time to become large are the biggest contributors to employment and productivity in the economy. In contrast, dwarfs that remain small despite becoming older remain the lowest contributors to employment and productivity in the economy.

MSMEs: Economic Survey said that MSMEs that grow not only create greater profits for their promoters but also contribute to job creation and productivity in the economy. "Our policies must, therefore, focus on enabling MSMEs to grow by unshackling them," it said.

Services sector: The survey added that the focus should be on service sectors such as tourism, which has high spillover effects on other sectors such as hotel and catering, transport, real estate, entertainment etc. Identifying and promoting tourist spots for development will help create jobs.

Recommended policy changes: First, policymakers' must make their actions predictable, provide forward guidance on the stance of policy, and reduce ambiguity or arbitrariness in policy implementation. Second, "What gets measured gets acted upon". So, economic policy uncertainty index must be tracked at the highest level on a quarterly basis. Finally, quality assurance of processes in policy making must be implemented in Government via international quality certifications.

India undertaking one of the world's largest renewable energy expansion programmes.

Data "of the people, by the people, for the people" must become the mantra for the government, which needs to view data as a "public good" and make necessary investments.

Robust, resilient infrastructure needed for \$10 trillion economy by 2032.

The survey highlighted that "Give It Up" campaign made a significant change in the form of voluntary giving up of subsidies.

(Economic Times, 4/7/2019)

India ratifies OECD's convention to check tax evasion

The multilateral convention is an outcome of the OECD/G20 project to tackle base erosion and profit shifting.

India has ratified the multilateral convention to implement OECD's project on checking tax evasion, and the provisions enshrined in the framework will come into effect from fiscal 2020-21 for bilateral tax treaties, the finance ministry said.

The Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting (BEPS) was signed by then Finance Minister Arun Jaitley in Paris on June 7, 2017.

The Cabinet last month approved ratification of the convention, which will modify India's treaties in order to curb revenue loss through treaty abuse and base erosion and profit shifting strategies by ensuring that profits are taxed where substantive economic activities generating the profits are carried out and where value is created.

The finance ministry in a statement said on June 25, 2019, India has deposited the instrument of ratification to OECD, Paris, along with its final position in terms of covered tax agreements (CTAs), under the multilateral convention.

As a result of this, the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting (MLI) "will enter into force for India on October 1, 2019, and its provisions will have effect on India's DTAA's from FY 2020-21 onwards," a finance ministry statement said.

Out of 93 CTAs notified by India, 22 countries have already ratified the MLI as on date and the Double Taxation Avoidance Agreement (DTAA) with these countries will be modified by MLI.

For the remaining CTAs, effect of MLI will take place as and when these countries ratify the MLI, it added.

"The date of entry into force of the MLI for India is October 1, 2019. In respect of the 22 treaty partners of India who have deposited the Instrument of Ratification on or before June 30, 2019, entry into effect for India under MLI with respect to the DTAA shall be from financial year 2020-21 onwards," the ministry said.

The multilateral convention is an outcome of the OECD/G20 project to tackle base erosion and profit shifting, which is resorted to by multinational corporations through tax planning strategies by exploiting gaps and mismatches in tax rules.

It helps them artificially shift profits to low or no-tax locations, resulting in little or no overall corporate tax being paid.

After this convention, 90 countries have now implemented the automatic exchange of financial account and tax information.

The convention enables all signatories to meet treaty-related minimum standards that were agreed as part of the BEPS package.

(Economic Times, 3/7/2019)

Number of Indian students in UK rises 40%

Indians now are among the fastest growing nationalities of foreign students in the UK along with Chinese, Americans and Saudis. In 2018-19, the UK government offered 480 scholarships worth almost £4.7m to Indian students.

There has been a significant rise in the number of Indian students studying in the UK, according to latest quarterly report on Migration Statistics, published by the UK's Office for National Statistics last month. According to the report which covers the period from April 1, 2018 to March 31, 2019, 21,165 Indian students were granted Tier 4 (student) visas for the UK in the year ending March 2019, up from 15,161 for the year ending March 2018, which is a 40% increase. This also means that the number of Indians studying in the UK has almost doubled in 3 years (10,705 study visas were granted to Indians for year ending March 2016).

Indians now are among the fastest growing nationalities of foreign students in the UK along with Chinese, Americans and Saudis.

Commenting on the trend the UK deputy high commissioner to India, Jan Thompson, said: “This news is relevant at this time of year, when students around the world are considering their options for the future. The fact that so many Indian students are choosing the UK to study goes beyond the language we share and the world-leading education we offer. Our countries are inextricably linked through a living bridge that ties us together – including a vibrant Indian community who have made the UK their home.”

According to the UK’s Future Border and Immigration System proposals set out in the Immigration White Paper (published on December 19, 2018), new post-Brexit immigration proposals will make it easier for Indian students to stay and work in the UK after completing studies in future. While students on undergraduate and postgraduate courses will have six months to remain in the UK after completing their studies to find a job, PhD students will get 12 months.

Regional director for UK Visas and Immigration (UKVI), David Ratcliffe, pointed out that there’s a misconception among Indian students that the UK doesn’t offer post-study work options at present. “That isn’t the case. We simply require graduating students to switch to the appropriate Tier 2 visa upon finding work – and that’s only after a full four months to find appropriate employment. In fact, Indian nationals continue to receive more work visas than the rest of the world combined. The latest stats show Indians once again saw the largest increase in work visas – up 10% compared to the previous year,” he said.

In 2018-19, the UK government offered 480 scholarships worth almost £4.7m to Indian students. “UK universities also contribute over £10 million annually towards scholarships and bursaries; so there are plenty of opportunities for students to gain financial support in their studies,” director of British Council in India, Jim Booth said.

(Economic Times, 3/7/2019)
