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Union Budget 2020 Highlights: From tax slabs, health, education, infrastructure - quick glance at the key points from Nirmala Sitharaman's speech

Finance Minister Nirmala Sitharaman on Saturday presented the Union Budget 2020-21, woven around the three prominent themes — Aspirational India, economic development and caring society.

Sitharaman also paid homage to her former colleague Arun Jaitley and highlighted the works of the government, saying that the motto of 'Sabka Saath, Sabka Vikas, and Sabka Vishwas' has implemented new programs for poor and disadvantaged under Prime Minister Narendra Modi.

"We shall strive to bring ease of living to every citizen. Between 2006-16, India was able to pull 271 million people out of poverty. The milestones achieved under the Modi government have been unprecedented and were globally recognised," she said.

The Finance Minister also said that soon PAN shall be instantly alloted on the basis of Aadhaar online without any filling of forms.

Here are the key highlights from the Budget 2020-21

— Income Tax

- The government proposes to bring in the simplified tax regime for the individual taxpayer.

- Anyone who is earning between Rs 5 to 7.5 lakh will be paying 10 per cent tax against the current 20 per cent. For income between 7.5 to 10 lakhs, individuals will be paying 15 percent against 20 percent.

- The new tax regime will be optional. Those who wish to stay in the old regime can choose to do so. Income tax rates will be significantly reduced for those who forego reliefs, exemptions.

- A person earning Rs 15 lakh per anum and not availing any deductions will pay Rs 1.95 lakh tax in place of Rs 2.73 lakh now.

- The taxpayer charter will be part of the statute. Wealth creators will be respected in the country.

— Your money is safe

- The government assures the depositors that their money is safe, and the robust mechanism is in place to monitor the health or schedule, commercial bank.

- Deposit Insurance and Credit Guarantee Corporation has been permitted to increase deposit insurance coverage to Rs 5 lakh per depositor from Rs 1 lakh.
- The government proposes to sell a part of its holding in LIC by the initial public offer.

- The government estimates nominal growth of GDP for the year 2020-21 on the trends available, at 10 per cent.

— Environment, Health, and Education

- Power plants with emissions above prescribed limits will be asked close down.

- The government proposes setting up hospitals in PPP mode. 'TB haarega, Desh Jeetega' campaign has been launched.

- The Government proposes to expand the campaign and also propose to expand Jan Aushadi Kendra.

- The new education policy will be announced soon.

- Urban local bodies to provide internship to young engineers for a year. So that they come to know how the government functions.

- The government proposes to set up an investment clearance cell that will provide end to end facilitation and support including pre-investment advisory, info on land banks and facilitate clearance at the state level.

— Trains and transport

- More Tejas type trains will connect iconic destinations and more high-speed trains like the one between Ahmedabad and Mumbai will be started.

- 550 wi-fi facilities have been commissioned at railway stations.

- Delhi-Mumbai Expressway to be completed by 2023, Chennai-Bengaluru Expressway to be launched

— For Farmers

- Indian Railways to set up Kisan Rail in PPP mode for the cold supply chain to transport perishable goods.

- Krishi Udaan to be launched by Civil Aviation Ministry to transport agri-products to national as well as international destinations.

20 lakh farmers to be provided funds for setting up standalone solar pumps

— Infrastructure

- 5 new smart cities in public-private partnership mode

- Delhi-Mumbai Expressway to be completed by 2023

- 100 more airports to be developed by 2024

— Budget allocations for various sectors

The government allocates Rs 2.83 lakh crore for agriculture and allied.

Rs 4,400 crore for states that work towards clean air.

Rs 3,150 cr for the ministry of culture and Rs 2,500 cr for the Ministry of Tourism.

- Rs 12,300 crore for Swachh Bharat for 2020-21.

- Towards the welfare for Scheduled Castes (SCs) and Other Backward Classes (OBC), the government proposes a budget of 85,000 crores and Rs 53,700 crore for Scheduled Tribes (STs).

- Rs 35,000 crores for a nutrition program.

- Rs 9,500 crore provided for senior citizens and Divyangs.

- Rs 99,300 crore allocated for the education sector, Rs 3,000 crore for skill development.

(As contributed in various Newspapers)

Survey puts 2019-20 GDP growth at 5%; uptick expected in H2

India is expected to record a GDP growth of 5 per cent for 2019-20, suggesting an uptick in GDP growth in second half of 2019-20, as per advanced estimates released by the government.

The Economic Survey 2019-20, tabled in Parliament today, states that the deceleration in GDP growth can be understood within the framework of a slowing cycle of growth. The financial sector has acted as a drag on the real sector.

The Survey says that the uptick in second half of 2019-20 would be mainly due to ten positive factors and this has been indicated by a pick-up in stock index Nifty for the first time this year, an upbeat secondary market, higher FDI flows, build-up of demand pressure, positive outlook for rural consumption, rebound of industrial activity, steady improvement in manufacturing, growth in merchandise exports, higher build-up of foreign exchange reserves and positive growth rate of GST revenue collection.

The Survey says, on a net assessment of both the downside/upside risks, India's GDP growth is expected to grow in the range of 6.0 to 6.5 per cent in 2020-21 and wants the government to use its strong mandate to deliver expeditiously on reforms, which will enable the economy to strongly rebound in 2020-21.

The Survey points out that the year 2019 was a difficult year for the global economy with world output growth estimated to grow at its slowest pace of 2.9 per cent since the global financial crisis of 2009, declining from a subdued 3.6 per cent in 2018 and 3.8 per cent in 2017. Uncertainties, although declining, are still elevated due to protectionist tendencies of China and USA and rising USA-Iran geo-political tensions.

Amidst a weak environment for global manufacturing, trade and demand, the Indian economy slowed down with GDP growth moderating to 4.8 per cent in first half of 2019-20, lower than 6.2 per cent in second half of 2018-19. A sharp decline in real fixed investment induced by a sluggish growth of real consumption has weighed down GDP growth from 2nd half of 2018-19 to 1st half of 2019-20, says the Survey.

Real consumption growth, however, has recovered in Q2 of 2019-20, cushioned by a significant growth in government final consumption. At the same time, India's external sector gained further stability in first half of 2019-20, with a narrowing of current account deficit (CAD) as percentage of GDP from 2.1 in 2018-19 to 1.5 in 1st half of 2019-20, impressive foreign direct investment (FDI), rebounding of portfolio flows and accretion of foreign exchange reserves. Imports have contracted more sharply than exports in first half of 2019-20, with easing of crude prices, which has mainly driven the narrowing of CAD.

On the supply side, agricultural growth, though weak, is moderately higher in the first half of 2019-20 than in second half of 2018-19. Headline inflation rose from 3.3 per cent in first half of 2019-20 to 7.4 per cent in December 2019 on the back of temporary increase in food inflation, which is expected to decline by year end. Rise in CPI-core and WPI inflation in December 2019 suggests building of demand pressure.

Fiscal 2019-20 has witnessed significant easing of monetary policy with the repo rate having been cut by RBI by 110 basis points, in an attempt to boost demand. Considering the financial stresses built up in the economy, the government has taken significant steps this year towards speeding up the insolvency resolution process under Insolvency and Bankruptcy Code (IBC) and easing of credit, particularly for the stressed real estate and non-banking financial company (NBFC) sectors. At the same time, impact of critical measures taken to boost investment, particularly under the National Infrastructure Pipeline, present green shoots for growth in H2 of 2019-20 and 2020-21.

Given India's record of growth with macroeconomic stability over the last five years (annual average growth rate of 7.5 per cent), the economy is poised for a rebound towards the $5 trillion goal by 2024-25. Net FDI and Net Foreign Portfolio Investment (FPI) in the first eight months of 2019-20 stood at $24.4 billion and $12.6 billion, respectively, more than the inflows received in the corresponding period 2018-19.

In first half of 2019-20, CPI (headline) inflation was estimated at 3.3 per cent, slightly higher than that in second half of the previous year. There has been a further uptick in headline inflation in December 2019 to 7.35 per cent, contributed mainly by supply side factors. Food prices spiked following unseasonal rains and a flood-like situation in many parts of the country, which affected agricultural crop production. The wholesale price index (WPI) inflation, on the other hand, declined sharply from 3.2 per cent in April 2019 to 2.6 per cent in December 2019, reflecting weakening of demand pressure in the economy.

As per the latest available data on employment, there has been an increase in the share of formal employment, as captured by 'regular wage/salaried', from 17.9 per cent in 2011-12 to 22.8 per cent in 2017-18. This 5 percentage points increase in the share of 'regular wage/salaried' group has been on account of 5 percentage points decrease in the share of casual workers, which reflects formalisation in the economy. As a result, in absolute terms, there was a significant jump of around 26.2 million new jobs over this period in the usual status category with 12.1 million in rural areas and 13.9 million in urban areas.

In 2019-20, centre's fiscal deficit was budgeted at Rs7.04 lakh crore (3.3 per cent of GDP), as compared to Rs6.49 lakh crore (3.4 per cent of GDP) in 2018-19. Good and Services Tax (GST) collections, the biggest component of indirect taxes, grew by 4.1 per cent for the centre during April-November 2019. However, the uptick in growth of cumulative GST collections for the centre started in October 2019 and has sustained its momentum in November-December 2019 as well.

The growth of bank credit, which was picking up in first half of 2018-19, started decelerating in second half of 2018-19 and further in first half of 2019-20. The deceleration was witnessed across all major segments of non-food credit, save personal loans which continued to grow at a steady and robust pace. The deceleration in credit growth was most in the services sector. Credit growth to industry also witnessed a significant decline in recent months, both for MSME sector as well as large industries. Agriculture and allied activities benefitted from a higher growth of credit.

Despite muted growth of services exports, the trade balance on the services account continued to be positive in 2019-20. The trade surplus on services account has been estimated at $40.5 billion in first half of 2019-20, compared to $38.9 billion in 2018-19.

Lower current account deficit (CAD) reflects reduced external indebtedness of the country making domestic economic policy increasingly independent of external influence. The CAD, which was 2.1 per cent of GDP in 2018-19, has improved to 1.5 per cent in H1 of 2019-20 on the back of significant reduction in trade deficit. In the first eight months of 2019-20, both gross and net FDI flows to the country have been more than the flows received in corresponding period of 2018-19. Net FPI inflow in 1st half of 2019-20 was also robust at $7.3 billion as against an outflow of $7.9 billion in first half of 2018-19.

The drop in fixed investment by households from 14.3 per cent to 10.5 per cent explains most of the decline in overall fixed investment between 2009-14 to 2014-19. Fixed investment in the public sector marginally decreased from 7.2 per cent of GDP to 7.1 per cent during the two periods. However, the stagnation in private corporate investment at approximately 11.5 per cent of GDP between 2011-12 to 2017-18 has a critical role to play in explaining the slowing cycle of growth and, in particular, the recent deceleration of GDP and consumption.

(Domain-b, 31/1/2020)

Government to slash time taken to start new business to 5 days

The government is set to slash the time taken for starting a new business from 18 days to five days

You may now be able to start a new business in five days with minimal processes. The government is set to slash the requirements & time taken for starting a new business from 10 process and 18 days to five processes and as many days.

Ten key services, including name reservation, incorporation as well as registration for various taxes such as goods and services tax, will soon be available via two forms instead of multiple individual ones at present.

The Ministry of Corporate Affairs will in a month unveil the two new forms — 'Spice Plus' and 'Agile Pro' — which will replace six forms currently required to avail of these services, a government official said.

These two forms will provide access to GSTIN, PAN, TAN, ESIC, EPFO, DIN, bank accounts and professional tax.

"The new forms will be web-based and much easier to use. The Spice Plus (incorporation form) will allow you to apply for name and incorporation in the same form besides other paservices," the official said. Businesses will now have to register with the Employee State Insurance Corporation (ESIC) and Employees' Provident Fund Organisation (EPFO) at the time of incorporation, the official said. Inclusion of director identification number (DIN) and registration for professional tax along with registrations of permanent account number (PAN), tax deduction and collection account number (TAN) and GST identification number (GSTIN) at the time of incorporation would greatly improve the ease of setting up a business.

World Bank's latest Ease of Doing Business (EoDB) report has measured the number of days required to set up a business in India at 18, and the number of processes at 10.

On the World Bank's list, India is ranked 136th out of 190 economies in the category of ease of starting a business.

Improving ease of doing business has been a key agenda of the government, with India climbing 14 ranks to 63rd in the latest rankings.

The official said the ministries of corporate affairs, finance and labour, as well as the state government of Maharashtra had coordinated to bring about this reform.

The government had also tied up with eight banks to help newly registered businesses apply for bank accounts at the time of incorporation, the official said.

(Economic Times, 10/1/2020)

Nirmala Sitharaman unveils Rs 102 lakh crore of infra projects for next 5 years

Finance Minister Nirmala Sitharaman on Tuesday unveiled Rs 102 lakh crore of infrastructure projects that will be implemented in the next five years as part of the government's spending push in the infrastructure sector.

Addressing a press conference, she said Prime Minister Narendra Modi had in his Independence Day speech spoken of investing Rs 100 lakh crore in infrastructure.

Subsequently, a task force identified Rs 102 lakh crore worth of projects after conducting 70 stakeholder consultations in a short period of four months, she said.

The minister said another Rs 3 lakh crore of projects are likely to be added to this pipeline.

These projects are on top of Rs 51 lakh crore spent by the Centre and the states during the last six years, she said adding the new pipeline consists of 39 per cent projects each by the Centre and states and the balance by 22 per cent by private sector.

She said the projects identified are in sectors such as power, railways, urban irrigation, mobility, education and health.

Nearly Rs 25 lakh crore energy projects have been lined up, the minister said, adding that another Rs 20 lakh crore in road and nearly Rs 14 lakh crore railway projects have been lined up.

She said the projects in power including renewable sector, railways, urban development, irrigation, mobility, education, health, water and digital.

These sectors will form the bulk of the infrastructure investment under National Infrastructure Pipeline being announced on Tuesday, Sitharaman said.

The finance minister said Rs 102 lakh crore National Infrastructure Projects will help make India a USD 5 trillion economy by 2025.

(Economic Times, 31/12/2019)

One-fourth of Rs 102 lakh crore infrastructure spending in energy sector alone

Announcing the infrastructure project pipeline for the next five years, the finance minister said the spending will help the country nearly double the size of the GDP to $5 trillion by 2025. According to the sector-wise break-up of projects, Rs 24.54 lakh crore investment will flow in the energy sector, and of that Rs 11.7 lakh crore would be in just the power sector.

Nearly one-fourth of the Rs 102.5 lakh crore of infrastructure project pipeline announced by Finance Minister Nirmala Sitharaman on Tuesday will be in the energy sector with roads and railways being the other two big spender sectors.

Announcing the infrastructure project pipeline for the next five years, the finance minister said the spending will help the country nearly double the size of the GDP to USD 5 trillion by 2025.

According to the sector-wise break-up of projects made available by the Finance Ministry, Rs 24.54 lakh crore investment will flow in the energy sector, and of that Rs 11.7 lakh crore would be in just the power sector.

Road projects will account for Rs 19.63 lakh crore while another Rs 13.68 lakh crore would be for railway projects.

Port projects would see spending of Rs 1 lakh crore and airports another Rs 1.43 lakh crore. Rs 16.29 lakh crore would be spent on urban infrastructure and Rs 3.2 lakh crore in telecom projects.

Irrigation and rural infrastructure projects would account for Rs 7.7 lakh crore each. Rs 3.07 lakh crore would be spent on industrial infrastructure. Agriculture and social infrastructure would account for the rest.

Out of total expected capital expenditure of Rs 102 lakh crore under National Infrastructure Pipeline, projects worth Rs 42.7 lakh crore are under implementation, projects worth Rs 32.7 lakh crore are in conceptualization stage and rest under development, she said.

It is estimated that India would need to spend USD 4.5 trillion on infrastructure by 2030 to sustain its growth rate.

The endeavour of the National Infrastructure Pipeline is to make this happen in an efficient manner, she said.

National Infrastructure Pipeline will enable a forward outlook on infrastructure projects, it will create jobs, improve ease of living, and provide equitable access to infrastructure for all, thereby making growth more inclusive, she added.

(Economic Times, 1/1/2020)

India hopes to continue FDI growth story in 2020! Modi govt's liberalised norms make country optimistic

Secretary in the Department for Promotion of Industry and Internal Trade (DPIIT) Guruprasad Mohapatra said that despite a slowdown in the global economy, inflows of foreign investment into the country have not been impacted.

Enthused by a record foreign investment inflow, India is optimistic of continuing to be one of the world's favourite FDI destinations in 2020 on the back of the Modi government's liberalised norms and a significant jump in the ease of doing business ranking. Secretary in the Department for Promotion of Industry and Internal Trade (DPIIT) Guruprasad Mohapatra said that despite a slowdown in the global economy, inflows of foreign investment into the country have not been impacted. India received a $27.2-billion foreign investment in the first half of 2019 and the pace is said to have sustained thereafter.

The healthy growth in the overseas investments is proving that there is a lot of optimism and enthusiasm about India as a foreign investment destination, he said. He added that all the ministries, departments and states are working to address issues and providing stable policies to facilitate entry of foreign companies. "FDI growth has been very good this year and I am quite hopeful that with these policies and initiatives, India's FDI story will continue unabated and continue to grow at a healthy rate," Mohapatra told PTI.

The secretary also said that there is a need to pursue this narrative strongly in 2020. "Ease of doing business is very critical for FDI. Foreign companies look into the World Bank's ranking and they have been very impressed with India's much-improved ranking so far. Our target is to go into the first 50th," he said. Mohapatra said that improvement in the business environment gives a pleasant experience to foreign investors as it helps in making processes easier. "Some of the states are also wooing investments. So we need to further work on the areas in which the investments …are coming and see how quickly and seamlessly, we can give them approvals. These are the challenges and we are working on that," he added.

When asked about the global companies which are looking to shift their bases from China to India, he said the government is focusing on those firms which are looking at India as a second investment destination. "We know which companies are keen to invest in India and we are looking at them to see what help we can provide in terms of hand-holding, and in terms of support," the DPIIT secretary said. In the World bank's doing business report, India's rank has improved to 63rd this year among 190 economies from 77th last year.

The department is also holding a series of meetings to further relax foreign direct investment norms in the coming months in areas like AVGC (animation, visual effects, gaming and comics), and insurance. Although, the FDI is allowed through automatic route in most of the sectors, certain areas such as defence, telecom, media, pharmaceuticals and insurance, government approval is required for foreign investors. Under the government route, the foreign investor has to take prior approval of the respective ministry/department. Through the automatic approval route, the investor just has to inform the RBI after the investment is made.

There are nine sectors where FDI is prohibited and that includes lottery business, gambling and betting, chit funds, Nidhi company, real estate business, and manufacturing of cigars, cheroots, cigarillos and cigarettes using tobacco. This year, the government has relaxed FDI norms in several sectors like single-brand retail trading, contract manufacturing, coal mining, and digital media. Further, the DPIIT is working on two major policies – new industrial policy and national e-commerce policy – which are expected to be announced by March 2020. "We are working on both these policies very actively," Mohapatra said.

The new industrial policy is aimed at promoting emerging sectors, reducing regulatory hurdles and making India a manufacturing hub. Experts too said that the government would continue with the FDI liberalisation this year to attract global players. “The government will continue with the FDI relaxations in more sectors,” Rajat Wahi, Partner, Deloitte India, said. In 2019, the department has been

renamed as the DPIIT from the Department of Industrial Policy and Promotion (DIPP) with a mandate to deal with matters related to the promotion of internal trade, including retail trade, the welfare of traders and their employees, facilitating ease of doing business and start-ups.

The matters related to internal trade were earlier under the domain of the Ministry of Consumer Affairs. Regarding FDI in the e-commerce sector, allegations were levelled against global players like Amazon and Flipkart by the Confederation of All India Traders (CAIT). The domestic trader’s body alleged that these companies follow unethical practices by indulging in predatory pricing and violating FDI rules. The ministry asked e-commerce companies to follow the FDI rules in letter and spirit as crores of small traders are engaged in the retail sector.

In the April-June period of the current fiscal, overseas investments increased by 28 per cent to $ 16.3 billion. In 2018-19, total FDI into the country stood at $ 62 billion, an increase from $ 60.1 billion in 2017-18. India mainly attracts investments from countries like Mauritius, Singapore, Japan, the UK, the Netherlands, the US, Germany, Cyprus, France, and the UAE. The sectors that received maximum FDI include services, computer hardware and software, construction development, trading, automobile, pharmaceuticals, chemicals, and power.

The commerce and industry ministry has also started ranking of states on their ease of doing business. It has also decided to help the states undertake a similar exercise for their respective districts. FDI is important as India would require huge investments in the coming years to overhaul its infrastructure sector to boost growth. Healthy growth in foreign inflows helps maintain the balance of payments and the value of the rupee.

(Financial Express, 1/1/2020)

India-US trade package to conclude soon, to benefit markets of both countries: Harsh Vardhan Shringla

Shringla made the comments while addressing a group of Indian-American entrepreneurs during a farewell lunch on Friday organised for him by TiE DC, a regional chapter of the global non-profit membership and mentoring organization for entrepreneurs.

India and the US are close to concluding a trade package that would provide enhanced market access to both countries, India’s outgoing Ambassador to the US Harsh Vardhan Shringla has said. Shringla made the comments while addressing a group of Indian-American entrepreneurs during a farewell lunch on Friday organised for him by TiE DC, a regional chapter of the global non-profit membership and mentoring organization for entrepreneurs. “We are close to concluding a trade package that would provide enhanced market access to both countries,” Shringla said during the event.

The outgoing Ambassador, who would take up his new assignment as India’s next foreign secretary later this month, however, did not give an exact date for the inking of the much anticipated trade deal. The trade deal was first announced by US President Donald Trump when he met Prime Minister Narendra Modi in New York in September on the sidelines of the UN General Assembly.

Trump on September 24 said his country will soon have a trade deal with India to boost economic ties between the two nations. Shringla said the signing of the trade package would pave the way for a much bigger bilateral trade deal between the two largest democracies of the world, which will only benefit the companies of the two countries. “We see a lot of openings,” he said.

Shringla, who is scheduled to leave for India later this month, said that the India- US bilateral trade has increased significantly in the last one decade and it is expected to be over USD160 billion by 2019. Noting that there are a lot of complementarities between the Indian and the US economy, the Ambassador said that Indian-American entrepreneurs and in particular organizations like TiE DC play an important part in strengthening these bilateral ties, not only people to people but also economic and strategic relationship.

Ravi Puli, an entrepreneur from TiE DC, said that in just about an year, Shringla has made a great impact on India-US relationship. “As an ambassador, he has taken the US- India relations to a level that all of us are feeling very proud and we are looking forward to take it even further with his leadership as a foreign secretary of India,” he said. The event was attended by eminent Indian-American entrepreneurs from in and around Washington DC and leaders of other chapters from various parts of the country.

(Financial Express, 4/1/2020)

India among top 10 FDI recipients, attracts $49 bn inflows in 2019: UN

The FDI flows to developed countries remained at a historically low level, decreasing by a further 6 per cent to an estimated $643 billion.

The Global Investment Trend Monitor report compiled by United Nations Conference on Trade and Development (UNCTAD) states that the global foreign direct investment remained flat in 2019 at $1.39 trillion, a 1 per cent decline from a revised $1.41 trillion in 2018.

This is against the backdrop of weaker macroeconomic performance and policy uncertainty for investors, including trade tensions, it said. Developing economies continue to absorb more than half of global FDI flows. South Asia recorded a 10 per cent increase in FDI to $60 billion and "this growth was driven by India, with a 16 per cent increase in inflows to an estimated $49 billion. The majority went into services industries, including information technology," the report said.

India attracted an estimated $49 billion of FDI in 2019, a 16 per cent increase from the $42 billion recorded in 2018, it said. The FDI flows to developed countries remained at a historically low level, decreasing by a further 6 per cent to an estimated $643 billion.

The FDI to the European Union (EU) fell by 15 per cent to $305 billion, while there was zero-growth of flows to United States, which received $251 billion FDI in 2019, as compared to $254 billion in 2018, the report said.

Despite this, the United States remained the largest recipient of FDI, followed by China with flows of $140 billion and Singapore with $110 billion.

China also saw zero-growth in FDI inflows. Its FDI inflows in 2018 were $139 billion and stood at $140 billion in 2019. The FDI in the UK was down 6 per cent as Brexit unfolded.

The report added that cross-border M&As decreased by 40 per cent in 2019 to $490 billion – the lowest level since 2014.

Slowed down by sluggish Eurozone growth and Brexit, European M&A sales halved to $190 billion. Deals targeting United States companies remained significant – accounting for 31 per cent of total M&As.

The fall in global cross-border M&As sales was deepest in the services sector (a 56 per cent decline to $207 billion), followed by manufacturing (a 19 per cent decline to $249 billion) and primary sector (14 per cent decline to $34 billion), the report said.

In particular, sales of assets related to financial and insurance activities and chemicals fell sharply. The decline in M&A values was driven also by a lower number of megadeals. In 2019, there were 30 megadeals above $5 billion compared to 39 in 2018, it said.

Looking ahead, UNCTAD expects the FDI flows to rise moderately in 2020, as current projections show the global economy to improve somewhat from its weakest performance since the global financial crisis in 2009.

Corporate profits are expected to remain high and signs of waning trade tensions emerge. However, the decrease of announced greenfield projects by 22 per cent – an indicator of future trends, high geopolitical risks and concerns about a further shift towards protectionist policies temper expectations.

The report said that GDP growth, gross fixed capital formation and trade are projected to rise, both at the global level and, especially, in several large emerging markets.

Such an improvement in macroeconomic conditions could prompt MNEs to resume investments in productive assets, given also their easy access to cheap money, the fact that corporate profits are expected to remain solid in 2020, and hopes for waning trade tensions between the United States and China, it said.

However, significant risks persist, including high debt accumulation among emerging and developing economies, geopolitical risks and concerns about a further shift towards protectionist policies, it added.

(Business Standard, 21/1/2020)

India attracted record USD 9.3 billion tech investments in 2019: Report

The data collated by Dealroom.co and revealed here this week show that the Indian investment figures coincided with record investment numbers registered by the UK in 2019, at USD 13.2 billion, behind the US (USD 116 bn) and China (USD 33.5 bn).

India attracted tech investments worth USD 9.36 billion last year, a 95 per cent increase compared with the previous year, according to the data compiled by a global database company. The data collated by Dealroom.co and revealed here this week show that the Indian investment figures coincided with record investment numbers registered by the UK in 2019, at USD 13.2 billion, behind the US (USD 116 bn) and

China (USD 33.5 bn). Both India and the UK witnessed a record year in terms of investments into their respective technology sectors in 2019.

India attracted tech investments worth USD 9.36 billion last year, which marks a 95 per cent hike on the previous year, it said. “The positive tech investment figures for India and the UK demonstrate that we are both top destinations for global investors,” said Hemin Bharucha, Chief India Representative for London & Partners – the Mayor of London’s official promotional agency. “Cities such as London, Mumbai and Bengaluru are increasingly creating game changing companies to compete on the global stage and we see lots of opportunities to collaborate with India, especially in areas such as smart cities and fintech. It’s also great to see that investment from Asia into the UK increased significantly in 2019, offering further proof of the strength of London and the UK’s tech growth,” he said.

According to the research prepared for London & Partners and Tech Nation by Dealroom.co, London maintains a strong tech lead with the UK capital’s tech companies attracting USD 9.7 billion in funding last year – more than any other European city. Major funding rounds for London companies in 2019 included USD 440 million in funding for London-headquartered fintech company OakNorth, headed by Indian-origin entrepreneur Rishi Khosla. “London’s tech sector is a global success story and one that I continue to champion, particularly as it reflects our city’s diversity and entrepreneurial spirit,” said London Mayor Sadiq Khan.

“Our city is the undisputed tech capital of Europe and the record USD 9.7 billion of investment in this sector clearly shows London open to talent and investment from all over the world. London’s successful digital economy is not only an important source of jobs for Londoners but is also bringing prosperity and growth to the rest of the UK,” he said. Despite the Brexit vote and the UK’s scheduled departure from the European Union (EU) at the end of January, investment from Asia into the UK was higher than any other European country, with the likes of Germany and France lagging behind, the research reveals. The city of London also remains the top place in Europe for creating high growth tech businesses, with the research highlighting that the UK capital has created 46 unicorn companies.

(Financial Express, 17/1/2020)

Britain set to exit EU on 31 Jan as lawmakers approve Brexit deal

British lawmakers finally approved a legislation which will allow the country to exit the European Union by the month-end, three years after the landmark referendum that paved the way for Brexit.

The House of Commons on Thursday voted 330 against 231 to pass the Withdrawal Agreement Bill, which sets the terms of Britain's departure from the 28-nation bloc.

Prime Minister Boris Johnson's Conservative Party had ensured a comfortable majority backing for the Brexit deal after last month’s election to parliament.

The legislation, approved after three days of wrangling, now has to pass through Parliament's unelected House of Lords - which can delay but not overturn the decision of the lower House. The bill now only needs approval by the European Parliament to become effective.

Brexit Secretary Stephen Barclay said he welcomed the "constructive scrutiny'' of the Lords but hoped the upper house would not try to delay the bill.

"I have no doubt that their lordships will have heard the resounding message from the British people on the 12th of December,'' he said.

For Prime Minister Johnson who made Brexit delivering the main plank of his election win, Thursday's vote was a major victory.

Johnson’s problems won’t end with the Brexit as planned on 31 January. It will only help start negotiations on Britain’s future relationship with the EU, which may extend to the year-end.

"Leaving the EU doesn't mean that we will have got Brexit done,'' said Paul Blomfield, a Brexit spokesman for the main opposition Labour Party. "We'll have completed the first step, departure, but the difficult stage is yet to come."

Michel Barnier, the EU's chief Brexit negotiator, said Thursday that Britain's goal of striking a full free trade agreement by the end-of-year deadline that Johnson insists on was unrealistic.

"We cannot expect to agree on every aspect of this new partnership,'' Barnier said, adding "we are ready to do our best in the 11 months.''

Johnson has ruled out extending a post-Brexit transition period agreed by the two sides beyond the end of 2020, although the EU has offered to prolong it until 2022.

The two sides will have to strike deals on everything from trade in goods and services to fishing, aviation, medicines and security. The EU says that with conflicting demands, it may require more than a year to deal with all these issues.

That, perhaps, could leave Britain with a "no-deal'' Brexit at the start of 2021.

(Domain-b, 10/1/2020)
