

GCLE NEWS BULLETIN

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‘EAT’ MAY HELP THE GOVT SAVE UP TO ₹10,000 CRORE

The government is likely to save up to ₹10,000 crore by ‘EAT’ing into the holding time of funds by the distributing agency. The new fund distribution module is based on the Public Financial Management System (PFMS).

“The idea is to time the fund flow and stop parking of funds,” a senior Finance Ministry official told *BusinessLine*. EAT – Expenditure Advance and Transfer — is core of one of the two modules.

The fund will be released as and when required to be disbursed. This will help in appropriate planning of the borrowing and cut interest outgo. Interest payment is the second biggest expenditure of the Central Government with budget allocation of over ₹5.75 lakh crore during the current fiscal.

Continue reading at <https://www.thehindubusinessline.com/economy/macro-economy/eat-may-help-the-govt-save-up-to-10000-crore/article24626304.ece>

OLD WINE, NEW BOTTLE

Project ‘Sashakt’ — the Sunil Mehta-led committee’s five-point plan on bad loan resolution offers little by way of any actionable plan to tackle the issues at hand. The committee’s five-pronged strategy is nothing but a shoddy attempt to politicize cleaning up of banks’ balance sheet and state the obvious, after the initial intent of setting up an asset reconstruction company to take over bad loans ran aground. For instance, the bank-led resolution approach suggested for loans of ₹50-500 crore, is nothing new. The lead bank, in a consortium lending, preparing a resolution plan, to be approved by 66 per cent of the lenders (by value) is only a mere tweak at best, to the earlier JLF (the joint lenders’ forum) structure that failed miserably. The real challenge that banks faced with the JLF was to get everybody on board and build consensus on debt restructuring. Rather than address this issue, the report ends abruptly, setting a 180-day deadline for resolution, taking lead from the RBI’s February circular on stressed assets.

Continue reading at <https://www.thehindubusinessline.com/opinion/editorial/old-wine-new-bottle/article24366379.ece>

NO MORE OUTLIER OUTLAWS

The Fugitive Economic Offenders Bill (FEOB) 2018 was cleared last month at the ongoing monsoon session of Parliament. It is a comprehensive legislation aimed at deterring fugitive economic offenders from evading the process of law in India, and for preserving the sanctity of rule of law. This is a significant initiative by the government towards preserving and promoting transparency, openness and accountability in the Indian economy.

Continue reading at <https://blogs.economictimes.indiatimes.com/et-commentary/no-more-outlier-outlaws/>

MORE THAN 100 SEATS THAT BACKED “BREXIT” NOW WANT TO REMAIN IN EU

More than 100 Westminster constituencies that voted to leave the EU have now switched their support to Remain, according to a stark new analysis seen by the *Observer*.

In findings that could have a significant impact on the parliamentary battle of [Brexit](#) later this year, the study concludes that most seats in Britain now contain a majority of voters who want to stay in the EU.

The analysis, one of the most comprehensive assessments of Brexit sentiment since the referendum, suggests the shift has been driven by doubts among [Labour](#) voters who backed Leave.

As a result, the trend is starkest in the north of England and Wales – Labour heartlands in which Brexit sentiment appears to be changing. The development will heap further pressure on Jeremy Corbyn to soften the party’s opposition to reconsidering Britain’s EU departure.

Continue reading at <https://www.theguardian.com/politics/2018/aug/11/more-than-100-pro-leave-constituencies-switch-to-remain>

IMRAN KHAN’S BIGGEST CHALLENGE WOULD BE THE PAK ECONOMY

While it may be tempting for Pakistan to turn to China for help in the face of its worsening relations with the US, even an inexperienced administrator such as Mr Khan will be aware of the complications, including debt traps.

The toughest task that Imran Khan will have to grapple with soon after he becomes Pakistan's new prime minister is not the security situation or political tensions; it is the issue of seeking another bailout from the International Monetary Fund (IMF) to shore up its currency reserves and plug an external financing gap. Some reports have suggested that Pakistani officials are finalising a plan to seek a \$12 billion package from the IMF, while others have suggested that the Pakistan Tehreek-e-Insaf chief could turn to China, Pakistan's "iron brother ally", for financial assistance in view of the worsening relations between Islamabad and Washington. The Donald Trump administration, which has already ensured that security aid for Pakistan has come down from the historic levels of more than \$1 billion a year to a few hundred million dollars, has made it clear that any IMF bailout cannot be used to pay back Chinese loans. Secretary of state Mike Pompeo said the US will be watching "what the IMF does" as there is no rationale for IMF tax dollars to go to China.

Continue reading at <https://www.hindustantimes.com/editorials/imran-khan-s-biggest-challenge-would-be-the-economy/story-ShENVMB1osfzihnyadNNIL.html>

IMF FORECASTS INDIA'S GDP TO GROW AT 7.5% IN 2019-20 FISCAL YEAR

India's gross domestic product (GDP) is poised to grow by 7.3% in the 2018-19 fiscal and 7.5% in 2019-2020 on strengthening of investment and robust private consumption, the IMF said in its latest projection.

The International Monetary Fund (IMF), in the report published on Tuesday, said the near-term macroeconomic outlook for India is "broadly favourable."

Growth is forecast to rise to 7.3% in fiscal year 2018/19 and 7.5% in 2019/20 on strengthening investment and robust private consumption, the report said.

Continue reading at <https://www.thehindu.com/business/Economy/imf-forecasts-indias-gdp-to-grow-at-75-in-2019-20-fiscal-year/article24641838.ece>

UP'N' ABOUT WITH DOWN UNDER

On July 12, Peter Vargese submitted to Australian Prime Minister Malcolm Turnbull a report he had commissioned on an economic strategy for Australia and India out to 2035. The report is the most detailed analysis so far of the complementarities of the two economies over the next two decades. It charts a course to a deeper economic partnership between Australia and India and bring India into the first tier of Australia's economic partners.

The report sets out a strategy built on three pillars: economic partnership, strategic congruence, and people-to-people ties. These three pillars offer a future of converging interests.

Continue reading at <https://blogs.economictimes.indiatimes.com/et-commentary/upnabout-with-down-under/>

TURKEY'S ECONOMIC CRISIS DEEPENS AS TRUMP DOUBLES TARIFFS

Turkey's unfolding economic crisis has deepened further after Donald Trump announced he was doubling US import tariffs on Turkish steel and aluminium, stoking the country's currency free fall and rattling financial markets.

The Turkish lira plunged by more than 20% against the dollar after the president announced the move, amid a widening dispute between Washington and Ankara over the imprisonment of the US pastor Andrew Brunson.

Continue reading at <https://www.theguardian.com/world/2018/aug/10/turkeys-economic-crisis-deepens-as-trump-doubles-tariffs>

THE SPIRIT IS WILLING BUT THE FLESH IS WEAK

The draft national e-commerce policy that has been the subject of media reports is a mishmash of policy, wishful thinking, procedural reform and waste of time. Its heart is in the right place: it wants to promote local champions. But what it proposes signally fails to contribute, save for the recommendation to allow startups to issue shares with differential voting rights. The proposal to create a single regulator, working under the umbrella of a single law, for the entire digital economy reveals the essential flaw of the report: it sees the digital economy as an exotic enclave, rather than as the natural evolution of the economy as a whole. To think that contract enforcement or financing in the digital world will take place under a special law is like saying that the Motor Vehicles Act will apply to cars that work on internal combustion engines and drive on the left side of the road while electric cars will ply under a new law.

Continue reading at <https://blogs.economictimes.indiatimes.com/et-editorials/the-spirit-is-willing-but-the-flehs-weak/>
