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MINISTRY OF COMMERCE & INDUSTRY

Commerce Minister to Chair Joint Meeting of Board of Trade & Council for Trade Development and Promotion

Union Minister of Commerce and Industry & Railways, Piyush Goyal, will chair a joint meeting of the Board of Trade and the Council of Trade Development and Promotion in New Delhi.

Discussions will be held on various issues relating to promotion of exports and domestic manufacturing and reduction in imports. Issues related to improvement in logistics, agricultural export will also be discussed.

Secretaries of Departments of Commerce, Revenue, Shipping, Road Transport and Highways, Civil Aviation, Promotion of Industry and Internal Trade, Agriculture, Information Technology, Textiles and other Ministries of Government of India will be participating in the high level joint meeting along with representatives of Export Promotion Councils and representatives of Industry.

The Board of Trade advises the Commerce and Industry Ministry on policy measures connected with the Foreign Trade Policy in order to achieve the objectives of boosting India’s trade.

The Council for Trade Development and Promotion ensures the continuous dialogue with State Governments and UTs on measures for providing an international trade enabling environment in the States and to create a framework for making the states active partners in boosting India’s export.
MINISTRY OF COMMERCE & INDUSTRY

Commerce and Industry Ministry Committed to Synergise Export Promotion and Internal Trade - Piyush Goyal

The Union Minister of Commerce and Industry & Railways, Piyush Goyal, chaired a joint Meeting of Board of Trade and Council of Trade Development & Promotion and held a day long interaction with the industry and Agriculture Ministers of the States, industrialists, Export Promotion Councils, and representatives of the economic and infrastructure Ministries of the Central Government for boosting exports and domestic manufacturing and reducing trade deficit.

Briefing media at the end of the meeting, Piyush Goyal said that Ministries/departments can no longer work in isolation for effective outcome of government policy. The Commerce and Industry Minister further said that action on many of the decisions arrived at today’s meeting will be taken in next 45 days. He also announced that the next follow up meeting would be held in 45 days. He said, easier availability of credit at cheaper rates to exporters will be resolved expeditiously and customs clearances will be made quicker by installing X Ray scanners at all major Ports. Robust mechanism for Track & Trace in Pharma sector will be implemented in three months, a new scheme to rebate state and central taxes and levies will be rolled out in 3 months and will be implemented in a phased manner for all sectors, the Minister added.

During the day-long deliberations, exporters spoke about trade disputes between US and China, ongoing negotiations under Regional Comprehensive Economic Partnership, difficulties in availability of export credit. Specific action points for the implementation of new Agricultural Export Policy, reducing logistics costs, improving ease of doing business in all States, increasing domestic manufacturing and reducing imports were identified. States were urged to finalise their export strategies at the earliest keeping in view their state specific requirements and advantages. Commerce and Industry Minister exhorted the State Governments to adopt GeM, a one stop online procurement portal for better transparency and efficiency. State Government agreed to take steps in strengthening the entrepreneurship and start up ecosystem.

A number of decisions were taken during the meeting which include:

- Investigations on imports under the anti-dumping mechanism will be expedited, particularly products of the MSMEs with the help of industry associations
- Steps to boost exports of organic produce, and ways to rationalize the mandi fees across states would be examined
- The top 50 tariff lines, which constitute 60% of India’s import to be examined in detail for possible ways to reduce import dependence
- ECGC would fast track the disposal of claims and put in public domain the pending claims for the benefit of the industry
- Meetings with State Export Commissioners to be held on pre-announced fixed dates to discuss issues related to export infrastructure and state specific export strategies
- Government would work with the States to develop product specific clusters for 50 sectors with high manufacturing potential.
• To leverage the railways real estate and use less utilized railway stations, the Ministry of Commerce will explore the possibility of setting up warehouses.
• The concept of deemed approval for establishments, which currently require annual renewal of licenses will be explored in consultation with States.
• DPIIT/DOC will evaluate State Governments on a ranking framework on support provided to industry for manufacturing, exports and logistics support.
• DPIIT will encourage States to leverage public procurement by implementing Make in India in Public Procurement Order.
• DPIIT will work with Industry (including apex industry association like ASSOCHAM, CII, FICCI, and PHDCCI) for organizing a National investor promotion event in next 6 to 9 months.
• Development of clusters for specific sectors especially for job creating industries will be pursued with States and Industry.
• APEDA will create a portal which will host the FPOs all over the country and link them to exporters.

Earlier in his opening remarks the Commerce & Industry Minister recalled the vision of Dr Shyama Prasad Mukherjee, first Minister of Industry of independent India, who laid solid foundation of India’s industrialisation through the Industrial Policy Resolution of 1948. He highlighted that this time, meeting with Industry has been combined with the meeting with States in order to have holistic discussion in the true spirit of cooperative and competitive federalism. He emphasised that Industry should move away from the mindset of government support and subsidy because there are larger issues which need to be addressed at a structural level. He urged the industry to focus on the root cause of the problem and increase our competitiveness in terms of quality and efficiency. He assured the industry that wherever there are genuine difficulties like increased cost of credit, easy availability of liquidity etc, will be resolved expeditiously. He highlighted the achievements of the government in terms of exports crossing half trillion mark for the first time with goods exports at all time high of USD 331 billion, “Ease of doing business” rank improving to 77 and logistics rank improving to 44th. Procurement of more than Rs 25,000 crore have been undertaken by Governments resulting in huge savings.

Hardeep Singh Puri, Minister of State (Independent Charge) Housing and Urban Affairs and Civil Aviation and Minister of State, Commerce & Industry and Som Parkash, Minister of State for Commerce & industry also participated in the deliberations. Amitabh Kant, CEO NITI Ayog, Ramesh Abhishek, Secretary, Department for Promotion of Industry and Internal Trade and Anup Wadhawan, Commerce Secretary were also present during the conference.
MINISTRY OF FINANCE

Exchange Rate of conversion of the Foreign Currencies relating to Imported and Export Goods notified

In exercise of the powers conferred by Section 14 of the Customs Act, 1962 (52 of 1962), and in supersession of the notification of the Central Board of Indirect Taxes and Customs (CBIC) No.37/2019-CUSTOMS (N.T.), dated 16th May, 2019 except as respects things done or omitted to be done before such super-session, the Central Board of Indirect Taxes and Customs (CBIC) hereby determines that the Rate of Exchange of conversion of each of the Foreign Currencies specified in column (2) of each of Schedule I and Schedule II annexed hereto, into Indian currency or vice versa, shall, with effect from 7th June, 2019, be the rate mentioned against it in the corresponding entry in column (3) thereof, for the purpose of the said Section, relating to imported and export goods.

**SCHEDULE-I**

<table>
<thead>
<tr>
<th>Sl.No.</th>
<th>Foreign Currency</th>
<th>Rate of exchange of one unit of foreign currency equivalent to Indian rupees</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>(1)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(For Imported Goods)</td>
</tr>
<tr>
<td>1.</td>
<td>Australian Dollar</td>
<td>49.55</td>
</tr>
<tr>
<td>2.</td>
<td>Bahraini Dinar</td>
<td>190.25</td>
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<tr>
<td>3.</td>
<td>Canadian Dollar</td>
<td>52.75</td>
</tr>
<tr>
<td>4.</td>
<td>Chinese Yuan</td>
<td>10.20</td>
</tr>
<tr>
<td>5.</td>
<td>Danish Kroner</td>
<td>10.65</td>
</tr>
<tr>
<td>6.</td>
<td>EURO</td>
<td>79.50</td>
</tr>
<tr>
<td>7.</td>
<td>Hong Kong Dollar</td>
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</tr>
<tr>
<td>8.</td>
<td>Kuwaiti Dinar</td>
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</tr>
<tr>
<td>9.</td>
<td>New Zealand Dollar</td>
<td>47.30</td>
</tr>
<tr>
<td>10.</td>
<td>Norwegian Kroner</td>
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<tr>
<td>11.</td>
<td>Pound Sterling</td>
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<td>12.</td>
<td>Qatari Riyal</td>
<td>19.70</td>
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<tr>
<td>13.</td>
<td>Saudi Arabian Riyal</td>
<td>19.15</td>
</tr>
<tr>
<td>Sl.No.</td>
<td>Foreign Currency</td>
<td>(a)</td>
</tr>
<tr>
<td>-------</td>
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<td>-----</td>
</tr>
<tr>
<td>1.</td>
<td>Japanese Yen</td>
<td>65.40</td>
</tr>
<tr>
<td>2.</td>
<td>Korean Won</td>
<td>6.10</td>
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</table>

**SCHEDULE-II**

<table>
<thead>
<tr>
<th>Sl.No.</th>
<th>Foreign Currency</th>
<th>Rate of exchange of 100 units of foreign currency equivalent to Indian rupees</th>
</tr>
</thead>
<tbody>
<tr>
<td>14.</td>
<td>Singapore Dollar</td>
<td>51.75</td>
</tr>
<tr>
<td>15.</td>
<td>South African Rand</td>
<td>4.85</td>
</tr>
<tr>
<td>16.</td>
<td>Swedish Kroner</td>
<td>7.50</td>
</tr>
<tr>
<td>17.</td>
<td>Swiss Franc</td>
<td>71.20</td>
</tr>
<tr>
<td>18.</td>
<td>Turkish Lira</td>
<td>12.55</td>
</tr>
<tr>
<td>19.</td>
<td>UAE Dirham</td>
<td>19.55</td>
</tr>
<tr>
<td>20.</td>
<td>US Dollar</td>
<td>70.30</td>
</tr>
</tbody>
</table>
MINISTRY OF FINANCE

Agreement for Exchange of Information between India and Marshall Islands notified


The Agreement enables exchange of information, including banking and ownership information, between the two countries for tax purposes. It is based on international standards of tax transparency and exchange of information and enables sharing of information on request. The Agreement also provides for representatives of one country to undertake tax examinations in the other country.

The Agreement will enhance mutual co-operation between India and Marshall Islands by providing an effective framework for exchange of information in tax matters which will help curb tax evasion and tax avoidance.
MINISTRY OF FINANCE

Union Minister for Finance & Corporate Affairs Smt. Nirmala Sitharaman attends the G20 Finance Ministers and Central Bank Governors meeting and associated events and meetings during June 8-9, 2019 at Fukuoka, Japan

Smt. Nirmala Sitharaman, Union Minister of Finance & Corporate Affairs, Government of India, participated in the G20 Finance Ministers and Central Bank Governors meeting and associated events during June 8-9, 2019 at Fukuoka, Japan. She was accompanied by Shri Subhash C. Garg, Finance Secretary & Secretary Economic Affairs, Dr. Viral Acharya, Deputy Governor of RBI and other officers.

Smt. Sitharaman noted the urgency to fix the issue of determining right nexus and profit allocation solution for taxing the profits made by digital economy companies. Appreciating the significant progress made under the taxation agenda including the Base Erosion and Profit Shifting (BEPS), tax challenges from digital economy and exchange of information under the aegis of G20, Smt. Sitharaman congratulated the Japanese Presidency for successfully carrying these tasks forward.

The Union Minister of Finance & Corporate Affairs noted that the work on tax challenges arising from the digitalisation of economy is entering a critical phase with an update to the G20, due next year. In this respect, Smt. Sitharaman strongly supported the potential solution based on the concept of ‘significant economic presence’ of businesses taking into account the evidence of their purposeful and sustained interaction with the economy of a country. This concept has been piloted by India and supported by large number of countries including the G-24. She expressed confidence that a consensus-based global solution, which should also be equitable and simple, would be reached by 2020.

Smt. Sitharaman welcomed the commencement of automatic exchange of financial account information (AEOI) on a global basis with almost 90 jurisdictions successfully exchanging information in 2018. This would ensure that tax evaders could no more hide their offshore financial accounts from the tax administration. She urged the G20/Global Forum to further expand the network of automatic exchanges by identifying jurisdictions including developing countries and financial centers that are relevant but have not yet committed to any timeline. Appropriate action needs to be taken against non-compliant jurisdictions. In this respect she called upon the international community to agree on a toolkit of defensive measures, which can be taken against such non-compliant jurisdictions.

Earlier, the Union Minister for Finance & Corporate Affairs participated in the Ministerial Symposium on International Taxation and spoke in the session on the ongoing global efforts to counter tax avoidance and evasion. During the session, she also spoke on the tax challenges for addressing digitalisation of the economy and emphasised that nexus was important.

Smt. Sitharaman also raised the need for international cooperation on dealing with fugitive economic offenders who flee their countries to escape from the consequences of law. She informed about the fugitive economic offenders law passed by India which provides for denial of access to courts until the fugitive returns to the country. This law also provides for confiscation of their...
properties and selling them off. She drew attention to the practice permitted by many jurisdictions, which allow economic offenders to use investment-based schemes to obtain residence or citizenship to escape from legal consequences and underlined the need to deal with such practices. She urged that closer collaboration and coordinated action were required to bring such economic offenders to face law.

Smt. Sitharaman highlighted the need for the G20 to keep a close watch on global current account imbalances to ensure that they do not result in excessive global volatility and tensions. The global imbalances left a detrimental impact on the growth of emerging markets. Unilateral actions taken by some advanced economies adversely affect the exports and the inward flow of investments in these economies. She wondered if the accumulation of cash reserves by large companies indicated the reluctance of these companies to increase investments. This reluctance could have adverse implications on growth and investments and possibly leading to concentration of market power. She also urged the G20 to remain cognizant of fluctuations in international oil market and study measures that can bring benefits to both the oil exporting and importing countries.

In another session on infrastructure investment, Smt. Sitharaman emphasised on the importance of making investments in cost-effective and disaster resilient infrastructure for growth and development. She suggested the G20 focus on identifying constraints to flow of resources into infrastructure sector in the developing world and solutions for overcoming them. She also took note of the close collaboration of India, Japan and other like-minded countries, aligned with the Sendai Framework, in developing a roadmap to create a global Coalition on Disaster Resilient Infrastructure.

The Japanese Presidency’s priority issue of aging was also discussed. Smt. Sitharaman highlighted that closer collaboration between countries with high old age dependency ratio and those with low old age dependency ratio was necessary for dealing with the policy challenges posed by ageing. She suggested that if ageing countries with shrinking labour force allow calibrated mobility of labour with portable social security benefits, the recipient countries can not only take care of the aged but also have positive effect on global growth. Smt. Sitharaman said that India’s demography presented a dual policy challenge since India’s old age dependency ratio is lesser than Japan while at the same time India’s aged population in absolute numbers exceeds that of Japan. She detailed the policy measures that Government of India is taking to address these challenges.

While speaking on the priority of Japanese Presidency on financing of universal health coverage (UHC) she emphasised the importance of a holistic approach which encompasses plurality of pathways to achieve UHC, including through traditional and complementary systems of medicine.

Smt. Sitharaman also held bilateral meeting with Mr Phillip Hammond, Chancellor of United Kingdom on the sidelines of the FMCBG meeting at Fukuoka and discussed efforts undertaken by both sides for closer collaboration between India and United Kingdom in several areas and enhance cooperation between the two countries in tax matters.
RESERVE BANK OF INDIA

Highlights of the Second Bi-monthly Monetary Policy Statement, 2019-20 Resolution of the Monetary Policy Committee (MPC) Reserve Bank of India

On the basis of an assessment of the current and evolving macroeconomic situation, the Monetary Policy Committee (MPC) at its meeting decided to:

- reduce the policy repo rate under the liquidity adjustment facility (LAF) by 25 basis points to 5.75 per cent from 6.0 per cent with immediate effect.

Consequently, the reverse repo rate under the LAF stands adjusted to 5.50 per cent, and the marginal standing facility (MSF) rate and the Bank Rate to 6.0 per cent.

The MPC also decided to change the stance of monetary policy from neutral to accommodative.

These decisions are in consonance with the objective of achieving the medium-term target for consumer price index (CPI) inflation of 4 per cent within a band of +/- 2 per cent, while supporting growth.

Download Link: Second Bi-monthly Monetary Policy Statement, 2019-20
The Reserve Bank of India released data relating to finances of foreign direct investment (FDI) companies for the year 2017-18. The analysis is based on audited annual accounts of select 7,314 companies accounting for 30.5 per cent of total paid-up capital (PUC) of such companies reported in the Reserve Bank’s Census on Foreign Liabilities and Assets of Indian Direct Investment Companies, 2017-18.

Highlights

- A pick up in sales and moderation in input costs – primarily, staff expenses - boosted operating profit.
- Output, measured in terms of gross value added (GVA), moderated in 2017-18 mainly due to reduction in services sector GVA.
- Utilization of resources generated for gross fixed capital formation was around 40 percent in 2017-18 as compared with 20.5 percent in 2016-17.
- Total borrowings of these companies accelerated in 2017-18, resulting in higher leverage across sectors.
- Companies’ debt serviceability as measured by the interest coverage ratio (ICR) or earnings before interest and taxes (EBIT) to interest expenses marginally improved in 2017-18.
- Export intensity (measured as the exports to sales ratio) declined during 2015-16 through 2017-18 across sectors.

Notes:

1. Data for the finances of non-government non-financial (NGNF) foreign direct investment companies, 2016-17 are also released along with this data release.
2. The primary source of data is the Ministry of Corporate Affairs (MCA).

Ajit Prasad
Assistant Adviser
RESERVE BANK OF INDIA

RBI released Prudential Framework for Resolution of Stressed Assets

Hon’ble Supreme Court, vide its order dated April 2, 2019, had held the RBI circular dated February 12, 2018 on Resolution of Stressed Assets as ultra vires. In light of the same, the Statement on Framework for Resolution of Stressed Assets issued by the Governor on April 4, 2019 had clarified that the Reserve Bank of India will take necessary steps, including issuance of a revised circular, as may be necessary, for expeditious and effective resolution of stressed assets.

Accordingly, the Reserve Bank has placed on its website the prudential framework for resolution of stressed assets by banks in the wake of the judgement of the Hon’ble Supreme Court of India.

The fundamental principles underlying the regulatory approach for resolution of stressed assets are as under:

- Early recognition and reporting of default in respect of large borrowers by banks, FIs and NBFCs;
- Complete discretion to lenders with regard to design and implementation of resolution plans, in supersession of earlier resolution schemes (S4A, SDR, 5/25 etc.), subject to the specified timeline and independent credit evaluation;
- A system of disincentives in the form of additional provisioning for delay in implementation of resolution plan or initiation of insolvency proceedings;
- Withdrawal of asset classification dispensations on restructuring. Future upgrades to be contingent on a meaningful demonstration of satisfactory performance for a reasonable period;
- For the purpose of restructuring, the definition of ‘financial difficulty’ to be aligned with the guidelines issued by the Basel Committee on Banking Supervision; and,
- Signing of inter-creditor agreement (ICA) by all lenders to be mandatory, which will provide for a majority decision making criteria.

Notwithstanding anything contained in this framework, wherever necessary, RBI will issue directions to banks for initiation of insolvency proceedings against borrowers for specific defaults so that the momentum towards effective resolution remains uncompromised.

It is expected that the current circular will sustain the improvements in credit culture that have been ushered in by the efforts of the Government and the Reserve Bank of India so far and that it will go a long way in promoting a strong and resilient financial system in India.

As articulated by the Governor in the Statement of April 4, 2019, the RBI stands committed to maintain and enhance the momentum of resolution of stressed assets and adherence to credit discipline.

Yogesh Dayal
Chief General Manager

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