

Daily Economic News Summary: 16 October 2019

1. India halved its poverty rate since 1990s, says World Bank

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

India has halved its poverty rate since the 1990s and achieved a seven plus growth rate over the last 15 years, the World Bank said on 15 October. India is both critical to the success of global development efforts, including eliminating extreme poverty, and as an influential leader for global goods such as addressing climate change, the bank said ahead of the annual meeting between it and the International Monetary Fund. The country has achieved annual growth exceeding seven per cent over the last 15 years, halved its poverty rate since the 1990s, and enjoyed strong improvements in most human development outcomes, the World Bank said. Noting that India's growth is expected to continue and elimination of extreme poverty in the decade is within reach, it said at the same time, the country's development trajectory nonetheless faces considerable challenges.

2. Govt considering to have larger blocks to attract investments: Minister Pralhad Joshi

Source: The Hindu, Business Line ([Link](#))

The Ministry of Coal is looking at ways to attract foreign participation in the coal mining sector. One of the options being considered is carving out larger coal blocks to meet the requirements of foreign investors, Coal and Mines Minister Pralhad Joshi said. Speaking at the third India Energy Forum by CERAWeek, Joshi said, "We have opened up the coal mining sector for Foreign Direct Investment under the automatic route. We are formulating various policies to attract foreign investors and private sector within the country." The Ministry of Coal has been evaluating a slew of measures of attract more investment in the coal mining sector. This includes commercial coal mining, allowing auction of mines with less than three bidders, and permitting the sale of 25 per cent coal committed production in the open market.

3. IMF cuts India's growth forecast to 6.1 per cent

Source: The Hindu, Business Line ([Link](#))

The International Monetary Fund (IMF) on 15 October trimmed India's growth forecast by 90 basis points to 6.1 per cent (100 basis points mean one percentage point). This is second downward revision in seven months and in total 120 basis points reduction. "The downward revision relative to the April 2019 World Economic Outlook (WEO) of 1.2 percentage points for 2019 and 0.5 percentage point for 2020 reflects a weaker-than-expected outlook for domestic demand. Growth will be supported by the lagged effects of monetary policy easing, a reduction in corporate income tax rates, recent measures to address corporate and environmental regulatory." The IMF has also cuts global forecast by 20 basis points for 2019. Its Economic Counsellor and Director of the Research Department, Gita Gopinath said that the global economy is in a synchronised slowdown and the fund once again, is downgrading growth for 2019 to 3 per cent, its slowest pace since the global financial crisis. Growth continues to be weakened by rising trade barriers and increasing geopolitical tensions.

4. Cabinet to consider splitting GAIL, pipeline business not to be sold before 2022

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

The Union Cabinet may by next month consider a proposal to hive off state-run gas utility GAIL (India) Ltd's pipeline business into a separate entity but its sale to a strategic investor may not happen before 2022, sources privy to the development said. GAIL is India's biggest natural gas marketing and trading firm and owns more than two-thirds of the country's 16,234-km pipeline network, giving it a stranglehold on the market. Users of natural gas have often complained about not getting access to GAIL's 11,551-km pipeline network to transport their fuel. Sources said to resolve the conflict arising out of the same entity owning the two jobs, bifurcating GAIL is being considered.

5. More on plate: Flipkart take a bite of food retail market; up against Amazon, BigBasket and Grofers

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

E-retailer Flipkart will soon join BigBasket, Amazon, Grofers and others for a share of the \$500-billion food and grocery market in India of which the online piece accounts for just 0.2%. That business may be worth just about \$1 billion today but experts reckon it could grow at a blistering

50-60% compounded and be worth \$4-5 billion in a few years. Given how large investors such as SoftBank and Alibaba are investing in online food retailers, the estimates, it would appear, are not unreasonable. A clutch of investors, including Alibaba, infused \$150 million in BigBasket earlier this year, taking the total investment to \$1 billion. In May, Grofers received a chunky \$200 million from investors led by SoftBank. Flipkart has registered a new entity — Flipkart FarmerMart — to undertake retail trading of food products in the country, according to the company’s regulatory filings sourced from business signals platform paper.vc.

6. India's Nayara sending fuel to Rosneft in return for Venezuelan oil: Report

Source: Business Standard ([Link](#))

India's Nayara Energy has been using Russian giant Rosneft as an intermediary to acquire Venezuelan oil, paying it in fuel rather than cash to avoid violating US sanctions, three sources with knowledge of the transactions said. The United States in January prohibited US-dollar transactions for oil sales from Venezuela's PDVSA or its units, a measure intended to cut off cash flows and increase pressure on President Nicolas Maduro, whose 2018 re-election has been dismissed as a sham by Washington. The sanctions have made some banks wary of processing any transaction for Venezuelan oil, even if the seller is not the state-run company. They have also scared away some of PDVSA's customers, while prompting others to buy Venezuelan crude from intermediaries like Rosneft, the sources said

7. India is 102 in Hunger Index of 117 nations, undoing decade of improvement

Source: Business Standard ([Link](#))

India has slipped from 95th rank in 2010 to 102nd in 2019 on the Global Hunger Index (GHI), with the increase in prevalence of wasting (low weight for height) among children under five contributing the most to the country’s poor performance. Over a longer-term horizon, the fall in India’s rank is sharper: From 83rd out of 113 countries in 2000 to 102nd out of 117 now. The improvement in India’s GHI score, too, has decelerated. The improvement from 38.9 in 2005 to 32 in 2010 was followed by a change from 32 to 30.3 between 2010 and 2019. Seventeen countries, including Belarus, Ukraine, Turkey, Cuba and Kuwait, shared the top rank with GHI scores less than five. Countries such as Ethiopia and Rwanda have shown notable progress, the GHI report said.

8. India asks OPEC not to cut oil production; seeks better commercial terms

Source: Money Control ([Link](#))

Battling a slowing economy, India on 15 October implored oil cartel OPEC to not undertake deeper crude oil production cuts as it renewed its pitch for reasonable pricing of oil and stability in supplies. In a meeting with OPEC Secretary-General Mohammad Sanusi Barkindo, Oil Minister Dharmendra Pradhan also pitched for better commercial terms for crude oil imports including reduction in official selling price, extension of credit period from existing 30 days to 90 days from bill of lading, freight discount and open credit based on creditworthiness of Indian state-run refineries. "We discussed the present oil availability scenario," he told reporters here. "Organization of the Petroleum Exporting Countries (OPEC) is now taking cognizance of consumer interest in deciding on its policies."

9. Allow self assessment of developing country status, 45 nations insist

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

A group of 45 nations including India and China has insisted that countries must be allowed to make their own assessments regarding their developing country status. In a submission to the World Trade Organization (WTO), which is to be taken up for discussion this week at the General Council, they pushed for continuation of developing countries' unconditional rights to special and differential treatment (S&DT) in rules and negotiations. The submission comes amid the US working on new rules to end benefits enjoyed by developing countries at the WTO. The paper floated by India has found support from many developing countries, said sources aware of the submission.