

Daily Economic News Summary: 17 September 2019

1. RBI re-evaluates GDP forecasting after Q1 print caught it off guard

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

RBI Governor Shaktikanta Das on 16 September said India's June quarter GDP growth print at 5 per cent came in as a big surprise for the central bank, whose growth forecast at 5.8 per cent was way off the mark. This, he said, has set off an internal review within the Reserve Bank of India to find out "what we missed out, where we went wrong." "We are examining the GDP much more closely now," the governor told ETNOW in an exclusive interview. "In inflation forecasting, we are almost on the dot now. The margin of error has come down significantly. Asked when RBI expects growth to recover, Das refused to give a timeline. "We have to see the Q2 numbers, and figure out whether the slowdown will sustain," he said. Das, however, said as early as in February, RBI had recognised the slowdown in the economy, which led it to cut in policy rate by 25 basis points.

2. South American nation Chile seeks cheaper drugs from India

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

India and Chile have recently concluded an agreement which will allow the drug manufacturing companies in India to participate in the tenders made by the government of that country. Confirming this to Financial Express Online, the ambassador of Chile to India Juan Angulo Monsalve said that "The agreement was signed and this will ensure that our country gets high-quality medicines at a low cost." According to the envoy, this will also, "help us in identifying the laboratories which can sell the medicines and also the private sector companies will be encouraged to participate." State Trading Corporation (STC) and Supply Center of the National Health Services System of Chile (CENABAST) inked an MoU, he added. Discussion about this agreement was part of the talks when Prime Minister Narendra Modi and Chilean President Sebastián Piñera had met on the margins of the G7 in France last month.

3. Saudi drone strikes: Oil price surges, but govt plays down supply concerns

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

Even as oil prices soared on 16 September following the drone attack at Saudi Arabia's fuel-producing infrastructure at Abqaiya and Khurais over the weekend, the Indian government said

the country was insulated from any supply shortage. Oil prices surged the most on record on 16 September, with Brent crude oil rising by as much as 19.5 per cent to \$71.95 per barrel — the biggest gain in dollar terms since futures started trading in 1988. It later came down to \$67.7 per barrel. US West Texas Intermediate (WTI) futures climbed 15.5 per cent to \$63.34, the biggest intra-day percentage gain since June 1998. Increasing dependence on Saudi Arabia for crude supply, as India cuts imports from Iran, could be cause for concern. The attack has knocked out over half of Saudi Arabia's production as it cut 5.7 million barrels per day or over 5 per cent of the world's supply. India imports 83 per cent of its oil needs. Saudi Arabia is its second-biggest supplier, providing 40.3 metric tonnes (MT), after Iraq (46.6 MT). Iran is the third-biggest supplier, with 23.9 MT of oil.

4. India to fund 1,000 PhD fellowships for ASEAN students at IITs

Source: Livemint ([Link](#))

India on 16 September formally launched an initiative to fund 1,000 scholars from south east Asian countries to pursue PhD at its 23 Indian Institutes of Technology (IITs), a move that could help internationalize its premier technology campuses and boost academic ties with east Asian neighbours. A joint initiative of the human resource development and the ministry of external affairs, the initiative could prove to be a win-win for scholars from ASEAN and the IITs. "We are opening up IITs to 1000 brilliant students (from ASEAN) to do research," external affairs minister S. Jaishankar said in New Delhi. The move comes after Prime Minister Narendra Modi had promised to enhance academic ties with the east Asian nations in 2018.

5. Ravi Shankar Prasad asks Apple, Samsung to help us become e-export hub

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

iPhone maker Apple and South Korean electronics giant Samsung should work with Indian companies to ensure this country becomes a hub of export for electronics, said Ravi Shankar Prasad, minister for this sector and for information technology. He suggested Apple expand its manufacturing base in India and use the country as an export hub. At a long meeting with top executives from the industry, Prasad heard them on various issues and said his ministry and NITI Aayog would in the next two to three months work with them on incentives for the sector. Among companies represented at the meeting were Vivo, Oppo, Qualcomm, Xiaomi, Dell, HP, Bosch, Cisco, Flextronics, Foxconn, Nokia, LG, Panasonic, Intel, Wistron and Sterlite Technologies. The electronics industry body, Manufacturers Association of Information

Technology was also present. It recommended production-linked export incentives, leveraging India's geo-political influence and free trade agreement influence with countries to accept Indian standards as sufficient to access other markets

6. High-level panel to study merger of NRI & FPI routes

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

The government plans to appoint a high-level committee to look into merging the non-resident Indian (NRI) and foreign portfolio investor routes, said three people aware of the matter. Finance minister Nirmala Sitharaman had announced in the July budget that the investment avenues would be merged to give NRIs seamless access to Indian equities. The RBI had expressed concerns over a merger owing to uncertainty over what would happen to deposits held by NRIs through NRE (non-resident external) accounts. Currently, NRIs can open rupee-denominated NRE accounts for savings and fixed deposits while FPIs can't. This could hamper a merger since NRE accounts hold deposits of about \$93 billion (?7 lakh crore), as per RBI data.

7. Electric vehicles: Tamil Nadu seeks first-mover advantage with new policy

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

The Tamil Nadu government has announced a host of incentives for electric vehicles (EVs) and component makers in its Electric Vehicle Policy 2019, which was released by chief minister Edappadi K Palaniswami on 16 September. The policy underlines the special focus on augmenting charging infrastructure and encouraging start-ups. Aiming to gain the first-mover advantage and woo big-ticket investments, the state government has announced 100% motor vehicle tax exemption for all EVs, including two-wheelers, cars, auto-rickshaws, buses and light goods carriers till December 2022. Companies which invest a minimum of Rs 50 crore in the EV space and provide direct employment to a minimum of 50 people will get 100% refund of SGST till 2030, provided they make and sell electric vehicles in the state.

8. Government to shut Metals & Minerals Trading Corporation, State Trading Corporation, Project and Equipment Corporation

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

The government plans closure of the three stateowned trading firms — Metals & Minerals Trading Corporation of India (MMTC), State Trading Corporation (STC) and Project and Equipment Corporation Ltd. The department of commerce may soon approach the cabinet with the proposal. "After a review of these PSUs, it was decided to shut them down. The decision was

taken last month but we are yet to finalise a cabinet note,” said an official in the know of the development. In May, ET had reported that investments by central public sector enterprises (CPSEs) in publicly listed state-level entities have come under the government’s radar. It had begun a review of these investments as part of a restructuring exercise to ensure that these CPSEs are not saddled with unrelated ventures or loss-making firms.