

<b>Daily Economic News Summary: 23 October 2019</b>
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**1. PM Modi likely to visit Saudi Arabia on October 29 for investment summit**

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

Prime Minister Narendra Modi is likely to visit Saudi Arabia on a day-long visit on October 29 to participate in an annual investment forum to be held there, official sources said on 22 October. Modi's visit comes months after Saudi crown prince Mohammed bin Salman paid a visit to India in February. Modi will attend the third edition of the Future Investment Initiative (FII), an annual investment forum being held on October 29-31. Saudi Arabia had said last month that it is looking at investing USD 100 billion in India in areas of petrochemicals, infrastructure and mining among others, considering the country's growth potential.

**2. DPIIT plans single window system to handhold foreign investors**

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

The Department for Promotion of Industry and Internal Trade (DPIIT) is planning to set up a single window system to handhold foreign investors keen to invest in India, an official said. The single-window system is likely to have representatives from both the Centre and state governments, the official said. The system will help in getting all relevant approvals and clearances required by foreign investors. A proposal regarding this was prepared by the department. DPIIT Secretary Guruprasad Mohapatra on 21 October said that the proposal was being sent to Commerce and Industry Minister Piyush Goyal for approval.

**3. FDI investors may soon get relationship manager in India; govt plans one more way to lure investments**

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

Foreign investors willing to invest in India but skeptical about the red tape in the country may expect to get a relationship manager who can take care of the clearances. The government is planning to facilitate the clearances from the centre and local bodies by providing a relationship manager to the FDI investors, who are willing to invest over \$500 million. DPIIT secretary Guruprasad Mohapatra said at an event that the government will bring this facility very soon. Many investors willing to invest in India have earlier complained about the tough clearance

procedure in India. The growth of FDI in India has remained tepid in the last three years. After growing by 25 per cent in FY15 and 23 per cent in FY16, the growth rate did not touch the double-digit mark in the next three years till FY19, according to the Department of Industrial Policy and Promotion.

#### **4. Toyota plans to launch compact EV in India in partnership with Suzuki**

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

Japanese auto major Toyota Motor Corporation on 22 October said it plans to introduce a compact battery electric vehicle (BEV) in India in association with compatriot Suzuki Motor Corporation. The two firms are looking to introduce the BEV at an early stage, Toyota said without disclosing a time frame. "India is one of the countries we have in mind for introduction (of BEV)," Toyota Motor Corporation (TMC) Executive Vice-President Shigeki Terashi told a group of visiting Indian reporters in Tokyo. He was replying to a question on the company's plans for EVs in India considering how the eco-friendly technology has gained traction with the government pushing for it.

#### **5. Airbnb expects India to be one of its top three markets in the long term**

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

As the appetite for travel increases, Airbnb the online marketplace for homestays and lodging spaces expects India to be one of its top three markets in the long term, said a top executive. "Yes, we're a US-founded company, but, you know, given our size and scope, and particularly how we think about India, it is going to be one of our top three markets in the long term. If you project over the next 10 years, there's no way you can be in any type of an economic space, particularly travel and tourism, and not make India among your top-tier markets. The world's going to be coming to India and India is going to be going to the world," said Chris Lehane (pictured), senior vice-president of global policy and communications at Airbnb. In the country to launch a partnership with a local NGO Princess Diya Kumari Foundation in Jaipur to promote local crafts and experiences, Lehane said Airbnb saw 70 per cent annual growth in domestic guests in India in 2018, higher than the global growth of 60 per cent.

## **6. Indian rupee down against greenback in line with Asian peers**

**Source: Livemint ([Link](#))**

The Indian rupee on 22 October opened marginally lower against the US dollar tracking a fall in Asian currencies. Emerging market currencies were subdued after UK Prime Minister Boris Johnson lost a key vote in the parliament. According to reports, the British parliament voted in favour of Johnson's Brexit plan, but then rejected his timeline to fast-track legislation to take Britain out of the European Union. That effectively means UK would not be able to finalise its exit by Johnson's 31 October deadline. In the year so far, the rupee has weakened 1.65%, while foreign investors have bought nearly \$8.61 billion in Indian equities and \$4.08 billion in debt during the period.

## **7. Abhijit Banerjee meets PM Modi, bats for banking reforms**

**Source: Livemint ([Link](#))**

Abhijit Banerjee, the winner of the 2019 Nobel prize for economics, on 22 October backed the government's flagship health insurance scheme Ayushman Bharat and Prime Minister Narendra Modi's efforts to reform the country's bureaucracy, but called for aggressive steps to deal with the problems in the banking sector. Banerjee, who called on Modi, said the Prime Minister gave him quite a lot of time, discussing his vision of India as well as his efforts to reform the bureaucracy. Banerjee, who later addressed reporters, said the Prime Minister joked about the media trying to bait him into giving "anti-Modi" remarks. He declined to take questions on the state of the economy, saying the questions were too broad.

## **8. Govt to soon change definition of MSMEs: Nitin Gadkari**

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

The government will soon make changes to the definition of a micro, small and medium enterprise, Union Minister Nitin Gadkari said on 22 October and hoped to generate five crore jobs in the MSME sector in five years. Finance Minister Nirmala Sitharaman had in August said the government would consider amending the MSME Act to move towards a single definition. The update in the definition of micro, small and medium enterprises (MSMEs) may allow a single definition for purposes related to taxation, investment, etc. The new definition is likely to be effected through an amendment to the MSME Act and may lead to further improvement in India's ease of doing business scenario.

**9. Banks to face capital shortfall of Rs 3.5 lakh crore in event of systemic crisis in NBFC sector: Fitch Ratings**

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

Banks would face a capital shortfall of about \$50 billion (about Rs 3.5 lakh crore) in the event of a systemic crisis in the non-banking financial company (NBFC) sector, according to a study by global rating agency Fitch. "The credit profiles of the state-owned banks would come under significant pressure, and the weakest including those with Viability Ratings in the 'b' range -- would face heightened solvency risks without capital injections from the government," according to a stress test conducted by Fitch Ratings. The stress test examines the potential impact on banks of liquidity pressures in the NBFC sector developing into widespread failures.

**10. Malaysia to study impact of palm oil import boycott by Indian traders: PM Mahathir Mohamad**

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

Malaysian Prime Minister Mahathir Mohamad said on 22 October Malaysia will study the impact of an Indian boycott of its palm oil shipments, a day after India's top vegetable oil trade body asked its members to stop buying from the Southeast Asian nation. On 21 October, the Solvent Extractors' Association of India (SEAI) asked its members to stop buying palm oil from Malaysia, an unprecedented call aimed at helping New Delhi punish the world's second-largest palm oil producer for criticizing India over its policy toward Kashmir.