

Daily Economic News Summary: 27 August 2019

**1. Government gets windfall gain from RBI; raises expectation for stimulus**

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

The government will receive a windfall from the central bank in the current financial year thanks to a much higher-than-expected dividend, allowing Prime Minister Narendra Modi's administration to provide a tottering economy with additional fiscal stimulus. The decision by a committee specifically set up to look at whether the Reserve Bank of India (RBI) was holding on to too much of its reserves recommended that it provide the government with 1.76 trillion rupees (\$24.62 billion) as a dividend in the bank's fiscal year that ended June 30. Although 280 billion of the 1.76 trillion rupees has been transferred to the government, that leaves 1.48 trillion rupees to be moved across in the current fiscal year that started on April 1, a statement by the RBI said on 26 August.

**2. Embassy Group to enter co-living business**

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

EPDPL Co-Living Pvt. Ltd, part of property developer Embassy Group, plans to build co-living facilities to cater to the growing migrant millennial workforce and students, and also offer housing options to the large workforce at its own office parks across cities, said Aditya Virwani, chief operating officer, Embassy Group. Bengaluru-based Embassy Group will start the new venture with 20,000 beds to be built on its existing land portfolio, which it aims to grow to more than 100,000 owned and operated beds in five years. The brand is planned for an official launch towards the end of 2019 with a flagship project in Bengaluru, followed by Pune. The company is also in talks to acquire land in Gurugram.

**3. FM Nirmala Sitharaman likely to announce more support measures for economy: DBS.**

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

The government may announce two more tranches of support measures over the next fortnight, following last week's economy boosting package unveiled by Finance Minister Nirmala Sitharaman, according to a report by DBS. Sitharaman on 23 August announced a raft of measures, including rollback of enhanced super-rich tax on foreign and domestic equity investors, exemption of startups from 'angel tax', a package to address distress in the auto sector

and upfront infusion of Rs 70,000 crore to public sector banks, in efforts to boost economic growth from a five-year low. “Taking a leaf of these recent measures, we reckon that the focus will be on finetuning measures along with an accommodative monetary policy, while steering clear of broad-based fiscal stimulus,” said Radhika Rao, Economist at DBS Group Research. The latest RBI minutes from the August review saw the committee members accord high priority to limit weakness to growth and to jumpstart transmission.

#### **4. Amazon India to offer to jobs to ex-servicemen, their spouses**

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

Global e-tailer Amazon’s Indian arm has launched a military veterans’ employment programme to offer jobs to ex-servicemen and their spouses at its fulfilment, sort and delivery centres across the country. “The programme will be implemented in partnership with the Director-General of Resettlement and the Army Welfare Placement Organisation,” Amazon India said in a statement here on 26 August. The e-commerce giant has about 50 fulfilment and 200 delivery centres in cities and towns across the country. The company did not, however, disclose how many sort centres it has at its fulfilment and delivery centres. A company spokesperson said that as a policy, it does not disclose how many people are cumulatively employed at the respective centres in the Indian sub-continent.

#### **5. Govt to soon consider relaxing FDI norms in single brand, digital media**

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

The government will soon consider relaxing foreign direct investment (FDI) norms in several sectors, including single-brand retail trading and digital media, to attract overseas players, sources said. Other sectors where FDI rules would be eased are coal and contract manufacturing. According to sources, the Union Cabinet would soon consider these issues for approval. The government may allow 100 percent FDI in contract manufacturing, according to the proposal. In the existing foreign investment policy, 100 percent foreign direct investment is permitted in the manufacturing sector under the automatic route. A manufacturer is also allowed to sell products manufactured in India through wholesale and retail channels, including through e-commerce, without the government's approval. But the policy does not talk about the contract manufacturing and it is not clearly defined in the policy.

## **6. Govt recommends 5% import tax hike on refined palm oil from Malaysia**

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

India's trade ministry has recommended raising the tax on refined palm oil imports from Malaysia by 5% to curb cheaper purchases of the tropical oil, showed a government document. The ministry has recommended raising the import tax for six months, said the document seen by Reuters. India currently imposes a 40% import tax on crude palm oil and 50% on refined palm oils. But shipments of refined palm oils from Malaysia have since January been taxed only at 45%, under an agreement with Malaysia. That led to a surge in refined palm imports in the first seven months of 2019. Government sources on Friday said India planned to impose an extra 5% tax on vegetable oil imports within weeks and use the revenue to help boost the country's stagnating oilseed production.

## **7. Deutsche Bank is cutting jobs across the world but hiring in India**

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

Deutsche Bank AG's only retail banking franchise outside Europe is getting more investment, amid sweeping cost cuts and restructuring taking place elsewhere at the German lender. After receiving a 470 million euro (\$520 million) capital injection earlier this year, Deutsche Bank's Indian operation is set to hire about 140 people and boost its retail banking and wealth management operations. The ambitions for India reflect Deutsche Bank's wider focus on retail banking and wealth management as it pursues the sweeping restructuring unveiled by Chief Executive Officer Christian Sewing earlier this year, involving the loss of 18,000 jobs and a plan to reduce costs by about a quarter. Some of the heaviest cuts are falling on investment banking and trading, and all new hiring requires approval from Sewing.

## **8. India biggest potential thermal coal market for Australia: Report**

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

India, the world's third largest coal consumer, is one of the most appealing market for Australia's thermal coal to meet its increasing energy requirements, according to a new report. According to 'The Coal in India 2019' report, prepared by the Australia's Office of the Chief Economist, Australia is not a significant supplier of thermal coal to India despite India's imports growing by 84 million tonnes in the past five years. The report said that India was the world's third largest coal consumer behind China and the United States; and the share of coal in India's electricity mix

was rising. Indonesia was main supplier for India for thermal coal while Australian exports were going to China, Japan and South Korea, the report said,

### **9. India to import more from US, commerce ministers to talk to reduce bilateral trade differences**

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

Prime Minister Narendra Modi on 26 August informed President Donald Trump that India plans to further step up imports, including oil, from the US and that USD 4 billion worth of imports were already "in the pipeline", as the two countries sought to overcome their differences on tariffs and market access. The Modi-Trump meeting assumes significance in the wake of the strain that has popped up in the bilateral relationship on a host of trade and economic issues. Meeting on the sidelines of the G7 Summit in the French city of Biarritz, where India was a special invitee, Modi and Trump agreed that preferably before the Prime Minister visits US next month, there will be an interaction between their trade ministers at which "the whole range of trade issues will be discussed," Foreign Secretary Vijay Gokhale said.