

Daily Economic News Summary: 29 August 2019
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1. RBI to release annual report for FY19 today. Key things to watch out for

Source: Livemint ([Link](#))

The Reserve Bank of India is set to release its Annual report for the financial year 2018-19 on 29 August. The report, which is released every year, analyses the working and operations of the RBI and suggests measures to improve the economic performance. Here are the 3 main things to watch out for from the annual report. The annual report is likely to reiterate RBI's concerns on the current growth slowdown in the midst of benign inflation. In its last policy RBI had revised GDP growth for FY20 downwards to 6.9% from 7% in the June policy citing weak economic activity and global slowdown. The annual report is likely to highlight the state of the banking system including non-banking finance companies. In its financial stability report, RBI had said that there is a need for greater surveillance of NBFCs and housing finance companies (HFCs) as the failure of these companies can cause losses comparable to those caused by big banks

2. Govt makes fresh growth push with big-ticket FDI reforms

Source: Livemint ([Link](#))

The Union cabinet cleared a raft of changes in foreign direct investment (FDI) regulations, including easing rules for overseas single-brand stores and permitting FDI through the automatic route in contract manufacturing and all areas of coal mining. "The changes in FDI policy will result in making India a more attractive destination, leading to benefits of increased investments, employment and growth," a cabinet statement said on 28 August. The Indian economy had decelerated to a five-year low of 5.8% in the March quarter, while high-frequency indicators, including automobile sales, have signalled a consumption slump. Most analysts expect the economy to slow down further in the June quarter, GDP data for which will be released on Friday. Last week, finance minister Nirmala Sitharaman announced a number of measures to boost investor sentiment and spur economic growth.

3. Apple, IKEA, H&M may bolster their presence in India as Centre relaxes FDI rule in single-brand retail

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

Seeking to create a manufacturing eco-system at a time when several foreign companies are looking to shift out of China to beat an escalating global trade war, the Cabinet Committee on Economic Affairs also decided to allow up to 100% FDI in contract manufacturing via automatic route. Large foreign companies, including iPhone maker Apple, Swedish furniture giant Ikea and fashion retailer H&M, will be able to bolster their presence in India, as the government on 23 August relaxed key aspects of the 30% local sourcing rule for foreign direct investment (FDI) in single-brand retail. Seeking to create a manufacturing eco-system at a time when several foreign companies are looking to shift out of China to beat an escalating global trade war, the Cabinet Committee on Economic Affairs also decided to allow up to 100% FDI in contract manufacturing via automatic route. Tech giant Apple and many pharmaceutical companies that rely on contract manufacturers will gain. While 100% FDI was already permitted in manufacturing under the automatic route, the rules for contract manufacturing were not clearly spelt out earlier.

4. Iran, India could seal preferential trade agreement by 2019 end: Iranian envoy

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

The preferential trade agreement with India could be signed by year-end as talks have entered “final phase”, Iranian envoy to India Ali Chegeni said on 28 August. He also suggested putting in place a barter trade system with India beyond the existing rupee payment mechanism, saying it could be a way to get around the US sanctions on Tehran. “We could do barter trade with India, agriculture against agriculture, pharmaceutical against pharmaceutical and so on,” Chegeni said at an interactive session with Indian business organised by PHDCCI on 28 August. Asserting that the Chabahar port was a “golden gate” for India to reach out to central Asian countries and the West, Chegeni said opportunities were in plenty for the Indian firms at the strategic port.

5. Sourcing relief for single-brand retail

Source: Livemint ([Link](#))

India on 28 August relaxed local sourcing norms for single-brand retailers with foreign direct investment (FDI) and allowed them to sell online even before setting up physical stores, in a move expected to benefit some of the world’s largest retailers including IKEA, H&M and Uniqlo. Currently, for single-brand retailers with over 51% FDI, the policy requires that 30% of

value of goods has to be procured from India as part of the local sourcing requirement. This can be met as an average during the first five years, and thereafter annually towards its Indian operations. On 28 August, the cabinet decided that all procurements made from India by a single-brand retailer for that brand shall be counted towards local sourcing, irrespective of whether the goods procured are sold in India or exported.

6. 'Brand Kashi' fruits, veggies in Europe, Gulf; Narendra Modi's constituency to become export hub soon

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

The department of commerce has announced that the farmers will be trained to grow the export quality product and will be made aware of the standards followed in European countries, Gulf countries and Singapore. Narendra Modi's constituency Varanasi may soon become a hub of fruit and vegetable exports. The department of commerce has announced that the farmers will be trained to grow the export quality product and will be made aware of the standards followed in European countries, Gulf countries and Singapore. The fruit and vegetable grown in Varanasi will be branded as Banaras Brand Kashi or Brand Kashi. The export program will be covered under the agriculture exports policy, which is aimed to enable farmers to get benefits of export opportunities in overseas markets. The policy aims to double India's share in world agri exports by integrating with the global value chain at the earliest.

7. Rajasthan CM Ashok Gehlot meets Japanese biz delegation, invites fresh investment in state

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

Rajasthan Chief Minister Ashok Gehlot assured a Japanese business delegation of his government's full cooperation and support in setting up industries in the state. Gehlot gave the assurance during his meeting with the delegation led by Japan's Ambassador to India Kenji Hiramatsu. The delegation also had representatives from companies located in Japanese Zone at Neemrana in Rajasthan and the Japan External Trade Organization (JETRO). During the meeting, the Japanese delegation too appreciated the help and facilities accorded to them in their functioning at Neemrana Japanese Zone and elsewhere in the state. An official statement said over 27,000 people are getting employment in the Japanese companies working in the state. The chief minister urged Japanese companies already operating in the state to consider carrying out expansions, while promising them full cooperation in ventures.

8. US to waive mandatory interview for certain visas

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

The US is working on making the visa application process shorter for Indian nationals and starting September 1, certain applicants can apply for a waiver from mandatory interview. In a communication to travel agent associations, the US Consulate said the initiative aims to reduce turnaround times for visa renewals and improve customer service for visa applicants across India. Applicants renewing their US visa (subject to certain conditions), children below the age of 14, and senior citizen above the age of 79 can qualify for an interview waiver while applying for a US visa starting next month. The US consulate and VFS Global, which processes US visa applications in India, did not respond to an email seeking comments till press time 28 August.

9. Single-use plastic bags, cups, plates may be banned from October 2: Report

Source: Livemint ([Link](#))

India is set to impose a nationwide ban on plastic bags, cups and straws on October 2, officials said, in its most sweeping measure yet to stamp out single-use plastics from cities and villages that rank among the world's most polluted. Prime Minister Narendra Modi, who is leading efforts to scrap such plastics by 2022, is set to launch the campaign with a ban on as many as six items on Oct. 2, the birth anniversary of independence leader Mahatma Gandhi, two officials said. These include plastic bags, cups, plates, small bottles, straws and certain types of sachets, said the officials, who asked not to be identified, in line with government policy. "The ban will be comprehensive and will cover manufacturing, usage and import of such items," one official said. India's environment and housing ministries, the two main ministries leading the drive, did not respond to emails from Reuters to seek comment.

10. Cabinet clears Rs 6,268 crore sugar export subsidy

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

The government on 28 August announced a Rs 6,268 crore subsidy for export of 6 million tonnes of sugar during the 2019-20 marketing year starting October in order to liquidate surplus domestic stock and help mills in clearing huge sugarcane arrears to farmers. The decision was taken at a meeting of the Cabinet Committee on Economic Affairs (CCEA) headed by Prime Minister Narendra Modi. "We have taken an important decision in the interest of sugarcane farmers. The cabinet has approved export subsidy for 6 million tonnes for 2019-20," Information and Broadcasting Minister Prakash Javadekar told reporters after the cabinet meeting.

A lump sum export subsidy of Rs 10,448 per tonne will be given to sugar millsNSE 0.51 % in the 2019-20 marketing year (October-September), costing the exchequer Rs 6,268 crore as subsidy, he said. The government is providing subsidy for export of 5 million tonnes of sugar for the current 2018-19 marketing year.