

Daily Economic News Summary: 3 October 2019

1. PM Narendra Modi declares India open defecation-free

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

Declaring India ‘Open Defecation-Free’, Prime Minister Narendra Modi stressed on removing single-use plastic and optimum use of water as next steps of the Swachh Bharat Mission, on the banks of the Sabarmati on the occasion of the 150th birth anniversary of Mahatma Gandhi. “Today, villages in rural India have declared themselves open defecation free,” Modi said, adding that showed the strength of voluntary participation. “Five years ago, when I had called for Swachhagraha from the ramparts of Lal Quila, we only had belief in people and the immortal message of Bapu,” Modi said. “Bapu used to say that bring in the change in yourself that you want to see in the world and we all picked up the broom and started with that mantra,” he added.

2. Govt launches mega drive against single-use plastic

Source: Livemint ([Link](#))

The government launched massive campaigns against single-use, or disposable, plastic products on 2 October, as part of the year-long celebrations to mark 150th birth anniversary of Mahatma Gandhi. Many organizations also played their part in the initiative, deciding to go plastic-free. Flagging off the Bharatiya Janata Party’s Sankalp Yatra to celebrate Gandhi’s birth anniversary, Union home minister Amit Shah highlighted the perils of single-use plastic. “Plastic takes nearly 400 years to degrade and even animals are adversely affected. Single-use plastic is dangerous to the country and the world,” he said. At a separate event, defence minister Rajnath Singh urged people to extend the cleanliness programme to cover environment protection and to vow not to use disposable plastic bags, as these are extremely harmful to nature. Instead, he advocated the usage of cloth bags, which are environment-friendly. “It will also generate employment for the poor,” said Singh.

3. Indian stock market seen under pressure as Asian peers fall after US levies tariffs on Europe

Source: Livemint ([Link](#))

The Indian stock markets is expected tread lower on 3 October following weak global cues. Asian stocks, already under pressure from growing fears about global economic growth, tumbled

on 3 October taking cues from the slump in US equities overnight. Stocks on Wall Street fell as Washington opened a new trade war front by saying it will impose tariffs on \$7.5 billion worth of imports from the European Union. MSCI's broadest index of Asia-Pacific shares outside Japan fell 0.4%, while Japan's Nikkei dropped nearly 2%. Australian shares declined 2.2%. Yields on the two-year US Treasury yields approached a two-year low and the dollar fell against major currencies as weakening economic data exposed the damage that the trade war with China has caused to the US economy.

4. Udaan soars higher, raises \$585 million in fresh funds

Source: Livemint ([Link](#))

Udaan, the fastest Indian startup to achieve unicorn status, has raised \$585 million in its latest round of funding, valuing the online business-to-business marketplace at \$2.5-3 billion. The Series D round saw investments from Tencent, Altimeter Capital, Footpath Ventures, Hillhouse, GGV Capital and Citi Ventures, the firm said on 2 October. Existing investors Lightspeed Venture Partners and DST Global also invested in the round. Online B2B marketplaces have caught investors' fancy as small and midsize businesses are increasingly turning to the internet to interact with a wide range of suppliers, allowing for better price discovery and lowering their purchasing expenses. "Udaan's unique approach can enhance the capabilities of millions of kirana stores across India," Martin Lau, president of Tencent said in the statement. "Udaan represents a powerful example of how technology can empower the business of small merchants, improve the efficiency of industries and bring benefits to consumers."

5. Huawei-wary US puts more pressure on India, offers alternatives to data localisation

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

America applied more pressure on India on the contentious issue of deploying 5G technology in a recent closed door meeting between key officials of both the countries. It also suggested alternatives to data localisation. The meeting, held in New Delhi, came within days of Prime Minister Narendra Modi's US visit and amid trade negotiations between the two countries. The Indian delegation comprised officials from the ministries of home, telecom and electronics & IT. It also included officials from National Security Council, Defence Research & Development Organisation and National Payments Corporation of India. The US delegation was led by Robert Strayer, Deputy Assistant Secretary of State for Cyber and International Communications and Information Policy.

6. Vehicle scrapping draft norms to be out this month

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

Fast-tracking norms for creation of formal scrapping centres, the government will soon announce a voluntary vehicle scrappage policy to set out a clear framework. The policy is expected to bring the auto sector out of its worst slump in the past 20 years, and create demand for new vehicles. Draft guidelines are expected to be out for public comments this month, before the scrappage policy is announced. They are being prepared by the transport ministry in consultation with the ministries of steel and environment, forest and climate change, a senior government official told ET. “The guidelines will ensure details of the scrapped vehicles are linked with VAHAN (transport ministry vehicle database) and vehicles are deregistered at the scrapping centre itself so people do not have to visit the Regional Transport Office,” said the official, “This will ensure ease of doing business.”

7. Trade ministers of RCEP to hold key meet next week

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

Having earlier shown reluctance due to fears of dumping by China, India could endorse the RCEP deal, but to protect domestic industry, it may agree to trim or remove tariffs on Chinese goods in five phases over a 20-year period. Trade ministers of the 16-nation RCEP grouping will meet in Bangkok on October 10-12, in what could be the last ministerial before a potential deal is sealed in November, an official source told FE. Commerce and industry Minister Piyush Goyal will attend the meeting next week. Technical negotiations for the Regional Comprehensive Economic Partnership (RCEP) deal were over when chief negotiators of various countries met in Vietnam last week after 28 rounds of talks. Commerce and industry Minister Piyush Goyal will attend the meeting next week.

8. Corporate tax cuts: No MAT credit under new regime

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

A sizeable cross-section of Corporate India will likely opt out of the regime of 22% headline tax rate, as the government on 2 October made it clear that those switching to the new dispensation can't avail of their accumulated minimum alternate tax (MAT) credit. Companies taking MAT credits as assets will have to now write these off and take a big hit on profits if they adopt the new regime, negating the recent tax cuts' purpose of boosting the cash flows of firms and encouraging them to invest. According to tax experts, the companies to be hit by the latest

Central Board of Direct Taxes (CBDT) circular are the ones whose effective tax rates have risen in recent years, with their exemptions and incentives being phased out. These firms, including those in power, oil & gas, mining and pharmaceutical industries, used to pay MAT but over the last 2-3 years have moved to the marginal tax, with removal of tax reliefs

9. US commerce secretary to meet Piyush Goyal today amid deal buzz

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

Differences over American demands that India scrap or sharply cut duties on seven ICT products – including high-end cell phones and smart watches —, remove price caps on medical devices like stents and offer greater market access in agriculture and dairy, among others, are learnt to have delayed the trade deal. US commerce secretary Wilbur Ross will meet commerce and industry minister Piyush Goyal in New Delhi on 3 October, a source told FE, amid growing expectations that the two sides would soon firm up a “limited deal” after months of negotiations. Ross is also expected to meet finance minister Nirmala Sitharaman separately.

10. India, US to launch new clean energy initiative to fuel economic growth in Indo-Pacific

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

India and America will launch a new initiative for clean energy to fuel economic growth in the strategically-important Indo-Pacific region where China has been trying to expand its sphere of influence, the US State Department has said. The US has been pushing for a broader role by India in the Indo-Pacific region in the backdrop of China's rising military maneuvering in the region. China has been trying to expand its military presence in the biogeographic region, comprising the Indian Ocean and the western and central Pacific Ocean, including the South China Sea. Beijing claims almost all of the South China Sea. Vietnam, the Philippines, Malaysia, Brunei and Taiwan have counter claims over the sea.

11. Monetary policy review: PMC fallout adds to RBI's woes ahead of rate cut

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

India's worsening banking problems are adding a new layer of complexity to the central bank's monetary policy as it prepares to cut interest rates again to spur economic growth. The Reserve Bank of India is set to lower its benchmark repurchase rate for a fifth time this year on 4 October, days after it issued a statement to reassure the public that the banking system is “safe and stable.” It recently imposed withdrawal curbs on a small bank and lending restrictions on another lender. The latest trouble in the banking system may further hurt lending in an industry

still grappling with the fallout from the collapse of a major shadow lender last year. That's had a knock-on effect on consumption and investment in the economy, pulling down economic growth to a six-year low. All 31 economists surveyed by Bloomberg see a rate cut this week, though the magnitude differs from 20 basis points to 40 basis points. The RBI's unconventional 35-point cut at its last meeting has made it more difficult for analysts to predict moves.