

Daily Economic News Summary: 30 August 2019
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1. Revival of demand, investment top priority: RBI annual report

Source: Livemint ([Link](#))

Reviving consumption demand and private investment remains the top priority in the current fiscal, the Reserve Bank of India (RBI) said on 29 August, signalling the possibility of at least one more interest rate cut this year. To revive growth, governor Shaktikanta Das asked banks to pass on past rate cuts to borrowers at a faster pace by linking lending rates to external benchmarks such as repo rate. Das's renewed pitch for addressing the causes of the slowdown in Asia's third-largest economy comes amid sales of passenger vehicles dropping to a near two-decade low in July and news of mass layoffs across several industries. The central bank has already slashed rates by 110 basis points this year to spur growth.

2. India to woo foreign firms to capitalize on US-China trade war: Report

Source: Livemint ([Link](#))

India is targeting companies including Apple, Foxconn and Wistron Corp with a charm offensive aimed at encouraging them to shift business out of trade war-hit China, according to a source and a document seen by Reuters. Several Indian officials met on 14 August and discussed a list of "target companies" that also include Taiwan-headquartered contract manufacturer Pegatron Corp, a source with direct knowledge said. The dispute between the United States and China, the world's two largest economies, has led to higher tariffs on goods worth billions of dollars and disrupted global supply chains, prompting companies to look at other investment avenues to escape higher tariffs. Nations such as Vietnam have emerged as top destinations given the faster clearances and stable policies they offer, industry experts said.

3. Flipkart announces measures to curb single use plastic

Source: The Indian Express ([Link](#))

Keeping in line with Prime Minister Narendra Modi's efforts to end usage of single-use plastics, India's e-commerce giant Flipkart on 29 August announced it had achieved a 25 per cent reduction in single-use plastic as of 1 August through various initiatives across its packaging value chain. In a press release, the company also announced its commitment to eliminate use of plastics in packaging and that by March 2021 they will move towards 100% recycled plastic.

consumption in its own supply chain. The e-commerce marketplace plans to introduce eco-friendly paper shreds, replacing poly pouches with recycled paper bags and will also file an application under EPR (Extended producer responsibility) framework, to target 30% plastic waste collection back this year. Flipkart Group CEO Kalyan Krishnamurthy said, "Creating alternatives for single-use plastic packaging is one of the significant steps we have taken towards fulfilling our commitment to create a sustainable ecosystem. Our long-term vision is to eliminate the use of plastic and maximise the use of recycled and renewable materials."

4. Govt to announce two big steps to boost industry

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

Stating that consumption needs to be given a push, Union Finance Minister Nirmala Sitharaman 29 August said the Centre will announce two more big steps in the coming days to give momentum to industry. The government has decided to increase spending and has announced a slew of measures to arrest the sluggishness in the automobile market, she told a press conference here. She also informed that authorities have been instructed to clear all pending GST refunds within the next 30 days, while asking to release all such refunds within 60 days in future. Sitharaman hit out at the Congress for indulging in "huge corruption and scandals" to run the economy and said its tenure saw inflation touching double digits with skyrocketing prices.

5. Strong demand lifts Indian rice rates, Thai prices buoyant

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

Prices of Indian export rice rose this week on good export demand and concerns over production of the summer-sown crop because of erratic rainfall, while fluctuations in Thailand's currency supported Thai export rates. Top exporter India's 5% broken parboiled variety was quoted at \$374-\$378 a tonne this week, up slightly from \$372-\$375 a week ago. "Rice production could fall in key states like West Bengal and Andhra Pradesh due to lower rainfall," said an exporter based at Kakinada in the southern state of Andhra Pradesh. India received 14% less rainfall than the 50-year average in the week to Aug. 28, data from the India Meteorological Department (IMD) showed. A firmer baht, Asia's best-performing currency this year, has kept prices high while supply shortages because of a continuing drought - the worst in a decade - has also played a major role in supporting prices.

6. RBI to soon issue new salary norms for private, foreign bank heads

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

The Reserve Bank will soon issue revised salary norms for top officials of foreign and private sector banks. The apex banks had in 2012 issued guidelines for compensation of chief executives, whole-time directors, and control function staff of private sector and foreign banks. However, with the evolving international best practices and past experiences, the RBI had reviewed these compensation norms and released a discussion paper in February 2019, seeking comments from the stakeholders. "The comments received are under examination and the revised guidelines will be issued shortly," RBI said in the annual report 2019 released on 29 August. To align the current regulatory framework with global best practices, the RBI said, it will also issue the draft guidelines on corporate governance at banks.

7. MSMEs to be biggest beneficiaries of trading in steel futures, says industry body; inks MoU with BSE

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

The steel sector, which majorly comprises of MSMEs, is looking for more transparency, a level playing field and investment boost as industry body Steel Users Federation of India on 29 August inked an MoU with the BSE to enable trade in steel futures. Amid economic slowdown triggering fall in steel demand from auto and infrastructure sectors, the steel sector, which majorly comprises of MSMEs, is looking for more transparency, a level playing field and investment boost. Industry body Steel Users Federation of India (SUF) on 29 August inked a memorandum of understanding with the Bombay Stock Exchange (BSE) to enable trade in steel futures.

8. Currency in circulation increases 17% in FY19 to Rs 21.1 trillion: RBI

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

Bank notes in circulation in the economy increased 17% in FY19 to Rs 21.1 trillion from Rs 18.03 trillion in FY18, the Reserve Bank of India (RBI) said in its Annual Report of 2018-19, which was released on 29 August. In volume terms, the bank notes in circulation increased 6.2% to 108.76 billion pieces from 102.4 billion during FY19, the RBI said in its report. The Reserve Bank follows a July-June financial year. The Rs 500 and Rs 2,000 bank notes constituted 82.2% of the total value of bank notes in circulation at the end of March 2019, as compared to 80.2% at the end of March 2018. Also, the Rs 500 note, which accounted for 49.2% of the value of bank notes in circulation in FY18, increased to 51% in FY19.

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.