

Daily Economic News Summary: 30 July 2019

**1. Amazon India to turn up heat on Zomato, Swiggy: Jeff Bezos's company to foray into food delivery**

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

In a move that could raise competition for the current reigning giants such as Zomato, Swiggy and Uber Eats, Amazon India is planning to start its own online food delivery business in the country this year, Reuters reported citing unidentified sources. The Jeff Bezos' company is partnering with India based Catamaran, which was founded by IT industrialist Narayana Murthy, and has already started roping in staff for its latest operation, the news agency cited sources as saying. The launch of e-commerce platform's new service is expected ahead of the festive season, which kicks off in September. Food delivery industry has been on a rising trend since 2011, globally, and the industry is expected to witness a steady 3.7% CAGR in 2020, according to a McKinsey report.

**2. RBI allows domestic banks to sell NPAs abroad as one-time settlement**

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

The Reserve Bank of India (RBI) on 30 July allowed domestic banks to directly sell their bad loans in manufacturing and infrastructure sectors to investors abroad as part of one-time settlement (OTS) exercises. The move will allow overseas investors to take direct loan exposure to Indian corporates. The defaulters, or stressed borrowers, can sell their assets in accordance with the OTS scheme, in order to raise external commercial borrowing (ECB) from abroad to repay domestic loans, the RBI said in a statement. At the same time, Indian corporates can raise long-term loans for working capital, 'general corporate purposes' and repaying domestic rupee loans, the statement said. Apart from easing the non-performing asset (NPA) pressure on domestic banks, the RBI's move can allow companies to raise cheap, long-term loans easily now. Part or all of that can be used to retire domestic loans.

**3. India received highest-ever FDI worth \$64.37 b**

**Source: The Hindu, Business Line ([Link](#))**

India received the highest-ever FDI inflow of \$64.37 billion during the fiscal ended March 2019, said a government report. "In the current financial year (2018-19), the country registered highest

ever FDI inflow of USD 64.37 billion,” the report said. Highlighting the importance of FDI, it said the foreign inflows bring in resources, the latest technology and best practices to push economic growth on to a higher trajectory. The DPIIT under the commerce and industry ministry further said path-breaking reform measures undertaken during the last financial year have resulted in India surpassing the FDI received in 2016-17 and registering an inflow of USD 60.98 billion during 2017-18, a new all-time high. The FDI inflows was USD 45.14 billion during 2014-15 when Prime Minister Narendra Modi-led NDA government assumed power. The inflows were USD 55.55 billion in the following year.

#### **4. Kolkata is a top warehousing hub now**

**Source: The Hindu, Business Line ([Link](#))**

West Bengal, particularly Kolkata and its suburbs, is fast emerging as one of the major warehousing and logistics markets in India. According to sources, , deals worth ₹500-₹700 crore are already in different stages of discussions or are being inked. Kolkata and the suburbs took up warehousing space to the tune of 3.5 million square feet last year (in 2018). Some of the areas that are fast turning out to be the hotbeds, include those along the National Highway 2 (Delhi Road) and National Highway 6 (Bombay Road). As per sources, some 500 acres of land across villages along the Delhi Road and Bombay Road areas are under negotiations. In fact, logistics-focused global PE funds and developers such as Morgan Stanley, ESR (backed by Warburg Pincus), Allcargo Logistics, Indospace, Embassy and others are the ones putting in big money.

#### **5. RBI eases end-use norms for external commercial borrowings by corporates, NBFCs**

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

The Reserve Bank of India (RBI) on 30 July relaxed norms for end-use of money raised through external commercial borrowings (ECBs). The central bank said that ECBs with a minimum average maturity period of seven years can be availed for repayment of rupee loans availed domestically for capital expenditure as also by NBFCs for on-lending for the same purpose. “For repayment of rupee loans availed domestically for purposes other than capital expenditure and for on-lending by non-banking financial companies (NBFCs) for the same, the minimum average maturity period of the ECB is required to be 10 years,” it said. According to RBI, ECBs with a minimum average maturity period of 10 years can be used for working capital purposes and general corporate purposes and borrowing by NBFCs for the above maturity for on lending for the above purposes is also permitted.

## **6. Lok Sabha pushes ahead with labour reforms, passes wage code bill**

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

Pushing ahead with labour reforms, the Lok Sabha on 30 July passed the wage code bill in the face of concerns over a single minimum wage and gender disparities in pay. The bill seeks to merge four labour laws related to wages, two of them dating back to 1936 and 1948. It aims to make provision for a national mandatory minimum wage but does not announce one. It makes provision for application of minimum wages for both informal and formal sector workers. It also aims to rationalize the number of wage types from around 2,000 categories to around 200 and reduce the influence of inspectors on companies, a constant demand from employers for years. Opening the discussion in the Lok Sabha, labour and employment minister Santosh Gangwar called the bill historic, saying it aims to transform old and obsolete labour laws into more accountable and transparent ones.

## **7. Google, Facebook, Twitter may be affected: Framework to tax big tech companies being finalised**

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

The government is looking to set a revenue threshold of Rs 20 crore and a limit of 500,000 users above which non-resident technology companies such as Google, Facebook and Twitter will have to pay direct taxes on profits earned locally, multiple sources in the know of the matter said. These limits are part of the 'Significant Economic Presence' (SEP) concept that was introduced in the budget last year. ET has learnt that the government is also considering if the SEP could be made a part of the draft Direct Taxes Code, which seeks to consolidate laws relating to direct taxes. The draft is expected to be submitted to the finance ministry soon. Multinational tech companies have been accused of paying very little taxes locally despite earning significant revenue and profits from offering services such as online advertising to customers in India.

## **8. 5 CMs head to Russian Far East as India balances China in region**

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

Commerce and Industry Minister Piyush Goyal will lead a delegation of five BJP chief ministers next month to the Russian Far East in a bid to stamp India's presence in a resource-rich region currently dominated by China. The visit will set the stage for some big ticket investment announcements by Prime Minister Narendra Modi when he visits Vladivostok in early September. The PM will be the chief guest for 20th edition of the annual Eastern Economic Forum to be held in Vladivostok. The delegation of Yogi Adityanath from Uttar Pradesh, Vijay

Rupani from Gujarat, Devendra Fadnavis from Maharashtra, Pramod Sawant from Goa and Manohar Lal from Haryana will include a representative from Assam, officials said.

### **9. Friction between India and Brazil, following disagreement at WTO**

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

With India's stand against Brazil's stand on the fisheries subsidies at the World Trade Organization (WTO) at the ongoing negotiations, the two are heading towards diplomatic friction. This is expected to hit the India-MERCOSUR talks as well as BRICS grouping. The current rift between the two major emerging countries is based on Brazil's decision to give up developing country special and differential treatment (S&DT) at the WTO. This is something that the Trump administration had again demanded of emerging nations last Friday. Sharing his views with Financial Express Online, Gustavo Rojas, Researcher of the Center of Analysis and Dissemination of the Paraguayan Economy (CADEP) said "India's recent veto against Brazil over the ongoing negotiation in the WTO on subsidies in the fisheries sector is a first sign of the discomfort growing among emerging countries. Particularly among BRICS member nations, after Brazil officially expressing its intention to open up special and differential treatment in future negotiations in the WTO."