

Daily Economic News Summary: 3 October 2019

1. UNIQLO comes to India with its signature jackets and significant investments

Source: Livemint ([Link](#))

UNIQLO founder and chairman Tadashi Yanai — Japan’s wealthiest man — who runs one of the world’s largest apparel retail company Fast Retailing Group said the company has made significant investments in India ahead of the brand’s maiden store launch in the country on 4 October. Yanai, 70, who was in New Delhi for the store launch declined to share investment numbers for Indian market but added that importing apparel, and putting together stores here comes at a cost. “I’m not at liberty of disclosing any of the numbers,” Yanai said when asked about the company’s investments into India’s nearly \$800-billion retail market. “But you have a commitment and it means huge amount of investment is behind it. It is not only about having a store but all about creating garments and transporting garments and listening to customers. Each one of these acts are very costly so it always involves a huge amount of investment,” Yanai told Mint in an interview on 3 October. He added that the country’s 1.3 billion population makes India an “extremely important” market for the company, which is currently competing with Inditex and H&M to sell more garments globally.

2. RBI monetary policy: Central bank likely to cut repo rate today to boost economy as fiscal measures fail to cheer

Source: Firstpost ([Link](#))

The Reserve Bank of India is likely to go for yet another rate cut on 4 October, the fifth in a row, as inflation is within the comfort zone and the need to boost the economy is pressing. Recent fiscal measures to boost ailing growth seem largely inadequate and benign inflation offers room for more easing. It is almost a foregone conclusion that the Reserve Bank of India (RBI) will go for at least 25 bps cut in the repo rate based on what the Monetary Policy Committee (MPC) decides. It is foregone because it is logical given the developments that have taken place in the last month or so. The markets hence should not really be surprised and it is possible that the yields on bonds may not move much, said Madan Sabnavis, Chief Economist at CARE Ratings in an earlier piece in Firstpost.

3. Neighbourhood-first: India helps Maldives and Bangladesh light up their streets

Source: Livemint ([Livemint](#))

As part of the National Democratic Alliance (NDA) government's playbook of creating a new energy security architecture for its neighbours, India has installed smart LED (light-emitting diode) streetlights in Maldives and Bangladesh; under the aegis of India's ministry of external affairs (MEA). These strategic projects undertaken by state-owned Energy Efficiency Services Ltd (EESL) will help Maldives and Bangladesh illuminate their streets, reduce their peak electricity demand, help in energy savings and reduce carbon dioxide emission. The South Asia-focused neighbourhood-first policy is an initiative of Prime Minister Narendra Modi and a cornerstone of his government's foreign policy. "We have just completed the entire Male street lights. Recently we did a joint investment in Maldives for around 2500 street lights. We are doing this with MEA," Saurabh Kumar, managing director of EESL told Mint.

4. Govt says will shield small retailers, US calls for fair e-commerce policy

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

The government has to protect small retailers from e-commerce giants because of "political compulsions", said commerce and industry Minister Piyush Goyal on 3 October as the US trade secretary Wilbur Ross asked India to "fine-tune" its policies. "E-commerce is expected to be an agnostic platform. It's a platform for trading and a platform which provides opportunities to buyers and sellers in an agnostic fashion to work together," said Goyal, adding e-commerce companies must not "throw out small retail out of business" "India is very clear, considering our domestic political compulsions and having about 120-130 million people dependent on small retail--this small retail is a very sensitive subject," he said at the India Economic Forum in New Delhi.

5. India's mini-Lehman moment: Bankruptcies double at real estate developers

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

The number of Indian real estate companies tipped into insolvency has doubled in less than a year since the collapse of a key shadow bank, an event often compared to the Lehman crisis that squeezed American funding markets a decade ago. As many as 421 developers entered bankruptcy court by the end of June, up from 209 in September 2018, around the time when the government seized control of Infrastructure Leasing & Financial Services Ltd. The move triggered a credit crunch for smaller financiers and property firms, which depend on funds from

shadow lenders. The numbers will probably increase, according to Vivek K. Chandy, joint managing partner at law firm J. Sagar Associates. Of the 421 cases, 164 have been closed, he said, which means they were resolved, withdrawn, or the companies faced liquidation.

6. Labour ministry to rejig draft social security code

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

The labour ministry will rework the draft social security code again, after the Prime Minister's Office (PMO) pulled it up over the proposals that did not meet the objective of unifying all social security benefits under an umbrella scheme, a government official said. The ministry's third draft does not align with the government's intent to move towards universal social security, the official said. The PMO is unhappy as the concept of "universal" was missing in the draft code, the official told ET. "The labour ministry has formed a committee to rework the code following a directive from the PMO." The third draft presented by the Santosh Kumar Gangwar-led labour ministry has proposed that the Employee Provident Fund Organisation (EPFO) and Employee State Insurance Corporation (ESIC) be subsumed under a central body with a corporate-like structure.

7. Plastic ban: Lack of clarity leaves E-commerce companies in a fix

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

E-commerce companies are in a fix, as a decision is yet to be taken on a nationwide blanket ban on single-use plastic. The companies have been left wondering how they will ship products from a State that does not have a ban, to one that does. According to sources, earlier this year, the Maharashtra Pollution Control Board (MPCB) sent a show-cause notice to Amazon over the use of bubble wrap plastic packaging. The company sought legal opinion and enhanced the quality of its bubble-wrap to over 50 microns to adhere to the State's Plastic Waste Management & Handling Rules. It is crucial for States and the Centre to work together to formulate a uniform national policy framework for plastics use and plastic waste management, given the spread of e-commerce operations, observed industry sources.

8. States can propose zero-emission mandate to promote electric vehicles: WEF

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

A report compiled by the World Economic Forum (WEF) and Ola Mobility Institute stated that State governments could implement a zero-emission vehicle (ZEV) mandate requiring original equipment manufacturers to register and sell a minimum share of electric vehicles (EVs)

to support the growth of non-fossil fuel vehicles in the country. The report, titled “ EV Ready - India”, suggested that states could also allocate funds for research in battery chemistry and cell technologies as well as for recycling centres to reclaim and recycle critical materials (such as cobalt and lithium). The report has proposed high-occupancy vehicle lane exemption in the capital city or large metropolises. It mentioned that the States could also create a “low-carbon city promotion task force” to promote selected cities as “carbon-free, trouble- free” world-class cities by implementing EV policies.

9. DHL Express India to invest ₹100 cr this fiscal

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

International express service provider DHL Express India is eyeing an investment of ₹100 crore this fiscal, as it looks to expand its presence by setting up facility centres and investing in technology. The ₹100 crore comes as a part of the €250 million that Frank Appel, CEO of Deutsche Post DHL, the world’s largest mailing and logistics provider and holding company of DHL Express, had committed as investments in the country till 2020. India is amongst the top 10 markets for DHL Express globally and amongst the first five in the Asia Pacific region. DHL Express’ global turnover was to the tune of €16 billion (or ₹1,25,000 crore).

10. 'Navratri Gift for J&K': Amit Shah Flags Off Delhi-Katra Vande Bharat Express, Calls it Fillip to 'Make in India' Message

Source: News 18 ([Link](#))

Union Home Minister Amit Shah on 3 October termed the new Vande Bharat Express between New Delhi and Katra as as a “Navratri gift” for Jammu and Kashmir, saying the service was an attempt by the railways to carry forward PM Narendra Modi’s ‘Make in India’ initiative. Popularly known as Train 18, the Vande Bharat Express will begin its commercial run between New Delhi and Shri Mata Vaishno Devi Katra October 5 (Saturday) onwards. “Travel for Vaishno Devi yattris will now become easier... Gandhiji inspired the entire world without giving any big and long speeches... his biggest message was swadeshi and today, we have a swadeshi railway being inaugurated," the Union minister said.