

<b>Daily Economic News Summary: 7 August 2019</b>
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**1. China warns India of 'reverse sanctions' if Huawei is blocked**

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

China has told India not to block its Huawei Technologies from doing business in the country, warning there could be consequences for Indian firms operating in China, sources with knowledge of the matter said. India is due to hold trials for installing a next-generation 5G cellular network in the next few months, but has not yet taken a call on whether it would invite the Chinese telecoms equipment maker to take part, telecoms minister Ravi Shankar Prasad has said. Huawei, the world's biggest maker of such gear, is at the centre of a geopolitical tug-of-war between China and the United States. US President Donald Trump's administration put the company on a blacklist in May, citing national security concerns. It has asked its allies not to use Huawei equipment, which it says China could exploit for spying.

**2. All eyes on RBI today amid growth slump, trade woes, geopolitical tensions**

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

The Reserve Bank of India (RBI) is expected to deliver a 25 basis points (bps) cut in its repo rate on 7 August, the fourth in a row since Shaktikanta Das took over as the governor in December last year. Among things that will shape the decision of the monetary policy committee (MPC), the rate setting body, will be the economic slowdown, low inflation and geopolitical tensions. The central bank is likely to further lower its GDP forecast for FY20, over and above the 20 basis points (bps) cut to 7% it made in the June policy. A slowdown in consumption demand, government spending and the lack of quality jobs have resulted in India's growth slowing down.

**3. Australian and Canadian pension funds invest a billion dollars each in NIIF**

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

AustralianSuper, Australia's largest superannuation fund, and Ontario Teachers' Pension Plan, Canada's largest single-profession pension plan, will invest \$1 billion each in the National Investment and Infrastructure Fund (NIIF) of India's Master Fund.. The agreements in this regard include commitments of \$250 million each and co-investment rights of up to \$750 million each in future opportunities alongside the Fund. This is the third round of investments into the fund, making it the largest infrastructure fund in India with assets under management of over

\$1.8 billion and a co-investment pool of \$2.5 billion. Domestic investors HDFC Life and Kotak Mahindra Life Insurance have further committed ₹60 crore in the third round. AustralianSuper and Ontario Teachers' will now join the Government of India, the Abu Dhabi Investment Authority, Temasek, the HDFC Group, ICICI Bank, Kotak Mahindra Life Insurance and Axis Bank as investors in the fund.

#### **4. Rajya Sabha passes Consumer Protection Bill**

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

Parliament on 6 August approved a new bill to revamp the process of administration and settlement of consumer disputes, with strict penalties including jail term for adulteration and misleading ads by companies. The Consumer Protection Bill 2019, already passed by Lok Sabha, was approved in the Upper House by voice vote and will replace the Consumer Protection Act, 1986. Amendments moved by Derek O' Brien (TMC) and KK Ragesh (CPI) for sending the bill to a select committee of the Rajya Sabha for further scrutiny were rejected by the Upper House. Members from Left parties, DMK and Trinamool Congress opposed the bill saying it takes away indirectly the powers of the state governments and should be referred to a select committee.

#### **5. MSMEs seeks differential interest rates from FM**

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

In the second sectoral meeting with the micro, small, and medium enterprises (MSMEs), the stakeholders demanded differential rates of interest for the sector, a senior government official said. "We have discussed issues relating to GST (goods and services tax), working capital. We have also discussed the issue of delayed payments that the sector faces from both big corporates and PSU (public sector undertakings)," the official said. Finance minister Nirmala Sitharaman is holding a series of meetings with stakeholders from various sectors to take stock of the present economic slowdown. The industry also sought changes in declaration of non-performing assets for MSME sector, Sanjay Bhatia, President- FICCI-Confederation of MSME said. MSMEs facing issues like working capital delays, availability of finance, and sanction of loans.

#### **6. Jammu and Kashmir: All you need to know about the new Union territory's economy**

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

Jammu and Kashmir has become a Union territory with its own legislature. One of the stated reasons for bifurcating the erstwhile state into two UTs is the lack of economic and social development. The economic growth of the state of Jammu and Kashmir has been erratic in the

past few years. State GDP growth rate has fluctuated between -3.2 per cent to 17.7 per cent in a matter of just two years, according to RBI data. The volatility is common for all major sectors of the economy such as industry, banking, construction, manufacturing, and agriculture. With a 56 per cent share, the service sector constitutes most of J&K's economy. Other two major sectors constituting the state economy are industry at 27.8 per cent and agriculture at 16 per cent. The tourism sector plays an important role in the state's economy. The sector has huge potential for employment generation, even for unskilled manpower.

#### **7. 59-minute loan approval among steps to spur growth**

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

State-run banks may approve personal, auto and home loans online in 59 minutes, according to a proposal that they discussed with Union finance minister Nirmala Sitharaman as one of the measures to create demand and boost the economy, officials aware of the discussions said, requesting anonymity. The discussions were first of a series of meetings that the government has planned over the next week with executives of several industries, Sitharaman said on 5 August, promising steps to improve the state of the economy "fairly quickly". India's economy has been facing a slowdown for about a year. The core sector growth in June slowed to 0.2%, the lowest monthly growth since May 2015, and weak demand forced many automobile companies to temporarily halt production.

#### **8. Up next: Rs 1 lakh-crore economic boost plan**

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

The government could soon announce an economic package exceeding Rs 1 lakh crore for the Union Territories of Jammu & Kashmir and Ladakh, government officials familiar with the plan said. An announcement on this is imminent, added the officials, who spoke on condition of anonymity, and may even be made by Prime Minister Narendra Modi in the next couple of days. The government has bifurcated the state of Jammu and Kashmir and also scrapped Articles 370 and 35A that gave the state special status and its permanent residents special privileges. Steering the requisite legislations and resolutions through Parliament, Union home minister Amit Shah said the move would aid in the development of Jammu and Kashmir.

### **9. Govt push for EVs: Italian motorcycle maker Benelli puts plans for manufacturing plant in India on hold**

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

Italian superbike motorcycle-maker Benelli, which re-entered in the domestic market last August, has put on hold its plans to set up a full-fledged manufacturing facility following the government's dogged pursuit to go for electric vehicles. Established in 1911, Benelli is one of the oldest Italian motorcycle-manufacturer and has a presence in over 60 countries such as America, Africa, Europe and the Asia Pacific regions. In 2005, Benelli became part of Qjian Jian Group of China. As of now, we are selling 2,5000 bikes in India. We aim to assemble 10,000 units in the first phase. Once we reach that figure, we aim to go in for production here," said Vikas Jhabaakh, managing director Benelli India. On 6 August, Benelli launched its popular global brand Leoncino 500 in the domestic market with a price tag of Rs 4.79 lakh (ex-showroom). Owned by China's Qianjiang group, Benelli had last year roped in Hyderabad-based Mahavir Group for the local manufacturing and distribution of its motorcycles in India. The partnership entitles Adishwar to assemble, manufacture bikes and import exclusive range of the bikes from Italy and Southeast Asian regions.