

Daily Economic News Summary: 7 October 2019

1. Forex reserves scale record high of \$434.6 billion

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

The foreign exchange reserves touched a record high of USD 434.6 billion as on October 1. While announcing fourth bi-monthly monetary policy, the RBI Governor Shaktikanta Das said as of October 1 the forex kitty peaked to the record high. Between April and October 1, the country's forex reserves had increased by USD 21.7 billion. According to the latest weekly data, the reserves surged by massive USD 5.022 billion to USD 433.594 billion for the week to September 27. In the previous week, the reserves had declined by USD 388 million to USD 428.572 billion. The increase in reserves in the reporting week on account of foreign currency assets (FCA), a major component of the overall reserves.

2. Embassy Parks to invest \$300 mn to build warehousing, logistic projects

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

Embassy Industrial Parks will invest about \$300 million (about Rs 2,100 crore) in three years to develop its logistic and warehousing projects, a top company official said. The company, a joint venture between realty firm Embassy group and private equity firm Warburg Pincus, is developing industrial and warehousing parks in Chakan (Pune), Bilaspur and Farrukhnagar (NCR), Sriperumbudur and Hasur (Tamil Nadu), and Hyderabad in phased manner. “We have completed around 2.7 million sq ft area so far across three warehousing parks at Chakan, Bilaspur and Farrukhnagar,” the company’s spokesperson Aditya Virwani told PTI. The company has invested around \$80 million since 2016 when it started the operation.

3. Seven of top 10 companies lose over Rs 1 trillion in m-cap last week

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

Seven of the 10 most valued domestic companies suffered a combined erosion of Rs 1 trillion in their market valuation last week with HDFC Bank taking the biggest hit by losing over Rs 30,000 crore. Besides HDFC Bank, the other losers included Reliance Industries (RIL), Hindustan Unilever (HUL), HDFC, Kotak Mahindra Bank, ICICI Bank and Bajaj Finance. On the other hand, Tata Consultancy Services (TCS), Infosys and ITC are among the top 10 firms that saw rise in their market valuation for the week ended on 4 October. Market capitalisation

(m-cap) of HDFC Bank dropped the most by Rs 30,198.62 crore to Rs 6,50,446.47 crore. ICICI Bank's market value slid by Rs 22,866.93 crore to Rs 2,67,265.32 crore and Kotak Mahindra Bank tumbled by Rs 15,624.6 crore to Rs 2,98,413.27 crore.

4. Huge investment opportunities in Bangladesh for India: Deloitte

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

Increasing awareness about investment opportunities and continuous work on improving ease of doing business will help Bangladesh attract Indian businesses, Deloitte said. Huge investment opportunities are there in Bangladesh in areas like manufacturing and infrastructure for Indian businesses, Joydeep Datta Gupta, Partner, Deloitte India told . "A lot more road shows are required to increase awareness about investment opportunities to bring in potential investors from India. They also need to continue their work on improving ease of doing business," he said. The other area which needs special focus is matching regulatory framework with global best practices, he said. "Bangladesh is doing a lot in terms of improving infrastructure. They need to continue to do that," Datta added.

5. Amazon, Flipkart find success in rural India during sales season

Source: Livemint ([Link](#))

Amazon.com Inc. and rival Walmart Inc. reported record revenue for their six-day India sales festivals as e-commerce catches on with buyers and sellers in smaller Indian towns, moving beyond the country's urban, English-speaking population. The American competitors have been dueling in India since Walmart cut a \$16 billion deal for control of local pioneer Flipkart Online Services Pvt last year. Their latest sales -- which Amazon calls the Great Indian Festival and Flipkart calls Big Billion Days -- are a high-stakes battle that ran on the same days and concluded over the weekend. Both focused on expanding their online commerce to smaller cities and rural areas, an enormous swath of the country known by its historic name of Bharat. Neither company gave specific revenue figures, though they claimed record activity. "This has been our biggest celebration ever, a digital Bharat festival," said Amit Agarwal, Amazon's India chief, during a telephone call from his Bangalore headquarters.

6. Finance ministry to begin with 2020-21 budgetary exercise from October 14

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

The finance ministry will kick-start the exercise to prepare annual Budget for 2020-21 from October 14 which, among other thing, will have to address critical issues pertaining to slowdown

in growth and subdued revenue collection. It will be the second Budget of both the Modi 2.0 government and Finance Minister Nirmala Sitharaman. “The pre-Budget/RE (Revised Estimate) meetings will begin on the October 14, 2019. All financial advisers should ensure that the necessary details related to these meetings contained in the RE module of the UBIS (Union Budget Information System),” according to a Budget Circular (2020-21) of the budget division of the finance ministry’s Department of Economic Affairs. The Budget Estimates for 2020-21 will be provisionally finalised after the expenditure secretary completes discussions with other secretaries and financial advisers. Pre-Budget meetings will begin from October 14 and continue till the first week of November, it said.

7. India can win big from inevitable \$350-550bn exports moving out of China: Credit Suisse

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

India could potentially be one of the big winners from the US-China trade war, according to a Credit Suisse survey of 100 companies with global sales of \$1 trillion that projects \$350-550 billion of exports will shift out of China and that this is "inevitable even if slow". This survey insights land at the same time when US Commerce Secretary Wilbur Ross is saying in New Delhi that India has a "wonderful opportunity right now, to take advantage of trade dissension elsewhere". \$1 billion translates to approximately Rs 7,000 crore. The Credit Suisse report, reviewed by IANS, has said that firms in China plan to move production to Vietnam, India, Taiwan and Mexico.

8. India grapples with ways to deal with China in RCEP

Source: Livemint ([Link](#))

India is grappling with ways to deal with China in the Regional Comprehensive Economic Partnership (RCEP) forum, even as trade ministers of the countries in the grouping are working towards sealing negotiations for a trade deal later this week in Bangkok. India has agreed to remove duties on 74% of its traded goods with China over a period of 20 years. This figure may even be increased to 80% on China’s request. However, China is unwilling to offer tariff elimination in 90% of traded goods. The 28th and latest round negotiations for RCEP were held in Danang, Vietnam, from 19 September to 27 September. Trade ministers are scheduled to meet on 10-12 October in Bangkok to give final shape to the deal before a meeting of RCEP heads of states in November when a formal announcement regarding the negotiations is likely to be made.

9. India takes baby steps towards tech regulation

Source: Livemint ([Link](#))

The National Payments Corporation of India (NPCI) is reported to be considering a 33% market share cap on payment apps that use the Unified Payments Interface (UPI). The move comes in the wake of the looming dominance of Google Pay. Google Pay and Walmart's PhonePe were the most downloaded fintech apps worldwide last year, according to mobile app tracker Sensor Tower. Industry reports indicate they account for over two-thirds of UPI transactions. Alibaba-backed Paytm is a distant third, after being the leader until late last year. The plethora of other UPI-based payment apps, including NPCI's BHIM, are seeing their share dwindle. NPCI is an umbrella organization that was created by the Reserve Bank of India (RBI) to enable seamless mobile payments between multiple banks via UPI. Seeing the tepid uptake of bank apps, RBI made provisions to let Google use UPI to enter India's payments market two years ago. The government was keen to give a boost to digital transactions which can be tracked, broaden financial inclusion, and catalyse economic growth.