

Daily Economic News Summary: 9 October 2019

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1. India slips 10 places to 68th on global competitiveness index; Singapore on top

Source: Livemint ([Link](#))

India has moved down 10 places to rank 68th on an annual global competitiveness index, largely due to improvements witnessed by several other economies, while Singapore has replaced the US as the world's most competitive economy. India, which was ranked 58th in the annual Global Competitiveness Index compiled by Geneva-based World Economic Forum (WEF), is among the worst-performing BRICS nations along with Brazil (ranked even lower than India at 71st this year). Announcing its latest index, the WEF said on Wednesday India ranks high in terms of macroeconomic stability and market size, while its financial sector is relatively deep and stable despite the high delinquency rate, which contributes to weakening the soundness of its banking system. India is ranked also high at 15th place in terms of corporate governance, while it is ranked second globally for shareholder governance, the WEF study showed. In terms of the market size, India is ranked third, while it has got the same rank for renewable energy regulation.

2. Sequoia unveils second batch of Surge startups

Source: Livemint ([Link](#))

Sequoia Capital India, the local arm of the storied Silicon Valley investor, on 8 October unveiled its second cohort of startups from Surge—the accelerator programme it started earlier this year, to find, help and fund early-stage startups in India and South-East Asia. Surge is a 16-week programme, wherein startups receive company-building and cross-border support, along with \$1-2 million in capital from Sequoia, besides co-investments from other investors. The new batch has 20 startups from across sectors such as consumer internet, clean energy, robotics and social commerce, and have raised about \$45 million collectively. Around 80% of the companies have co-investors. Commerce investments include e-SIM store Airalo, Bijak, a B2B trade platform for the agriculture sector, commercial construction e-commerce firm Brick&Bolt, and Chilibeli, a social commerce platform for farmers, suppliers and consumers.

3. PM takes stock of RCEP trade pact amid concerns

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

Prime Minister Narendra Modi on 7 October took stock of the proposed Regional Comprehensive Economic Partnership (RCEP) trade agreement whose negotiations are in the final stages. Officials said India is likely to remain in the pact but with some safeguards and caveats in order to protect its interests. These carve outs could pertain to future domestic policy concessions in investment and services sectors (called 'ratchet' in trade parlance) along with such concessions given to a trading partner under a bilateral treaty automatically getting extended to RCEP members. Home minister Amit Shah met commerce and industry minister Piyush Goyal, finance minister Nirmala Sitharaman, external affairs minister Subrahmanyam Jaishankar and minister of state for commerce and industry Hardeep Singh Puri on the issue earlier in the day.

4. China hopes for 'more fair' business environment for its companies in India

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

More than a thousand Chinese companies have invested \$8 billion in India and created 200,000 local jobs, and they must get a "more fair and friendly" business environment, said Beijing's ambassador to New Delhi on 8 October. India and China should resolve disputes peacefully through dialogue, said Sun Weidong days before Prime Minister Narendra Modi and Chinese President Xi Jinping meet near Chennai in Mamallapuram for an informal summit. "China encourages Chinese companies to invest in India and hopes that India will provide a more fair, friendly and convenient business environment for Chinese companies to operate in India," he said in an interview to PTI. "At the regional level, we should resolve disputes peacefully through dialogues and consultations and jointly uphold regional peace and stability," he said.

5. Chinese e-scooter maker Benling to invest Rs 100 cr for expansion in India

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

Chinese electric two-wheeler manufacturer Benling is planning to invest around Rs 100 crore by April next year for expansion in India. Benling plans to expand its assembling unit at Manesar, Gurgaon into its first manufacturing unit in India. The company plans to open its second manufacturing unit in Chennai, followed by manufacturing facilities in Pune in West, Kolkata in East, and Guwahati in North-East. It aims to have a full-fledged manufacturing plant in India and establish the country as its second base after China. "By April 2020, Benling will invest Rs 100

crore into Indian market for expanding its manufacturing facilities unit across India," said Paritosh Dey, co-founder and Executive Director, Benling India. The current production capacity of Benling is 3,000 vehicles per month, which the company intends to expand to around 10,000 vehicles per month, followed by 15,000 vehicles in a month, of which around 5,000 units will be for export markets.

6. Samsung plans four IoT experience centres in India

Source: Livemint ([Link](#))

South Korean multinational Samsung Electronics Co. Ltd plans to set up four more state-of-the-art experience centres to showcase its end-to-end Internet of Things (IoT) solutions to drive growth in its India business. Samsung said such centres will help familiarize consumers with its solutions for smarter homes and, this in turn, will help boost sales. The experience centres are likely to come up in Delhi, Mumbai, Chennai and Hyderabad. The company opened its first mobile experience centre for the Indian market in Bengaluru in September 2018. The 33,000-sq.ft store at the Opera House off Brigade Road—a standalone property used during the British era to stage plays—houses Samsung's largest mobile experience centre globally. "We will launch four more such centres in other metro cities," Raju Pullan, senior vice-president, consumer electronics business, Samsung India, said in an interview.

7. NITI Aayog wants govt to buy 60,000 buses under a larger JNNURM

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

While one criticism of the recent sharp reduction in corporate tax rates is that it might not boost consumption demand which is in the doldrums, the Niti Aayog has recommended that a scheme for large-scale public procurement of buses be launched soon, on the lines of the Jawaharlal Nehru National Urban Renewal Mission (JNURM), which was a component of the post-Lehman fiscal stimulus in 2009. The think-tank, according to a senior official, said as many as 60,000 buses be procured over a year or so, using predominantly funds from the Central Budget, but also with part-financing of the scheme by state governments through their road transport corporations. "The procurement of a large number of buses by the government would give a boost to the (crisis-ridden) automobile sector as well as the public transport system, with beneficial implications for the economy," the official said.

8. RCEP talks: India for safeguard tools to keep out damaging imports

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

Facing stiff resistance from key industries — including steel and dairy — against the RCEP trade deal, India is planning to employ an “auto-trigger” safeguard mechanism for imports from not just China but also Australia and New Zealand to better protect domestic players from irrational inflows of heavily-subsidised products, a top source told FE. This mechanism will typically come into play once imports of a particular sensitive product breach a stipulated limit. The concessional duty under RCEP will then be scrapped for that item and the normal (MFN) duty will apply. India is in negotiations to be able to invoke “auto-trigger” in case of 68 sensitive products for at least eight-ten years initially, the sources added. New Delhi will also seek the flexibility of a snapback — or transitional safeguard — mechanism for all RCEP members to provide yet another layer of comfort to its industries, just as negotiations for the 16-nation Regional Comprehensive Economic Partnership (RCEP) have entered the last phase before a potential deal is sealed in November.

9. India Inc increasingly looks abroad for funds

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

A sharp fall in bank credit flow to the commercial sector, and the consequent increase in interest rates, are driving India Inc overseas in a big way. External Commercial Borrowings (ECBs) by Indian companies to meet their working capital needs saw a 10-fold jump in the first five months of the current fiscal (2019-20). According to Reserve Bank of India (RBI) data, they raised \$1.14 billion in April-August this year, against just \$0.13 billion in the same period last year. The central bank, in its latest Monetary Policy report, had said credit growth has slowed down and overall fund flows to the commercial sector have declined, partly due to risk aversion and partly due to a slowdown in demand. “The RBI has set a cap on the ECB rate, which is LIBOR plus 450 basis points. So, if LIBOR is 2 per cent, I can borrow at anywhere between 2 to 6.5 per cent, which is much lower than the domestic lending rates,” said Madan Sabnavis, Chief Economist, CARE Ratings.