

Daily Economic News Summary: 22 August 2017

1. Consumer confidence in India drops in April-June: Nielsen

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

Consumer confidence in India dropped eight percentage points in the second quarter of 2017 from the previous poll conducted by global information, data and measurement company Nielsen in the fourth quarter of 2016. Nielsen attributed the fall in its latest Consumer Confidence report to lower optimism on job prospects, concerns around job security and a caution in spending. According to the report, sentiment levels on local job prospects over the next 12 months fell to 76% for the second quarter of 2017. India dropped from the top spot globally, but at No. 2 on the index it continued to reflect high confidence that it has held for the past three years among 63 countries that Nielsen covers in its Consumer Confidence Index built on an online survey every quarter since 2005, the company said.

2. India agrees to discuss its investment policy in BRICS

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

In a move to boost investment in the Brics (Brazil, Russia, India, China and South Africa) bloc, New Delhi has agreed to discuss issues in investment policymaking. This marks an important shift in the country's stand, say experts. The issues of easing investment guidelines and bringing transparency in investment policy fall in the ambit of investment facilitation, which India has always said to be a matter of domestic policy. Though the agreement is nonbinding, the move might open the floodgates for such issues to get included in negotiations of the World Trade Organization (WTO) and lead to countries losing control on investment regulation, including in strategic sectors. Though India had participated in bilateral discussions on investment, it is opposed to discuss it in the WTO.

3. Economists' expectations of GDP growth: From 6.1% to 6.7% for Q1

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

The economy is likely to expand in the range 6.1-6.7 per cent in the first quarter (Q1) of the current financial year (FY18), largely on the back of agriculture and government expenditure, against 6.1 per cent in the fourth quarter (Q4) of the previous financial year (FY17). Icria expects gross domestic product (GDP) to rise 6.1 per cent in Q1 of FY18, the same rate as in Q4 of 2016-17, says its Principal Economist Aditi Nayar. However, she expects gross value added (GVA), the summation of

agriculture, industry, and services, to grow by 6.3 per cent due to a sharp increase in the government's subsidies in the just-concluded quarter because of front-loading expenditure. GDP is GVA plus indirect taxes minus subsidies.

4. Retail inflation to be within RBI's 2-6% target: BofAML

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

Retail Inflation is likely to stay well within the RBI's 2-6 per cent mandate in the coming months and accordingly, the central bank is expected to cut policy rates by 25 bps on December 6, says a report. According to Bank of America Merrill Lynch (BofAML), inflationary pressures are expected to remain contained by good rains, low growth and subdued imported inflation amid a decrease in global commodity prices...The Reserve Bank in its policy review meet this month has lowered its key lending rate by 0.25 per cent, a move which is likely to translate into lower interest rates for home, auto and other loans as also boost economic activity.

5. India, Hong Kong trade increases by 40% in H1CY17

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

Hong Kong has registered a hefty 40 per cent increase in trade with India in the first half of 2017 at \$18.3 billion, the highest growth rate among the gleaming financial hub's top 30 partner countries that include China and the US. Calling India one of Hong Kong's biggest trading partners, Assistant Executive Director of trade promotion body Hong Kong Trade Development Council (HKTDC) Sophia Chong said there is a big potential for Indian market to further grow in the former British colony, which is now a Special Administrative Region of China. Hong Kong is a "super-connector" that can provide Indian traders a "vibrant" platform to do business, Sophia added... "The value of bilateral trade reached around \$18.3 billion in first half of 2017, an increase of 40 per cent year-on-year, the highest growth among our top 30 partner countries in the same period," Sophia said. India's total trade with Hong Kong stood at \$26.85 billion last year.

6. '352 km Mizoram NH to boost ties with Myanmar; provide new trade route'

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

Aiming to strengthen India's geo-strategic stand and transform the northeastern region into an economic powerhouse, the Centre has cleared a Rs 6,167 crore upgrade of a 352-km National Highway (NH) in Mizoram that will improve economic connectivity to Myanmar as also create an alternate trade route for mainland traders doing business in the northeast. "The Aizawl-Tuipang NH is a major road development work at improving economic connectivity between Myanmar and India. This will also improve access to ASEAN markets for agro-processing, horticulture, dairy and fisheries, besides other industries based on the markets, availability of raw materials and other competitive advantages," Nagendra Nath Sinha, Managing Director of National Highway Infrastructure Development Corporation (NHIDCL), which is executing the project, told IANS...Myanmar, the only southeast Asian country which shares a 1,643-km-long border with India, serves as a gateway to the other 10 member-states of the Association of Southeast Asian Nations (ASEAN). Four northeastern states -- Arunachal Pradesh (520 km), Manipur (398 km), Nagaland (215 km) and Mizoram (510 km) -- have an unfenced border with Myanmar...An expert on Indo-Myanmar affairs sees the project as a renewed commitment for the region's socio-economic development, where roads have mostly been in a dilapidated condition for decades..."This project will aim towards building a strong BIMSTEC (Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation) community and strengthen strategy for India's neighbourhood," Yhome said, adding the project will also help in reaching business to the main areas of Mizoram and other states in the northeast, which too will result in the socio-economic development of the region.

7. Investment in India's retail market touched \$200 million in Jan-Jun 2017: CBRE report

Source: Live Mint ([Link](#))

Investments in India's retail market by private equity firms and wealth funds touched \$200 million, a report on the first half of 2017 by real estate consulting firm CBRE South Asia Pvt. Ltd showed. There were 70 new entries or expansions by global and domestic brands across Mumbai, Delhi-NCR and Bengaluru during the first six months of the year, the firm said in its India retail market report published on Thursday. Seven new global brands entered India during the period, including apparel names like Kate Spade and Scotch & Soda. India overtook China to top the global Retail Development Index in 2017 with a market attractiveness of 63.4% and retail sales of about \$1 trillion,

CBRE South Asia said in the report...The implementation of the goods and service tax (GST) has had some impact on the retail segment, CBRE said. While most essential items are exempt from tax, fast-moving consumer goods (FMCG) are in the 5% tax bracket, restaurants are in the 18% slab and some items—ranging from luxury cars to movie tickets priced over a certain amount—are in the higher 28% bracket.

8. Japan's Miniso sets up shop in India, eyes Rs 10,000 crore (USD 15bn) revenue in 2 years

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

Miyake Junya, co-founder and chief designer of the Japan-based low-cost retail chain Miniso, has set himself an audacious target for India, which he believes is a market of “immense potential”. Junya, who opens the first Miniso shop in India on Friday, is looking to earn Rs10,000 crore in revenue over the next two years. Founded in 2013, Miniso positions itself as a lifestyle brand and sells products in 12 categories including health, beauty, stationery, gift items, creative homeware, boutique package decoration and digital accessories at a starting price of Rs150. The company, which retails in 60 countries through 2,000 stores, will open its first store in Ambience Mall, Vasant Kunj, Delhi, spread over 2,000 sq. ft. Subsequently, Miniso plans to open 210 stores by the end of 2018 and take the count up to 800 by 2019. The company is currently looking for franchise partners in India...The plan, Junya said, is to make India one of its top five markets in terms of revenue. For the year 2016-17, Miniso recorded a revenue of \$1.5 billion, up from \$750 million in the previous year. “The huge potential of India lies in the fact that it offers a very large customer base to tap into. With the population of India running into the billions, the scope this offers is tremendous,” he said, adding that the company is planning to open 10,000 stores in more than 100 countries by 2019, with annual revenue reaching \$15 billion.

9. Flipkart to let sellers sell products globally through eBay

Source: Live Mint ([Link](#))

Flipkart, India's largest e-commerce firm, will now sell products to customers in over 190 countries through a new programme that is launching through its eBay India subsidiary. The new programme, called Flipkart Global, will allow the over 100,000 sellers on Flipkart's platform to sell their products online in over 190 countries. The initiative will leverage the export capabilities of eBay India, which was bought over by Flipkart as part of a \$1.4 billion funding round in April... Flipkart will soon launch a programme that will bring products from other parts of the world to Indian customers

through its eBay arm—similar to what Amazon India does with its Global Store programme for Indian shoppers. In October last year, Amazon India launched the Global Store for Indian shoppers, offering fashion brands, books and other products from its US online store that aren't available in India...This new programme will help Flipkart boost its popularity with the few millions of non-resident Indian online shoppers globally who typically like to have access to and order Indian products. More importantly, it also opens up a promising new revenue stream for Flipkart, which currently is locked in a market-share battle with arch-rival Amazon India.

10. GST pulls down India Inc net by 15.7% to Rs 87,475 crore (USD \$14bn) in Q1
Source: Business Standard ([Link](#))

India Inc profits dipped by 15.7 per cent to Rs 87,475 crore in the first quarter of the current fiscal, largely owing to destocking of goods by companies before execution of GST regime from July 1, said a report. According to an analysis of 2,108 companies by credit rating agency Care Ratings, the corporate net profits stood at about Rs 1.04 lakh crore in April-June period of 2016-17. Besides, net sales of companies slowed down to 8.7 per cent in the three months ended June 2017, after registering a growth of 9.5 per cent in the same period year-ago..."Most of the industries in the first quarter that have posted lower growth numbers were affected by the destocking goods before implementation of GST from July 1, 2017 by the government," the report said.