

Daily Economic News Summary: 12 July 2019

**1. US India bilateral trade could reach USD 238 billion by 2025**

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

The bilateral trade between India and the US could reach USD 238 billion by 2025 from the current USD 143 billion given the present dynamics of the commercial engagement, a US-based India centric advocacy group said on 11 July. This growth will occur if trade grows by 7.5 per cent each year, as has been the trend for the last seven years, the US India Strategic and Partnership Forum (USISPF) said in a report released on the occasion of its second annual leadership summit. The USISPF's "US India Bilateral Trade Report" estimate also projects that, by 2025, bilateral trade could range between USD 283 billion to USD 327 billion, at an annual average growth rate of 10 per cent-12.5 per cent (as witnessed in 2017 and 2018).

**2. Unaffordable housing: Dream home still too costly for most Indians**

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

At a time when the government is focused on 'Housing for All', data released by the Reserve Bank of India (RBI) on 11 July paints a grim picture, showing that affordability has worsened over the past four years, with Mumbai remaining the least affordable city, when it comes to owning a house. And this is when most builders are facing a demand shortage despite the fact that prices are no longer rising as fast as in the past; indeed, there has been a slight reduction in prices in most areas. Sales of residential units in the top 8 cities in the country have fallen from 2.91 lakh units in FY17 to 2.1 lakh units in FY19. As a result, while the slower number of new launches has helped reduce inventory levels — from 9.2 lakh units in the year ended March 2017 to 7.9 lakh at the end of March 2019 according to PropEquity — stocks still remain very high; at current sales levels, clearing just the inventory can take several years.

**3. Brazil escalates WTO dispute over India sugar subsidies**

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

The Brazilian government said it had asked the World Trade Organization to establish a panel aimed at resolving its dispute over Indian sugar subsidies, according to a joint statement by the foreign and agriculture ministries. The WTO's Dispute Settlement Body is expected to take up

Brazil's request at its meeting scheduled for July 22, the statement said. Australia and Guatemala also lodged complaints against India on Thursday, according to the ministries. Brazil alleges that the Indian government has taken actions that distort global sugar markets. The South American country claims India doubled the minimum price for sugarcane since the 2010/2011 crop year with Indian sugar exports soaring in 2018/19 to 5 million tonnes from 2 million tonnes the prior year.

#### **4. Niti Aayog proposes two-wheelers sold in India after 2025 should be electric ones: Nitin Gadkari**

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

To ensure rapid transition towards electric mobility, the Niti Aayog has proposed that two-wheelers below the capacity of 150 cc sold in the country after March 31, 2025, should be electric ones only, Parliament was informed July 11. In a written reply to the Lok Sabha, Road Transport and Highways Minister Nitin Gadkari also said the Aayog has also proposed that three-wheelers sold in the country should be electric ones only after March 31, 2023. Gadkari said the government has started working on meeting the demands of electricity for the new set of electric vehicles (EVs).

#### **5. Two Indian start-ups bag honours at global manufacturing summit in Russia**

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

Two Indian start-ups have won the Mohammed Bin Rashid Initiative for Global Prosperity award at the second edition of Global Manufacturing and Industrialisation Summit (GMIS) being held in the Russian city of Yekaterinburg. GARV Toilets (providers of smart sanitation services that deploy Internet of Things) won in the 'Sustainable Cities' category, while A2P Energy Solutions (which seeks to prevent stubble burning by converting agricultural waste into energy) bagged the honours in the 'Sustainable Energy' category. They were selected as winners from over 1,100 entries across four categories in an open challenge that included multiple round of pitches and interviews. Each winner took home a prize money of \$100,000.

#### **6. Financial services sector emerges biggest overseas borrower in Apr-May at \$3bn**

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

The financial services sector, led by non-banking lenders and housing finance companies (HFCs), was the largest overseas borrower in April-May period of the current financial year amid tight liquidity conditions in the domestic market. According to the RBI data on external

commercial borrowings (ECBs), Indian corporates raised \$6.7 billion in loans overseas (including via approval and automatic routes) in the first two months of FY20. Of the total borrowing, the share of financial sector stood at \$3 billion or 45 per cent of the total ECBs. “Tight liquidity condition in domestic markets has forced various NBFCs (non-banking finance companies) and HFCs to explore alternate funding sources and ECB has emerged as an alternate funding avenue,” said Anil Gupta, Vice-president & Sector Head-Financial Sector Ratings, ICRA.

### **7. Ecommerce firms submitting companies details to government**

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

India’s top new age internet firms including Flipkart, Amazon and Snapdeal are in the process of submitting detailed reports to the ministry of commerce and industry, explaining their company structures and business operations in India, multiple people with knowledge of the matter told ET. This is the first such instance of the government seeking such a clarification on the way these internet companies function, and comes on the back of several complaints being made by seller bodies and other rival players about internet commerce firms allegedly violating laws that govern the sector. The development also coincides with the Competition Commission of India (CCI) conducting a survey on the ecommerce market in India.

### **8. Walmart told US govt India e-commerce rules regressive, warned of trade impact**

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

Walmart told the U.S. government privately in January that India's new investment rules for e-commerce were regressive and had the potential to hurt trade ties, a company document seen by Reuters showed. The lobbying effort yielded no result at the time - India implemented the new rules from Feb. 1 - but the document underlines the level of concern at Walmart about the rules. Differences over e-commerce regulations have become one of the biggest issues in frayed trade ties between New Delhi and Washington. Walmart's problems in India highlight the regulatory complications it faces as it restructures its international business to boost growth and online sales. Mexico's competition regulator recently blocked its acquisition of delivery app Cornershop, while in Britain it was stopped from merging its British arm Asda with rival Sainsbury's.