

## Daily Economic News Summary: 14 August 2018

### 1. Pune Gets First Spot In Ease Of Living Index, Delhi Languishes At 65th Spot

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

Pune is the most liveable city, followed closely by Navi Mumbai and Greater Mumbai in a ranking of 111 Indian cities with the national capital ranked at a lowly 65 on the Ease of Living Index released by the government here. Thane is the fourth Maharashtra city that made it to the top 10 in the list. Other cities ranked among the best 10 are Tirupati, Chandigarh, Raipur, Indore, Vijaywada and Bhopal. Chennai has been ranked 14, Hyderabad at 27 and Bengaluru at 85. Kolkata had refused to participate in the survey. Gurugram is at the 88th spot. Rampur in Uttar Pradesh is at the bottom of the list that has Jammu and Srinagar in Jammu and Kashmir at 95 and 100. Notably, none of the cities in big states like Uttar Pradesh, West Bengal, Tamil Nadu and Karnataka have made it to the top 10. The Ease of Living Index was launched by Housing and Urban Affairs Minister Hardeep Singh Puri on August 13.

### 2. Amazon Invests Another Rs 2,700 Crore In India Business

Source: Livemint ([Link](#))

Amazon, the world's largest online retailer, has invested an additional ₹2,700 crore (\$386 million) in its Indian unit, bringing its total investment in India to roughly \$4 billion in the five years that it has operated in the country, even as it continues to battle local rival and market leader Flipkart. Amazon, which has committed to invest at least \$5 billion in India and also separately allocated an additional \$500 million to build out its food retail business in India, simultaneously pumped in about ₹100 crore (\$14 million) into the business (Amazon Retail India Pvt. Ltd). Amazon Seller Services, the marketplace arm of Amazon India, received the funds earlier this month, according to regulatory documents filed with the Registrar of Companies that were sourced from Paper.VC. So far, Amazon has been spending all its cash on building massive warehouses, a large logistics unit, marketing, discounts and increasing product assortment.

### **3. Govt Asks Amazon India To Set Up Server To Protect Customers' Personal Data**

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

The government has asked American e-commerce major Amazon to set up a server in India as it looks to prevent unbridled migration of the personal data of customers. Recently, Electronics and Information Technology Minister Ravi Shankar Prasad conveyed this to Amazon India head Amit Agarwal. In the past too, the government has been vocal about data localisation, engaging with companies such as Google, WhatsApp and Facebook on the issue. Although currently there is no law in India regarding data safety, the government is working on a data protection framework based on the recommendations of Justice B N Srikrishna-led panel. To start with, foreign e-commerce companies will be asked to set up servers in India, so that the personal data of customers, generated through e-commerce operations, does not go out of the country. The draft national policy for e-commerce also proposes mandatory localisation of customer data. However, once the data protection rules come into effect, all the sectors will fall under their purview.

### **4. Contagion Fears: Rupee Slides To Lowest Ever Close On Turkish Lira Shock**

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

The rupee on August 13 tumbled against the dollar, ending the session at 69.9287, an all-time low. The immediate reason for the sharp fall in the currency was the strengthening dollar the Dollex at one point during the day was trading at 96.522, a level not seen in the past one year. Moreover, the fall in some emerging market currencies such as the Turkish lira, which has so far lost a whopping 45% since January, also appears to have affected the sentiment. There was no confirmation on whether the Reserve Bank of India (RBI) intervened in the markets on August 13. Jayesh Mehta, managing director and treasurer, Bank of America, said the rupee's movement had been sharp because it had reacted to the moves in the dollar and the lira. "Since it was the first day and the market was positioned neutrally to the rupee last month, the move was dramatic. However, we expect the currency should settle down," Mehta observed. He pointed out that India's economy was in far better shape than those of most emerging markets.

### **5. Cheap Imports Entering Via ASEAN Trade Pact May Hit Make In India**

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

India's big plan to boost 'Make in India' through higher import duties has encountered turbulence, with cheap products from overseas being routed into the country by misusing the freetrade agreement with the Association of South East Asian Nations. The Directorate of Revenue Intelligence, or DRI, is enquiring into imports of mobile phones and other telecom and IT equipment under the FTA route after allegations of abuse. "The agency has been asked to look into the issue," said a government official privy to the development. India imposed customs duty on smartphones in July 2017 and subsequently increased the levy in the budget this year. Customs duties were also increased for automobile components, television LED/LCD and OLED panels, fruits juices, smart watches and sunglasses in the budget.

### **6. Group Of Ministers On RCEP Likely To Meet On August 14**

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

A group of ministers (GoM) set up to recommend whether India should continue to be part of the 16-member Regional Comprehensive Economic Partnership (RCEP) is likely to meet on August 14, even as officials from various departments shared their concerns on the proposed pact with senior commerce department officials on August 10. While the steel ministry has already aired its fears on India becoming a secondary market for steel imports from China, the agriculture ministry is wary of dairy products coming in from New Zealand. Both China and New Zealand are part of the RCEP grouping that also has as its members the ten ASEAN countries, Australia, Korea and Japan besides India. There were secretary level consultations earlier this week in the run-up to the GoM meeting that was expected to take place on August 10. The four-member GoM was set up to discuss the future of the talks and India's participation in it ahead of a key meeting of RCEP trade ministers on August 30-31.

### **7. Ethanol Units Plan To Start Operations In Oct Following Govt Relaxation**

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

After a record 32.25 million tonnes of sugar output for the season 2017-18, the Indian Sugar Mills Association (ISMA) forecast India's sugar output to set a new record even at 35.5 million tonnes for the season beginning October 2018 (season 2018-19). Against this, India's annual sugar

consumption is estimated at 25.5 million tonnes. Prime Minister Narendra Modi has announced savings of Rs40 billion of foreign currency reserves for 2017-18 through ethanol blending with petrol. The ISMA in June estimated sugarcane acreage to be higher by 8 per cent at around 5.43 million hectares for 2018-19 as compared to 5.04 million hectares in 2017-18. The new ethanol capacity would not only consume a substantial quantity of excess sugarcane but also help encourage the ethanol-blending programme. Owing to a lack of adequate supply, the government has so far failed to achieve 5 per cent of mandatory ethanol blending with petrol target set four years ago.

#### **8. E-Commerce: DIPP Unlikely To Rush To Allow FDI In Inventory Model**

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

Even though a task force on e-commerce has suggested that up to 49% foreign direct investment (FDI) be allowed in e-tailers holding inventory of locally produced goods, the Department of Industrial Policy and Promotion (DIPP) is unlikely to rush into effecting such a change. Currently, up to 100% FDI is allowed in e-commerce marketplaces via the automatic route but no foreign investment is allowed in e-tailers holding inventory of goods, except in the retailing of domestically-produced food items. The DIPP the nodal department to formulate FDI policies for the retail sector has no plan to ease the existing policies for e-tailers as of now, a senior official told FE. So even if the next draft policy on e-commerce suggests such a relaxation, it doesn't guarantee a policy change automatically, he added. This is because the DIPP is learnt to have had its reservations on such a policy relaxation, given stiff opposition by brick-and-mortar stores and sensitivity attached to retail trade.

#### **9. Finmin Unlikely To Heed RBI's Demand For Greater Power Over PSU Banks**

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

The finance ministry may not accede to the Reserve Bank of India's demand for greater regulatory and supervisory powers over state-run banks. After the government criticised the central bank for its failure to detect the massive ₹ 14,356 crore fraud at the Punjab National Bank (PNB), RBI had requested the government to stop issuing regulatory instructions applicable only to public sector banks, given that "dual regulation" is discriminatory. The central bank also said that it should be

the sole regulator for banks and the regulations should be uniformly applicable to all commercial banks. It further argued that it lacked the powers to remove a weak management or non-performing directors of state-run banks. However, a finance ministry official said that the government always takes RBI's advice. "The RBI has asked us to change management of state-run banks and we have done it. Then where is the question of it not having powers to remove management of state-run banks," the official said, requesting anonymity.