

Daily Economic News Summary: 20 December 2018

1. India To Become Fifth-Biggest Economy In 2019, Says Study

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

Britain risks slipping from being the world's fifth-biggest economy to its seventh-largest next year, when it is due to leave the European Union, with France and India on course to overtake it, accountancy firm PwC said. PwC projected economic growth in 2019 of 1.6% for Britain assuming the country manages to avoid the shock of a no-deal Brexit in March versus 1.7% for France and 7.6% for India. PwC expects India to rise to fifth place next year from seventh, and France to remain at sixth.

2. Government Plans To Pay Five Iran Banks For Oil Imports

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

India will use escrow accounts of five Iranian banks held with UCO Bank to deposit money for oil purchases from the Middle East producer to overcome US sanctions, according to people with knowledge of the matter. Iran will use part of the deposits for purchasing essential goods from India and to meet expenditure incurred by its diplomatic missions in the South Asian nation, the people said, asking not to be identified because the information isn't public. All spending will be in Indian rupees.

3. India Tea May Benefit From Sri Lanka Wage Hike, Vietnam Problems

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

Indian tea is expected to benefit from wage hike in Sri Lankan plantations and residue (pesticide) problems in Vietnam, traders said. Domestic tea production during 2018 is expected to stay more or less the same as last year despite lower rainfall, while exports are expected to marginally increase. India is the second largest producer of tea in the world and contributes 26% to the global production. According to the state-run Tea Board data, India's tea production for the January-October of 2018 stands at 1,117.6 mkg, against 1,127.2 mkg in the year-ago period. South Indian tea production for 10 months of 2018 stands at 187.6 mkg, against 197.3 mkg in 2017. North Indian tea production for 10 months of 2018 was 929.98 mkg, against 929.85 mkg in the same period last year.

4. Govt To Seek More Funds For Public Sector Banks

Source: Livemint ([Link](#))

The government will infuse additional capital into public sector banks (PSBs) in a move that is aimed at easing credit availability in the economy ahead of general elections due by May. The measure is likely to be announced in Parliament on 20 December. Responding to questions about how much capital the government will infuse, economic affairs secretary Subhash Chandra Garg said, “Wait for the supplementary demand (for grants) which is likely to come up tomorrow.” State-run lenders have been struggling with a massive pile of bad loans, as well as huge losses, forcing the government to infuse funds to ensure that they meet the prescribed capital norms and can boost credit disbursements.

5. UK’s New Visa Strategy To Benefit Indian Techies, Students

Source: Livemint ([Link](#))

A UK government White Paper on its post-Brexit **visas** and immigration strategy unveiled in Parliament on 19 December is expected to benefit Indian students and professionals, with a focus on skills rather than country of origin. The UK’s future skills-based immigration system, tabled in the House of Commons by UK Home Secretary Sajid Javid, removes any cap on highly-skilled migrants from anywhere in the world and improves the post-study work offering for international students. Under the new proposals, an annual cap of 20,700 on the number of skilled work visas issued will be removed, likely to benefit doctors and IT professionals from India, among others. There will also be a new 12-month visa route for workers at any skill level for a temporary period to allow businesses to hire the staff they need on a time-bound basis.

6. Niti Aayog Sets Target Of 8% Growth Over Next Five Years

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

Niti Aayog, the government’s think tank, has pitched for an average 8% growth over the next five years to lift India to a \$4-trillion economy in its 75th year of independence, proposing a strategy for a New India by 2022. A document unveiled by finance minister Arun Jaitley and Niti Aayog vice-chairman Rajiv Kumar on 19 December detailed 41 key areas, recognising progress made and identifying constraints on the path to achieve these goals. It broke down the 41 sectors into four broad categories: drivers, infrastructure inclusion and governance.

7. Japanese Firms And Business Establishments In India Increase 5%

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

The number of Japanese companies registered in India and business establishments operating in the country increased 5% in October from a year ago amid growing momentum in bilateral ties. According to Japanese government data, the number of Japanese companies registered in India increased to 1,441 from 1,369 and that of Japanese business establishments went up to 5,102 from 4,838 during the period. The he numbers grew more in Haryana and Maharashtra than in other states, as per the data. Manufacturing sector accounted for half the companies and a third of the business establishments in India.