

Daily Economic News Summary: 22 May 2019

1. RBI Rules Out Credit Line For NBFCs, Discusses Revised Bad Loan Circular

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

The Reserve Bank of India (RBI) board on 21 May suggested not extending a credit line to struggling non-banking financial companies (NBFCs) because it felt there was no systemic liquidity issue but there were solvency concerns in some large entities. The board, headed by RBI Governor Shaktikanta Das, met in Chennai and discussed the NBFC crisis as well as a revised circular that would replace the controversial “resolution of stressed assets” framework released by the central bank on February 12, 2018. The RBI is working on a liquidity framework for the NBFC sector and that may be released soon. Though an asset quality review (AQR) is not on the cards for NBFCs, the board was informed the central bank had called the management of large NBFCs and asked them to submit plans, with timelines, for capital infusion and asset monetisation.

2. Jio Adds 9.4 Million Users In March, Airtel, Vodafone Idea Lose 30 Million Customers

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

The wireless subscriber base in the country declined by 1.85% in March after nearly a year of sustained growth primarily because of Bharti Airtel and Vodafone Idea, which together lost over 29 million customers during the month as a result of implementation of minimum recharge plans. The wireless subscriber base declined to 1,161.81 million at the end of March from 1,183.68 million at the end of February. The wireless subscriber base had last declined in April last year when there was a net deduction of 58.34 million subscribers from the telecom industry. Reliance Jio is the only operator which has added 9.48 million subscribers in March, whereas all other operators, including state-run BSNL which has been consistently adding subscribers recently, have reported a net loss of users.

3. PNB Could Take Control Of OBC, Andhra Bank, Allahabad Bank: Reports

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

Punjab National Bank (PNB) could take control of two or three small state-run banks, that could include Oriental Bank of Commerce, Andhra Bank and Allahabad Bank, two sources familiar

with the situation told Reuters. New Delhi has been trying to merge smaller regional state-run banks with better managed larger government-owned lenders as one way to reduce bad loans that stand at more than Rs 9 trillion (\$130 billion), or nearly 5 per cent of the nation's gross domestic output. PNB could start the process of taking control of the banks in the next three months, according to the sources, who declined to be named, as they are not authorised to speak to the media. PNB shares fell as much as 4 per cent following news of the possible development. Its shares ended down 2.55 per cent at Rs 86.10 on National Stock Exchange on 21 May.

4. Ray of hope: Etihad Airways Submits Binding Bid For Jet Airways

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

A ray of hope emerged for revival of Jet Airways with its minority partner, Etihad Airways submitting a binding bid on 17 May to invest in the grounded airline. 17 May, which was the last day for submitting the binding bids, did not see offers coming from the three other shortlisted bidders IndiGo Partners, TPG, and National Investment and Infrastructure Fund (NIIF). However, Etihad's bid is also conditional in the sense that it has said that it alone cannot revive the airline and needs other investors to provide majority recapitalisation. Etihad currently has a 24% stake in the airline. Even as per the foreign direct investment guidelines for the aviation sector, Abu Dhabi-based Etihad's stake cannot go beyond 49% in the airline.

5. India Agrees To Review Ban On Import Of China Apples

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

India has agreed to initiate steps for a possible resumption of imports of apples and pears from China which were suspended in June, 2017 after bugs and fungus were detected in the fruits shipped from the neighbouring country. "New Delhi has agreed to send a team to China to inspect apples and pears to be sure that they are free of contaminants. Once the team has carried out its inspections, further decision on the matter can be taken," a government official told BusinessLine. Commerce Ministry officials had assured Chinese Vice-Minister Zhang Jiwen of General Administration of Customs of China (GACC) and his team, when they visited New Delhi earlier this month, that their demand for resumption of imports of apples and pears would be looked into.

6. India On Road To ‘Car Registration Portability’

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

Owners of cars or other vehicles relocating from one State to another will be spared the tedium of re-registering their vehicles and changing the vehicle number plates, if a planned move of the Road Ministry takes off. The proposed policy is still in the idea stage and was discussed at the Group of Transport Ministers meeting a few months ago, according to an official. To get around this, the Road Transport Ministry had written to all the State governments with a suggestion to introduce a common tax regime across States based on the price of cars. Currently, car buyers tend to flock to States that offer lower tax rates, which make for cheaper cars. If implemented, this will enable number portability of vehicles across regions.

7. Indian Economy Projected To Grow At 7.1% In FY 2020 On Back Of Strong Domestic Consumption, Investment: UN Report

Source: Firstpost ([Link](#))

India's economy is projected to grow at 7.1 percent in the fiscal year 2020 on the back of strong domestic consumption and investment but the GDP growth is a downward revision from the 7.4 percent estimated in January this year, according to a report by the United Nations. The World Economic Situation and Prospects (WESP) 2019 Mid-year Update, released on 21 May, said that the Indian economy, which generates two-thirds of the regional output in South Asia, expanded by 7.2 percent in 2018. "Strong domestic consumption and investment will continue to support growth, which is projected at 7.0 percent in 2019 and 7.1 percent in 2020," the report said.

8. Reliance Retail Set to Disrupt Amazon, Walmart-Flipkart: Report

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

Reliance Retail's upcoming entry into the online retail sector is the biggest challenge for Amazon and Walmart-Flipkart as the Mukesh Ambani-led behemoth is well positioned to create massive disruption in the market, a new report has stressed. According to the global market research firm Forrester, the online retail sales in India will grow at a five-year CAGR of 25.8 per cent to reach \$85 billion by 2023, despite the hiccups of demonetization in 2016, GST in 2017 and the governmental changes in eCommerce policy announced last December.