

Daily Economic News Summary: 24 June 2019

1. RBI Deputy Governor Viral Acharya resigns: Report

Source: Livemint ([Link](#))

Reserve Bank of India (RBI) deputy governor Viral Acharya has quit his role six months before the end of his tenure, said a report on 24 June. Business Standard reported that Acharya is returning to New York University's Stern School of Business (NYU Stern) in August, instead of February 2020 as CV Starr Professor of Economics. Acharya's speech on the need for RBI's independence had made headlines in October last year, when the government and the central bank were at loggerheads over various issues, including the extent of RBI's reserves. Acharya had stressed the importance of a central bank's independence and said direct intervention and interference by the government in the operational mandate of the central bank negates its functional autonomy.

2. India, US must utilise Pompeo's visit to resolve trade frictions: USIBC

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

The United States (US)-India Business Council (USIBC) said that India and US must utilise the upcoming visit of US Secretary of State Michael Pompeo to resolve outstanding trade frictions. It also said tariffs, forced localisation of data and other barriers to trade limit economic opportunities and adversely impact consumers in both the countries. Pompeo will be visiting India from June 25 to June 27. His visit comes shortly after India announced a hike in customs duties on as many as 28 US products, including almond, pulses and walnut, in response to higher tariffs imposed by Washington on Indian products like steel and aluminium. The move will hurt American exporters of these 28 items as they will have to pay higher duties, making those items costlier in the Indian market.

3. India may remain non-committal on Huawei during Pompeo's visit

Source: Livemint ([Link](#))

Even as the US administration puts the screws on Chinese telecom equipment maker Huawei for alleged espionage, India will remain non-committal on allowing the company in 5G rollouts at this week's meetings with US secretary of state Mike Pompeo. India will listen to the US views

on Huawei, but allow itself considerable time before taking a decision, said a government official who spoke on condition of anonymity. The government has already formed a panel to examine concerns arising out of Huawei's participation in 5G. India and the US are expected to discuss issues with regard to trade, Huawei's participation in 5G rollouts, India's planned purchase of the Russian S-400 anti-missile systems, and data localization rules, during Pompeo's visit to India from 25 June to 27 June. India recently approved a one-year 5G trial period and a one-time fee of ₹5,000 for entities seeking experimental spectrum to conduct trials. It has, however, not stated explicitly whether it will allow Huawei to participate in the trials.

4. Zara's Indian partner Tata is building its own apparel empire at half price

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

For nearly a decade, Tata Group has been Inditex SA's partner running Zara stores in India. Now, the country's largest conglomerate is building its own apparel empire as trend-focused as Zara - but at half the price. Its retail arm, Trent Ltd., has fine tuned its local supply chain to deliver "extreme fast fashion" which can get runway styles to customers in just 12 days, the same compressed timeline that's turned Inditex into a \$90 billion empire. Trent now plans to open 40 outlets of its flagship Westside chain every year and hundreds of its mass market Zudio stores, where nothing costs more than \$15, across India, said chairman Noel Tata in an interview in Mumbai. The target audience: a consumer population that is newly trend-conscious and globalized, but whose low average incomes means that clothing from Zara itself is still mostly out of reach.

5. India's new wave of space technology startups catch investors' interest

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

From companies building palm-sized satellites to those aiming to propel satellites into space using cleaner fuels, a new wave of space technology start-ups are mushrooming in India, catching the attention of investors keen to join the space race. Bengaluru-based Bellatrix Aerospace, which wants to propel satellites into orbit using electric and non-toxic chemical thrusters, has raised \$3 million from a group of investors, co-founder Yashas Karanam told Reuters. Venture capital fund IDFC Parampara is leading Bellatrix's pre-Series A round. The family office of Suman Kant Munjal, who belongs to the billionaire family that controls Indian motorcycle maker Hero MotoCorp, and Deepika Padukone, one of Bollywood's biggest stars, are two of the other seven investors.

6. Data protection, Aadhaar bills listed for budget session

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

Three bills key to India's data privacy and protection regime are among the 40 bills tentatively listed to be taken up in the first session of the seventeenth Lok Sabha starting on 24 June. Personal Data Protection Bill, Aadhaar (Amendment) Bill, and DNA Technology Regulations Bill are part of a 25-page bulletin, with a list of bills proposed to be introduced in the Budget session, uploaded on the Lok Sabha website on 21 June. The data protection bill sets out how the personal data of individuals is processed by the government and private entities incorporated in India and abroad. The government believes storing and processing of all critical personal data and storing a copy of all personal data within Indian shores is important for national security and access.

7. Tight norms, weak demand hit foreign foods' imports

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

Imports of food items such as muesli, mayonnaise, noodles, ice cream, ketchup and tomato sauce declined in the last fiscal due to tougher quality norms, increasing domestic production and weaker demand, trade experts said. Despite rising health consciousness among Indian consumers, imports of certain variants of green tea and black tea have also declined, and so have those of gourmet vegetables including lettuce and Jerusalem artichoke, and lifestyle foods such as stuffed pasta, olives and sauces, they said. "Most of these food items were liberally imported into the country earlier but now there are strict quality norms which we adhere to," an official said on condition of anonymity.

8. Modi govt plans more features to flagship schemes to push inclusion

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

Having facilitated the opening of no-frills bank accounts for every household in its first term, the Narendra Modi government is seeking to graduate to the next level of financial inclusion by revamping some of the key schemes to widen their coverage and target the beneficiaries better. The Pradhan Mantri Jan Dhan Yojana (PMJDY), under which banks have opened almost 36 crore zero-balance accounts for the poor, could soon be up for a makeover. With close to Rs 1 lakh crore in deposits in these accounts, customers may get the option to use their deposits as sort of "margin money" to get loans, sources told FE. Already, a Jan Dhan account holder is provided

a RuPay debit card, which has an in-built accidental insurance of Rs 2 lakh and a life cover of Rs 30,000. The life cover amount can be raised up to Rs 50,000.

9. Budget 2019: In Sitharaman's 5-year road map, focus likely on 2 key issues

Source: Hindustan Times ([Link](#))

Finance minister Nirmala Sitharaman's maiden budget will set the stage for reforms over the next five years that could see structural policy changes in areas such as land, labour, capital and entrepreneurship to attract investment, offer incentives to boost consumption, and spend public money on social infrastructure for equitable growth, officials aware of the matter said. As the interim budget presented on February 1 announced several popular decisions, this is being seen as a time for consolidation and to present a five-year policy road map that would boost sagging economic growth and address unemployment, two main concerns for the government, said the officials cited above who asked not to be named.