

Daily Economic News Summary: 24 May 2019

1. A \$1.4 Trillion India Spending Push Tops Modi 2.0 Agenda

Source: Livemint ([Link](#))

India's economy is set for a major boost if Prime Minister Narendra Modi follows through with key campaign promises following his party's sweeping election victory. The Bharatiya Janata Party pledged cash handouts to farmers, \$1.44 trillion to build roads, railways and other infrastructure, a boost to manufacturing, and a doubling in exports. Those promises, along with tax cuts for middle class Indians, resonated with voters, who gave the BJP a majority of the seats in the parliament, according to official results on 23 May. The economy is in need of stimulus. Consumer spending has taken a knock as a crisis among shadow banks curbed lending. Investments have slowed and unofficial figures show a pick-up in unemployment. Economists are forecasting economic growth of 6.5% in the three months to March, which would be the slowest pace since mid-2017.

2. Domestic Pharma Companies Eye Robust Growth From US Market In Fy20

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

Domestic pharmaceutical companies are expecting buoyant growth from the US market in FY20 on the back of product launches, easing of price erosion and withdrawal of certain drugs by top companies. The generics drug business has been showing signs of stability over the past few months. While companies continue to face regulatory pressure leading to higher costs, they see an uptick from the launch of differentiated and high-margin products. "We expect FY20 to be fairly strong with most of our focused markets expected to show reasonable growth in the coming financial year. Our growth will be driven by wider portfolio, limited competition and complex generic launches," said a Dr Reddy's Laboratories (DRL) spokesperson.

3. Basmati Exporters Hold Shipments To Iran Fearing Payment Defaults

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

With no let-up in the US sanctions on Iran and the prolonged standoff only getting worse by the day, Indian basmati exporters are holding on their shipments to Iran, fearing payment defaults or delays. The lack of clarity on future exports and imports from Iran, coupled with growing

uncertainty over payment terms going forward, have made the exporters jittery of meeting their export commitments with counterparts in Iran. “Unless there is new agreement with the Iranian government on export terms, we've decided to put shipments on hold as there are chances of defaults and money getting stuck,” Kohinoor Foods joint managing director Gurnam Arora told Business Standard.

4. GSTN Launches Prototype For New Return Filing System

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

The Goods and Services Network (GSTN) the IT backbone for GST on 22 May launched the prototype for the new and simplified return filing system, which is aimed at familiarising businesses with the new processes before the eventual roll-out. However, the prototype launch is already delayed as the original plan was to introduce a pilot on April 1, followed by the new system on July 1. Experts said that it is unlikely that new system would be introduced on July 1 as businesses have been given deadline for filing audit reports by June 30. “Assessees don’t have time to train staff for new system as it will require extensive changes in businesses processes,” Rajat Mohan, partner at AMRG & Associates, said.

5. EU, China, Thailand Join Hands Against India’s ICT Products Tariff

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

The European Union, China, and Thailand have expressed interest to join consultations in a case filed by Japan at the WTO against India’s import duties on certain information and communication technology products, including mobile phones. Singapore, Canada and Chinese Taipei too have earlier sought to join this dispute consultation against India under the WTO’s dispute settlement body. According to a communication of EU, China, and Thailand to the World Trade Organisation (WTO), these countries claimed that they have a substantial interest in the trade of information and communication technology (ICT) goods and in joining the consultation process. On May 14, Japan dragged India to the WTO over the import duties imposed on certain electronic goods, including telephones for cellular networks, machines for the reception, conversion and transmission or regeneration of voice, images or other data; and parts of telephone sets.

6. Ola Fleet Tech Gets Rs 40-Crore Loan From Tata Motors Finance

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

Tata Motors Finance Solutions has extended a loan of `40 crore to Ola Fleet Technologies, the cab-leasing subsidiary of Ola, according to documents sourced from business signals platform paper.vc. The loan amount will be used for the purchase of Neo electric vehicles by the company on commercial registration, the documents showed. Coimbatore-based automotive component manufacturer Jayem Automotives is developing an electric version of Tata Nano. The rebranded Nano has been granted government subsidy of `1.24 lakh that puts electric vehicle in the same category as Mahindra e20 and Tata Tigor EV. Reportedly, 400 units of Neo will be supplied to Ola for its Hyderabad fleet.

7. Markets Expect Narendra Modi-Led Nda Govt To Encourage Investment, Stable Economic Policies

Source: Firstpost ([Link](#))

With poll uncertainty behind, investors will now be keen to know the future course of action to boost the economy, the solution to ease liquidity situation and measures to address financial sector dislocation, analysts said on 23 May. "The economic and strategic reforms undertaken in the last five years will get a fresh boost with the government led by Narendra Modi coming back to power. Continuation of a stable regime under his leadership is expected to further strengthen the domestic economy" said Dharmesh Kant, Head of Retail Research at India Nivesh Securities Ltd. We expect the markets to continue to be bullish going forward this year, Kant added.

8. Spectrum Auction, 5g Trials Top Telecom Ministry Agenda For New Government

Source: Livemint ([Link](#))

Preparing the Cabinet note for spectrum auction, rolling out of the new digital communications policy and establishing regulatory sandboxes, 5G technology trials, policy on experimentation and trial spectrum for technologies in June, will top the agenda of the Union Telecom Ministry over the next three months once the new government takes over. With election results indicative of a return of the Modi government, the telecom ministry has started getting its act together by working on the pending schedule of the last government which was on halt for the polls while awaiting a new government. Another area awaiting decisions are settling issues on merger and transfers of licenses of the mergers and acquisitions taken so far -- such as Airtel-Telenor, Airtel-TTSL, Vodafone-Idea among others.

9. Steel, Aluminium Producers Want No Reduction Commitments Under RCEP

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

Officials from 16 member-countries to meet in Bangkok on May 24. Steel and aluminium producers have asked the Commerce Ministry to exclude the two items from tariff reduction commitments in the on-going Regional Comprehensive Economic Partnership (RCEP) negotiations as senior officials from the 16 member- countries of the bloc prepare to meet in Bangkok this week to give a more concrete shape to the proposed pact. “Senior officials from all 16 countries will get together at the inter-sessional meeting this week and there will be pressure to keep the sensitive list of items, on which no reduction commitments will be taken, very short. Both steel and aluminium producers have petitioned to the government to keep several of their items out of the reduction commitments,” a government official told BusinessLine.

10. Western Digital's Investment In Indian Markets At Rs 1,400 Crore A Year

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

US-based data storage company Western Digital said its acquisition of SanDisk in 2015 had helped it build a significant presence in India, where it now invests close to \$200 million (nearly Rs 1,400 crore) every year. Western Digital makes data technology products, including storage devices, data centre systems and cloud storage services, being one of the largest in the segment. The total addressable market for enterprise storage in India, according to research firm IDC is \$480 million. According to CyberMedia Research, the client solutions storage or external storage devices space is \$360 million a year in this country. According to Sivaram, surveillance, smart cities, defence and communications are the big areas here where Western Digital sees scope for growth.