

## Daily Economic News Summary: 25 June 2019

### **1. India, Japan to launch \$187-m fund for start-ups during Modi's visit to Osaka**

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

India and Japan will launch an ambitious \$187-million fund of funds to promote start-ups when Prime Minister Narendra Modi meets his Japanese counterpart Shinzo Abe at the G-20 meet in Osaka this week. “The fund has created great interest amongst investors in Japan, and Letter’s of Intent will be signed with four major investors, including Mizuho Bank, Development Bank of Japan, Nippon Life, and Suzuki, who will participate as lead LPs (limited partners) in the fund of funds,” an official close to the development told BusinessLine.

### **2. US Secretary of State Mike Pompeo in New Delhi today, to meet PM Modi, Jaishankar**

**Source: The Indian Express ([Link](#))**

Two weeks after US Secretary of State Michael R Pompeo said “Modi hai toh mumkin hai”, he will arrive in India on 25 June and meet his new counterpart External Affairs minister Subrahmanyam Jaishankar on 26 June amid growing strain in the economic relationship. Jaishankar, who is perceived to understand the US better than anyone in the government, is expected to convey Delhi’s position on a host of issues, but more than anything else – he is likely to establish a working rapport so that differences can be ironed out between the two countries.

### **3. Huawei offers India a ‘no back door’ pact**

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

Huawei Technologies Co. Ltd said it is willing to sign a “no back door” pact with the Indian government to assuage potential security concerns. The statement from Huawei comes against the backdrop of the Chinese telecom major battling intense pressure from the US, which is pushing allies to ban the company from 5G networks on suspicions of espionage. The company hopes the measure would help assure the Indian government about any cybersecurity breach that could arise at the vendor’s end. A “back door” is a point of access in a network/equipment that guarantees entry into the network/equipment under exceptional circumstances. In its absence, the equipment supplier would not be able to access the customer’s network without consent.

#### **4. Cabinet gives its nod to rules that aim to make roads safer**

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

The Union cabinet on 24 June approved proposed changes to the Motor Vehicles (Amendment) Bill that aim to address crucial issues such as road safety, with stiff penalties for violation of rules, strengthening the public transportation system and curbing corruption. Towards safety, the proposed amendment seeks higher penalty in case of violations such as driving without a licence, speeding, dangerous driving, drunk driving and vehicles that don't have a permit. According to the amendment, the penalty for drunk driving has been raised five times to ₹10,000. If caught speeding or racing, violators may have to cough up ₹5,000—a tenfold jump from current provisions.

#### **5. India's readymade garment exports stitch recovery, helped by tax break**

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

Readymade garment (RMG) exports are picking up after a slump lasting almost two years, buoyed by the government increasing tax rebate and helping the sector with other measures. Garment exports rose by nearly 14.05 per cent to \$1.528 billion in May 2019 compared to \$1.339 billion in the same month last year. Experts said Indian products are costlier by 10-15 per cent, but buyers are still interested to source from the country. Exports decreased year-on-year in the last two financial years, but the industry is now expected to grow by 8-10 per cent. In 2016-17, the total garment export was worth \$17.361 billion. After the introduction of GST and demonetisation, Made-in-India products became costlier and exports started declining. In 2018-19, exports dropped by 3.43 per cent in to \$16.14 billion from \$16.71 billion in 2017-18.

#### **6. US-India trade, e-commerce disputes likely to top Pompeo's India agenda**

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

US Secretary of State Mike Pompeo will visit India from 25 June for talks with government leaders over a growing list of trade and investment issues that has cast a shadow over ties between the two big democracies. Pompeo is expected to lay the ground for a meeting between US President Donald Trump and Indian Prime Minister Narendra Modi later in the week at a G20 meeting in Japan. Media reports also said terrorism, Afghanistan, de-escalation of the Persian Gulf crisis, the Indo-Pacific, Iran, trade issues, and growing bilateral defence ties will be the focus of discussions between the Indian government and Mike Pompeo. Both countries are trying to promote domestic manufacturing.

## **7. Indians' unaccounted wealth abroad estimated at \$216-490 billion: Report**

**Source: Money Control ([Link](#))**

Unaccounted wealth outside the country held by Indians was estimated in the range of \$216.48 billion to \$490 billion over various periods between 1980 and 2010, according to three separate studies conducted by three premier institutes -NIPFP, NCAER and NIFM. The studies conducted by the three institutes have found that the sectors where unaccounted income is found to be the highest included real estate, mining, pharmaceuticals, pan masala, gutkha, tobacco, bullion, commodity, film, and education, said a report of the standing committee on finance tabled in the Lok Sabha on June 24.

## **8. Bimal Jalan panel on RBI's capital size again defers report submission till Budget**

**Source: Money Control ([Link](#))**

The Bimal Jalan committee, which is looking into the size of capital reserves that the RBI should hold, again deferred its report submission deadline till Budget next month. The six-member panel, under former RBI governor Jalan, was appointed on December 26, 2018, to review the Economic Capital Framework (ECF) for the Reserve Bank after the Finance Ministry wanted the central bank to follow global best practices and transfer more surplus to the government. The RBI has over Rs 9.6 lakh crore surplus capital with it. Economic Affairs Secretary Subhash Chandra Garg did not attend Monday's meeting of the Jalan panel, an official said, adding that the committee would meet one more time before finalising the report.