

Daily Economic News Summary: 27 February 2019

1. Bypassing US Sanctions, Iran Buys Indian Sugar For First Time In 5 Years

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

Indian traders will export raw sugar to Iran for March and April delivery, five trade sources said, the first Indian sugar sales to Tehran in at least five years as Iran struggles to secure food supplies under sanctions imposed by the US. Under the sanctions, Iran is blocked from the global financial system, including using US dollars to transact its oil sales. Iran agreed to sell oil to India in exchange for rupees but it can only use those rupees to buy Indian goods, mainly items it cannot produce enough of domestically. Trading houses have signed contracts to export 150,000 tonnes of raw sugar for shipments arriving in March and April at \$305 to \$310 per tonne on a free-on-board basis, the trade sources told Reuters this week.

2. India Again Extends Deadline To Impose High Import Duties On 29 Us Products Till April 1

Source Financial Express ([Link](#))

The government on 26 February extended the deadline to impose retaliatory customs duties on 29 US products, including almond, walnut and pulses, till April 1. As discussions are going on between India and the US for a proposed trade package, the commerce ministry had asked its finance counterpart to again defer the implementation of a notification to impose high duties on US products. A notification said that implementation of increased customs duty on specified imports originating in USA has been postponed from March 2, 2019 to April 1, 2019. In June 2017, India decided to impose retaliatory tariffs after the US imposed high customs duties on certain steel and aluminium products.

3. Corporation Bank, Allahabad Bank Out Of PCA Framework

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

The Reserve Bank of India (RBI) on 26 February took Allahabad Bank, Corporation Bank and Dhanlaxmi Bank out of the prompt corrective action (PCA) framework, following an improvement in the two public-sector banks' (PSBs) financial ratios after a fresh round of capital infusion in them. Last 26 February, the ministry of finance had announced an infusion of Rs

9,086 crore in Corporation Bank and Rs 6,896 crore in Allahabad Bank. The two lenders were the largest beneficiaries in the latest round of recapitalisation which involved fresh infusion into a total of 12 PSBs. The three banks follow Bank of India, Bank of Maharashtra and Oriental Bank of Commerce in exiting the PCA framework.

4. MSME Sector Presents An Additional \$70 Bn Lending Opportunity To Banks, Says Report

Source: Firstpost ([Link](#))

The micro, small and medium enterprises (MSME) sector provides the banks with a lending opportunity of \$70 billion, says a report. The MSME sector has been down in the dumps since the note ban and the soon-to-be-followed implementation of the uniform tax regime GST, forcing millions of units to down shutters causing huge job losses. This has made the government force the Reserve Bank of India (RBI) to offer a special dispensation last month under which the banks were allowed to recast stressed MSME loans under Rs 25 crore outside the NCLT route. "Small and medium units together have a potential of taking \$70 billion in formal credit from banks," industry lobby Assocham and Ashvin Parekh Advisory Services said in a joint report on Tuesday. MSMEs form an important component of the economy and contribute significantly to GDP, exports, industrial output and employment generation.

5. Spotify Finally Enters India With Subscriptions Starting At ₹119

Source: Livemint ([Link](#))

Music streaming service Spotify is officially live in India. While users started seeing the app on both Android and iOS app stores from the evening of February 26, 2019, the company made its official entry into the country on 27 February. "India has an incredibly rich music culture and to best serve this market, we're launching a custom-built experience. Not only will Spotify bring Indian artists to the world, we'll also bring the world's music to fans across India. Spotify's music family just got a whole lot bigger," said Daniel Ek, Spotify founder and CEO. Both Gaana and JioSaavn offer subscriptions starting at ₹99 per month, and have free ad-supported services as well. The services have also spent years developing their music catalogues here, which Spotify will have to contend against.

6. Mukesh Ambani Among World's Richest 10; Number Of Indian Billionaires Falls

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

Weakening of the Indian rupee and poor performance of stock market has resulted in the number of Indian billionaires declining by one-third in the new global rich list for 2019 compiled by the China-based Hurun Report. It has been a difficult year for the world's billionaires with total wealth decreasing by \$950 billion, or 9%, to \$9.6 trillion due to poor stock market performance and appreciating dollar. The 'Loong Palace Hurun Global Rich List 2019', which lists the richest individuals across the globe having a net worth of \$1 billion, reports that the number of individuals featured in the 2019 edition has decreased by 224 to 2,470 from 2,694 in 2018.

7. Indo-Pak Trade Stand-Off: Kenyan Teas To Gain

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

The withdrawal of MFN status by India to Pakistan, following the recent terrorists attacks in Kashmir, is seen resulting in making dearer the daily use items such as tea and tomatoes in that country. As exports of Indian teas slow down, Pakistan is seen relying more on imports of the beverage from Kenya. As a result, the prices of Kenyan tea have started moving up. Though it is still premature as production of tea is yet to commence in North India and the first flush will start arriving only around April-May, the Indian tea industry has extended solidarity and support to the government even if it comes at the cost of immediate impact on tea trade. Vivek Goenka, Chairman, Indian Tea Association (ITA), said if the government asks the industry to stop exporting (to Pakistan), it will fully comply and extend support to the government.

8. Thyssenkrupp, Danish Firm B&W Volund Tie Up To Make Bioreactors For Crop Waste

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

German industrial giant Thyssenkrupp Industries on 26 February said it was developing biomass boilers for producing renewable energy from crop residues using a proprietary water-cooled vibrating grate technology from the Danish firm Babcock & Wilcox Volund A/S. Burning of crop waste in the field has been one of the primary reasons for pollution in northern India during winter. Through this agreement, "we will be able to find a sustainable solution to this issue by utilising this crop waste for clean energy generation," said Thyssenkrupp CEO and MD, Vivek Bhatia said. According to Bhatia, Babcock & Wilcox's water-cooled vibrating grate technology for biomass boilers can address various biomass fuels, even those with high alkali and chlorine content."