Daily Economic News Summary: 29 May 2019

1. 100-Day Agenda: Commerce Ministry Pushes For Separate Logistics Department
Source: Business Standard (Link)

In a bid to bring all regulatory powers over the logistics sector under its wing, the commerce and industry ministry has pushed for the creation of a separate department for logistics. Submitted to the Cabinet, the proposal is part of the ministry's 100-day agenda, and has the support of the Prime Minister's Office (PMO), sources said. However, the move may find opposition from other ministries such as road transport and shipping, if they feel their marquee schemes are being handed over to another ministry.

2. Amazon, Flipkart Unlikely To Participate In CCI's Fact-Finding Exercise
Source: Business Standard (Link)

Amazon.com Inc and Walmart Inc's Flipkart are unlikely to fully participate in an Indian antitrust body's study of the e-commerce sector for fear of revealing trade secrets, two people with direct knowledge of the matter said. The Competition Commission of India (CCI) is engaged in what it describes as a "fact-finding exercise" aimed at better understanding the e-commerce sector, showed a document distributed to several e-commerce firms and reviewed by Reuters. The CCI document features 88 questions over 12 pages requesting recipients volunteer pricing strategies, product information and the identities of their biggest-selling vendors.

3. India Moves Up To 43rd Place On Competitiveness; Singapore Takes Top Slot
Source: Business Standard (Link)

India has moved up one place to rank as the world's 43rd most competitive economy on the back of its robust economic growth, a large labour force and its huge market size, while Singapore has toppled the US to grab the top position, a global study showed on 28 May. Singapore has moved up to the top, from the third position last year, while the US has slipped to the third place in the 2019 edition of the IMD World Competitiveness Rankings. Hong Kong SAR has held onto its second place, helped by a benign tax and business policy environment and access to business finance.

4. US Removes India From Its Currency Monitoring List
Source: Financial Express ([Link](#))

The Trump administration on 28 May removed India from its currency monitoring list of major trading partners, citing certain developments and steps being taken by New Delhi which address some of its major concerns. Switzerland is the other nation that has been removed by the US from its currency monitoring list which among others include China, Japan, South Korea, Germany, Italy, Ireland, Singapore, Malaysia and Vietnam.India for the first time was placed by the US in its currency monitoring list of countries with potentially questionable foreign exchange policies in May 2018 along with five other countries – China, Germany, Japan, South Korea and Switzerland. In its next report in October 2018, the Treasury had said that India has made improvements and its name would be removed from the currency manipulation list in the next report.

5. World Bank Arm IFC Extends $35 Mn 3-Year Loan To Manappuram Finance; First Investment In Gold Loan Finance Company
Source: Firstpost ([Link](#))

The World Bank arm, IFC, on 28 May announced maiden help for a gold loan company, committing $35 million to Manappuram Finance in a three-year loan. The investment comes at a time when non-bank finance companies (NBFCs) are facing issues on multiple fronts, starting with liquidity pressures and also the prospect of changes in regulations. IFC said its fund infusion is in sync with its strategic objective of "increasing the resilience of the country's financial sector while improving financial inclusion". "We are making our first investment in a gold-loan finance company to create opportunities for the rural and poor households to transition from informal to formal forms of credit," it's country head Jun Zhang said in a statement.

6. Economic Growth May Have Slipped Below 7% In Fy19, Lowest In 5 Years: ET Poll
Source: The Economic Times ([Link](#))

India’s economic growth is likely to have slipped below 7% in FY19, the lowest in the past five years, because of a disappointing fourth quarter. That could prompt a further cut in interest rates by the central bank and renewed efforts by the incoming government to drum up demand and private investment, experts said. An ET survey of independent economists showed January-March quarter growth may have slumped to 6-6.3% against 6.6% expansion in the preceding one, pulling down the growth rate for the fiscal year.

7. Tier-II Ecommerce Faces Existential Crisis: Expiry Date Near, Small Etailers Clutch At Straws
Source: The Economic Times (Link)

Another wave of consolidation has hit the Indian ecommerce industry as smaller etailers struggle to stay afloat. After collectively racking up around $400 million in investor capital, in the past few months a clutch of smaller online marketplaces such as Shop-Clues, Craftsvilla, Voonik, Wooplr and Elanic are shutting shop, pivoting their business model or opting for outright sale. Most of these web retailers were targeting non-metro shoppers and selling wares from smaller merchants. But with the growth of the Indian ecommerce market slowing and Amazon and Walmart-owned Flipkart dominating the industry, the second tier of etailers is now faced with an existential crisis.

8. Sri Lanka Signs Port Deal With India, Japan
Source: The Economic Times (Link)

Colombo-Sri Lanka on 28 May signed a deal with India and Japan to develop a deep-sea container terminal in the country that has seen increasing forays by China which has taken a strategic port on a 99-year lease that has worried New Delhi. The three countries will jointly build the East Container Terminal at the Port of Colombo. Sri Lanka's Port Authority (SLPA) said that around 70 per cent of Colombo Port's transshipment business is India related while Japan had cooperated since the 1980s to develop the port's container terminals. The three countries are to work out details of the deal at joint working group meetings to be held inn the future.

9. Come 1 June, RBI To Extend Timings For RTGS Transactions From 4:30 Pm To 6 Pm
Source: Livemint (Link)

The Reserve Bank of India on 28 May announced that from 1 June, the time-window for using the Real Time Gross Settlement System for customer transactions will be extended from 4:30 pm to 6 pm. According to an RBI press release, there shall be no charge for transactions between 8 am and 11 am. A charge of will be levied on every transaction conducted between 11 am and 1 pm. ₹5 shall be charged for every transaction between 1 pm and 6 pm. The RTGS system is primarily meant for large value transactions. The minimum amount to be remitted through RTGS is ₹2 lakh with no upper or maximum ceiling.

10. FDI Inflows Contract For The First Time In 6 Years
Source: Livemint (Link)

India's foreign direct investment (FDI) equity inflows fell for the first time in six years in the year ended 31 March, underscoring the economic policy challenges faced by the government when Narendra Modi starts his second innings as prime minister on 30 May. Data released by the department for promotion of industry and internal trade on 28 May showed FDI equity inflows into India declined 1% to $44.4 billion in the year to 31 March, signalling a squeeze in long-term foreign investment into the country. The decline in FDI inflows comes at a time when domestic indicators already point towards a slowdown in consumption and investment activity.

11. Now, Netherlands And France Favourites For Routing Investments
Source: Livemint (Link)

The Indian government renegotiated tax treaties with Singapore and Mauritius in 2016 to tackle their abuse and to prevent double non-taxation. India shall now have, among others, the right to tax capital gains arising from alienation of shares acquired on or after 1 April 2017, by a Singapore or Mauritius resident, which were the most preferred jurisdictions for FDI into India. As per the protocol, investment in shares made before 1 April, 2017, have been grandfathered and will continue to enjoy the treaty benefits, whereby any capital gains arising on such shares would be subject to tax in Singapore/Mauritius (where the domestic capital gain tax rate is NIL) upon complying with the Limitation of Benefit (LoB) clause.