

Daily Economic News Summary: 6 June 2019

1. Prime Minister Forms Two Cabinet Panels To Spur Investment And Employment

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

Prime Minister Narendra Modi will head two separate Cabinet committees on investment & growth and employment & skill development, underscoring the urgency in the new government to revive the slowing economy and generate more jobs. The BJP returned with a bigger majority in the recent elections even as the slowing economy and the lack of jobs dominated the political discourse. The Cabinet Committee on Investment & Growth will have four other members home minister Amit Shah, highways and MSME minister Nitin Gadkari, finance minister Nirmala Sitharaman and commerce & railways minister Piyush Goyal. The Cabinet Committee on Employment & Skill Development has 10 members and, apart from Shah, Sitharaman and Goyal, they include agriculture minister Narendra Singh Tomar, petroleum minister Dharmendra Pradhan and skill development minister Mahendra Nath Pandey.

2. Japan's New Norms May Not Hurt Indian IT

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

Indian IT service providers may not be impacted by the Japanese govt's recent decision to restrict foreign ownership in high-tech companies, according to industry body Nasscom. Japan has restricted foreign ownership in its information and communication sector effective August 1, primarily to ensure a strong cyber security framework. "Our companies do not have much revenue from Japan, but they have been acquiring some companies there. So, prima facie, it appears that the regulation may not have an adverse impact.

3. Nirmala Sitharaman To Attend G-20 Finance Ministers' Meeting In Japan

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

Finance minister Nirmala Sitharaman will attend the two-day meeting of G-20 finance ministers and central bank governors in Japan beginning June 8, said a government official. This will be the first overseas visit of Sitharaman as finance minister. Last week she took charge as the first full-time woman finance minister of the country. Besides Sitharaman, RBI Governor Shaktikanta Das is also likely to attend the meeting at Fukuoka in Japan. Among other things, the meeting

over the weekend is likely to focus on risks and challenges being faced by the global economy, investment in infrastructure and international taxation.

4. Finance Ministry May Retain Allocations Made In Interim Budget

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

Finance ministry has indicated that it will retain the interim budget allocations made to ministries and departments, in the final budget for the current financial year, to be presented in the Lok Sabha on July 5. In the run-up to Lok Sabha elections, the finance ministry came up with an interim budget in February, authorising government expenditure for a limited period. With the new government in place now, a full-year budget will be presented by the finance minister Nirmala Sitharaman, on July 5. In a circular, the finance ministry also said it will only consider additional allocations towards "unavoidable commitments" for which funds have not been earmarked in the interim budget.

5. Third Straight RBI Rate Cut Seen As Economy Cools

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

The Reserve Bank of India is likely to cement its position as Asia's most dovish central bank with a third straight interest-rate cut on 6 June. The six-member monetary policy committee led by Governor Shaktikanta Das will reduce the repurchase rate by 25 basis points to 5.75% on Thursday, say 31 of 43 economists surveyed by Bloomberg, while three are penciling in a 50 basis points cut. The RBI may also switch its stance to accommodative from neutral, given that expectations are growing for the Federal Reserve to slash rates this year. The policy decision will be announced at 11:45 a.m. in Mumbai, followed by a press conference 15 minutes later by Das. Here's a look at what else to watch out for in the decision that comes weeks before the new government's annual budget on July 5:

6. Paytm Looks To Hit 12 Billion Transactions By End Of FY20

Source: Livemint ([Link](#))

Digital payments company Paytm on 5 June said it is looking to more than double its transaction volume to 12 billion by end of 2019-20, from 5.5 billion in 2018-19. Paytm clocked 2.5 billion transactions in 2017-18. Paytm said it achieved gross transaction value (GTV) of \$50 billion in 2018-19, as compared with \$25 billion a year ago. GTV is the value of total transactions done on the platform. Paytm has 350 million registered users as of 5 June, a company official said. Paytm offers an array of payment options, which includes payment via mobile wallets, as well as real-

time payment system Unified Payments Interface (UPI) and internet banking. Paytm now plans to focus on adopting artificial intelligence and improving the user interface.

7. FDI boom: Foreign Investment In Indian Services Sector Surges 37% in FY19

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

Foreign direct investment in services sector grew 36.5 per cent to USD 9.15 billion in 2018-19, according to the Department for Promotion of Industry and Internal Trade (DPIIT). The sector attracted FDI worth USD 6.7 billion in 2017-18. Services sector includes finance, banking, insurance, outsourcing, R&D, courier, tech testing and analysis. The government has taken several measures like fixing timeliness for approvals and streamlining procedures to improve ease of doing business in the country and attract foreign investments. Increasing FDI inflows in services sector is vital as it contributes over 60 per cent to the gross domestic product. The sector accounts for about 18 per cent of the total FDI India received between April 2000 and March 2019. Other sectors that recorded healthy growth in FDI inflows include computer software and hardware, trading, automobile industry, and chemicals.

8. World Bank Retains India's Growth Rate For FY19-20 at 7.5 Per Cent

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

India's economy is projected to grow at 7.5 per cent in the next three years, supported by robust investment and private consumption, the World Bank has forecast, in some good news to the new Indian government. The bank in its Global Economic Prospects released Tuesday said that India is estimated to have grown 7.2 per cent in fiscal year 2018/19, which ended March 31. A slowdown in government consumption was offset by solid investment, which benefitted from public infrastructure spending. As against a growth rate of 6.6 per cent in 2018, China's growth rate in 2019 is projected to be dropped to 6.2 per cent and then subsequently to 6.1 per cent in 2020 and 6 per cent in 2021, the World Bank said.

9. Wipro To Acquire US-based ITI For Around ₹312 crore

Source: Livemint ([Link](#))

IT major Wipro on 5 June said it will acquire US-based International TechneGroup Incorporated for USD 45 million (around Rs 312 crore). International TechneGroup Incorporated (ITI) provides Computer Aided Design and Product Lifecycle Management interoperability software services. Founded in 1983 and headquartered in Ohio, USA, ITI has offices in the UK, Italy, Israel and Germany. ITI is privately held and has 130 employees as of March 2019. Its revenue

stood at USD 23.2 million in FY'18 (year ending June 30). “The acquisition complements Wipro’s core strengths in Industry 4.0 and will allow Wipro to offer end-to-end solutions in Digital Engineering and Manufacturing,” Harmeet Chauhan, Senior Vice President, Industrial and Engineering Services, Wipro, said.

10. From Economy To Parliamentary Affairs, Govt Announces New Cabinet Panels

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

The government 6 June announced constitution of various Cabinet committees, including the one on economic affairs. On 5 June, the government had constituted committees on investment and growth to spur the economic growth, and on employment and skill development to deal with the issues of unemployment. It was perhaps for the first time that the Cabinet committees on the two issues have been set up. The key committee on security was also set up on 5 June. Prime Minister Narendra Modi will be the head of the Committee, and Defence Minister Rajnath Singh, Home Minister Amit Shah, External Affairs Minister S Jaishankar and Finance Minister Nirmala Sitharaman will be its members. The key Cabinet Committee on Economic Affairs (CCEA) will be headed by the PM and will have Rajnath Singh, Shah, Gadkari, Chemicals and Fertilisers Minister DV Sadananda Gowda, Sitharaman, Agriculture Minister Narendra Singh Tomar, Communication Minister Ravi Shankar Prasad, Minister for Food Processing Harsimrat Kaur Badal as its members.