

Daily Economic News Summary: 7 June 2019

1. RBI Rate Cut: Forex, Bond Investors Have Reasons To Cheer

Source: Livemint ([Link](#))

India's bond and forex markets got all their wishes and then some from the Reserve Bank of India (RBI) on 6 June. Governor Shaktikanta Das and the other five wise men of the Monetary Policy Committee (MPC) unanimously voted for a rate cut. The policy stance was also changed to accommodative from neutral, again unanimously. This means that interest rates can go only in one direction now: downwards. Bond yields dropped over 10 basis points and could fall more in the coming days to price in more cuts. Also, the central bank would continue to absorb supply through open market operations. "The RBI is opportunistic, taking advantage of lower US yields, a weaker USD and low prices, to try and boost flagging growth. With guidance on the dovish side, the probability of further cuts is significant and will likely drive yields lower," said Eugene Leow, rates strategist at DBS Bank.

2. Buyers Await Cheaper Loans After RBI Cuts Policy Rates For Third Time In A Row

Source: Livemint ([Link](#))

Home and car buyers would be hoping for cheaper loans from banks after the Reserve Bank of India on 6 June cut key policy rates for the third time in a row. The bank's Monetary Policy Committee (MPC) cut the repo rate — the rate at which it lends to the banks — by 25 basis points (bps) to 5.75%. The central bank has already cut interest rates twice by 25 bps each this calendar year. Consumers would be hoping to be third time lucky as the two previous cuts by the central bank have failed to meaningfully bring the lending rates down. This and other reasons have led to demand for consumer loans being sluggish, resulting in lower sales at manufacturing companies.

3. Nirmala Sitharaman Appreciates Suggestions On Budget, Says Officials Will Collate Them

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

Finance Minister Nirmala Sitharaman June 6 appreciated the suggestions given by various stakeholders for the forthcoming budget and said that ministry officials will take note of them.

Sitharaman, who is the first full-time woman finance minister, will be presenting the budget for 2019-20 on July 5. Sitharaman's budget team comprises Minister of State for Finance Anurag Singh Thakur and Chief Economic Advisor Krishnamurthy Subramanian. The official team is led by Finance Secretary Subhash Chandra Garg, Expenditure Secretary Girish Chandra Murmu, Revenue Secretary Ajay Bhushan Pandey, DIPAM Secretary Atanu Chakraborty, and Financial Services Secretary Rajiv Kumar. The Economic Survey for 2019-20 will be tabled on July 4 followed by the presentation of the budget on the next day.

4. Compassionate Capitalism Marks Azim Premji's 53-year stint at Wipro

Source: Livemint ([Link](#))

Azim Premji's greatest legacy, according to business historians, may not be that he created a large information technology (IT) services company. This, despite the fact that he scaled up Wipro Ltd from a fledgling \$2-million revenue company in 1966 to over an \$11 billion diversified business conglomerate, largely comprising of software services and consumer care by the end of March 2019. Compassionate capitalism is what Premji's 53-year stint at Wipro can be best described as he has donated two-thirds of his wealth, worth \$21 billion to charitable causes. To be sure, Premji had decided to give more than half of his wealth to charitable causes, 12 years before he signed the Giving Pledge in 2013.

5. PM Modi Reconstitutes Niti Aayog; Amit Shah Ex-Officio Member

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

Prime minister Narendra Modi approved the reconstitution of think tank Niti Aayog on 6 June. Rajiv Kumar was renamed as the vice-chariman of National Institute for Transforming India (Niti Aayog). The government has appointed Home minister Amit Shah, Defence minister Rajanth Singh, Finance minister Nirmala Sitharaman and Agriculture minister Narendra Singh Tomar as ex-officio members. Transport minister Nitin Gadkari, Commerce and Industry and Railway minister Piyush Goyal, Social Justice minister Thawar Chand Gehlot and Statistics minister Rao Inderjit Singh have been appointed as special invitees.

6. Modi 2.0: PMO Seeks 100-Day, 5-Year Plans From Govt Departments

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

The Prime Minister's Office (PMO) has asked all the government departments to submit their action plans for first 100 days and for the full five years with clearly defined measurable outcomes by mid-June. The previous government saw less-than-satisfactory performance on

jobs, investments, etc, for which the ruling BJP faced a lot of criticism at the hustings. The government on 5 June set up two Cabinet committees to tackle these issues on a priority basis. Modi has put greater emphasis on delivering on promises and building an accountability system in the administration, sources said.

7. Discussions Within Government And With US Underway To Resolve Trade Issues: MEA

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

Days after the US announced its decision to end preferential trade status for India, the External Affairs Ministry on 6 June said efforts are on to resolve the trade issues between the two countries. “There has been discussions within the government as well as with the US to resolve the issue,” Ministry of External Affairs (MEA) Spokesperson Raveesh Kumar said at a media briefing. “These kind of issues come up and they are resolved mutually as well,” he added. Last week, President Donald Trump terminated India’s designation as a beneficiary from June 5, ending the country’s USD 5.6 billion trade concessions under the key GSP programme.

8. Digital Firms, Traders To Discuss E-Commerce Policy With Piyush Goyal

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

To overhaul the draft e-commerce policy and proposals on data localisation, digital commerce firms and trader organisations are coming up with their set of recommendations which they expect to discuss with Commerce Minister Piyush Goyal. The draft e-commerce policy and the proposals around data localisation were brought out right before the elections. Trader organisations have made it clear they want the e-commerce policy draft to be revamped; they believe it does not deal with issues of small retailers and traders. The final e-commerce policy to government’s plans on data protection law, public policy teams from various firms, including Amazon India, Flipkart, Facebook, among others, are planning to meet senior officials from the Department for Promotion of Industry and Internal Trade (DPIIT), finance ministry as well as Ministry of Electronics and Information Technology (MeitY) to understand the newly formed government’s stance on various issues.

9. RBI Removes Charges On RtgS/Neft Transactions; Banks To Pass On Benefits

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

The Reserve Bank of India 6 June said it has done away with charges on fund transfers through RTGS and NEFT routes to boost digital transactions and asked banks to pass on the benefits to

customers. The Real Time Gross Settlement System (RTGS) is meant for large-value instantaneous fund transfers while the National Electronic Funds Transfer (NEFT) System is used for fund transfers up to Rs 2 lakh. Country's largest bank SBI charges between Re 1 and Rs 5 for transactions through NEFT and between Rs 5 and Rs 50 for RTGS route. In its statement on developmental and regulatory policies after the Monetary Policy Committee's meeting, the RBI said it levies minimum charges on banks for transactions routed through RTGS and NEFT system for other fund transfers.

10. RBI Will Issue Revised Circular On Resolution Of Bad Loans In Three To Four Days: Shaktikanta Das

Source: Scroll.in ([Link](#))

Reserve Bank of India Governor Shaktikanta Das on 6 June said the central bank would issue a revised circular on bad loan recognition within the next few days to replace the February 2018 circular struck down by the Supreme Court, PTI reported. On April 2, the top court had declared as ultra vires the notice that directed banks to classify a loan account as stressed if there was even a day of default. "The revised circular on February 12 on NPA classification will be issued very shortly, in three to four days," Das told reporters soon after the RBI's policy meeting. The central bank lowered the repo rate, or the interest rate at which it lends to commercial banks, by 25 basis points to 5.75%, the lowest in nine years.