

Daily Economic News Summary: 22 May 2015

1. Investments by overseas Indians not to count as FDI

Source: **Live Mint** ([Link](#))

Ahead of its first anniversary next week, the National Democratic Alliance (NDA) government undertook an overhaul of the country's foreign direct investment (FDI) policy rules for overseas Indians.

Investments by non-resident Indians (NRIs), overseas citizens of India (OCIs) and persons of Indian origin (PIOs) will now be treated as domestic investment, the government said. They will not be allowed to repatriate the money overseas.

Effectively, the NDA has allowed companies operating in regulated sectors to increase foreign investments. This is because overseas Indians now fall outside the FDI ceilings and the space vacated by them can be filled by foreign investors. At the same time, domestic companies can attract investments from overseas Indians without violating foreign investment norms.

2. India continue to lead global consumer confidence index: Nielsen

Source: **Live Mint** ([Link](#))

India remained at the top of Nielsen's global consumer confidence index for the fourth quarter in a row, but whether confidence translates into consumption is still in doubt.

The country's confidence score rose 1 point from the previous quarter and 9 points from a year ago to 130 in the three months ended March. India was followed by Indonesia (123) and the Philippines (115), according to the online survey conducted by Nielsen.

Consumer confidence levels above and below a baseline of 100 indicate degrees of optimism and pessimism, respectively. An increase in consumer confidence index is a sign of brighter prospects for an economic recovery.

3. Income inequality in India lowest among emerging nations: OECD

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

India has the lowest income inequality among all emerging economies, but it is much higher than most of the advanced economies, stated OECD.

The countries with higher income gap than India include Russia, China, Brazil, Indonesia and South Africa -- which have recorded the highest income inequality among all developed and emerging economies studied by the Organisation for Economic Cooperation and Development (OECD).

Paris-based OECD, a grouping of the world's 34 major economies, said the rich-poor gap in most advanced economies has risen to highest levels in past three decades, while it continues to remain much higher in many emerging economies.

4. Smaller firms may be allowed to lower PF cut

Source: **Live Mint** ([Link](#))

The labour ministry may allow small companies with fewer than 20 workers to deduct only 9% of salaries towards provident fund (PF) instead of the mandatory 12%, seeking to reduce the burden on both employees and employers, who have to make a matching contribution.

The move is being discussed following a government proposal to bring all companies employing between 10 and 20 workers under the ambit of the Employees' Provident Fund Organisation (EPFO) to extend the social security net to hundreds of thousands of employees working in small factories. Currently, only companies with more than 20 workers are under the EPFO's jurisdiction.

5. India tops in government levies on mining

Source: **Live Mint** ([Link](#))

The government increased mineral royalty rates in 2014-15, saying this will benefit mineral-rich states that are economically backward. Recently, it approved the creation of a district mineral foundation (DMF) fund to which auctioned mines will remit up to one-third of royalty. Mine holders from the pre-auction era will pay up to 100% of royalty. The cumulative effect of these decisions affect India's global cost competitiveness, especially as the commodity super-cycle has ended.

6. Chinese investment firm to set up Textile Park in Gujarat

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

The Gujarat government today said that a Chinese investment firm has signed a deal to set up a textile park near the industrial town of Sanand, which is around 25 km from Ahmedabad.

The MoU was signed between Gujarat government's Industrial Extension Bureau (iNDEXTb) and China Small and Medium Enterprise Investment Ltd (CSMEI), Arvind Agrawal, Additional Chief Secretary, Gujarat Industries and Mines department said at a press conference.

"As per the MoU signed between us and CSMEI, they are interested to set up a Textile Park near Sanand in the first phase. In the second phase, they will explore the opportunities to set up an Industrial Park in Gujarat. Both these parks are expected to fetch investment of Rs 10,000 crore," Agrawal said.

7. Phone makers make beeline for India despite famous failures

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

Coolpad, Meizu and PhiComm are three popular Chinese Smartphone brands that forayed into the hot Indian Smartphone market in less than a month. All three would do well to keep in mind the fate of their better known and larger global peers- Huawei, ZTE and Korea's LG-while trying to make a mark in the surging and intensely competitive market.

Huawei, ZTE and LG, which are all box-office hits globally and ranked in the top 10 by Gartner, have turned out to be duds so far in India-one of the largest and most sought after Smartphone markets in the world.

By Harsha Hazarika