Daily Economic Newsletter: 27 July 2015

1. Iran seeks $8 billion Indian investments; want expeditious decision

Source: **Economic Times** (Link)

Asking India to take advantage of the period ahead of lifting of sanctions against it, Iran has invited Indian investments of about USD 8 billion in infrastructure projects there without wasting time in *"cheap negotiations"*. Asserting that Iran has been a *"reliable partner"*, Iranian Ambassador here Gholamreza Ansari said India should take advantage of the time before the western countries start making their investments after lifting of sanctions in the next 3-5 months.

"India has always been there even during the difficult time of sanctions. They should take advantage of their presence on the ground. Otherwise it will be a lost opportunity," Ansari told PTI in an interview.

2. Ericsson handling out plum global jobs to Indian managers to retain talent

Source: **Economic Times** (Link)

Ericsson, the world's No.1 telecom equipment maker, is handing out plum global assignments to Indian managers to retain top talent, beat attrition and obviate careergrowth challenges in the country. The Swedish company recently posted several senior Indian executives overseas as part of a process to induct managers with strong leadership skills into Ericsson's global talent pool, a top company official told ET.

Two key Indian executives in leadership roles have been moved to its UK unit and a third to Qatar. Sandeep Gupta has been named commercial management head of the company's western and central European operations, while Ajay Sood, who till recently headed the global customer unit in India, has relocated to the UK to drive Ericsson's network managed services business.

Divya Anand, till recently GM (pricing) at Ericsson India, now heads commercial operations of its global customer unit in Qatar. *"We are developing a global talent pool that knows Ericsson's systems, products, processes and can work in any geography, and several Indian managers have recently taken on global roles contributing to the larger organisation,"* said Sameer Khanna, vice president & HR head, Ericsson India. Ericsson's employee engagement exercises, talent management and global mobility programmes, he said, had also contributed to the "low attrition rates" in India.

3. Steel firms cut prices as imports pour in

Source: **Live Mint** (Link)

Local steel makers are cutting prices to avert loss in market share as cheaper imports from China, Korea and Japan flood the market. Hot-rolled steel prices dropped by Rs.3,000-4,000 a tonne in the April-June quarter, said Vikram Amin, executive director, strategy and business development, Essar Steel India.

As on 1 July, the average price of hot-rolled steel was Rs.36,100 per tonne in Delhi, according to data available with the Joint Plant Committee (JPC) of the steel ministry. This, industry experts and traders say, has led to a gap between the landed cost of imported steel and domestic steel prices narrowing down in the last few months, a clear indication of steel companies focusing on volumes and giving up on margins.

4. Rio Olympics fails to give a boost to Indian exporters

Source: **Live Mint** (Link)

The Rio Olympics has disappointed Indian companies. With Brazil's economy in disarray, the expected increase in sales has not happened for Indian exporters.

India's exports to Brazil were $5,96 million in 2014-15, up 7.41% from the previous year, data from the Federation of Indian Export Organisations shows. In a sharp contrast, exports to China ahead of the 2008 Olympics was at $10,87 million in 2007-08, up 30.64% from the previous year. *"While exports to China rose significantly just before the Beijing Olympics, driven by exports of raw material and machinery, a similar trend is not visible in Brazil where exports grew moderately driven by petroleum products,"* said Ajay Sahai, director general of Federation of Indian Export Organisations (FIEO).

Many Indian firms such as Aditya Birla Group's overseas unit Novelis Inc.,Reliance Industries Ltd and Mahindra and Mahindra Ltd have been suppliers to Brazil in addition to other firms in the sectors of petroleum, auto, auto components, textiles, chemicals and fertilizers.

The companies named above declined to comment for the story, but have, through their acts, demonstrated their disappointment with the Brazil that also hosted the football World Cup last year.

5. More than 100 hotel projects in limbo due to overcapacity woes

Source: **Live Mint** (Link)

More than 100 planned hotel projects in India are in limbo, some stuck for as long as five years, as the sector suffers from overcapacity in an economic slowdown, according to data from property consulting firm JLL India. A large number of these projects belong to international hotel chains, which had planned aggressive expansion in India, only to face slow market growth and pressure on room rates, the JLL India data showed. Projects stalled include those under construction by these chains and also somewhere hoteliers had entered into management contracts with property owners.

"Hospitality industry is reeling under cyclical downturn in performance owing to the general slowdown of the economy both globally and in India over the last few years," said Mandeep Lamba, managing director, JLL India.

Lamba added that occupancies and average room rates have remained under pressure, leading to reduced profitability for most hotel chains. High borrowing costs of 13-14% are also making it tough for some of these companies to complete projects, he added. Limited interest from private equity investors, due to lack of exit options, has also led to a paucity of funds for the sector, Lamba explained.

A number of stalled projects in the sector fall in the premium segment and belong to international hotel chains such as Starwood Hotels and Resorts Worldwide Inc., Hyatt Hotels Corp., Marriott International Inc. and AccorHotels, among others.

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