

Daily Economic Newsletter: 30 November 2015

1. WTO skips India on food security

Source: **Times of India** ([Link](#))

The World Trade Organization's (WTO's) draft declaration for next month's ministerial meeting in Nairobi made no mention of finding a permanent solution to India's concerns on food security, but promised to *"address all aspects of agriculture reform as a matter of priority"*. The first draft for the meeting in mid-December, however, did take note of the failure of the WTO membership to reach an agreement on most issues that were part of the Doha work programme and raised concerns about the rush of regional trade agreements (RTAs). *"We welcome the advances made in the Doha Development Agenda. We regret that it has not been possible to reach agreement on all areas of the negotiations, including agriculture, non-agriculture market access (NAMA), services, rules, including fisheries subsidies, and TRIPS. In particular, we note the importance of agriculture to many WTO members, including LDCs (least developed countries). We will therefore address all aspects of agriculture reform as a matter of priority,"* the five-page document, which was released to WTO members.

2. Manufacturing sector growth improves in November: SBI Index

Source: **The Hindu** ([Link](#))

India's manufacturing growth improved on monthly as well as yearly basis, suggesting a continued pick-up in economic momentum going forward, says a report. The monthly SBI Composite Index, an indicator for manufacturing activity in the country, increased to 51.6 in November from 50.9 in October. On yearly basis, it reached 6-month high of 54.5 in November, compared to 53.5. The Index captures two components of the manufacturing cycle, namely, month-on-month and year-on-year growth on a scale of 0 to 100. Index above 50 implies growth over previous respective period and less than 50 suggest a contraction over a respective period.

The report noted that credit growth is likely to grow in infrastructure sectors like power and roads. Moreover, a smart growth in personal loan segment is also likely especially in housing. *"The rationalisation of risk weights and LTV ratios will equip banks with more capital, and our internal estimate (albeit based on certain assumptions) suggests that the RBI move would release capital worth Rs 7,785 crore for entire banking industry,"* the report said. The report further said that industrial production is expected to see an uptick in the coming months. *"As our SBI Index predicts the industrial growth 2-months in advance, our index numbers indicate acceleration in industrial production in coming months,"* it said.

3. Morgan Stanley lauds Railway Ministry's innovative approach of funding

Source: **The Pioneer** ([Link](#))

International rating agency Morgan Stanley has lauded the efforts of Railway Minister Suresh Prabhu for *"taking an innovative approach of funding in railways"* and termed him *"as the driver of change is the man at the top"*. The latest report suggest that Indian Railways suffered in the past due to "underinvestment and poor policies" Commending Prabhu's role, the report published last week said his focus is on increasing speed of trains rather than burdening an already creaking network and he is taking an "innovative approach to funding".

The reports indicates India is expected to spend a whopping \$95 billion (over `6.34 lakh crore) on ramping up its rail infrastructure, a step that will help in increasing the country's manufacturing competitiveness, a report says. *"The historical lack of delivery in the Railways creates scepticism, but this time could be different. India will spend \$95 billion on railway over the next five years, which would result in 12 per cent GDP growth between 2014-15 to 2018-19,"* says the report. The report also sees inventory cost gains for Corporate India. It's clear that the railways is the answer to solving India's transport infrastructure challenges. According to World Bank estimates, India's logistics costs (at around 10-14 per cent of sales) are 2-3 times the best practice benchmark costs, which hurts India's manufacturing competitiveness, it added.

4. Rise in business related travel drive hotel rooms demand to five year high

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

Demand for hotel rooms in India grew 20% in October, the highest in five years, driven by increase in business-related travel, according to data compiled by hospitality data aggregator STR Global. According to STR Global's report, hotels have reported double-digit growth in both occupancy and RevPAR (revenue per available room) for October — while occupancy increased by 15% from the year-ago month to 62.8%, RevPAR grew by 13.6% to Rs3,683. *"Business travel has started performing better, which reflects in the better occupancies across all business destinations,"* said Vijay Thacker, director at Horwath HTL - India. Kapil Chopra, president of The Oberoi Group, said, *"Business travel continues to be good. We have seen 15% year on year growth in business."*

However, leading hoteliers said the Narendra Modi government's much touted e-tourist visa has failed to trigger an expected growth in tourist arrivals, with October — considered the the beginning of the peak season for the hotel industry — registering no marked uptick in foreign tourist arrivals. Foreign tourist arrivals in October 2015 grew only 1.7% from a year ago. According to Thacker, although growth has been seen in overall demand, occupancy and average daily rate (ADR) over the last five-six years, it has been slow. Foreign tourist arrivals grew from

5.78 million in 2010 to 7.68 million in 2014. In the first eight months of 2015, the figure stood at 5.07 million.

5. Global mobile app companies head to Bengaluru seeking top talent

Source: **Times of India** ([Link](#))

Some of the global next-gen mobile companies are making Bengaluru their new home. Applift and Glispa of Berlin, Airpush of the US, and Alibaba-backed Quixey, through its Dextra acquisition, have checked into the city, and are seeking to attract top developer talent. Bengaluru has one of the largest pools of engineering talent for mobile app development. Ad platform Applift, part of the Berlin-based Hitfox Group, has set up an R&D centre in Bengaluru that is the largest outside its home base in Berlin. The company, which counts Practo and Myntra as customers, has 70 employees and is planning to hire another 60 by May next year. Applift helps companies like Zynga and Makemytrip acquire users for their apps; they help advertisers to re-engage with loyal and paying users for their mobile apps.

It recently hired former Goldman Sachs executive Rohan Patil as its MD for India. *"We see India as a strategic point to grow our R&D team. We have over 25 Indian internet companies as long-standing clients,"* said Tim Koschella, founder and global CEO of Applift. The company, which has raised over \$5 million from investors including Hasso Plattner Ventures, acquired Bengaluru-based mobile ad buying platform Bidstalk earlier this year.

Quixey, dubbed as the search engine for the mobile app world, acquired Bengaluru-based startup Dextra last year. It plans to hire another 50 people here. Quixey, which has raised \$135 million in funding led by Alibaba and Softbank, recently rolled out a global product, called Launch, from India. Launch is an Android app that pulls up everything you need on your phone from people, messages, etc, with one tap.

6. Bill Gates, Ratan Tata, Mukesh Ambani and others join hands to give push to clean energy through innovations

Source: **Times of India** ([Link](#))

Coinciding with India's move to launch an International Solar Alliance of over 100 sunshine-rich countries, the world's top industrialists including Bill Gates, Mukesh Ambani, Ratan Tata and Jack Ma will on Monday announce the Breakthrough Energy Coalition, an international group of 28 investors to bring companies that have the potential to deliver affordable, reliable and carbon free power from the research lab to the market.

The coalition will be launched together with Mission Innovation, which is to be hosted by the US President Barack Obama here after the inaugurals of the climate summit.

India's Prime Minister Narendra Modi will also attend the Mission Innovation. It is expected that the world's industry leaders will double their R&D through the initiative that will expedite energy transition by dramatically speeding up the cycle of innovation.

By Harsha Hazarika