

Daily Economic News Summary: 4 May 2015

1. French investments in India to grow at 10%, says envoy

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

French companies are looking at 10% growth in their investments in India amidst growing ties between both the nations and Prime Minister Narendra Modi's recent visit to France. Long drawn business relations with India are being satisfactorily addressed by the Modi-led government, French ambassador to India Francois Richier told *PTI*. *"Considering this, we expect investment by French companies in India to grow by 10% this financial year,"* Richier said.

Richier said around 1,000 companies headquartered in France have invested in India, bringing in investment worth around \$20 billion, employing three lakh people. *"Some of them have been here for more than one hundred years,"* he added.

2. ZTE earmarks Rs 600 cr for smart city projects in India

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

Chinese telecom gear maker ZTE's software arm, ZTEsoft, plans to invest Rs 600 crore in smart city projects in India over a period of 5 years. *"The new government outlook seems very positive about investments and it has shown great faith in Chinese counterparts. ZTEsoft is keen to work in smart city projects in India and ready to invest Rs 500 crore in next five years,"* ZTEsoft International CEO Ben told *PTI*.

Besides this, ZTEsoft would spend around Rs 100 crore on setting up a dedicated centre for smart city projects and brand building.

3. Volvo in talks with M&M, HM & Gm for assembling cars in India

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

According to industry sources, Swedish luxury carmaker Volvo, which has been selling luxury cars and SUVs in India through imports, is keen to start assembling its vehicles in the country in order to bring down prices and shore up volumes.

The sources said the company had made initial contacts with Mahindra & Mahindra (M&M), Hindustan Motors (HM) and General Motors (GM) India to check the feasibility of utilizing the manufacturing plant of one of them to assemble some of its models in India.

4. J'khand govt and NTPC sign MoA to form JV for PTPS expansion

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

The Jharkhand government signed a Memorandum of Agreement (MoA) with the NTPC for forming a joint venture company (JVC) for performance improvement and 4,000 MW capacity expansion of the Patratu Thermal Power Station (PTPS). The capacity expansion would be completed in two phases - 3x800 MW and 2x800 MW, tentatively by 2024-25.

5. Cement, steel production declines, weak demand seen for next 6 months

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

The production of core commodities steel and cement declined 4% in March, typically a period of increased construction activity. For steel, this was the second month of decline, while cement output slumped after two months of moderate increase. Weakness in the real estate and infrastructure sectors continues to be the biggest reason behind the lackluster performance of the steel and cement sectors. Most analysts expect demand to remain subdued at least for the next six months.

Analysts tracking cement said housing, rural housing in particular, has not picked up momentum because of low rural incomes and spending. Housing demand in urban India does not look great either. Apart from housing, infrastructure and industrial projects are the other demand drivers for the steel and cement sector. And there is no clear indicator of a pick-up in those segments.

6. No privatization of railways: Suresh Prabhu, Railway Minister of India

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

Notwithstanding recommendation by government panels, Railways Minister Suresh Prabhu has out rightly ruled out privatization of the public transporter, saying it was a "bogey" being raised by those who do not want any change.

He further said the concept of privatization gives confusing signals and envisages the possibilities of ownership transfer of an enterprise to a different entity or management which was not possible in railways.

Prabhu's remarks come in the backdrop of raging debate on the privatization of railways with the government-appointed committee headed by economist Bibek Debroy recommending corporatization of the loss-making public transporter and suggesting that the ministry of railways be only responsible for policymaking and private players should be allowed to run passengers and freight operations.

By Harsha Hazarika