

## Daily Economic News Summary: 6 October 2015

### 1. Germany inks 18 pacts with India, announces € 1 bn solar power fund after Modi-Merkel talks

Source: **First Post** ([Link](#))

A deal to fast track approvals for German companies in India and Euro 1 billion solar power fund by Germany were among major takeaways from the talks between Prime Minister Narendra Modi and Chancellor Angela Merkel as both sides inked 18 MoUs to scale up ties in strategic areas. Co-chairing the third summit-level Inter-Governmental Consultations, Modi and Merkel agreed to enhance ties in key areas of defence, security, intelligence, railways, trade and investment, clean energy, besides deciding to work closely to combat threat of terrorism. *"We see Germany as a natural partner in achieving our vision of India's economic transformation. German strengths and India's priorities are aligned. Our focus tends to be on economic ties. But, I believe that in a world of seamless challenges and opportunities, India and Germany can also be strong partners in advancing a more human, peaceful, just and sustainable future for the world,"* Modi said at a joint media event with Merkel after over three-hour-long talks, both at delegation-level and one-on-one format.

The deal on fast-track approvals process for German firms envisages single point clearance for various projects which is aimed at encouraging more and more German companies to complement Modi's "Make in India" initiative and invest significantly. The Prime Minister noted that the partnership will grow in areas like *"defence manufacturing, trade in advanced technology, intelligence, and countering terrorism and radicalism. These are important security dimensions of our expanding relationship."* In the talks, Germany announced to provide assistance of over one billion euros for India's solar projects.

## 2. India, Germany agree to resume FTA talks

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

India and Germany on Monday agreed to resume talks towards a free trade agreement between Asia's third-largest economy and the European Union as the two nations signed agreements on fast tracking German investments into India and concessional loans worth €1 billion for solar power generation.

A joint statement issued after German Chancellor Angela Merkel met Prime Minister Narendra Modi in New Delhi for the third inter-governmental consultations spoke of how the two sides had *"underlined their strong commitment to the European Union-India Broad Based Trade and Investment Agreement and committed to bring about a resumption of the negotiations as soon as possible"*. This was corroborated by foreign secretary S. Jaishankar, who told reporters that *"there was an understanding that we go forward with the negotiations"* after plans to resume the dialogue fell apart in August over a ban on exports of generic drugs to the European Union.

Jaishankar said EU restrictions on more than 700 generic drugs were unfair. *"It's our hope that this matter would be looked at fairly and sensibly and would hopefully not be an impediment to the free trade deal,"* he said.

## 3. Indian tech, services market to touch \$350 billion by 2025: NASSCOM

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

Innovation and entrepreneurship will drive the next phase of growth for Indian technology and services market in the coming decade with the industry poised to touch \$350 billion by 2025, a Nasscom-McKinsey report said today. The report, titled 'Perspective 2025: Shaping the Digital Revolution', said the industry is "well on track" to grow from \$132 billion in FY 2014-15 to \$225 billion by 2020 and further touch \$350 billion by 2025.

*"The industry is well on track for growth. There is a continued progression of double digit growth despite expansion of base. But below the calm waters, there is a lot of churn happening as well and companies will have to do a lot of things to address the challenges as well,"* Nasscom President R Chandrashekar told reporters here. He added that these challenges range in nature, from geopolitical to regulatory to the need for innovation and disruption. *"The industry is expected to grow at over 11 per cent to \$225 billion in 2020 and 10 per cent-plus to \$350 billion by 2025. About 1.2-2 million people will be added with the next \$100 billion revenue,"* the report said.

#### **4. Make in India: China's largest truck maker Beiqi Foton Motor readies plan to sell cars**

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

Beiqi Foton Motor, China's largest truck maker that has yet to launch a vehicle in India half a decade after announcing plans to enter the market, has shifted its focus and may now manufacture and sell passenger vehicles here under a German brand. The company wants to combine German technology and India's frugal manufacturing to produce and export passenger vehicles, several people with knowledge of the matter said. After helping revive Borgward, Foton is looking to tap into the German auto maker's engineering and development capabilities. The vehicles produced in India could be exported to Southeast Asia, Africa and the Middle East. Foton Motor, the Indian unit that acquired 250 acres in Chakan in Pune as early as 2011 to build a production facility, may be renamed Borgward India. Another option is to set up a new passenger vehicle arm and keep the Foton Motor brand to cater to the commercial vehicle market at a later date.

#### **5. Ideas Camp on Smart City development**

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

A two-day "Ideas Camp" on various aspects of smart city development is being organised here from tomorrow to enable effective participation of the 98 cities included in the Smart City Mission in the second stage of City Challenge competition. The camp is being organised by Bloomberg Philanthropies, which is the knowledge partner of the Urban Development Ministry for Smart City Mission.

Being held as a hand holding exercise, the "Ideas Camp" enables a detailed discussion facilitating clarity of thought and action regarding financing smart city projects, understanding area based development, process of citizen engagement and also how to set goals for a city among others. The Ideas Camp is being organized at a time when the cities included in the Smart City Mission are set to begin preparation of city wise Smart City Plans which will be evaluated in the second stage of City Challenge competition based on a broad set of criteria for identifying the top ranking first 20 cities for financing during the current financial year.

## **6. India aims to start Asia's biggest coal mine in five years**

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

Deep in the thickly forested hills in its east, India last month started production at what it hopes will in five years be Asia's biggest coal mine. At the open-cast mine, which involves the clearing of more than 18,000 hectares (44,500 acres) of land, noisy excavators are busy digging for coal that will feed a huge power plant being built nearby to fuel India's energy-hungry economy.

India is opening a mine a month as it races to double coal output by 2020, putting the world's third-largest polluter at the forefront of a pan-Asian dash to burn more of the dirty fossil fuel that environmentalists fear will upend international efforts to contain global warming.

## **7. I am more bullish about India now than I was last year: Martin Sorrell**

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

Martin Sorrell, chief executive officer of WPP Plc, is bullish on India, where the world's largest advertising firm is clocking rapid growth. In an interview during a visit to New Delhi, Sorrell spoke on the rise of online platforms and e-commerce, the threat of ad blocking and TAM Media Research Pvt. Ltd's tie-up with television ratings agency Broadcast Audience Research Council. WPP's Kantar Market Research is a 50% joint venture partner in TAM. Edited excerpts:

### **How do you see India now?**

Pretty good actually. I mean, it's the only country among BRICS (Brazil, Russia, India, China and South Africa) that has got its head above water. If I were to draw up a ranking, India would be No. 1 among BRICS. Even if you included Indonesia in BRIICS, you would have India as No. 1, China as 2, Brazil 3 and Russia 4. There is a tremendous degree of optimism about India. Obviously, the Prime Minister (Narendra Modi) has, as one of the clients was saying to me, positioned himself in a very short period of time as a world leader. He seems to be pretty much everywhere. We had a session with him through Rupert Murdoch and James Murdoch in New York. He has, obviously, got a very ambitious plan. He's set the level of expectation very, very high. The question is whether he's meeting that level of expectation.

Our business here is doing very well, pretty much across the board. We have done just under \$600 million of revenue this year with 15,000 people. We're firing on, if not all, close to all cylinders. And it has a lot to do with the new leadership. I think the big question is—as it is with every ambitious, strategic plan—whether you can meet all the KPIs (key performance

indicators) that you have set. I would say that there is tremendous degree of optimism and the proof of the pudding is going to be in the eating.

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By Harsha Hazarika