

## Daily Economic News Summary: 11 June 2015

### 1. World Bank downgrades global growth outlook, but a positive forecast for India

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

The World Bank has downgraded its outlook for global economic growth this year amid a broad-based slowdown in emerging markets and softer output in the US, but upgraded its forecast for India. The bank expects the world economy to grow by 2.8%, 0.2 percentage point slower than its January estimate.

India, however, is one of the few countries for which the World Bank has upgraded its forecast. The bank expects India to be the fastest-growing major economy in 2015, expanding by 7.5% and outpacing China in 2016 and 2017.

### 2. Sweden gains speed in Indian arms race as France falters

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

India and Sweden were in talks over a bigger role for Swedish firms in India's defence manufacturing, including jet fighters worth billions of dollars, after a deal with French giant Dassault Aviation was scaled back.

Sweden's Saab has clawed its way back into the race to equip the Indian Air Force's ageing squadrons after Prime Minister Narendra Modi struck a pact to buy 36 French Rafale planes, instead of 126 originally planned, to cut costs.

Swedish defence Minister Peter Hultqvist held talks with Indian government leaders in New Delhi, and was due to meet his counterpart, Manohar Parrikar, later on Wednesday to resume defence supply talks after a gap of four years. With India allowing up to 49% foreign participation in the defence sector, Sweden is looking at India as a manufacturing base, Navtej Sarna, Secretary (West) in the foreign ministry, said.

### **3. CRZ rules to apply for Mumbai coastal road.**

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

Land proposed to be reclaimed from the Arabian Sea to build parts of a coastal road in Mumbai will not be allowed to be used for commercial activity.

Coastal Regulation Zone (CRZ) norms do not allow any construction within 500m of the sea shore.

Union minister of state for environment and forests Prakash Javadekar said the CRZ line will not change even after reclamation and *“restriction on construction of any building from 500m of seashore will continue, as per the old alignment of the CRZ.”*

### **4. Chinese realty major Dalian Wanda Group looks to invest \$10 billion in India in the next 10 years**

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

In what could be the first significant investment by a Chinese company, the country's top real estate player, Dalian Wanda Group, plans to invest \$10 billion in India in the next 10 years to construct industrial townships and retail properties.

Wang Jianlin, the billionaire chairman of the Beijing-headquartered group, expressed his intent to explore business opportunities in India at a meeting with Prime Minister Narendra Modi in New Delhi

The Dalian Wanda Group, which had an annual income of \$38.8 billion in 2014, has a presence in commercial property, tourism, ecommerce and department stores. It is looking at building five industrial parks in India, besides shopping malls and theme parks. Wang is ranked by Forbes as the world's ninth-richest person with a net worth of \$40.4 billion.

### **5. Cabinet gives nod to motor pact with three SAARC nations**

Source: **The Hind Business Line** ([Link](#))

The Cabinet today approved the signing of a motor vehicles pact between India and three other nations of the SAARC grouping — Bhutan, Bangladesh and Nepal on June 15, which will enable seamless transit of passenger and cargo vehicles among these nations.

Following the nod, Road Transport and Highways Minister Nitin Gadkari will this week visit Bhutan where the pact is scheduled to be signed by transport ministers of the participating nations.

*“The Cabinet has approved signing of the Bangladesh, Bhutan, India and Nepal (BBIN) Motor Vehicle Agreement for the Regulation of Passenger, Personal and Cargo Vehicular Traffic amongst BBIN. The agreement will be signed on June 15 at the BBIN Transport Minister’s meeting in Thimpu, Bhutan,”* an official statement said after the meeting.

## **6. Automobile companies are betting big on India; investing in building new capacity**

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

The automobile growth story in India is double-layered: on the face of it, a mere 4-5% sales growth, 45-50% capacity utilization and profit margins under pressure in the previous fiscal.

But the dismal figures mask a leap of faith — car makers, both domestic and foreign, have lined up investments of almost \$10 billion or nearly Rs 60,000 crore over the next few years. The expansion plans renew hope in the Indian market's long-term prospects, besides exploiting its potential as an exports market.

*"We expect India to become the third largest sales market, and production to reach 6 million units a year by the end of the decade,"* says Gaurav Vangaal, senior analyst, forecasting at IHS Automotive. If Suzuki Motor is creating more capacity in India, Honda is looking to enter new segments. Renault, Nissan and Volkswagen on their part are building new capacity for exports while Ford and Fiat have both the domestic and export markets in mind.

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