

## Daily Economic News Summary: 11 May 2015

### 1. Deals worth \$20 billion on Modi's Far East table

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

With deals worth \$20 billion on the table between Indian and Chinese private companies and South Korean mega-corporation Hyundai's likely announcement of a major warships "Make in India" project, Prime Minister Narendra Modi is set to cement economic bridges with China and South Korea during his five-day trip next week.

Modi will be hosted by Chinese President Xi Jinping in his hometown Xian on May 14, followed by official meetings in Beijing on May 15 and economic interaction in Shanghai. PM Modi will be interacting with top CEOs of Chinese companies, exchanging candid views on the bilateral relationship with President Xi.

### 2. Sitharaman to meet EU counterpart on FTA talks

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

India and the European Union (EU) will try to break the deadlock over talks for a long-delayed free trade agreement when trade minister Nirmala Sitharaman meets her counterpart EU trade commissioner Cecilia Malmström on the sidelines of an Organisation of Economic Cooperation and Development (OECD) trade ministers meeting in Paris early next month.

In services agreements, India specifically focuses on the clause that allows greater flexibility in the movement of skilled professionals, without restrictions such as their experience in the field. Since the EU does not have a common working visa, it restricts Indian professionals from moving freely across EU nations.

India also wants the EU to declare the country data-safe, which will help Indian information technology and outsourcing companies. But Brussels insists the issue is not part of the FTA negotiations and should be dealt with independently.

### **3. PM Modi inaugurates projects worth Rs 24, 000 cr in Naxal-affected Dantewada**

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

Prime Minister Narendra Modi, first PM to visit this Maoist hotbed in three decades, on Saturday asked Naxals to abjure gun and allow peace so that the macabre drama of death will end to pave the way for development.

On a short visit to Dantewada, Modi initiated welfare schemes worth Rs24,000 crore for the Maoist hotbed of Bastar region which include setting up Ultra Mega Steel Plant, a railway line, slurry pipeline and pellet plant.

### **4. Japan, Europe against India's "safeguard" probes on steel imports**

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

The EU and Japan have criticized India for "frequent and frivolous" use of safeguard measures — imposition of higher duties to protect domestic industry against import surges — and have asked New Delhi to review its use of the tool. The countries also questioned India's recent safeguard investigation on certain steel products, in a recent meeting of the WTO's Committee on Safeguards.

India, in its defence, said that while imports had decreased, they were still sufficiently high compared to the base year. A number of members, including the US and China, are affected by duties on steel products.

### **5. Car makers sharpen focus to tap growing Taxi market**

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

Car makers in India are adopting a differentiated product strategy to address the burgeoning fleet and taxi market. They are either selling models that are past their prime to this market or positioning their products differently in terms of features and price. Clearly, they have learnt from the Tata Indica experience, wherein the brand value was eroded by its prominent presence in the taxi segment.

The differentiation is necessary because, unlike in south-east Asian countries such as Thailand and Malaysia, and developed economies, cars that cater to the taxi and fleet market are considered down-market by individual users in India, said Deepesh Rathore, founder and director of Emerging Market Automotive Advisors (EMAA).

Car makers, therefore, have to come up with a separate strategy to address them. Introducing models that are ageing or have not found traction in the personal-use segment are ways of doing so, said Rathore.

**6. Cement demand likely to grow by 7% during FY16: ICRA**

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

Riding high on the improvement in infrastructure, investment cycle and overall economy, the demand for cement is likely to grow by nearly 6.5—7 per cent during FY16, rating agency ICRA said.

All India cement production grew by 5.6 per cent in FY15 as compared to 3 per cent in FY14.

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