

## Daily Economic News Summary: 13 may 2015

### 1. Government retains 51% FDI in multi-brand retail

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

The Department of Industrial Policy and Promotion (DIPP) issued a consolidated foreign direct investment (FDI) policy document on Tuesday, retaining the policy on FDI in multi-brand retail that allows up to 51% foreign investment.

The consolidated FDI circular released recently incorporated the changes made in the last one year, including liberalization of sectors such as railways, defence, medical devices, insurance and construction. DIPP is the nodal agency for the FDI policy. FDI in defence has been raised to 49% from 26%. It can even go up to 100% in select cases.

### 2. Inflation slips, factory output slows; rate cut hope brightens

Source: **Financial Express** ([Link](#))

Retail inflation eased to four-month low of 4.87 per cent in April while industrial output slowed to a five-month low of 2.1 per cent in March, raising hopes for an interest rate cut by the RBI.

### 3. Stocks tumble as rupee falls to 20 month low

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

Indian markets, recovering after a 10 per cent drop, were again rattled, following a sharp spike in bond yields in developed markets.

Domestic stocks and bonds, as well as the rupee, witnessed a huge correction, after treasury yields in the US and Germany jumped to a year's high (yields and prices move in opposite directions). Emerging markets such as India are witnessing a sell-off, with fund managers pulling out money to invest in higher yields in developed economies.

The benchmark stock indices and the 10-year government security (G-Sec) saw one of the worst falls in a year, while the rupee dropped to a 20-month low against the dollar.

#### **4. Government slashes private freight terminal fees to woo investors**

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

The railway ministry has begun liberalizing its private freight terminal (PFT) policy, dismantling entry barriers by slashing application fees and one-time charges to attract greater private-sector participation.

The liberalization of the policy is in line with the government's emphasis on encouraging private investment in the capital-intensive railways sector and honors a pledge made in the railway budget. PFTs are platforms that handle third-party freight.

The application fee for private companies to develop and run these terminals is being significantly reduced—from Rs.1 crore to Rs.10 lakh. This is expected to encourage more investors to participate in the plan.

#### **5. IFC will invest \$25 mn along with Tata Value Homes to finance affordable housing project**

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

IFC, a member of the World Bank Group, will invest \$25 million alongside Tata Value Homes, a 100 per cent subsidiary of Tata Housing, to finance affordable housing projects for low-income households across India.

The project will help bridge the country's significant housing deficit, said the press release from the company. IFC's investment will provide Tata Value Homes with long-term capital to develop about 16,800 homes over the next ten years.

#### **6. IMF to help India on “back-casting” of new GDP data**

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

India has got help from the International Monetary Fund (IMF) on ‘back-casting’ of the new GDP series to provide comparable figures for earlier years in the wake of changes in the GDP computation methodology.

Along with the changes made in January to the methodology and the base year, the Government had also revised its GDP growth estimates for 2014-15 and the current fiscal.

With regard to the previous years, the revised data is however only available for the past three fiscals, thus creating confusion about the comparable figures for the earlier years. "In response to a longstanding request from the CSO and Ministry of Finance, a team from the IMF's Statistics Department visited New Delhi during April 22 to May 5," an IMF spokesperson Gerry Rice said.

## **7. Chinese handset makers look to India for growth**

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

India's smartphone sales are just a fraction of China's. But as one of the fastest-growing smartphone markets in the world, with hundreds of millions of potential new customers, India may indicate whether a new generation of Chinese hardware companies can grow beyond their country's borders. It is intensely competitive, with more than 150 brands.

*"It is India first for us,"* said Varun Sharma, Coolpad's chief executive of Indian operations. He said Coolpad, a Shenzhen-based company, planned to use its patents and manufacturing infrastructure to sell devices *"at \$100 price points for the Indian market and not at \$800 or \$1,000 price points that global brands are doing."*

## **8. Make in India: PM Narendra Modi to urge LG, Samsung to setup plants in India**

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

Prime Minister Narendra Modi will meet top executives at Samsung and LG during his trip to South Korea early next week to push the Korean chaebols to set up semiconductor manufacturing plants in India which, among other things, can boost local manufacturing of cellular phones.

Minister for communication and IT Ravi Shankar Prasad confirmed that Modi will meet LG and Samsung officials at the "highest level" during his visit *"to attract more investment under the Made in India policy."* He added, *"Earlier, I had personally met senior executives of these companies and we expect something concrete now."*

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