

Daily Economic News Summary: 15 June 2015

1. Tax woes can't stop Vodafone from becoming India's top foreign investor

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

A company that became a global symbol for tax problems in India made the single largest investment in the country of any foreign firm in the last fiscal year.

Vodafone Group Plc spent \$1.5 billion in India during the year through 31 March, according to commerce ministry data. That was more in one go than any multinational company (MNC), according to two officials who compiled the data who asked not to be named because they weren't authorized to speak to the media.

The UK-based carrier's ventures in India come even as it faces tax disputes in the country over bills that add up to about \$4.5 billion. Even so, the company says the opportunities outweigh the headaches as Prime Minister Narendra Modi pushes to overhaul the economy.

2. Booming taxi-app firms endure bumpy ride

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

India's ultra-competitive app-based taxi-hailing market has quickly become a multi-billion-dollar industry, but controversy surrounding safety, rejected licences and protesting cabbies threatens to slam the brakes on its spectacular rise.

Domestic company Ola Cabs and US-based Uber are booming, fuelled by a rising number of professionals wanting an easy-to-book, clean and air-conditioned cab in India's rapidly growing and congested cities.

"We have barely scratched the surface. We need to be in every corner of India and it is a huge country, so the potential is huge," said Ola spokesman Anand Subramanian.

3. India takes first step towards regulating medical devices

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

India plans to set up a regulator to oversee the country's \$4 billion medical device industry, according to a draft policy released this month, the country's first effort to regulate an industry that covers everything from thermometers to prostheses.

The policy document, welcomed by many in the industry despite concerns over a lack of detail, also outlines plans to boost local manufacturing and reduce reliance on imports.

While India is the world's third-largest pharmaceutical market, its share of the medical devices market is way behind. More than 70% of medical equipment sold in the country is imported, mostly from the US.

4. FDI in services sector up 46% in FY15, automobiles recorded \$2.89 bn growth

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

With the government taking steps to improve ease of doing business and attracting investments, FDI inflows into the services sector grew by over 46 per cent to USD 3.25 billion in 2014-15.

The services sector, which includes banking, insurance, outsourcing, R&D, courier and technology testing, had received foreign direct investment (FDI) worth USD 2.22 billion in 2013-14.

However, the total foreign inflow in 2014-15 in the services sector was low as compared to 2012-13 when it was USD 4.83 billion, according to the Department of Industrial Policy and Promotion (DIPP) data.

5. Imported coal stocks pile up at a record high of 16 MT as power firms stop spot buy

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

Stocks of imported coal at India's ports have swelled to a record 16 million tonnes, primarily because power generating firms have stopped spot purchases even as international prices have plunged to as low as about a fifth of the peak levels. The stocks at 16 major Indian ports comprise mostly of thermal coal used by power plants, coal traders said. Power producers are not drawing from these stocks to blend with domestic coal since this makes electricity more costly and therefore unacceptable to cash-strapped electricity distribution companies.

The Kandla port and Paradip ports have the highest coal stocks whose quality is deteriorating every day, a Kolkata-based coal trader said. Besides non-purchase by power firms, economic slump, lower industrial activity, lack of railway wagons, rupee depreciation and improved domestic coal supply have also contributed to the surge in imported coal stocks, an executive from another coal trading firm told ET, requesting anonymity. *"The railways does not have rakes to transport the coal to plants, because of which non-core sectors are suffering,"* he said.

6. IATA supports India on changing norms for flying international, stresses on bilateral air services rights

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

The International Air Transport Association (IATA) has supported India's move to abolish the international flying eligibility norms despite opposition from Air India and Jet Airways, the association's members from the country.

The difference of opinion among various stakeholders notwithstanding, it is important to look at the big picture, IATA director general and chief executive Tony Tyler said on the sidelines of the association's annual general meeting in Miami. *"India has a lot of bilateral air services rights that have not been utilized. The government needs to take a holistic view and work towards increasing the utilization of these rights by Indian carriers. Restricting people (read airlines) for five years is going the wrong side of it,"* said Tyler.

7. French co Alstom looks at Make in India initiative to double its biz to Rs 5,700 crore

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

French transport company Alstom is looking to the Narendra Modi government's Make in India initiative to double its business in the country to 800 million euro (Rs 5,700 crore) in the next three years. The company is expanding its manufacturing facility in Chennai and opening a new factory for building traction systems in Coimbatore this year. Alstom will also supply the German market from India.

"The business environment in India has improved over the last year," said Henri Poupart-Lafarge, president, Alstom Transport. *"Things were not as rigorous on the implementation of projects till some time ago."* Alstom says India is the only country where it has a complete supply chain from design to manufacturing sourced locally. It plans to hire more than 200 engineers annually over the next three years to support its expansion. It currently employs 800 engineers.

By Harsha Hazarika