Daily Economic News Summary: 16 May 2016

1. Madura joins race to run Forever 21 retail stores

Source: **Times of India** (Link)

Madura Fashion & Lifestyle has emerged as a contender to snag the India rights for running physical stores of the American fast-fashion brand Forever 21, three people familiar with the matter said. The talks with Madura come at a time when e-commerce major Myntra has also engaged with the fashion retailer but a deal is yet to be signed.

Forever 21, which directly competes with Zara and Sweden's H&M, has had an existing partnership with DLF Brands for the past three years, but is now looking for a more aggressive India play. Sources said the Aditya Birla group-owned Madura is pressing for the online rights of Forever 21 which are exclusively held by Myntra at present. *"There may have been some resistance by the Myntra board about taking the offline route. They are not sure running brick-and-mortar stores would be appropriate at this time as it would digress from their online-only strategy,"* a person close to the development said. Myntra, which is owned by e-commerce biggie Flipkart, has an exclusive deal with Forever 21 to sell its products online here in India, which was inked last year in December. Forever 21 currently operates a dozen retail stores here, according to its official website. *"Forever 21 has been looking to exit the JV with DLF for a while now. Apart from Madura, a couple of other offline retailers had also been approached before Myntra became the frontrunner,"* said a source.

Madura's conversations with Forever 21 for the India rights may go either way. Another person privy to the ongoing deal-making talks said that Madura is actively chasing Forever 21 as it intends to bring the fashion brand onto its e-commerce platform Abof.com, which has been primarily focusing on large private brand. Abof, the fashion e-commerce portal launched by Aditya Birla group in October last year, competes with Myntra and Jabong, besides other online retailers.

2. With clarity in FDI rules, Amazon will invest more: AMit Agarwal, Amazon India

Source: **Economic Times** (Link)

The Union Government in March allowed 100% foreign direct investment (FDI) in electronic marketplaces — which are online platforms for merchants to sell their wares — but not in ecommerce companies that manage their own inventory. That, along with clauses that forbid predatory pricing and dominance by a few sellers on a marketplace, was believed to be a setback for US-based Amazon's ambitions in India.

Amazon India Managing Director **Amit Agarwal** , in an interview with **ET** , said that while greater flexibility for inventory-based ecommerce would have been good for the company in India, the new regulations give enough clarity for it to invest more aggressively in its seller services here. Agarwal, who was recently elevated to Amazon's global leadership team, said Amazon India's shipments grew by 150% in the first quarter of this year. This come comes at the expense of domestic ecommerce giants — Flipkart and Snapdeal — that are grappling with slowing growth because of severe curbs on expenses. Edited excerpts:

What is Amazon's reading of the recent regulations for online marketplaces?

Amit Agarwal : *We welcome the clarity that the government has brought to FDI in online marketplace. If I look at Amazon's model in India, we have been very focused on building a great set of ecosystem services that enables sellers to sell online — whether it is investing in logistics, warehousing, or seller awareness programmes. This clarity allows us to invest even more in all these services, which has be a fundamental building block of our business model in India. You will continue to see us invest aggressively in these services.*

3. Ministry of New and Renewable Energy issues fresh draft norms for offshore wind power projects

Source: **Economic Times** (Link)

The Ministry of New and Renewable Energy (MNRE) has issued fresh draft guidelines for onshore wind power projects, specifying how sites for wind farms should be chosen, the standards wind turbines should conform to and how they should be installed, the average annual plant load factor they need to achieve, and more. The last such guidelines were issued in June 1996, when wind power in India was in its infancy. Since then the country has installed 26,736 MW of wind power, the fourth highest in the world after China, the US and Germany. It has set itself a target of 60,000 MW of wind power by 2022. *"It was important that these guidelines were revised because there have been many advances in wind technology as well as in other standards since then,"* said Varsha Joshi, Joint Secretary, MNRE.

4. India, Bangladesh power ties with 21st century nuclear deal

Source: **Economic Times** (Link)

India has concluded a nuclear agreement with Bangladesh in a sign that the bilateral neighbourhood relationship is becoming special. The core of the new engagement is all 21st century — energy, connectivity, security. *"We are politically aligned, security sensitive and economic partners,"* said a top source in India. The nuclear agreement is a three-document package that has been negotiated between the MEA and the Bangladesh department of science and technology over the past few months. But this is only a part of the bigger play the two countries are engaged in.

After Prime Minister Narendra Modi and his Bangladesh counterpart Sheikh Hasina inaugurated a 100MW power transmission line from Palatana to Bangladesh, India is preparing to upgrade it to 500MW. Oil minister Dharmendra Pradhan , who visited Dhaka recently, has promised to send diesel to Bangladesh from West Bengal. India wants to transport LPG and LNG to the northeastern states — through Bangladesh. New Delhi has offered Dhaka a stake in this, letting them share LPG and LNG according to their needs, even as they allow transit of energy to Tripura.

5. Numaligarh Refinery Limited signs bio-refinery term sheet with Finland's Chempolis Oy

Source: **Economic Times** (Link)

Numaligarh Refinery Limited (NRL) as part of its efforts to implement its bio-refinery project, the first in the country, has signed a bio-refinery termsheet with Finland's Chempolis Oy in New Delhi. The termsheet shall be the basis for formation of joint venture agreement for implementation of the project, a company release said here today. It was signed on Friday by Chempolis Oy President, Asia-Pacific and America, Pasi Rousu , and NRL General Manager S D Maheshwari. Top NRL officials and A Manickam, ex-ambassador of India to Finland and presently director of Chempolis India were present on the occasion. A partnership agreement for the bio-refinery project was signed between NRL and Chempolis Oy in October 2014 in the presence of Indian President Pranab Mukherjee and President of Finland Sauli Niinisto.

By Harsha Hazarika