

Daily Economic News Summary: 16 November 2015

1. India's prospects relatively robust; to grow at 7.2%: OECD

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

With 'relatively robust' growth prospects, the Indian economy is expected to expand by 7.2 per cent this fiscal but difficulty in passing key structural reforms and large non-performing loans are holding it back, says Paris-based think tank OECD. However, the Organisation for Economic Cooperation and Development (OECD) today cut the global growth forecast for this year to 2.9 per cent citing a "further sharp downturn in emerging market economies and world trade".

The latest growth estimate for India is same as the forecast made in September by the think tank. In the current financial year (ending March 2016), India is estimated to grow 7.2 per cent, followed by 7.3 per cent in 2016-17 and 7.4 per cent in 2017-18 period, as per OECD. *"Brazil and Russia have experienced recessions and will not return to positive growth in annual terms until 2017. By contrast, growth prospects in India remain relatively robust, with GDP growth expected to remain over 7 per cent in the coming years, provided further progress is made in implementing structural reforms,"* the think tank said in a statement today. Economic growth of India is projected to remain robust, at around 7.25 per cent over the projection period, it added.

2. India asks G20 for \$100 billion a year green climate fund by 2020

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

Pledging to quadruple India's renewable power capacity to 175 gigawatt by 2022 and cut fossil fuel subsidies, Prime Minister Narendra Modi today asked world's top economies to ensure reaching the target of USD 100 billion a year green climate fund by 2020. He also pushed ahead his proposal for forming an alliance of solar-rich countries at the upcoming Climate Summit in Paris and said G20 countries must build support systems focused on nations with maximum growth potential.

In his lead intervention at G20 Working Lunch on Development and Climate Change, he offered seven points for consideration which include shift from 'carbon credit' to 'green credit' and increase in share of traffic on public transport in cities by 30 per cent by 2030. *"I propose that we consider how G20 can build support systems that focus on countries with maximum growth potential, help address specific bottlenecks there and facilitate implementation of country*

strategies," he said, adding that the grouping of world's top 20 economies including US and China must continue to focus on infrastructure.

3. India, Bangladesh sign SOP to operationalise coastal shipping pact

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

India and Bangladesh signed the standard operating procedure (SOP) in New Delhi on Sunday, to operationalise the Agreement on Coastal Shipping, signed between the two countries in June, 2015. The SOP will pave the way to promote coastal shipping between India and Bangladesh and would enhance bilateral trade between the two countries by bringing down the cost of transportation of EXIM cargo. The SOP contains provisions which stipulate that India and Bangladesh shall render same treatment to the other country's vessels as it would have done to its national vessels used in international sea transportation.

The two sides have also agreed upon the use of vessels of River Sea Vessel category for Indo-Bangladesh coastal shipping. Speaking on the occasion, Nitin Gadkari, Minister of Road, Transport, Highways and Shipping said that once it is operational, the Coastal Shipping Agreement would enable a huge saving in logistic costs of EXIM transport between the two countries. The SOP has been framed as per the terms and conditions of the Agreement on Coastal Shipping and both India and Bangladesh have agreed to its provisions.

4. Narendra Modi opens real estate just in time as builder yields top 20%

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

India's biggest overhaul of rules for foreign investment in real estate since the industry began opening up a decade ago has come just in time for cash-strapped builders facing borrowing costs exceeding 20%. Prime Minister Narendra Modi scrapped approvals needed for overseas ownership of some projects and removed barriers to foreign direct investment (FDI) in construction among a slew of measures unveiled on 10 November to boost confidence in Asia's third-largest economy. The move allows developers easier access to capital in a country where research firm Liases Foras estimates more than half of the projects currently being marketed are delayed.

Leverage among builders has more than tripled since 2008, according to Mumbai-based brokerage IIFL Ltd, and borrowing costs soared as falling home sales made banks reluctant to lend for commercial real estate. The industry is facing difficult times as stretched balance sheets limit access to funds and firms struggle to complete projects, DLF Ltd, India's biggest developer, said in its earnings presentation this month.

5. PE investments in India touch \$14 billion till October: Thorton

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

Private equity investment in India till October this year soared close to \$ 14 billion, registering a steady growth over last year but the average deal size has come down, says a report by Grant Thornton. According to the assurance, tax and advisory firm, there were 863 private equity deals worth \$ 13.83 billion during January-October period, as against 497 such transactions worth \$ 10 billion in the same period a year ago. The sharp rise in PE transactions was largely driven by sectors like IT & ITES, energy & natural resources, manufacturing, banking & financial services, telecom and pharma, which attracted large investments.

By Harsha Hazarika