

## Daily Economic Newsletter: 16 October 2015

### 1. Two Chinese companies to invest \$5Bn in renewable power sector

Source: **Times of India** ([Link](#))

In a boost to PM Narendra Modi's 'Make in India' project, two Chinese companies, Sany Group and Chint Group, said on Thursday that they are looking to invest around \$5 billion in the country's renewable power sector. While Sany, one of China's leading manufacturers of construction equipment, has committed around \$3 billion in five years for setting up wind turbines, Chint, which specializes in industrial equipment and energy, will invest around \$2 billion in solar projects.

Sany said its projects will generate 4.8 terra-watthours (TWh) of green and clean power annually and create 1,000 jobs. *"Narendra Modi's visit to China has bettered Indo-China business ties," said Sany Group chairman Kiang Wengen. This investment is a significant step in deepening our presence and com mitment to India. Green energy industry in India is growing and we see this as a huge opportunity to introduce our wind energy business in the country."*

### 2. Exports contract for 10<sup>th</sup> straight month in September

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

India's merchandise exports contracted for the tenth consecutive month and by the highest rate in September, as shipments of petroleum products continued to decline on lower crude oil prices, and external demand remained weak amid tepid global economic recovery. Data released by the union commerce ministry on Thursday showed that exports contracted 24.3% from a year ago to \$21.8 billion while imports shrank 25.4% to \$32.3 billion, leaving a trade deficit of \$10.5 billion. Thus, in the first half of the fiscal (April-September), exports contracted 17.6% to \$134 billion and imports shrank by 14.2% leading to a trade deficit of \$68 billion.

In comparison, China's exports fell 3.7% and its imports dived 20.4% from a year earlier in September, reflecting both lower global commodity prices and sluggish demand. India's dip in exports was driven mainly by a 60.3% drop in shipments of petroleum products to \$2.4 billion. Among the major items of exports, only drugs and pharmaceuticals grew 9.1% to \$1.4 billion, while gems and jewellery, chemicals, engineering goods and readymade garments contracted by 18.8%, 13.4%, 22.8%, 12% respectively. Imports of 19 out of 30 commodity groups also fell in August, led by crude oil, which fell by 54.5% to \$6.6 billion.

### **3. New rules to boost India shipping fleet; may dent foreign shippers: Report**

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

Indian state-owned firms may have to give half their freight business to local shippers to help rescue an industry battered by the global commodities downturn. India's cabinet could as early as next month consider making it mandatory for state-owned oil, steel, coal and fertiliser importers to route at least half of their cargoes through local shippers as part of a broader agenda of Prime Minister Narendra Modi to shore up and protect the ailing sector, a government source said.

New Delhi is proposing importers sign 5-year contracts with local shipping firms in a move designed to shift freight worth billions of dollars to Indian flag carriers and help boost fleet companies like Shipping Corp of India, Mercator Ltd, Great Eastern Shipping Co and Essar Shipping. In 2013-14, India paid about \$57 billion in freight payments to foreign firms. *"We have already received comments from the related ministries on this proposal ... we hope next month the cabinet will consider this proposal,"* the source said, adding the 5-year contracts would help firms raise funds to expand their fleets.

### **4. New Startup policy for entrepreneurs in Rajasthan**

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

Rajasthan Chief Minister Vasundhara Raje today released the state's first startup policy to promote sustainable entrepreneurship in the state. Raje unveiled the policy during the inauguration of the two-day national level 'Rajasthan Startup fest 2015' in Sitapura area, where she highlighted the importance and role of start ups in the economy. *"This is going to make a difference for the state. Interesting things are happening today in entrepreneurship, which is a very dynamic field,"* Raje said. The new startup policy, which would be valid for a period of five years targets to set up 50 incubators and support to over 500 innovative startups among others.

### **5. Amazon expects India to be faster growing market than Japan, Germany, UK**

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

Amazon expects India to overtake Japan, Germany and the UK to become its largest overseas market besides becoming the quickest to reach \$10 billion in gross merchandise value (GMV) in the company's history. *"I can't project the year but in the next few years India will be the second-biggest market for us (after the US) — there is no doubt,"* said Diego Piacentini, senior vice-president for international business at the world's largest online retailer. *"It was the*

*fastest billion-dollar GMV for us and I believe it will even end up to be the fastest to get to \$10 billion."*

Amazon declined to give the size of its current business in India but insiders put it at more than \$2 billion in GMV, or the total worth of products sold on its platform. Amazon started its India operations in 2013 with books and movies and today sells about 30 million products on its platform. With growth in India having vastly exceeded expectations, expansion won't be constrained by investment, Piacentini told ET, suggesting that the company may pour even more money into the country than the \$2 billion that founder and CEO Jeff Bezos pledged last year.

## **6. Bengaluru, Mumbai, Delhi top office rental yields globally, says Knight Frank**

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

Demand for commercial offices has been on the rise and is pushing the yields higher above any other prominent business cities across the globe. Indian cities Mumbai, Delhi and Bengaluru have topped the global commercial property market in terms of annual rental yields. These three markets have outperformed all other global business hot-spots with 9.5% to 10.5% annual returns led by growing depth of lease market and demand for commercial properties. While Bangalore topped the list with 10.5% annual yield, cities like New York, Singapore, London, Tokyo and Hong Kong ranged between 2.9% to 7% at the highest, showed a global survey of property consultant Knight Frank.

Mumbai and Bengaluru are also featuring among the list of top 5 global cities for future rental growth and are expected to grow to nearly 22% and 16%, respectively. The growing appetite for Indian commercial properties is indicated by around 67% of investments flowing into Indian real estate from overseas - highest among all other countries.

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