Daily Economic News Summary: 19 October 2015

1. India among Top 10 acquirers in US market this year

Source: **Business Standard** (Link)

India has been ranked among top 10 acquirers in the US market this year with 16 deals valued at $ 1.7 billion, says Baker & McKenzie. Majority of these deals were in the pharma sector, with six transactions totalling $ 1.5 billion, as Indian companies seek to increase their scale in the US generics market, said a report by Baker & McKenzie. *"Indian companies (particularly in the pharmaceutical sector) have been on a acquisition spree and I think this trend will continue in the near term given the low valuation and the need for Indian companies to increase their scale to compete in the increasingly competitive generic markets, as well to dip their toes into the innovator side of the business,"* said Ashok Lalwani, Global Head of Baker & McKenzie's India Practice. Most of these acquisitions are funded internally as Indian companies are generally cash rich, he said.

"On the other hand, There is an uptick in Indian pharmaceutical companies tapping into the debt market for acquisition funding, as money continues to be relatively cheap right now," Lalwani added. India is witnessing more cross border M&A deals and beyond 2015, and the country could become a "sweetheart for US dealmakers", as the Indian government continues to pursue reforms to open the economy to foreign investors, said the report.

2. India's M&E sector has potential to touch $100 BN by 2025

Source: **Business Standard** (Link)

Media and entertainment (M&E) industry in India has the potential to reach USD 100 billion (about Rs 6.5 lakh crore) by 2025 provided it gets enabling infrastructure and proper on government support. Growing at its pegged potential, the M&E industry will touch Rs 2.1-2.5 lakh crore by 2020, says a vision paper by industry body CII and Boston Consulting Group.

The industry size this year is estimated to be Rs 1.15 lakh crore. *"Such robust growth can come only on the back of enabling infrastructure and the support of the government and the industry itself. "With a growth potential of 13-16 per cent YOY it has the potential to emerge as one of the largest employment providers, contributing significantly to the Gross Domestic Product (GDP),"* said the CII-BCG paper - 'Vision 2020 Document on Media & Entertainment Sector'.

3. Finance Ministry seeks India Inc views on certain GST provisions

Source: **Business Standard** (Link)

Finance Ministry has sought views of India Inc on firming up provisions with regard to Place of Supply (PoS) rules in five sectors, including e-commerce and banking, for smooth roll out of the Goods and Services Tax. The ministry has asked industry associations to submit their views on the transitional provisions and core exemptions to ensure hassle free implementation of the new indirect tax regime, a government official told PTI.

Since GST is a destination based levy, the tax has to be imposed at the PoS of goods or services. At present, there are differences in views over levy of GST in case of services, which might be rendered at different locations in multiple states. In the current regime, the service tax is levied by the Centre and hence there are no issues over its collection. *"We want the industry to be participative. Instead of asking when GST will be implemented, the industry should come up with suggestions to deal with the issues which could hamper smooth roll out of GST,"* the official added. GST, once rolled out, will subsume various levies like excise, service tax, sales tax, octroi, etc, and ensure a single indirect tax regime for the entire country.

4. India, China seen leading growth in green bond market: Moody's report

Source: **Live Mint** (Link)

The global green bond market is expected to exceed $40 billion, with countries such as India and China offering sizeable growth potential, Moody's Investors Service said in a report released on Sunday night. *"We believe the year's total volume will be in excess of $40 billion because issuance is likely to pick up toward the end of the year to coincide with the December United Nations Framework Convention on Climate Change (UNFCCC) Conference of Parties (COP21)in Paris,"* said the report.

The UNFCCC is to be held in Paris in December, where countries will try to hammer out a new global agreement to combat climate change. India has said that it aims to reduce the emissions intensity of its gross domestic product (GDP) by 33% to 35% by 2030 from 2005 levels, and achieve 40% of its cumulative electric power of around 350-gigawatt installed capacity from non-fossil fuel-based energy resources, mainly renewable power, as part of its intended nationally determined contributions. India is looking to raise these low-cost, long-term funds to finance its plan to quadruple its renewable energy production and to make it economically viable.

Seeking to minimize India's dependence on the coal-fuelled electricity, the Narendra Modi government has pushed renewable energy to the top of its energy security agenda. "*Three*

India-based issuers came to market with a total of $205.9 million in green bonds. India has established itself as an early leader in Asia's nascent green bond market, and we expect the country, along with China, to be a prominent driver of regional issuance over the coming years, given the government's ambitious targets on building out renewable energy capacity," the report said. India plans to set up a green energy capacity of 175,000 megawatt (MW) by 2022, to which solar, wind, biomass and small hydro power plants will contribute 100,000MW, 60,000MW, 10,000MW and 5,000MW respectively.

5. Canadian pension funds eye Indian infrastructure assets

Source: **Live Mint** (Link)

Two of Canada's largest pension funds—Caisse de depot et placement du Quebec (CDPQ) and the Public Sector Pension Investment Board (PSP Investments)—are looking to invest in the Indian infrastructure sector and have started scouting for assets, according to two people familiar with the discussions.

The funds will follow peer Canada Pension Plan Investment Board (CPPIB) which has already committed substantial funds to the Indian infrastructure sector through a plan to invest to Rs.2,000 crore in L&T Infrastructure Development Projects Ltd (L&T IDPL) in 2014. CPPIB is the country's largest pension fund manager with $268.6 billion in funds as of June 2015.

With a net asset under management of $240.8 billion as of 30 June 2015, CDPQ is the second largest and invests in major financial markets, private equity, infrastructure and real estate globally. PSP Investments, with assets under management worth $112 billion (as on 31 March 2015), is among the top five Canadian pension funds with its infrastructure portfolio focused on sectors such as transportation, utilities, telecommunications and oil and gas.

****

By Harsha Hazarika