

## Daily Economic News Summary: 20 October 2015

### 1. S&P retains India rating at “BBB-” with stable outlook

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

International rating agency Standard & Poor's has affirmed its 'BBB-' long-term and 'A-3' short-term sovereign credit ratings for India. The outlook for country remains stable, the agency said in a statement on Monday. The ratings on India reflect the country's sound external profile and improved monetary credibility, it said.

These factors, combined with strong democratic institutions and a free press, both of which yield policy stability and predictability, underpin the investment-grade rating on India. *"These strengths are balanced against vulnerabilities stemming from the country's low per capita income and weak public finances,"* it said.

India's governing parties have made progress in building consensus on a passage of laws to address long-standing impediments to India's growth, it said. These include strengthening the business climate (such as through simplifying regulations and improving contract enforcement and trade), improving labour market flexibility, and reforming the energy sector. *"We also observe some progress in comprehensive tax reforms through the likely introduction of a goods and services tax to replace complex and distortive indirect taxes,"* it said.

### 2. Coal imports decline by 27% to 12.6 MT in September

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

Government today said that coal imports dropped by 27.16 per cent to 12.6 million tonnes (MT) last month from a year-ago period on the back of rise in domestic production. *"With unprecedented increase in coal production by Coal India, import of coal comes down for third successive month,"* Coal Secretary Anil Swarup tweeted. *"Coal imports down from 17.3 MT in Sept 14 to 12.6 MT in Sept 15. In value terms from Rs 8,598 crore to Rs 6,027 crore, a reduction of 30 per cent,"* he said in another tweet.

Coal India which accounts for over 80 per cent of the domestic coal production is targeting one billion tonnes of coal production by financial year 2020. According to junction, an e-auction joint venture between Tata Steel and SAIL, coal imports were down in September due to low imports of non-coking coal by power utilities. *"Imports by power utilities in April-September were down nearly 7 per cent to 41 million tonnes this year from 44 million tonnes in*

the same period last year as they preferred buying domestic coal instead, which is easily available now," Viresh Oberoi CEO and MD mjunction told PTI in an email reply.

### **3. Guidelines in FDI for insurance firms issued**

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

The Insurance Regulatory and Development Authority of India (Irdai) on Monday said the total foreign investment in Indian insurance companies had been capped at 49 per cent. The regulator gave three months to insurers to comply with these norms from the date of issue of the guidelines. Ashvin Parekh, managing partner, Ashvin Parekh Advisory Services, said the guidelines provide clarity on foreign investments. The existing shareholders agreements will have to be reworked to comply with the norms. Some insurance companies have already begun work on this.

Irdai said the regulator might grant another three months to existing insurers to comply for valid reasons. This extra time would be given provided that the total time taken to comply with "Indian owned and controlled" stipulations does not extend beyond six months. New insurance companies will have to comply with the norms before registration. The law will be applicable in case the companies propose to hike their foreign investment from the existing level; or even when they do not intend to increase their current foreign stake from the existing level, Irdai clarified.

### **4. Make Arms in India: A statistical look at indigenous push in defence**

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

India has long held the status as the world's biggest arms importer — it procures nearly 70 per cent of arms from abroad. The NDA government under Narendra Modi wants to change that. It is keen to build a modern defence industry, pushing for planes, ships, tanks and guns to be produced in India along with automobiles, chemicals and electronics, as part of its pet Make in India campaign.

Nowhere is this push more visible than in the number of licences handed to private enterprises for manufacturing defence items. The NDA government has already handed nearly 100 such licences since it came to power in May last year compared with the 200-odd licenses its predecessor issued during its 10 years in office.

## 5. China, Japan cos take guard on cricket pitch to score big in India

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

Chinese smartphone maker Vivo seems to have got its timing right by agreeing to become the title sponsor of the Indian Premier League (IPL). For a company looking to make inroads into India's crowded smartphone market, there couldn't have been a better marketing vehicle than cricket.

Vivo is not the only one chasing the cricket route to garner both mindshare and marketshare in a market where the sport is akin to religion. Japanese carmaker Nissan, which has been witnessing a poor run in the country, recently struck a major eight-year deal with the International Cricket Council (ICC) that has made it the global sponsor of cricket's international tournaments, including the ICC Cricket World Cup, Champions Trophy and World Twenty20, as well as Under 19 and Women's Cricket.

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