

## Daily Economic News Summary: 26 October 2015

### 1. NaMo's theme: It's time for Africa

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

India is at 150 on the World Bank's Ease of Doing Business Index. Rwanda in Africa is at 46. Two decades ago, Rwanda was known for its genocide. Africa has moved on and India needs to look at the continent through a different lens. In the past decade, more than ever before, India has traded with and invested in Africa, sourcing resources and commodities, becoming deeply invested in security. In five years, India-Africa trade has jumped six-fold to touch \$70 billion and may get to \$100 billion by the yearend.

This will still be a far cry from the China-Africa trading relationship worth \$200 billion. India's oil imports from Africa jumped to 26% in May 2015, Nigeria and Angola becoming main suppliers. In the piracy-ridden waters off Somalia, India has toiled to beat the scourge, so much that India holds the second-largest number of pirates in custody. Since the first modest India-Africa summit in 2008, followed by a larger one in 2011 in Ethiopia, the third one next week is a logical progression in some ways, but also breaks the mould.

As PM, Narendra Modi told African journalists this week: *"This is the first summit where all 54 African countries are invited and all are participating ... 40 will be represented by heads of state or heads of government, the rest will be represented by senior ministers."* India-Africa ties are invariably seen under the shadow of the eye-popping numbers governing the China-Africa dynamic — \$200 billion bilateral trade, almost \$3 billion in FDI. But the insatiable Chinese hunger for resources is cooling, as their economy slows down. Moreover, Beijing is investing almost as much in Latin America as in Africa.

### 2. India takes fresh guard to boost trade and economic ties

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

The slowdown in China provides India another opportunity to make deep inroads into the African continent, strengthen business and economic ties. The India-Africa summit will be a perfect setting for business communities from India and African nations to explore areas of cooperation and provide a roadmap to their governments.

Economic and trade relations between India and Africa have been on the slow track despite several Indian companies having a presence in the continent. The current trade is estimated around \$75 billion. Experts say there is potential for this to go past \$100 billion. But

Commerce and Industry Minister Nirmala Sitharaman is cautious not to cite a number. More than 165 Indian companies invested in Africa between January 2003 and July 2015 in telecom, infrastructure, pharmaceuticals, healthcare and elsewhere.

India official says deeper cooperation in agriculture and agro-processing, engineering, textiles, leather and pharmaceuticals would have a positive impact on food security, raise health standards and create jobs in Africa and India. Food processing is a key area identified by both sides. Tourism too holds promise. *"There is clear intention that we will participate in African manufacturing and they'll do whatever they can do to Make in India,"* says Rajan Bharti Mittal, vice chairman of Bharti Enterprises. Several African countries have high growth and are keen to engage with India. Others would want Indian expertise in various sectors to speed up economic expansion. *"There's been growing interest in many African countries to do more business with the East and that includes India and China... Africa is opening to everybody who wants to do business,"* says Zimbabwe trade minister Mike Bimha.

### 3. Sweden shows way for smart Delhi

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

The Delhi government is all set to take some lessons from Stockholm city. It is open to the idea of inviting investors and exploring partnerships with Sweden to deliver affordable solutions to problems ranging from waste management to energy-efficient public transport. The state is also keen on drawing from the experiences of technology-efficient Stockholm known for its robust underground network of fibre-optic cable networks for high-speed connectivity and sustainability and see if how this can be applicable to the government's plan to execute free Wi-Fi in Delhi.

Minister of health and public works department, Satyendra Jain, and transport minister, Gopal Rai, along with senior bureaucrats from various departments, have gone to Stockholm for a five-day knowledge-sharing trip. For finding ways to roll out citywide free Wi-Fi facilities to eco-friendly public transport solutions and energy efficient housing, the Indian delegation will be visiting projects on ground to see the benefits.

Jain told TOI that his idea of going to Sweden was clearly focused on finding ways to improve transportation infrastructure and make it sustainable. *"For me traffic management, road planning and public transportation is an area of interest. Also, I would like to study the waste management and waste-to-energy projects and how the same can be done here. For instance, we will be visiting smart city projects. Frankly, I am looking for solutions that are possible to implement in India and am open to investors from Sweden coming in with expertise to deliver solutions that are sustainable,"* Jain added.

#### **4. India's e-tail sees 3-fold growth in a year**

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

With more people now willing to buy goods online, the value of India's online sales in 2015 is expected to be thrice as much as last year. While marketplaces like Amazon, eBay, Flipkart and Snapdeal have increased choices by adding sellers on their platforms and improving delivery efficiency, it is estimated that Indian e-commerce companies' combined gross merchandise value (GMV) this year will be over \$12 billion (Rs 78,000 crore) by December, compared with \$4.5 billion (Rs 29,000 crore) last year.

Amazon has seen its India sales growing four times this year, with the American e-commerce giant tripling the number of sellers on its platform. Snapdeal's business has soared to a new level, with the Kunal Bahl-led company cutting its product delivery time to as low as four hours in many cities. Its consumer base has grown three times over last year. During its Diwali sale, the company sold over five million products in three days. Similarly, Flipkart's sales grew significantly during its Big Billion Day sale to an estimated \$300 million during the five-day event.

Among them, Amazon, Flipkart and Snapdeal control nearly 80 per cent of the country's e-commerce market, even as competition is set to get more intense with Reliance Industries betting on offering goods online by March. It is not just the big players that are gaining market share with people increasingly moving to shopping through their smartphones; even smaller e-commerce players are benefiting from the changing trend.

#### **5. Gold monetization scheme & gold coins with Ashok Chakra to be launched on the eve of Diwali: PM Narendra Modi**

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

On the eve of Diwali, the government will launch important gold-related schemes, including the Gold Monetisation, Prime Minister Narendra Modi announced today, expressing confidence that it will give a new direction to the economic development. Besides the Gold Monetisation Scheme, the government will also launch 'Sovereign Gold Bonds' and gold coins with Ashok Chakra, he said in his monthly radio programme 'Mann Ki Baat'. *"In the last Budget, we had announced an important scheme. In our country, gold has become a part of our social life. Gold is treated as a means of economic security, a help during the time of crisis. It is traditionally believed so. I don't think anybody can reduce the love of people for gold. But to keep gold in the form of dead money does not augur well in this age. Gold can become strength, an economic strength. Gold can become the country's economic property and every Indian should contribute to this,"* he said.

He noted that as per the traditional practice, people keep gold in lockers, for which they have to pay to banks. *"Now, keep gold in the bank and bank will pay you in the form of interest. Now say, will gold not be an asset? Can gold not transform from dead money to live power? This is what we have to do. You support me,"* Modi said in his 35-minute programme.

## **6. Amazon continues to invest “very heavily” in India**

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

Global e-commerce giant Amazon continues to invest "very heavily" in the Indian market, encouraged by its strong sales numbers and expanding seller base, a top company executive has said. Amazon Senior Vice President and CFO Brian T Olsavsky said the US-based company has seen sales quadruple during the festive season (pre-Diwali sales) compared to last year. "We're really encouraged with what we are seeing, both on the customer side and the seller side. On the customer side, active customer accounts are up 230 per cent year-over-year. *"We are in the middle of the Diwali season that is going really well. Sales are 4x what they were last year,"* he said on an investor call. Olsavsky added that the company has been adding 40,000 products a day so far this year on its platform and the number of sellers has grown more than 250 per cent year-on-year.

## **7. M&A deals worth \$25 bn signed in January-September : Mergermarket**

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

India-focused merger and acquisition deals during the January-September period reached \$24.8 billion through 309 transactions, registering a jump of 10% over the same period last year, says a report. According to global deal tracking firm Mergermarket, there were 224 M&A deals worth \$22.5 billion during the first nine months of the last year. The July-September quarter witnessed \$6.3 billion worth deals, a 37.5% decrease over April-June period, but was up 18.9% in value terms as against July-September period of 2014, when there were deals worth \$5.3 billion.

A sector-wise analysis shows that energy, mining and utilities was the most active with 28 deals worth \$3.7 billion accounting for 15% of the total M&A deal value. *"Deal value in this space was bolstered by the USD 2.2 billion acquisition of Cairn India by Vedanta, the largest deal targeting the country to-date in 2015,"* said the report. The report further said inbound deals were the flavour of the season, with 110 deals worth \$24.4 billion announced so far in 2015—highest year-to-date value since 2012. International bidders took up the majority of these deals, with \$12 billion-worth (43.6%) of deals carried out by the companies outside of the Asia-Pacific region.

The US has shown strongest interest in M&A transactions within India, investing in 63 deals worth \$6.3 billion, with US companies carrying out seven of the top ten inbound deals till September this year. Meanwhile, India's confidence in overseas investments seems to have returned as there were 50 deals worth \$4.4 billion announced till September this year, up 163.4% over the last year when the total deal value stood at \$1.7 billion, by way of 57 deals.

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