Daily Economic News Summary: 29 July 2015

1. Indian companies among most vulnerable to dollar appreciation: IMF

Source: **Live Mint** (Link)

Indian companies fared the worst in a stress test conducted by the International Monetary Fund (IMF) for possible worsening of borrowing costs and earnings in case the dollar continues its recent strong and sustained appreciation. In a report titled *Spillovers from Dollar Appreciation* released last week, the multilateral lending agency also warned that debt at risk from India's state-owned enterprises could increase significantly, amounting to more than 5% of the country's gross domestic product, or GDP.

For the stress test, IMF surveyed 4,797 Indian firms with total assets worth $1.5 trillion. The test assumed that borrowing costs will go up by 30%, earnings will decline by 20% and domestic currency will depreciate 30% against the dollar.

The IMF's findings come against the backdrop of an increase in total stressed advances at scheduled commercial banks to 11.1% of total advances in March from 10.7% in September, according to the latest financial stability report released by the Reserve Bank of India (RBI) last month.

2. JN port to raise Rs 2600 crore in dollar loans for road-widening project

Source: **Live Mint** (Link)

The Jawaharlal Nehru (JN) Port Trust, which ships more than half of India's containerized cargo passing through its ports, plans to raise as much as Rs.2,600 crore worth of dollar-denominated loans by March to help fund a road-widening project for faster evacuation of cargo.

Doubling the highway from the existing four lane to cater to the growing traffic is estimated to cost about Rs.3,200 crore. While the highway project will be executed by India's highway development agency, the National Highways Authority of India (NHAI), the project will be funded entirely by JN port. *"Leveraging the dollar-denominated receivables of JN port accruing from vessel-related charges can be utilized to provide a natural hedge against the dollar-denominated long-term funding,"* a spokesman for the port located near Mumbai and one of the 12 owned by the Union government, said.

3. GM targets emerging markets with new lineup

Source: **CNBC** (Link)

General Motors, the world's third largest automaker, is investing $5 billion in a new family of vehicles targeting many of the world's fastest-growing emerging auto markets. *"The fundamental story here is one of growth,"* said Dan Ammann, president of General Motors.

The vehicles, ranging in size from a compact car to a small crossover utility vehicle, will be built and sold primarily in four developing markets: Brazil, China, India and Mexico.

4. CCI fines Hyundai Rs 420 crore for anti-competitive practices

Source: **Live Mint** (Link)

The Competition Commission of India (CCI) has levied a penalty of Rs.420.26 crore on car manufacturer Hyundai Motor India Ltd for violating antitrust laws in the supply of genuine spare parts and diagnostic tools, according to an order dated 27 July and made available on its website. CCI also found Mahindra Reva Electric Vehicles Pvt. Ltd, a subsidiary of Mahindra and Mahindra Ltd, and Doshi Holding Pvt. Ltd-promoted Premier in violation of competition laws.

While Hyundai was penalized 2% of its annual turnover in India for three years—2009-10, 2010-11 and 2011-12, Reva and Premier were exempted from penalties. The regulator held that the three companies had entered agreements that adversely affected market competition and abused their dominant position in the supply of spare parts.

Genuine spare parts of automobiles manufactured by these companies were not made available in the open market, which affected services of independent mechanics to compete with authorised service stations, the CCI order said. CCI found that Hyundai and Reva earned a high mark-up on spare parts sourced from original equipment suppliers and the price at which they were made available to consumers.

5. In one month India contributed 7% of One Plus' sales last year: Vikas Agarwal, GM OnePlus India

Source: **Economic Times** (Link)

OnePlus**,** a startup with just a couple of years of experience and one product, has succeeded in giving major handset companies a few scares. Speaking to ET's Gulveen Aulakh and Hitesh Raj Bhagat**,** co-founder Carl Pei and Vikas Agarwal, General Manager, India, called the latest device the '2016 Flagship Killer' and said the China-based company expects to sell 1 million phones in 2015. *Edited excerpts*:

Agarwal: "*India contributed about 7 per cent of our last year's overall sales within just one month of operations. In Q1 alone, over 40 per cent of global sales came from India without any major marketing or promotional activities. Overall, we have sold over 250,000 units of OnePlus One/recorded sales in excess of Rs 500 crore through an online-only sales channel in a very short span of time. Currently, India is among our top three markets and is growing faster than any other country. We expect to sell over 1 million devices during 2015.*"

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