

Daily Economic News Summary: 29 June 2015

1. GE India business does a healthy experiment in Startup funding

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

General Electric's healthcare business has incubated and spun off a startup for the first time in India. GenWorks launched and headed by former GE Healthcare executives who own a majority stake in the company is attempting to create an ambitious healthcare distribution network for tier 2 and tier 3 towns and cities as part of a push to solve some of the biggest healthcare challenges facing the country.

"Because we were looking at scaling up our distribution, we want about creating a startup in healthcare distribution within GE", Milan Rao, President and CEO of CE Healthcare India. "The idea of GenWorks is to focus on distribution which is far beyond the traditional boundaries distribution that you're looking at currently."

2. Indian power plants find Rs 1.2 trillion of capacity has no takers

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

At a time when almost a third of India's 1.3 billion citizens have no access to electricity, power plants worth about Rs.1.2 trillion are struggling to find customers. High interest rates and weak industrial demand have coupled with India's unusually cool summer and unseasonal rains to curtail electricity usage. That's left some 20 gigawatts of capacity—enough to power New Delhi thrice over—without long-term supply contracts, according to Ashok Khurana, director general at the association of power producers, a lobby group based in the capital.

"New plant initiations have come to a grinding halt," said Debasish Mishra, a senior director at Deloitte Touche Tohmatsu India Pvt. in Mumbai. "The situation is very discouraging for anyone planning to set up a power plant in India. If not addressed in time, we will swing from the current surplus situation to a major shortage in a few years."

3. Mid-Tier outsourcing firms struggling to stay in the game

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

The lukewarm industry response to last week's announcement that Larsen and Toubro Ltd, India's largest engineering and construction company, will list its \$800-million technology unit by year end puts a spotlight on mid-tier outsourcing firms struggling for growth in the country's \$146 billion outsourcing industry.

Although L&T Infotech going public is the first such case in more than a decade after Gurgaon-based NIIT Technologies got listed in 2004, the news barely created a buzz, making analysts wonder if India's mid-tier outsourcing companies such as Mphasis Ltd, Mindtree Ltd and Hexaware Technologies, are doing enough to maintain the growth seen in the last decade.

"The golden days of the outsourcing industry are behind us," said the head of research at a Mumbai-based brokerage who spoke on condition of anonymity. *"And the smaller companies are actually the worst hit. They were all growing at 30% (in the early part of the last decade). What is their growth now? I believe in a few years they will be also-rans unless they learn and invest in some IP-led offerings (intellectual property)."* Such concerns stem from these companies' lack of IP-led product offerings, failure to train workers in new technologies and inability to enter new geographies.

4. Sony may consider setting up manufacturing unit in India

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

Japanese electronics major Sony Corp. is 'seriously' looking at participating in the government's 'Make in India' initiative and may consider setting up a manufacturing plant in the country.

"Of course, thanks to Mr (Narendra) Modi's strong initiatives, some how we have to cope with countries direction and strategy. We are in talks as to how we can support country's direction. At this point of time, we do not have any specific comment. We are seriously studying as how can we reply to PM's requirements," Sony India managing director Kenichiro Hibi said when asked if the company is planning to set up a manufacturing plant in the country.

However, he declined to share any information on time frame and investment in the new unit. When asked whether it can happen in next two years, he said: "Definitely yes, we would have to make something in such a time span. However, we do not have any specific comment on it. But yes it is and we are thinking it very seriously," he told *PTI*.

5. Amazon to offer loans to sellers in India, seven other countries

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

Amazon.com Inc will launch its business loan programme for small sellers later this year in eight more countries including India. Until now, the e-retailer has offered the service only in the US and Japan. Amazon Lending, founded in 2012, now plans to offer short-term working capital loans in other countries where it operates a third-party, seller-run marketplace business, the head of Amazon Marketplace, Peter Faricy, told *Reuters*.

The countries are Canada, China, France, Germany, India, Italy, Spain and the UK. The service is on an invite-only basis and is not open to all sellers on Amazon's platform.

By Harsha Hazarika