

Daily Economic Newsletter: 30 September 2015

1. India pips US, China as No.1 foreign direct investment destination

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

India has emerged on top of the foreign direct investment league table, overtaking China and the United States, according to the FT data service. A ranking of the top destinations for greenfield investment (measured by estimated capital expenditure) in the first half of 2015 shows India at number one, having attracted roughly \$3 billion more than China and \$4 billion more than the US, according to the Financial Times newspaper.

"With midyear data on greenfield FDI now in, 2015 looks to be a milestone year for India following its impressive performance in 2014," the article in FT said quoting FDI Markets, a data service of the FT. The news comes as a shot in the arm for the Narendra Modi government which has taken several steps to attract foreign investment and has helped revive mood of investors since it came to power in May 2014.

While there has been a demand for accelerating the reforms drive, the government has unveiled several initiatives such as 'Make in India' and 'Digital India' to lure investors. It has moved to ensure that the country moves up the ranking on the World Bank's Ease of Doing Business and states have started their clean-up act on this parameter.

2. India jumps 16 places in WEF ranking, but hurdles remain

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

India has jumped 16 places in the World Economic Forum's global competitiveness ranking, a result of the positive way in which the current government is viewed by investors. The rankings show India ranked 55 out of 140 countries. While this is an improvement over last year's 71 out of 144 (and 2013's 60 out of 148; 2012's 59 out of 144; and 2011's 56 of 142), it is lower than India's rank in 2010 (49 of 133), 2009 (50 of 134), 2008 (48 of 131), and 2007 (43 of 125).

In its *Global Competitiveness Report 2015-16*, WEF said this dramatic reversal is largely attributable to the momentum initiated by the election of Narendra Modi, *"whose pro-business, pro-growth, and anti-corruption stance has improved the business community's sentiment toward the government"*.

After taking charge in May last year, the National Democratic Alliance government has launched a drive to improve the country's business environment, unveiling several campaigns (such as Make in India, to boost manufacturing; Skill India, to equip Indians with vocational skills), announcing swifter approvals for businesses; and moving towards a transparent and stable tax regime. It is also working on making it easy to do business in India and has said it will improve India's ranking in the World Bank's Ease of Doing Business rankings to under 50 in five years.

3. Finance ministry to compile list of projects for foreign governments

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

The finance ministry will compile a list of projects that can be offered to foreign governments that have pledged billions of dollars in investment. This could be the Narendra Modi government's version of the project monitoring group set up by its predecessor to get stalled infrastructure development moving again. The list preparation will be led by the finance ministry in consultation with the Prime Minister's Office (PMO). Infrastructure ministries will be asked to submit the list of projects. *"These can be both new and existing projects, which require finance at lower rates and for longer tenures,"* a senior government official said. China and Japan have already pledged investments worth \$55 billion over the next five years. In August, the United Arab Emirates (UAE) promised \$75 billion after Modi's two-day visit to the country.

Countries such as South Korea and Australia have agreed to invest around \$10 billion each in various sectors. *"The issue that we are facing in some cases is where to direct these investments,"* said the official. *"If we have a ready list of feasible projects, public and private investments from these countries can come in as direct equity or exposure through a soft loan for longer tenure."* Foreign direct investment (FDI) rose 23% in FY15 to \$44.88 billion from \$36.39 billion in FY14. The finance ministry is also looking to ease various restrictions on FDI and present India as a more attractive investment destination. During his US visit, Modi promised to speed up decision making.

4. FPI investment limit in government securities hiked to 5% of outstanding stock

Source: **NDTV** ([Link](#))

The RBI will allow foreign investors to buy an additional \$18.2 billion in government bonds in stages over the next few years, as part of measures introduced on Tuesday to open up domestic markets. The long-anticipated change involves increasing the government debt limit for foreign investors to up to 5 per cent of the current outstanding amount of bonds.

The increase, to be carried out in stages until March 2018, will translate into Rs 1.2 lakh crore (\$18.19 billion) in potential investment. The Reserve Bank of India (RBI) said foreign investors would also be allowed to buy into debt issued by the country's states for the first time, although only up to 2 per cent of outstanding debt, or totaling Rs 50,000 crore by March 2018.

The actions highlight the growing confidence India can withstand a likely increase in US interest rates later this year, which is expected to lead to selling by foreign investors in most emerging markets.

5. Apple's India sales target: 12L iphones in 1 quarter

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

Apple is gearing up for a blockbuster opening of new iPhone devices in India as it targets to sell 12 lakh devices in the October-December quarter, nearly equivalent to its total sales for whole of last year. The new devices are expected to contribute around 60% of total sales in the quarter. The full-year sales target has been scaled up to nearly 35 lakh devices, a number seen only in some of the company's biggest markets.

The company is also lining up a massive marketing and promotional budget, which is upwards of Rs 300 crore in October-December quarter. *"This is big, considering that the spend in the whole of last year was around Rs 115-120 crore,"* top sources in the company told TOI.

6. PGCL completes phase of 6000 MW capacity North East-Agra Link

Source: **Daily Pioneer** ([Link](#))

In order to help in getting supply of surplus power from north-eastern region during monsoon to north and western parts of India, state-owned Power Grid Corporation Limited (PGCL) has completed the first phase of its Rs12,000-crore transmission line of 6,000 MW capacity between north eastern region and Agra.

"The first phase of the 1,730-km-long 800 kv high-voltage direct current (HVDC) transmission line has been completed and power can flow in either direction. This particular transmission link will help in getting supply of surplus power from north eastern region during monsoon to north and western India, whereas in winters it will be vice versa," PGCL Chairman and Managing Director RN Nayak told reporters in a press briefing.

By Harsha Hazarika