Daily Economic News Summary: 6 May 2015

1. India to sign Chabahar port deal with Iran, ignoring US warning

Source: **Live Mint** (Link)

India will push ahead with plans to build a port in southeast Iran, with Prime Minister Narendra Modi keen to develop trade ties with Central Asia and prepared to fend off US pressure not to rush into any deals with Iran.India and Iran agreed in 2003 to develop a port at Chabahar on the Gulf of Oman, near Iran's border with Pakistan, but the venture has made little progress because of Western sanctions on Iran.

Now, spurred on by Chinese President Xi Jinping's signing of energy and infrastructure agreements with Pakistan worth $46 billion, Modi wants to swiftly sign trade deals with Iran and other Gulf countries. The United States cautioned India and others last week against strengthening ties with Iran ahead of a final agreement. But Indian officials said New Delhi could not ignore its national interest and noted a report that a US energy delegation was visiting Iran.

2. Jet, Etihad alliance working, slowly

Source: **Business Standard** (Link)

The second year of the Jet Airways-Etihad partnership led to an expansion of services between India and Abu Dhabi, $150 million debt infusion in the Indian carrier, and enhanced co-operation in marketing and the cargo business.

3. Except petroleum, no sector saw growth in exercise duty collections in FY 14: Comptroller and Auditor General of India

Source: **Business Standard** (Link)

Petroleum products are the only category that showed a growth in excise duty collections during FY14, on a year-on-year. These products comprised 53% of the total excise duty mop-up in the year, said the Comptroller and Auditor General of India (CAG).

The other industrial categories such as iron & steel, cement, motor vehicles, and chemical products showed a contraction, CAG said in its report on indirect taxes tabled in Parliament.

4. Doha Bank plans $250 million capital infusion in Indian operations

Source: **Business Standard** (Link)

Doha Bank plans to infuse about $250 million as capital into its Indian operations over the next three years to support its loan book of $2.5 billion. Doha Bank has a $2-billion exposure to Indian companies through overseas operations. The bank intends to grow India-linked businesses by $5 billion.

5. Nivea commissions first Indian factory at Sanand

Source: **Business Standard** (Link)

Personal care Company Nivea India Pvt Ltd, an affiliate of German cosmetics major Beiersdorf AG, commissioned the first phase of its first factory in India, at Sanand. Stefan De Loecker, executive board member at Beiersdorf, and Rakshit Hargave, managing director of Nivea India, said the plant would allow Nivea to make its products more affordable.

While the initial plan is only to support the Indian market, the location will make it possible to significantly increase the capacity for the growing markets of both this country and the South Asian region, said Hargave.

6. General Motors set to storm India as Korea costs climb

Source: **Hindustan Times** (Link)

General Motors aims to grab at least 5% market share in India within the next decade, as it sees that market overtaking Japan as the world's third biggest with projected annual sales of 8 million vehicles by 2025.

The Detroit carmaker, which is losing money in India even after 18 years there, will unleash a product blitz aimed at reviving sagging sales, and will make India a new global manufacturing and export hub, taking some of the strain off South Korea, where labour costs have ballooned in recent years.

India's autos market has been steady for the past few years, with annual sales of just above 3 million vehicles, but Stefan Jacoby, GM Chief of International Operations, sees that changing with Prime Minister Narendra Modi, who took office last year, vowing to reboot Asia's third-largest economy.

7. Make in India drove FDI up by 56%

Source: **Hindustan Times** (Link)

Foreign direct investments (FDI) into India have surged by 56% in five months since the Make in India programme was launched on September 24, official data revealed.

The inflow into the manufacturing sector alone saw a jump of 45% at $6.9 billion from $4.8 billion in the corresponding period a year ago.

According to data for April 2014-February 2015, Mauritius ($8.44 billion or Rs. 50,640 crore), Singapore ($6.42 billion), the Netherlands ($3.29 billion), Japan ($1.72 billion) and the US ($1.69 billion) were among the leading investors.

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