

Daily Economic News Summary: 7 October 2015

1. IMF says India to remain the world's fastest growing economy

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

The International Monetary Fund (IMF) on Tuesday marginally lowered its 2015-16 growth forecast for India, which will still remain the world's fastest growing major economy, and expressed optimism about its future prospects. IMF now expects the Indian economy to grow 7.3% this year, lower than the 7.5% it projected in July. It expects growth to accelerate to 7.5% the following year.

That will cement India's position as the fastest growing major economy, ahead of China, which the IMF expects will grow 6.8% this year, followed by 6.3% in the next. IMF also lowered its global growth forecast by 0.2 percentage points to 3.1%, citing an uneven recovery as well as increasing downside risks to the growth outlook for emerging market economies that are grappling with declining commodity prices, depreciating currencies and growing volatility in financial markets.

The Washington-based multilateral institution attributed the lowering of India's growth forecast to the weakening of global external demand and the consequent impact on Indian exports. *"India is not as open as China but when external demand weakens, it will impact Indian exports. Though domestic demand remains resilient, global developments are going to have an impact on India,"* Gian Maria Milesi-Ferretti, deputy director of the research department at IMF, said at a press conference.

2. PM Modi woos foreign investors, hopes for GST rollout in 2016

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

Prime Minister Narendra Modi on Tuesday sounded hopeful of India successfully rolling out the new goods and services tax in 2016, while German Chancellor Angela Merkel said German companies operating in India should be treated the same way as Indian companies since it would benefit both sides. On Tuesday at the Indo-German Business Summit, India and Germany also inked five more MoUs to strengthen ties in areas such as telecommunications, solar power and defence, in addition to the 18 MoUs that were signed on Monday between the two countries.

The pacts signed included an agreement between Tata Power and Rohde & Schwarz to manufacture "software defined secure radio communications systems" for military usage and other agreements between Siemens and the Gujarat International Finance Tec (GIFT) City. During her visit to Bangalore, Merkel also encouraged Indian investors to consider investing in Germany, citing the country's business friendly regulations and abundant supply of skilled labour, among other things. *"Indian investors are certainly welcome in Germany. You as Indian companies would find excellent conditions on the ground,"* said Merkel addressing a packed auditorium of top executives from India's corporate sector, as well as German business delegates.

3. India and KFW sign 125 million euro loan agreements under Green Energy Projects Programme

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

India and KFW, Federal Republic of Germany have signed two loan agreements worth Euro 125 million for financing two projects under the Green Energy Projects (GEC) programme, said a finance ministry statement. The two projects will be in Himachal Pradesh and Andhra Pradesh. Loan agreements were signed by S. Selvakumar, joint secretary ministry of finance on behalf of the government of India and Roland Sillar, member, KFW Board Management, from German side.

With the Green Energy Corridors, the intra-State network will feed the renewable energy to the respective state grids and the high capacity transmission corridors and inter-state network will connect major renewable energy pockets with the national grid.

4. Bosch reaffirms plans to invest \$100 million euros in India this year

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

German automotive engineering giant Bosch reaffirmed its plans to invest Rs 650 crore (100 million euros) to strengthen its presence in India, a day after German Chancellor Angela Merkel and Prime Minister Narendra Modi signed a number of MoUs to strengthen ties between the two countries.

On Tuesday, both Modi and Merkel also visited Bosch's Bangalore operations, along with several other top delegates and ministers from Karnataka, including chief minister Siddaramaiah. Earlier this year, Bosch had said the company made capital investments of around Rs 500 crore in 2014 in India and planned to make further investments of Rs 650 crore in 2015. *"Our commitment to developing talent and the competence of our local engineers are part*

of our success story in India," said Peter Tyroller, member of the Bosch board of management responsible for Asia Pacific. *"India is a key location in our global innovation network. To further strengthen our presence in the country, we plan to invest INR 650 crores (over 100 million euros) in 2015,"* Tyroller added.

5. Consultants chosen for preparation of Smart City plans

Source: **The Hindu Business Line** ([Link](#))

As many as 88 cities of the 98 smart city aspirants shortlisted by the Government have identified consulting firms for preparation of city-wise smart city action plans, the Ministry of Urban Development said on Tuesday. The remaining 10 cities in the North-Eastern states and the Union Territories will do so by this weekend, the statement said, adding that Uttar Pradesh and Jammu & Kashmir are still to nominate one city each for smart city development.

"CRISIL Risk and Infrastructure Solutions Ltd in association with Pri Move Infrastructure Development Consultants Private Ltd and Probity Soft Private Ltd have bagged the contract for six cities followed by Jones Lang La Salle Property Consultants India Pvt Ltd in association with Townland Consultants Pvt Ltd and Tata Consulting Engineers, ICRA Management Consulting Pvt Ltd in association with NJS Engineers India Pvt Ltd and the All India Institute of Local Self-Government for five cities each," it said.

6. Rajasthan govt launches Jan Awas Yojana housing project

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

To ensure effective implementation of the central government's ambitious project to provide housing for all by 2022, the Rajasthan government has launched a project by the name of Jan Awas Yojana to focus on housing for economically weaker sections (EWS) and low-income groups (LIG). *"The new policy is essentially complementary to the government of India's policy. The central government policy talks about four different verticals and affordable housing through developers is one of the verticals. This policy is looking to comply with the central government policy on housing for all,"* said Ashok Jain, additional chief secretary, urban development, Rajasthan.

The new policy, launched by chief minister Vasundhara Raje on 26 September, offers incentives to developers to construct EWS and LIG housing on private and government land. Through this the government aims to focus on construction of houses in cities with a population

of 1 lakh and above. There are 13 such cities in Rajasthan. *“While it has only been a short time, we have been receiving a positive response from developers. People are coming forward. As per my own feedback, developers are interested in taking on projects through this policy,”* Jain said.

The policy has incentives for private developers. *“We have given developers non-cash incentives and revenue forgone incentives in the new policy. We have also introduced waivers of approval charges and have also increased the floor area ratio, ground covering and higher height limits,”* Jain said.

By Harsha Hazarika