

## Daily Economic News Summary: 9 June 2015

### 1. Indian steel industry loses out to cheaper imports

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

Sometime early in the last fiscal year, Mumbai Port Trust suddenly discovered that vessels containing steel shipments from countries such as China, Japan and Korea were seeking permission to dock. The port obliged and the trend continued all year.

By the end of the fiscal year, the port, among those handling the bulk of steel imports into India, saw its incoming iron and steel shipments rise to 4.1 million tonnes (mt) from 1.9 mt, a 117% jump, the highest in three years.

While the port had no reason to complain about the rise in traffic, domestic steel companies cried hoarse. And their ordeal is far from over.

### 2. India eyes 2<sup>nd</sup> steel maker slot; SAIL to invest Rs 1.5 Lakh crore

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

State-owned SAIL is investing Rs 1.5 lakh crore to raise production to 50 MTPA by 2025 as the country strives to become the second largest steel producer in the world within next five years, said Union Minister Narendra Singh Tomar.

The government is also making efforts to "infuse life" into the country's mining sector that has been left behind other countries due to under exploration, said the Minister for Steel and Mines. A Special Purpose Vehicle (SPV) dedicated to the steel industry is being worked upon, Tomar said at a press conference.

*"In the first phase, we plan to establish steel plants through the SPV route in Chhattisgarh, Odisha, Jharkhand and Karnataka," he said. SAIL's steel plants are being expanded from a capacity of 13 million tonnes per annum to 23 MTPA, at an investment of Rs 61,000 crore."* The long term plan is to take SAIL's capacity up to 50 MTPA by 2025, at an estimated investment of Rs 1,50,000 crore, he said.

### **3. Govt Eases deposit-taking, managerial pay norms for companies**

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

The Government relaxed deposit-taking norms for private companies and exempted the public sector entities from managerial remuneration restrictions. The changes, which also include relaxations for related party transactions entered into by the private companies under the Companies Act, 2013, are part of the Government's efforts to further improve the ease of doing business in the country.

The Corporate Affairs Ministry said it has notified the changes that broadly include easier compliance requirements for private, Government, charitable and nidhi companies. Private firms can now provide a shorter period for offering securities to existing shareholders, approve employee stock option plans through a simple majority and follow "an easier procedure" with regard to holding general meetings.

### **4. Ecommerce to grow at 10-15% annually: Sinha**

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

The Minister of State for Finance Jayant Sinha said that the ecommerce sector would grow at a rate of 10-15 per cent annually, higher than the GDP growth rate, in coming years,

The minister also said that the economy will more than double to \$4-5 trillion if it can achieve a sustainable growth rate of 8-9 per cent over the next 10-15 years.

*"Our hope is we can get to 8 or 9 per cent steady, sustainable GDP growth for the next 10-15 years. If we are able to do that, our \$2 trillion economy will become a \$4 or \$5 trillion economy,"* he said at an Express Industry Council of India (EICI) conference.

### **5. Wealthy Indians eye investment avenues abroad**

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

Affluent Indians are increasingly looking beyond India for unique investment opportunities in private companies and complex financial instruments, which are not available in the Indian markets. An increasing number of family offices, which manage the resources of wealthy individuals, are seeking permission from the Reserve Bank of India (RBI) to invest in offshore equities, real estate investment trusts (REITs) and other hybrid fixed income vehicles, said four wealth managers who work with such family offices.

In June 2014, Premji Invest, the family office of Wipro Ltd founder Azim Premji, sought RBI permission to invest in technology firms in the US and China, *The Economic Times* reported.

Since then, the trend appears to have picked up, with others also seeking regulatory nod for large overseas investments. “In the past six months, 6-7 rich Indian families have approached RBI for permission to invest in overseas markets. In the past years, at least 10 wealthy Indian families have approached RBI for a licence,” said one of the four wealth managers quoted above. He declined to be identified, citing confidentiality clauses attached to investments.

## **6. Airline losses could come down by 40%**

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

Losses of Indian airlines could come down by another 40% in the current financial year. They are expected to post reduced losses of \$680-750 million for the current financial year against \$1.2-1.7 billion in the last financial year.

Low-fare airlines such as IndiGo and SpiceJet are expected to generate a combined profit of \$200-220 million, while full-service airlines such as Jet Airways and Air India could post losses of \$900-950 million.

This is according to *Indian Aviation Outlook*, released by aviation consultancy firm Capa India on Monday. The estimates are based on assumptions of oil prices at \$60-70 a barrel and an exchange rate of Rs.64-66 to the US dollar. Fuel costs account for 45-55% of the revenue of domestic airlines. A 4% reduction in fuel cost may potentially add around 2% to operating margins.

## **7. India eyes top slot in World Bank’s ease of doing business ranking**

Source: **Business Standard** ([Link](#))

Enthused by increased foreign investment flows, the government is planning to get India into the top 30 slot in the World Bank’s Ease of Doing Business rankings. A team of World Bank officials will visit India this month to assess the steps taken by the Narendra Modi-led government to improve the business climate in the country through the Make in India campaign.

## **8. Make in India takes the road in America through Ford cars**

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

The automotive world's most coveted market may finally see some made-in-India cars on its roads. Ford India's popular compact sport utility vehicle EcoSport may be shipped to the US for sale starting October 2017, multiple people familiar with the process said.

Ford has already begun work on developing a face lifted version of the SUV for the North American markets. It has also kicked off a preliminary tendering process to source components.

\*\*\*\*\*

By Harsha Hazarika