

Daily Economic News Summary: 1 September 2015

1. Eyeing a power drive, PM Narendra Modi like to visit Tesla headquarters in US

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

In his first tour through California next month, PM Narendra Modi's itinerary is likely to have a one-of-its-kind visit — to the headquarters of Tesla, the world's newest technology and energy marvel. For all Indian fans of Elon Musk, this promises to be a signature moment. Modi, who will travel to California after his speech at the UN General Assembly, plans a huge diaspora event in San Francisco, home to the Silicon Valley. The PM also has an interest in upping the tech quotient of Indians and the Indian system. While his programme is still in the process of being fixed, there are plans for him to preside over a roundtable on renewable energy, with experts and companies who may be persuaded to bring their technology to India.

2. India's manufacturing PMI: best in Asia

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

India's Nikkei Purchasing Managers' Index (PMI) for the manufacturing sector for August came in at 52.3, lower than July's 52.7. But among emerging market Asian economies, apart from Vietnam, India's manufacturing PMI was the only one that showed expansion from the previous month. All the other economies had readings below 50, which indicate a contraction in the manufacturing sector from the previous month. Indian manufacturing growth may be sluggish, but at least it's growing.

3. FSSAI plans new rules for product approvals, imports

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

India's food safety regulator proposes to introduce fresh regulations on an urgent basis to govern product approvals and imports, an official said. The Food Safety and Standards Authority of India (FSSAI) scrapped its existing approvals process on 27 August after the Supreme Court on 19 August questioned the procedures followed by the agency for granting such approvals.

“External legal firms will be hired to assist FSSAI in drafting the fresh regulation that would govern product approvals and imports,” said the official cited above, who spoke on condition of anonymity. The new regulations will eventually have to be passed by Parliament.

FSSAI has also issued a public notice seeking applications from lawyers and legal firms before 7 September to assist it in putting a new system for approvals in place.

4. India's economic growth slows to 7%

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

India's economy grew at an annual rate of 7% between April and June, official figures have shown. This is slower than the 7.5% growth recorded for the previous quarter, and lower than expected. India and China - which also posted 7% growth in the second quarter - are now the joint fastest growing major economies in the world.

But some economists have expressed concerns that India's official figures do not accurately reflect true growth. *"At face value, today's GDP figures for [the second quarter] suggest that India matched China as the world's fastest-growing major economy last quarter," said Shilan Shah at Capital Economics. But the GDP data remain inconsistent with numerous other indicators which suggest that, at best, the economy is in the early stages of recovery after three years of tepid growth. The official GDP data are overstating the strength of the economy, most probably by a significant margin."*

5. July core industries growth slows to 3 month low of 1.1% vs 4.1% y-o-y

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

Infrastructure sector growth slowed to 3-month low of 1.1 per cent in July as output of crude oil, natural gas and steel contracted, making a case for a further rate cut by the Reserve Bank. The expansion in eight core sectors, which contribute about 38 per cent to the overall industrial production, was 4.1 per cent in July last year.

According to the data released by the Commerce and Industry Ministry today, output of crude oil, natural gas and steel contracted by 0.4 per cent, 4.4 per cent and 2.6 per cent respectively in July this year. Growth in output of coal, cement and electricity slowed to 0.3 per cent, 1.3 per cent and 3.5 per cent respectively last month. However, refinery products and fertiliser production grew by 2.9 per cent and 8.6 per cent respectively.

6. \$250 billion opportunity to invest in renewable: Piyush Goyal

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

India has a \$250 billion investment opportunity in the renewable energy space, said Piyush Goyal, minister of power, coal and renewable energy, at *Mint*'s fifth energy conclave in New Delhi on Friday. This includes the peripheral transmission and generation segments as well.

India plans to have 100,000 megawatts (MW) of solar energy capacity by 2022. The government has also set a target of generating 60,000MW from wind power by then. Renewable energy currently accounts for 13%, or 35,777MW, of the total installed capacity of 274,818MW. India's push to boost wind and solar power production provides opportunities for global companies that have been hit by the plunge in international crude oil prices.

7. Indian market has huge potential moving forward: Eric Rondolat

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

In a first, the global leadership team of Philips Lighting met in India last week as part of its biannual "key market visit" exercise. Eric Rondolat, the Dutch company's chief executive officer, met Prime Minister Narendra Modi during the trip, where the two discussed smart cities, solar lighting and Make in India initiatives of the government. In an interview, Rondolat, a regular visitor to the country, spoke of the LED (light-emitting diode) revolution, India's importance for Philips and improving access to electricity in the world. Edited excerpts:

How important is the India market for you and how much does it contribute to your overall sales?

Eric Rondolat: *"The India operations are today among the top five. There is a direct interest because it is a big market with a huge potential moving forward. It is also a market in which we have done different types of investments. We have invested from an industrial standpoint so we have factories that produce beyond the boundaries of India, we have moved in those factories towards the new LED technology. But we have also invested heavily in India when it comes to R&D. We have two global R&D centres here."*

By Harsha Hazarika