

## Daily Economic News Summary: 10 June 2015

### 1. Narendra Modi goes private to lure big infrastructure investors to India

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

Massive opportunities, even bigger obstacles, that sums up private participation in Indian infrastructure, with investment plunging 84% in the first half of 2014 from its peak in 2012 even as the economy grew at the second-fastest pace among major markets.

Prime Minister Narendra Modi is moving to eliminate those bottlenecks, which Ernst and Young said cost the economy at least 2% of growth a year. After easing financing for airports, highways and power plants, he's now proposing an infrastructure company to attract investment from some of the world's wealthiest organizations.

The government will use Rs.20,000 crore to establish the company, which will be called National Investment and Infrastructure Corp. (NIIC), said officials with knowledge of a note prepared for cabinet approval later this month.

The government and public sector entities will hold 49%, with the rest offered to multilateral development banks, sovereign wealth funds, pension funds and other organizations, they said, asking not to be identified because they aren't authorized to speak with the media.

### 2. Realty firms woo buyers abroad as domestic demand dries up

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

With the demand for residential property drying up in India, real estate developers are increasingly turning their attention to non-resident Indians (NRIs) and people of Indian origin (PIOs) to try and dispose of their inventory.

While NRIs have traditionally been the target for the luxury segment, developers are now also looking at selling affordable and mid-income homes to them. These include residential properties priced between Rs.50 lakh and Rs.1 crore.

To push demand from overseas markets, companies such as Mahindra Lifespace Developers Ltd, Godrej Properties Ltd and Sunteck Realty Ltd are either setting up offices outside the country or looking to strengthen their distribution channels abroad.

### **3. Exports, overseas operations help auto-component makers stand out**

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

In a year that saw most vehicle makers in India skid in terms of profitability, margins and return on capital employed, auto component makers raced ahead by targeting foreign markets, according to an analysis of key financial ratios of 117 publicly-listed auto-component companies (with a turnover of over Rs.100 crore) and eight vehicle manufacturers.

While high discounts and low volumes singed earnings at auto firms, low commodity prices coupled with revenue from overseas operations and exports helped auto ancillary firms buck the trend in an otherwise dull domestic auto market.

### **4. CISCO CEO asks IT companies to bet on India**

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

Asking IT companies from across the world to bet on India, technology giant Cisco's outgoing CEO John Chambers said Prime Minister Narendra Modi has got it 'right' with his 'Digital India' thrust. Digitalisation will help create millions of jobs and enhance standard of living of people, he said.

*"PM Modi in India gets this. If you are going to bet on emerging country, bet on India,"* he said while addressing a huge gathering of IT professionals and other experts during his last keynote address at Cisco Live 2015 event. *"I mean, they (India) know this is their chance to get this inflection point and blow head of all their peers as well as create jobs for...Millions. They can change dramatically their standard of living,"* he added.

### **5. Govt turns down FDI in retail e-commerce**

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

The Union government will not ease foreign direct investment (FDI) rules for electronic commerce.

*"B2B (business-to-business) is the best policy. We will just not allow B2C (business-to-consumer). India strongly believes that B2C is against the consumer's interest. If China and Japan have not opened up, why should we?"* a top official with the department of industrial policy and promotion (DIPP) told Business Standard.

The NDA government wants the 'Make in India' campaign to be successful before opening up B2C e-commerce to foreign retailers. Besides, Indian industry is not enthusiastic about the move.

## 6. India could become a major hub for De Beers: Neil Ventura

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

Encouraged by the government's notification for a special notified zone (SNZ), De Beers, one of the world's largest rough diamond miners, is exploring setting up an office in India.

**Neil Ventura**, executive vice-president, De Beers Auction Sales, talking about the group's India plans stated, *"India is a strategically important market for us and we are very pleased with the recent announcement regarding the establishment of a special notified zone (SNZ) in Mumbai. We operate a hub-and-spoke model, wherein we are headquartered in Singapore (the 'hub') and have a presence in Antwerp, Tel Aviv, Dubai and Hong Kong (the 'spokes') through which we manage our large, diverse customer base. India has the potential to become a major spoke in our global operations."*

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