

Daily Economic News Summary: 11 August 2015

1. Xiaomi unveils first India-made phone “Redmi 2 Prime”, ties up with Foxconn

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

China's Xiaomi launched its first India-made phone, the Redmi 2 Prime, and announced a tie-up with Taiwan's Foxconn to make smartphones in the country, giving a huge legup to the government's efforts to boost local manufacturing. Foxconn is expanding its Sri City plant in Andhra Pradesh - where it assembles completely knocked down Xiaomi phones -- and expects the additional capacity to be ready by December. ET was the first to report that Foxconn would make Xiaomi phones at the Sri City plant in its July 15 edition.

"When we started out in July last year, we wanted to become part of the fabric of India," said Hugo Barra, vice president of Xiaomi Global. *"Over time, all of our phones that we sell in India will be made in India."* He didn't give a timeline.

2. Modi, Pradhan step up gas over TAPI pipeline

Source: **Times of India** ([Link](#))

From being considered a \$10-billion pipedream for decades, the idea of piping gas from Turkmenistan to India through rebel-infested areas of Afghanistan and Pakistan is inching towards reality, notwithstanding the complexities of relations among the three South Asian neighbours.

PM Narendra Modi's visit to Turkmenistan in July and India last week agreeing to joint ownership has lent a new impetus to the project. Representatives of national gas companies from the four countries are scheduled to discuss the shareholding pattern of a consortium they plan to form for laying and operating the 1,800-km pipeline.

The talks are scheduled for August 18 and 19 in Dubai and follow Turkmenistan's assurance to lead the consortium with at least 51% stake. Oil minister Dharmendra Pradhan also expects a substantial Japanese involvement in the project, based on his discussions during last week's steering committee meeting at Turkman capital Ashgabat.

"We are the buyers. Turkmenistan is the seller. So if the seller is taking leadership role in the consortium, it is a big assurance for (the success of) the project. They (Turkmenistan) are also discussing co-operation in the oil and gas sector with Japan. So Japanese involvement (in TAPI) is also expected. All this will only strengthen the project," said Pradhan.

3. IFC to put \$700 million into logistics and transport projects in India

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

International Finance Corp. (IFC), part of the World Bank group, plans to invest at least \$700 million in existing transport and logistics infrastructure projects in India. IFC has also committed \$100 million in equity to a joint venture with infrastructure investment managing firm I Squared Capital to buy operating road assets.

IFC's total infrastructure portfolio in India with equity and debt is around \$2.6 billion and the country constitutes largest portfolio exposure for IFC, Sujoy Bose, IFC's global head of infrastructure and natural resources, said in an interview.

"Transport and logistics infrastructure are key to envisaged GDP growth in India. With the government embarking upon reforms to boost GDP, the country needs the right transport infrastructure," Bose said. *"IFC is looking at investing in segments including logistics back-up of e-commerce companies, warehousing companies, operating road assets and container freight stations, besides renewable energy firms."*

4. Its cloudy skies for air charter firms

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

TAJ Air Ltd, the air charter company owned by the Tata Group, wants to expand its operations and add one more aircraft to its fleet of three, but has been forced to do a rethink.

"The present aviation scenario is restricting growth of our charter business," says Atiesh Mishra, director of operations at TAJ Air. *"In fact, we want to ramp up our operations in business aviation. But thanks to infrastructure constraints and high taxation, many corporate houses are limiting their operations. There is no space to expand aircraft fleet in Mumbai airport. Airports at Ahmedabad and Delhi have similar stories,"* says Atiesh Mishra.

True, air traffic may be growing, but business aviation is not. At least 15-20 planes owned by business houses, charter services and individuals are up for sale, as the high cost of operations and lack of adequate infrastructure make the general aviation sector a tough market to crack.

5. Car sales rise 17.5 in July, herald revival

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

Car sales in India rose by a robust 17.5% in July, the ninth consecutive monthly increase, providing new evidence of a turnaround in consumer sentiment that may well presage the start of a new investment cycle in Asia's third-largest economy. Domestic passenger car sales rose to 162,022 units in July, from 137,922 units last year, according to data from the Society of Indian Automobile Manufacturers (Siam).

Total passenger vehicles sales, including cars, utility vehicles and vans, grew 11.4% to 222,000 units in the period. Sales of commercial vehicles grew 8.41% to 51,795 units. Medium and heavy commercial vehicles, which are a leading indicator of a pickup in economic activity, grew 29.5% to 23,061 units. Light commercial vehicle sales declined 4.1% to 28,734 units.

"A good monsoon is one of the major reasons for us to believe that second half of the year will see some robust growth," said Vishnu Mathur, director general of Siam, the automobile industry lobby group.

By Harsha Hazarika