

Daily Economic News Summary: 15 February 2016

1. India is Asia's bright spot for direct investment: Singapore Daily

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

Corporates here see a bright spot in India with Singapore's direct investments in the country crossing SGD 15.24 billion, despite a generally weak economic outlook for most of Asia, a media report said today. Investment by firms in India is on the rise, and companies with a presence there say the region's second-largest economy is a challenging market to break into but offers rich rewards. India's gross domestic product exceeded USD 2 trillion in 2014, according to World Bank data. After taking 60 years to reach the USD 1 trillion mark, the Indian economy added the next trillion in just seven years, the Straits Times reported.

Singapore's direct investments in India have been rising steadily every year, going up from SGD 9.56 billion in 2009 to SGD 15.24 billion in 2013. Firms in the construction and wholesale and retail trade sectors contributed most to the increase, said national trade promotion agency International Enterprise Singapore. Manufacturing, financial and insurance services, as well as professional, scientific and technical administrative and support services firms, have also been taking big strides into the Indian market.

2. Make in India Week: India, Sweden decide to step up ties

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

India and Sweden today resolved to scale up bilateral relations and expressed their commitment to a transparent, fair and predictable global trade regime under the World Trade Organisation (WTO). *"... India's economic development and rise as a global power have created new opportunities to further deepen and extend this partnership to foster economic growth and inclusive development in both countries as well as to meet global challenges,"* said the joint statement following talks between Prime Minister Narendra Modi and his Swedish counterpart, Stefan Lofven.

The Prime Ministers of the two nations have *"agreed to scale up bilateral relations and committed to a close bilateral dialogue at all levels"*, it said. The two leaders also underlined the need to tap full potential of the EU-India strategic partnership and welcomed the prospect of resumption of talks on the India-EU Broad-based Trade and Investment Agreement (BTIA). The two Prime Ministers committed to a continued dialogue within the framework of the joint

commission to enhance the environment for doing business in their respective countries and further facilitate and promote bilateral economic cooperation.

3. Companies must explore Africa for producing pulses, oilseed: Government

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

In a bid to address domestic shortages, Indian companies should consider investing in Africa for production of pulses and oilseeds, Agriculture Minister Radha Mohan Singh said today. India is dependent on import of pulses and edible oils due to a huge supply-demand gap. It imports 4-5 million tonnes (MT) of pulses and 13-14 MT of edible oils annually. *"Can we think of a dispensation where Indian companies can consider investing in Africa for growing pulses and oilseeds, which are in short supply in India. Similarly, African businesses can think of engaging mutually beneficial collaborators in India,"* Singh said at India-Africa Agribusiness Forum organised by industry body FICCI.

India attaches great importance to private sector participation in agriculture and agribusiness. There is an impressive presence of private sector, including large business groups in food processing, logistics, supply chains including cold chains, he said. His African counterparts, especially from Zambia, Botswana and Seychelles, evinced interest to collaborate with Indian companies in various areas of agriculture sector.

4. CEAT to Invest Rs 300 crores on Maharashtra plant

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

Tyre maker Ceat will invest Rs 300 crore to set up a manufacturing facility in Maharashtra to primarily serve export market for off-road radial tyres. The company, which on Friday reported a 27.03 per cent increase in consolidated net profit at Rs 113.39 crore for the fiscal third quarter that ended on December 31, has already transferred its land in Ambernath, Maharashtra to its wholly-owned subsidiary Ceat Specialty Tyres Ltd (CSTL) to set up the plant. Besides, Ceat has made an equity investment of Rs 25 crore to CSTL. *"Given the strong growth potential in the OTR (off the road) sector and its synergy with Ceat capabilities, we have taken a strategic decision to increase our focus there,"* Ceat managing director Anant Goenka said. CSTL has been created to ensure dedicated focus and drive towards this opportunity, he added. *"We will be investing Rs 300 crore for an initial capacity of 40 metric tonnes a day,"* Mr Goenka said.

5. American Retail giant Target to insource software projects from technology vendors like TCS & Infosys

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

American Retail giant Target, a marquee client of large Indian IT services providers, has joined the likes of AstraZeneca and Lowe's in deciding to insource and bring back some back-office software projects to their own centres. In an exclusive interview with ET during the Nasscom leadership summit in Mumbai, Target's new CIO Mike McNamara said that while some work would be insourced, the Minneapolis-based retailer would still continue to work with technology vendors such as TCS. *"Absolutely. Unequivocally yes,"* said McNamara, when asked about whether the company plans to insource any software projects. *"However, we'll still do a huge amount of work with third-party service providers both here in India and elsewhere."* McNamara said that Target, which currently spends well over \$1billion on technology annually and has multi-million-dollar outsourcing contracts with TCS and Infosys wanted to build up its own engineering capabilities internally and not rely solely on third party vendors.

6. After Digital India, Oracle seeks to participate in Make in India, Start Up India

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

In a bid to participate in India's flagship initiatives, Make in India and Start-up India, Oracle Corp. on Friday said it will build a new campus in Bangalore and will set up nine incubation centres across the country. The company will also launch an initiative to train more than half-a-million students each year to develop computer science skills. *"Oracle has been in India for over 25 years and during that time we've grown our investments tremendously,"* said Safra Catz, chief executive, Oracle Corp. *"We are investing over \$400 million in Bengaluru, opening nine incubation centres, and training half-a-million students each year during this expansion phase to support India's tremendous growth. We 'Make in India' for the rest of the world."*

Catz, who is on her maiden trip to India for Nasscom India Leadership Forum 2016, met Prime Minister Narendra Modi on Friday. *"She apprised the prime minister of Oracle's plans for a state-of-the-art campus in Bengaluru and an initiative to help more than half-a-million students in India develop computer science skills through Oracle Academy,"* a prime minister's office statement said. *"Oracle is of the view that the plans are likely to boost Modi's 'Make in India' initiative, and strengthen India's position as a world-class design and manufacturing hub,"* said the statement. Up until now, Oracle has been involved with the Indian government for implementing large public sector and government programmes under the Digital India initiative.

India has Oracle's second largest employee base with nearly 40,000 employees after the US. The company is looking to hire 2,000 more people.

7. Foodgrains output likely to increase to 253 million tonnes in 2015-2016

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

India's foodgrain production is estimated to increase marginally to 253.16 million tonnes in 2015-16 crop year on likely improvement in output of wheat and pulses despite back-to-back drought. The estimate is, however, lower than the record 265.04 million tonnes (MT) in the 2013-14 crop year (July-June), but slightly better than 252.02 MT achieved last year. Wheat, rice, coarse cereals and pulses are part of the foodgrain basket. "Overall foodgrain output is likely to be better than last year despite deficit monsoon for two straight years. Since February-March is crucial for wheat crops, we hope there would be no unseasonal weather conditions like hailstorm that we witnessed last year," Agriculture Minister Radha Mohan Singh told PTI in an interview. This year, rainfall deficiency was 14 per cent. Timely contingency measures and promotion of better crop varieties restricted loss in production, he said, adding that there was also shift to other crops from wheat.

8. Chemical imports have grown about 20%: Raman Ramachandran

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

Raman Ramachandran, chairman and managing director, BASF India, in an interview speaks on the potential for growth in the chemicals industry, challenges to meeting domestic demand and BASF's plans to promote local manufacturing. Edited excerpts:

Has the Make in India programme, since its launch, seen traction in terms of activities?

The Make in India initiative has taken some important steps towards invigorating the industry such as:

- 100% FDI permitted through automatic route.
- Chemical sector delicensed except very few hazardous chemicals.
- Upcoming Petroleum, Chemicals and Petrochemicals Investment Region (PCPIR) and Plastic Park to provide state-of-the-art infrastructure—The department of chemicals and petrochemicals has released the first instalment of Rs.8 crore grant in aid for setting-up of Plastic Parks at Madhya Pradesh, Odisha and Assam.

- Trade in Chemical is free except those which attract provision of international conventions.*
- Strong government support for research and development by way of recognition of R&D units by department of scientific and industrial research (DSIR), direct and indirect tax benefits, state government incentives, intellectual property rights protection.*
- Government focus on reduction of customs duty and also addressing cases of inverted duty structure.*
- Various incentives like state incentives, export incentives and area-based incentives offered by Indian government to the chemicals sector ensure a global shift towards India as the world's chemical manufacturing hub.*

By Harsha Hazarika