

Daily Economic News Summary: 16 March 2016

1. India, China exchange tariff cut offers under RCEP

Source: **Financial Express** ([Link](#))

Plans to liberalise trade between India and China, the world's two fastest-growing large economies, have gathered momentum with both sides exchanging offers on removal of a chunk of tariff lines on goods imports. Against India's offer to remove 42.5% of tariff lines under the 16-country Regional Comprehensive Economic Partnership (RCEP), China has expressed its willingness to abolish equivalent amount of tariff lines for India. Although analysts said given Beijing's huge trade surplus (around \$50 billion) with India, its offer is hardly attractive (China should have offered to eliminate a much higher number of tariff lines), what's happened was still seen by some as a forward movement. Removal of tariff lines would mean that the import taxes on the items would be reduced to zero over a specified period of time.

India could press for a greater commitment from China in goods, apart from stepping up its demand for a liberalisation of the services sector in Perth in Australia where the 12th round of RCEP negotiations are scheduled to take place from April 22, a source said. Although a final call on the products India would like China to scrap the import duties, trade experts say India may seek duty relief for its textile exports, among others. Cotton fibre and yarn, copper and some organic chemicals are the major items that India has exported to China this fiscal, while its imports from China include electronic items, mechanical appliances, organic chemicals, fertiliser and iron and steel. Earlier, India used to export huge quantities of iron ore to China before curbs were placed on their mining.

2. ADB to lend more for infrastructure upgrade

Source: **The Hindu Business Line** ([Link](#))

Multilateral lending agency Asian Development Bank (ADB) on Friday said it supports India's commitment to build more infrastructure and will increase its lending to the country to \$10-12 billion for a three-year period till 2018. ADB President Takehiko Nakao met Finance Minister Arun Jaitley and praised India's strong economic performance in the face of weak global growth and turmoil in commodity and financial markets, the lending agency said in a statement. *"I believe India is likely to remain the fastest-growing large economy this year given the prudent macroeconomic management and the government's efforts to improve the investment climate,"* Nakao said.

3. Centre to launch campaign to promote India as start-up hub

Source: **Financial Express** ([Link](#))

After unveiling a policy on start-ups in January, the government is planning to launch a campaign to promote India as an attractive investment destination for start-ups and has invited proposals from creative agencies. The campaign will be launched across the print, electronic and social media in the global as well as domestic markets. According to a DIPP (Department of Industrial Policy and Promotion) notice inviting qualification-cum-request proposals, the objective of the campaign is to *“generate awareness about the investment opportunities and prospects of the country, startup action plan and to promote India as a preferred investment destination for new entrepreneurs with innovative business ideas. DIPP proposes to appoint a creative agency for designing and production of the required creative and publicity material and to provide a creative vision and strategy for taking forward the campaign to make India a favoured investment destination for startups based on innovative business,”* it said. DIPP is planning to release its campaign, portraying the strengths of and opportunities in the Indian start-up ecosystem and highlighting the changes brought by the implementation of start-up action Plan.

4. India Second biggest investor in London

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

India has emerged as the second biggest investor in London after the US with country's tech firms investing in the British capital at an unprecedented rate, according to latest official figures. Since 2005 there has been a 117 per cent increase in Indian companies across all business sectors investing in London, with a 133 per cent increase in tech companies investing in the city, which accounts for 46 per cent of all projects, according to the latest data released by London & Partners, the official promotional company for London. The figures showed that Indian companies are the second biggest investor in London, ahead of China and Japan, but behind the US.

The worldwide expansion of Indian technology companies is also reflected in new figures released today that show venture capital raised by Indian technology firms has risen to record levels. In the last five years, investment in Indian tech companies has rocketed seven times from \$454 million (Rs 3049 crore) in 2011 to USD 3.3 billion (Rs 22,165 crore) last year, according to analyst CB insights. Leading NRI entrepreneur and Cobra beer founder Lord Bilimoria, who presented awards to 20 Indian companies at the IE20 (Indian Emerging 20) event here last night said, *“London and the wider United Kingdom offered the best opportunities for businesses to*

internationalise." He said, "India has some of the brightest talents in the world. First they should think global and they have to be the best."

5. Suzuki eyes 1 Mn annual 2 wheeler sales in India by 2020

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

Japanese automobile major Suzuki Motor Corporation (SMC) is looking to sell one million two-wheelers annually in India, a key market under its new mid-term management plan. The company, which today launched an all-new version of flagship scooter model Suzuki Access 125 priced at Rs 53,887 (ex-showroom Delhi), will be focussing on premium scooters and motorcycles to achieve its target. *"India is one of the most important markets for Suzuki's two-wheeler business. We are looking to sell one million units annually by 2020,"* SMC's subsidiary Suzuki Motorcycle India Pvt Ltd (SMIPL) outgoing Managing Director Masayoshi Ito told reporters here.

In the ongoing fiscal, the company looks to sell 3.2 lakh units in India as against 3.45 lakh units in the previous fiscal, down 7.24 per cent. *"This decline was mainly because we adjusted production of the Access ahead of the launch of the new version,"* he said. Bullish on the Indian market, Ito, who will take over as global head of Suzuki's motorcycles business, further said *"although the target for 2020 is stiff, we are confident we will be able to do it as the scooter segment is fast growing in India"*.

6. Among emerging mkts, India least linked to global cyclicals: Anand Radhakrishnan

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

Interest rates are expected to play a pivotal role in shaping corporate earnings and in stimulating consumer spending, Anand Radhakrishnan, Chief Investment Officer, Franklin Templeton Investments, India, tells *Ashley Coutinho*. Edited excerpts:

How is India placed among other emerging markets?

Anand Radhakrishnan: *From a structural perspective, we expect the share of global flows into India to increase in line with the rise in the share of global gross domestic product. There are a lot of global factors that will impact capital markets and the economy — many companies are in*

the commodity sector or have external linkages in the form of exports. But, among many emerging markets, India perhaps has the least linkage and earnings sensitivity to global cyclical factors. This should help our markets navigate the volatility much better.

Further, India stands less correlated to the synchronised challenges the developed markets face and, hence, provide a useful diversification from a global investor's perspective. These trends have generally played out in the past and will in the future, too.

India will also outperform other markets, for these very reasons. Today, the growth cycle hasn't really picked up and global volatility is very high. That makes the medium to long-term visibility on our growth a little muddled and is resulting in some outflow. But, once the growth cycle picks up, India should start seeing an increase in global flows.



By Harsha Hazarika