Daily Economic News Summary: 17 August 2016

1. Pakistan becomes top buyer of Indian cotton

Source: **Business Standard** (Link)

Pakistan has replaced Bangladesh to emerge as the largest buyer of Indian cotton in the October-December 2015 quarter on the back of a sharp decline in its domestic availability due to widespread crop damage from whiteflies. Data compiled by the Textiles Commissioner's office under the textiles ministry showed Pakistan imported 1.66 million bales (1 bale = 170 kg) of cotton from India during the December 2015 quarter. This works out to 47 per cent of India's overall fibre exports to the tune of 3.52 million bales in the period under review. In the same quarter last year, India's total cotton exports stood at 1.93 million bales with Pakistan's contribution coming in at 0.38 million bales.

Encouraged by a significant jump in exports in the first quarter of the current season, the ministry has raised cotton export forecast of the current season to seven million bales for the full year of 2015-16, over 21 per cent increase from last year's level of 5.77 million bales. "The prevailing trend in cotton exports is likely to continue for the rest of the year due to crop damage in Pakistan. India's cotton exports to other countries are also likely to remain significantly up this year," said Textiles Commissioner Kavita Gupta on the sidelines of the second Cotton Advisory Board meeting on Tuesday. With 0.86 million bales, Bangladesh slipped to the second position in India's cotton export destinations. Bangladesh imported 2.3 million bales of Indian cotton last year.

2. Iron ore reserves in 15 C-Category mines pegged at 220 mn tones

Source: **Live Mint** (Link)

The state-owned Mineral Exploration Corporation Limited (MECL) has estimated iron ore reserves at 220 million tonnes in 15 C-category mines in Karnataka. The MECL has conducted studies to assess the mineral reserves in these mines after the Karnataka government entrusted it with the task before auctioning these mines. *"State government has taken steps to re-allocate the cancelled 'C' category mines through auction. MECL has prepared exploration reports of 14 'C' category mines out of 15, which will be auctioned in the first phase. We are currently awaiting the approval from the Supreme Court to conduct auctions,"* Shankaranarayana, Director of Mines and Geology, government of Karnataka said. The MECL has estimated that these 15 mines contain about 220 million tonnes and at the rate of 11 million tonnes per annum the reserves will last for about 20 years, he said at a panel discussion organised by Assocham, here today.

Once the auction for first set of 15 mines is conducted, the Directorate of Mines and Geology will auction another 15 mines in the second phase. *"It is estimated that another 200 million tonnes of iron ore reserves are available that could be auctioned in the second phase. The MECL will be asked to study the exact reserves available in these mines,"* Shankaranarayana said.

3. Puma Game for Solo Ride in India, Buys out Partner

Source: **Economic Times** (Link)

Puma has bought out the entire stake of local partner Knowledge Fire and converted their joint venture Puma India Retail into a fully owned subsidiary of the German sportswear giant, weeks after receiving approval for a 100% single-brand entity in India. With the acquisition of the partner's 49% stake, Puma also inherits a network of about three dozen company owned outlets, a person aware of the development said. Puma and rival Adidas had sought the government's permission in March to undertake a wider mix of retailing options, including wholesale, franchising, own stores and ecommerce, through fully owned entities, becoming the first among foreign companies to take advantage of changes that allowed single-brand overseas retailers to sell online as well as in India. Puma Sports India, originally a wholesale company that sold products to franchisees, will now become the main entity that will carry out all the businesses of the German company. Puma's global sales increased 14% to 3.4 billion in 2015 and revenue from Asia was boosted by higher demand for footwear, apparel and accessories from India and China.

4. First IKEA store in India to open in Hyderabad by end

Source: **Live Mint** (Link)

Ikea, the world’s biggest furniture retailer, will open its first India store spread across 400,000 sq.ft. in Hyderabad in the autumn of 2017. The company on Thursday broke ground for the store. Ikea will invest Rs.700 crore in its Hyderabad store, Juvencio Maeztu, chief executive officer of Ikea India Pvt. Ltd said. The company has bought 13 acres in HiTec City, the software hub of Hyderabad. Unlike most companies which lease land, Ikea purchases real estate. “We want to be our own landlord and then, we are here for many years,” Maeztu said at a press conference.

Its second store will come up in Mumbai. The company, which operates 328 stores globally, plans to open 25 stores in nine Indian cities. The company received government approval in 2013 to invest Rs.10,500 crore in India under the 100% foreign direct investment route. Ikea expects Hyderabad store to draw 5-6 million customers a year. The store will feature 7,500 furniture and home furnishing products and a 1,000-seater restaurant serving Swedish and Indian cuisine. It will also have a play area for children and a day-care centre for children of its employees. About 50% of Ikea's workforce will be women. It will directly hire 500 employees and provide indirect employment to 1,500 individuals.

5. India can emerge as the largest market for Metro: Arvind Mediratta

Source: **Live Mint** (Link)

Arvind Mediratta is known for setting up the cash-and-carry business for US retailer Wal-Mart Stores, Inc. in India. This February, after a two-year stint at Wal-Mart Stores in the US, Mediratta returned to India as the managing director and chief executive officer of Metro Cash and Carry India Pvt. Ltd, the local arm of German wholesaler Metro AG, a rival of Wal-Mart. After six months at the helm, Mediratta sat down with the German parent to finalise a five-year strategic plan for India—one of the most important markets for Metro. In an interview, Mediratta speaks about how the company is trying to ensure profitable growth so that India can emerge as the largest revenue generator for the German company. Edited excerpts:

In March 2015, Metro announced its plan to invest Rs.400 crore to turn India into a focus market and open 50 stores by 2020. What does the new strategic plan entail?

There's a new strategic plan for the next five years for the Indian market. It's confidential and I will not be able to divulge details. The numbers do not change. We'll have to deliver the numbers. The revised plan, in a nutshell, is about focusing on maximizing value—how can we get more share of the traders' wallet, how can we get them more often at our stores. We need to cover more traders with our sales force. It's about how much more we can get from each store and each customer by enhancing value. We have to open new stores, and get more out of the existing stores. We are standardizing our stores.

We have made some changes in our expansion model to make it more viable by making it more cost efficient. The approach for expansion would be cluster based as it is easier to develop and manage the supply chain in a cluster. We may also look at smaller real estate for future stores as one of the options. There will be more focus on people and individual performance. Overall, we need to ensure profitable growth that is sustainable. We'll be investing in people, stores and technology to ensure our market leadership.