

## Daily Economic News Summary: 18 April 2016

### 1. India, Iran closer to Chabahar deal after Sushma Swaraj's visit

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

Energy returned to the top of the engagement between India and Iran after two quick visits, by oil minister Dharmendra Pradhan and foreign minister Sushma Swaraj, taking forward the progress on the Chabahar port and India's equity stake in Farzad-B gas field. In talks between Swaraj and her Iranian counterpart Mohammad Javad Zarif, the two sides agreed that pending deals such as Preferential Trade Agreement, Double Taxation Avoidance Agreement and Bilateral Investment Treaty should be concluded on a priority basis to spur trade and investment. *"The talks will give new energy to our centuries old ties with Iran. In particular, the economic partnership will get considerable fillip as a result of today's forward looking talks,"* foreign ministry spokesperson Vikas Swarup said.

According to Swarup, there was no conversation between the two sides on purported Indian national Kulbhushan Jadhav, who was arrested by Pakistan in March. On Chabahar project, it was agreed that contract as well as modalities for extending \$150 million credit for the port should be signed soon. Decisions on this line of credit, as well as \$400 million credit line for supply of steel rails from India have already been taken by the Centre. Besides, Iran also called for greater Indian participation in its oil and gas sector. *"Iran said it would be happy to participate in the refinery sector in India,"* he said.

### 2. Rural consumption beats slowdown

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

Household consumption of fast-moving consumer goods (FMCG) in rural areas grew at almost double the pace of urban areas in 2015, showing all wasn't lost in the countryside in a year dominated by slowdown. In 2015, FMCG products' household consumption in rural India grew at 5.4 per cent over the previous year, according to data shared by market research agency IMRB. During the same period, urban household FMCG consumption grew at only 2.9 per cent year-on-year. Also, rural household consumption in 2015 grew at the fastest pace in the past three years (see chart). This, experts say, shows that if the right product is available at the right price and in the right pack size, rural consumers are not averse to buying it. *"If you look at rural (household consumption) over a three-year period, it moved from negative growth in 2013 and 2014 (-0.1 per cent and -3.2 respectively), to positive territory in 2015. This is because the second and third quarters (of 2015) saw a lot of optimism in rural consumers, pertaining to a*

*good monsoon and harvest. That sentiment came down in the fourth quarter because the monsoons hadn't delivered as per the expectations. It was weak,"* said K Ramakrishnan, general manager & country head - household panel, IMRB Kantar World Panel. A recent ICRA report on the Index of Industrial Production (IIP), which is considered an indirect indicator of consumer demand, says the consumer non-durables segment has been weak over the past few months. It also suggests a favourable monsoon could reverse this trend.

The report said, following two consecutive sub-par monsoons in 2014 and 2015, the initial forecast of the Met department has estimated the monsoon rainfall in 2016 to be above-normal at 106 per cent of the long period average (LPA). This supports our expectation of an impending cyclical upturn in agricultural output and rural demand during FY2017, which should help arrest the sustained contraction in consumer non-durables recorded in eight of the first 11 months of FY2016, it added.

### **3. FPIs stay glued to Indian market, bring in \$1 Bn in April**

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

Continuing with their bullish stance on India for the second month, overseas investors have pumped in over USD 1 billion into the capital markets in April so far, buoyed by the recent rate cut by the Reserve Bank and hopes of a good monsoon. It follows a staggering inflow of Rs 19,967 crore in the capital markets — equities and debt — last month. FPIs turned net buyers of equities in March after pulling out a massive Rs 41,661 crore from the market in the previous four months (November to February). Overall, so far this year, FPIs have invested Rs 8,515 crore in equities while withdrawing Rs 2,810 crore in the debt market, resulting in a net inflow of Rs 5,705 crore. Market experts attributed the huge inflow this month to the rate cut by RBI in its first monetary policy meet of 2016-17 on April 5. RBI had reduced the short-term lending rate by 0.25 per cent to over a five-year low of 6.5 per cent.

According to data available with depositories, foreign portfolio investors (FPIs) invested Rs 4,020 crore in equities this month till April 13 while it stood at Rs 4,548 crore for the debt market, leading to a total inflow of Rs 8,568 crore (USD 1.3 billion). *“Following the recent rate cut by RBI, bond prices have rallied (prices move inversely to rate), which has led to inflows from FPIs in anticipation of further price appreciation in future,”* SAS Online Chief Operating Officer (COO) Siddhant Jain said. *“Also, in the recent hike by capital markets regulator Sebi in the FPI investment limit for government debt will further lead to more FPI inflows.”*

#### 4. Kronos looks to increase R&D headcount to tap Make in India boom

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

US-based workforce management solutions provider Kronos Inc. Wednesday said it will add more than 300 employees to its research and development (R&D) unit in India on expectations of a jump in investment and hiring of blue-collar workers thanks to projects fuelled by the 'Make in India' initiative. In India, Kronos provides solutions to companies such as FirstSource Solutions Ltd, Mahindra & Mahindra Ltd, SABMiller India Ltd and UltraTech Cement Ltd to manage their permanent and contract employees.

The company has about 700 R&D employees and aims to increase the number to over 1,000. It also plans to set up a customer experience centre in Noida, on the outskirts of New Delhi, in the second half of 2016. Potential clients can experience the company's products at the centre, being set up at a cost of \$150,000. It's the first such centre for Kronos outside the US, the company said in a press statement. *"This centre will also drive engagement between customers and engineering teams enabling Kronos to tailor offerings in line with market expectations in the region,"* Kronos said. *"The 'Make in India' campaign is going to unleash the potential of the largest working age population any country has,"* said Aron Ain, chief executive officer, Kronos. *"We are scaling our operations in India and localizing our product to make it more relevant to this diverse country,"* he added.

#### 5. Airbnb, Times Group in strategic partnership

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

Airbnb, the world's leading community-driven hospitality company, has announced a strategic partnership with the Times Group. The tie-up is part of Airbnb's plans to focus on developing the Indian travel market. The Times Group will drive awareness of Airbnb accommodations, and help the San Francisco-based company create a localized presence for India, leveraging the group's vast network of media and operational resources. This is a key partnership for Times Global Partners, an initiative from the Times Group, that supports the launch and expansion of emerging global digital companies in India. Previously, Times Global Partners has partnered with The Huffington Post, Coursera, as well as other digital companies. Commenting on the partnership, Times Internet managing director Satyan Gajwani said, *"We are excited to partner with Airbnb to transform the way Indians travel. As a personal user, I've found that Airbnb has brought a new dimension of convenience, value, and uniqueness to travel. We look forward to working closely with Airbnb to evangelize community-driven hospitality."*

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