

Daily Economic Newsletter: 18 May 2015

1. Airtel raises \$2.5 billion from Chinese banks to expand data networks

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

Bharti Airtel on Saturday signed agreements to raise up to \$2.5 billion from China Development Bank and Industrial and Commercial Bank of China.

The company will invest these funds in growth of data networks across its global operations. In addition, these financing options will allow the company to diversify its global financing pool. Subject to final agreements and the requisite approvals, Bharti Airtel can draw these funds over a long availability period, depending on its requirements. Airtel inked the term sheets for the financing options in the presence of Prime Minister Narendra Modi during his visit to China.

2. Centre scraps Kutch SEZ proposed by the then Gujarat CM Narendra Modi

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

The Gujarat government headed by then chief minister Narendra Modi had pushed the proposal and obtained Central permission for a special economic zone (SEZ) in Kutch. Now, his own government at the Centre has scrapped the same SEZ.

Back in 2007, the Gujarat government had floated proposals to set up SEZs for handicrafts and artisans on 132 hectares of land in Moti Chiral village, near Bhachau town in Kutch district. While formal approval for the same was granted by the board of approval, which operates under the Ministry of Commerce and Industry then, the project was cancelled in February 2015.

3. For global brands, Delhi has become launch capital too

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

Delhi seems to have become the favored location for brand launches. Arvind Lifestyle Brands, which sells Calvin Klein, US Polo and Nautica products in India, generates 20% more revenue from its stores in prominent malls in the Delhi region than elsewhere. Which is why GAP, now on the Arvind roster, will have its high-profile start in Delhi.

US food chains such as Burger King, Johnny Rockets and Wendy's have also made Delhi their first port of call. Consumers in Delhi and its surrounding areas have higher spending power, according to retailers and analysts.

The region also has some of the largest and most successful malls in India, catering to the region and neighboring cities of Chandigarh, Ludhiana, among others. The National Capital Region (NCR) has 15 successful malls compared with 10 in Mumbai, according to property advisory firm JLL India. NCR has around 100 operational shopping centres, it said.

4. Maharashtra to give power sops to investors

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

To make Maharashtra a more attractive investment destination, the state government has decided to take a hit on its return on investment (RoI) from power companies. It hopes the move will help reduce tariff for industrial customers of Maharashtra State Power Generation Co. Ltd (Mahagenco) and Maharashtra State Electricity Transmission Co. Ltd (Mahatransco) by Rs.1 per unit.

While the previous Congress-Nationalist Congress Party (NCP) government announced a 20% subsidy for industrial consumers in January 2014, the new Bharatiya Janata Party (BJP)-Shiv Sena government scrapped the decision, claiming it was putting a burden of Rs.750 crore a month on the state exchequer. Chief minister Devendra Fadnavis has assured industry that his government will offer them an alternative.

In the last week of April, the state government informed the Maharashtra Electricity Regulatory Commission (MERC), which is currently in the process of determining tariffs for state government-owned power companies, that while calculating the state government's RoI, MERC should calculate it at 8% instead of 16%. The move will reduce the government's RoI by Rs.2,500 crore a year but will help reduce tariff for industrial consumers by Rs.1 per unit, he added.

5. Retail rentals flat in metros, rise in suburbs

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

High streets in big metros are no longer where the action is, where rentals have remained stagnant or declined marginally over the past year. On the other hand, they have seen an uptick in select streets in suburbs of major cities.

According to a report by real estate consultancy Cushman and Wakefield Inc., high-street rentals in emerging markets of Mumbai such as Vashi rose 25% in the first quarter of this year over the same period in the previous year. Similarly, DLF Galleria in Gurgaon and streets in Dwarka, a Delhi suburb, saw an increase of 15.4% and 6.3%, respectively.

Experts said the demand for commercial spaces in the outskirts has increased over the past few years in the wake of increasing demand and limited supply of quality space in prime locations of cities. The suburbs are also attracting retailers due to the growing number of residential properties in their vicinity.

6. Gionee will invest Rs 300 crore to set up factory in India: CEO

Source: **News Republic** ([Link](#))

Gionee aims to make India a manufacturing hub outside China to cater to the demand in African and Pakistan, Bangladesh, Sri Lanka and Nepal. It will be investing Rs 300 crore in the next two to three years to set up a plant in India. Gionee has also appointed professional services firm E&Y to advise it on setting up a manufacturing facility and is looking at both contract manufacturing and acquiring an existing unit in the country.

The company will invest in setting up a research and development centre and local servers with an aim to customize its products for the Indian customers.

By Harsha Hazarika