Daily Economic News Summary: 1 November 2016

1. Export credit breaks trend to show sharp rise

Source**: Business Standard (Link)**

After several months of sluggish growth, export credit by banks has risen significantly. The outstanding grossexport bank credit saw a 27.9 per cent increase as of August 2016 on a year-on-year basis, against 19.2 per cent in September 2015, data from Reserve Bank of India show. After a sustained period of negative growth, export credit has been witnessing a positive growth for the past six months. Exporters attribute this recovery to better exports in geographies such as the European Union, along with the reintroduction of interest equalisation scheme, which was earlier known as interest subvention.

In November 2015, the government had introduced a three per cent interest equalisation scheme on pre-and post-shipment rupee export credit, retrospectively with effect from April 1, 2015 for five years. In April 2014, the government had withdrawn three per cent interest subvention scheme for exports. Lower interest rates were also a contributing factor for increased export credit. "There are encouraging signs of exports and many sectors are picking up. There is a big demand in project finance, requiring medium and long-term credit. However, global growth remains a challenge. India's growth in trade was around 10 per cent for a decade, mainly because of high global growth in trade. Also, export credit insurance facilities need to be strengthened," said Yaduvendra Mathur, chairman and managing director at Exim Bank.

2. India's manufacturing sector growth hits nearly 2-year high in October: PMI

Source: **Business Standard (Link)**

Manufacturing sector growth in India hit a 22-month high in October, driven by a sharp and accelerated increase in new orders, purchasing activity and output, a monthly survey showed on Tuesday. The Nikkei Markit India Manufacturing Purchasing Managers' Index (PMI) — a gauge of manufacturing performance — rose to 54.4 in October from 52.1 in September, indicative of a robust improvement in manufacturing business conditions in the country. A reading above 50 in terms of manufacturing performance indicates expansion, while the marking below it means contraction. "October data provide positive news for India's economy, as manufacturing output and new orders expanded at the fastest rates in 46 and 22 months, respectively," Pollyanna De Lima, Economist at IHS Markit and author of the report, said. In October, output increased for the 10th straight month and at the quickest rate in nearly four years and survey respondents attributed the latest rise in production to strong growth of new orders.

3. Core sector output rises 5% in September

Source: **Business Standard** (Link)

Core sector output rose a three -month high of five per cent in September, mainly due to sustained growth in thesteel sector and an increase in refinery production, broadly indicating that the Index of Industrial Production (IIP) growth may reverse a two-month declining trend a month before the festival season. The eight- industry core sectorindex had grown 3.2 per cent in August (and three per cent in July). Data released by the commerce and industry ministry on Monday showed the eight core industries — coal, crude oil, natural gas, refinery products, fertiliser, steel, cement and electricity — had cumulative growth of 4.6 per cent in the six months up to September in the current financial year. Comprising 38 per cent of IIP, the sectors had a lower growth of 2.4 per cent in the year-ago period. "The pick-up in core sector growth in September 2016 is enthusing to the extent that it foretells a y-o-y (year-on-year) rise in the IIP after two months of contraction, building upon the uptick in expansion of non oil exports, healthy growth of auto production and inventory stocking prior to the festive season," said Aditi Nayar, senior economist with ICRA. Among all sectors, only steel production rose by double-digit figures, the same as last month. After a 37-month high growth of 17 per cent in August, steel output grew 16.3 per cent in September.

4. OVL completes acquisition of 11% additional stake in Vankor

Source: **The Mint (Link)**

ONGC Videsh Ltd, the overseas arm of state-owned Oil and Natural Gas Corp, has completed the acquisition of additional 11% interest in Russia's Vankor oilfield, taking its total stake to 26%. The company signed a deal with Rosneft Oil Company to acquire additional 11% stake in the East Siberian field for $930 million on 28 October. "We raised a bridge loan of $930 million from overseas lenders to pay for the acquisition cost of 11% stake," OVL chief executive officer and managing director Narendra K. Verma said. OVL, which had previously bought 15% stake in Vankor from Russian national oil firm Rosneft for $1.268 billion, will get an 7.3 million tonnes of oil equivalent from its 26% stake. OVL will tie-up long-term financing in the next six to nine months to replace the bridge loan, he said. Besides OVL's 26%, a consortium of comprising Oil India (OIL), Indian Oil Corporation (IOC) and Bharat PetroResources (BPRL) has acquired 23.9% stake in the field at a cost of $2.02 billion, giving them 6.56 million tons of oil.

5. Max Healthcare to invest Rs320 crore in Delhi cancer care centre

Source**: Live Mint (Link)**

Max Healthcare Ltd will invest as much Rs320 crore to build a cancer hospital in Delhi. The investment, part of a larger plan to develop its hospital in Saket, New Delhi, into a master complex of verticals such as cancer, cardiac sciences, neurosciences, transplants and diabetes, will go into setting up a cancer care centre with around 350-400 beds initially, Rohit Kapoor, senior director and chief growth officer of Max Healthcare, said in an interview. Excluding land costs, setting up a bed at an oncology centre in Delhi-NCR costs about Rs80 lakh.

"We will be developing a dedicated facility for cancer care in Saket. Hopefully with that and the other hubs that we have, we want to position ourselves as one of the leading cancer players not just in India but Asia," Kapoor said. In a 26 September interview, Analjit Singh, founder and chairman of Max Healthcare, said that he wants to develop Saket into the single largest hospital in Asia.

By Nandini Malhotra