

Daily Economic Newsletter: 1 October 2015

1. India bright spot in slowing global economy: IMG Chief Lagarde

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

Global growth will be likely weaker this year than last with only a modest acceleration expected in 2016, International Monetary Fund chief Christine Lagarde said on Wednesday, and reiterated that India remains a bright spot. *"The good news is that we are seeing a modest pickup in advanced economies. The moderate recovery is strengthening in the euro area, Japan is returning to positive growth, and activity remains robust in the US and the UK as well. The not-so-good news is that emerging economies are likely to see their fifth consecutive year of declining rates of growth,"* Lagarde said in a speech ahead of October 9-11 IMF-World Bank annual meetings.

"India remains a bright spot. China is slowing down as it rebalances away from export-led growth. Countries such as Russia and Brazil are facing serious economic difficulties. Growth in Latin American countries, in general, continues to slow sharply. We are also seeing weaker activity in low-income countries - which will be increasingly affected by the worsening external environment," she said.

2. PE funds invest \$2.4 billion in 53 real estate deals this year

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

Foreign institutional investors (FIIs) and the private equity (PE) funds made a beeline to invest in residential and commercial projects this year, reinforcing their faith in India's real estate sector, amid a two-year-long slowdown that continues to see tepid sales and an inventory pile-up.

PE funds invested about \$2.4 billion in the real estate sector, across 53 transactions, during the first nine months this year, surpassing the full-year investments of \$2.1 billion in 2014 across 80 deals, according to data from VCCEdge which tracks investments. Last year, the January-September period saw \$1.3 billion in investments across 57 transactions, as per the data.

Deal sizes have also increased in 2015, and residential projects, luxury and affordable, attracted a substantial amount of capital. In the single largest transaction this year, the Government of Singapore Investment Corp. Pte Ltd (GIC), a sovereign wealth fund fairly active in the real estate sector in recent months, said it will invest about Rs.1,990 crore (about \$300

million) in two upcoming residential projects of DLF Home Developers Ltd, a subsidiary of DLF Ltd, through a joint venture.

3. Reliance Infrastructure looking for strategic investor for cement and road business

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

Reliance Infrastructure Ltd is looking to bring in a strategic investor for its cement and roads businesses, group chairman Anil Ambani told shareholders at the company's annual general meeting. Reliance Infrastructure has been on a look out for a buyer to sell a partial stake in these two businesses for the past few quarters but has not closed a sale so far.

The company has invested around Rs15000 crore in these two businesses and the proceeds will solely be used to reduce debt, Ambani added. In 2014-15, Reliance Infrastructure had a total consolidated debt of Rs25766.09 crore. Reliance Infrastructure now plans to focus on defence and smart cities. *"About future growth, we are focusing on two drivers, defence manufacturing and smart cities,"* Ambani said.

4. Export-Import Bank of India lends \$24 million credit line to Ivory Coast

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

The Export-Import Bank of India (Exim Bank) has extended USD 24 million line of credit to Republic of Cote d'Ivoire for financing Electricity Interconnection Project with Mali. With the signing of the LOC agreement for USD 24 million, Exim Bank till date has extended five LOCs to Cote d'Ivoire, or Ivory Coast, taking the total value of LOCs to USD 136.30 million, the bank said in a statement. The LOC agreement was signed on September 22, 2015 by ambassador of Cote d'Ivoire H E Sainy Temele and Nadeem Panjetan, Chief General Manager Exim Bank, it said.

5. India ready to give preferential tariffs to all SAARC members: Nirmala Sitharaman
Source: **Economic Times** ([Link](#))

India is ready to give preferential duty concessions on all products to SAARC members to give a boost to free trade in the region, said Union Minister Nirmala Sitharaman. At present, India gives zero-duty access for least developed countries (LDCs) of South Asian Association for Regional Cooperation (SAARC) for 100 per cent of tariff lines, except for alcohol and tobacco.

"For non-LDCs also, India has generously allowed preferential trade access for 90 per cent to the total tariff lines. We are prepared to go to 100 per cent level in terms of the SAFTA (South Asia Free Trade Agreement) roadmap agreed by India with Pakistan in September 2012," said Commerce and Industry Minister Nirmala Sitharaman.

By Harsha Hazarika