

Daily Economic News Summary: 22 July 2015

1. Buoyed by India story, PayPal may bring full suite of payment offerings

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

PayPal, the company that pioneered online payments, is evaluating options to bring its full suite of payment offerings to India. The newly-listed company has struggled in the Indian market in the past, as it faced issues with the Reserve Bank of India. The RBI wanted the company to transfer the money held in its accounts to a bank within a pre-determined period, limiting its traditional functions.

Currently, PayPal facilitates cross-border purchases for merchants and consumers in India. Globally, about 24% of the company's business comes from this line. *"We are looking at our options to see what we can bring to India,"* Vikram Narayan, managing director and country manager at PayPal India, told ET. *"We are talking to merchants and customers to see their pain-points. I can't give you a timeframe."*

2. Sugar exports from India surge as mills rush to pay growers

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

Sugar exports from India will climb more than forecast previously as mills accelerate sales to clear \$2.8 billion debt to cane growers. Shipments will surpass 1 million metric tonnes in the 12 months through September, said Yatin Wadhwana, managing director of Sucden India Pvt. Mills may export about 400,000 tonnes of mainly white sugar between now and September, he said. Wadhwana's forecast for full-year sales compares with 800,000 tonnes predicted by the Indian Sugar Mills Association last month.

Inventories in India are poised to jump to a seven-year high after production outpaced demand for a fifth year and a slump in global prices slowed exports. With another bumper crop in the making and government threatening action against producers for not paying farmers, mills are selling below production cost to clear dues to growers. That may weigh on futures in New York which slumped to a six-year low this week.

3. Pipavav Defence, Russian firm in joint venture to revamp Navy submarines

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

Pipavav Defence and Offshore Engineering Co. Ltd and Russia's JSC Ship Repairing Centre Zvyozdochka have agreed to jointly refit and certify submarines of the 877EKM category at an estimated Rs.11,000 crore. The Anil Ambani-controlled Reliance Group is in the process of acquiring a majority stake in Pipavav Defence through an open offer, subject to necessary approvals.

In a statement, Pipavav Defence said the company proposes to execute the programme in a joint venture with the Russian firm, in which it will hold 51% stake. *"This will also mark the first time the work for refit of submarines is being considered for the private sector in India,"* Pipavav Defence said. *"The skills and experience developed by the joint venture will position Pipavav Defence favourably for undertaking similar work for large submarine forces of similar class deployed by countries such as Algeria, Vietnam and Iran, with potential additional revenues of approximately Rs.20,000 crore,"* the company said.

Prime Minister Narendra Modi's emphasis on defence equipment manufacturing in his Make in India campaign has led several companies to scramble for licences. India currently has a fleet of nine EKM submarines, an export version of Russia's kilo-class vessels. Of these, eight were bought during 1986-1990 and have completed 25 years of designated service life.

4. Adani says approval delays halt work on Australia coal project

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

Adani Mining said the latest suspension of work on its A\$10 billion (\$7.4 billion) Carmichael coal mine in Australia was due to delays in government approvals for the project, which environmentalists say could damage the Great Barrier Reef.

Output from the mine, one of a handful under development in the Galilee Basin of Queensland state, will be mostly exported to India, where it will be central to plans by Prime Minister Narendra Modi to bring electricity to hundreds of millions of people living off the grid. Environmentalists are campaigning to have the mines stopped, saying they will put parts of the Great Barrier Reef under threat and help accelerate global warming.

Supporters say that at 247,000 square kilometres, the Galilee Basin has the potential to become Australia's largest coal-producing region, providing thousands of jobs. Parsons Brinckerhoff and Korea's Posco Engineering and Construction Co. Ltd, which is also touted as an investor in the final project, were told late last week to stop work on the Carmichael mine.

“The preliminary works contracts were previously sustained due to the level of investment Adani had maintained for more than 12 months in anticipation of a range of government decisions and approvals timeframes,” Adani said in a statement emailed to Reuters.

5. Africa talks may offer only a breather in Airtel’s efforts to fix losses

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

Bharti Airtel Ltd’s announcement that it’s in talks to sell its business in four African countries may be sending the right signals to investors, but the move may offer no more than a breather in the telco’s efforts to fix its loss-making operations in the continent.

Late on Monday, Bharti Airtel, which has operations in 17 African countries, said it was in exclusive talks with Orange of France to sell its business in Burkina Faso, Chad, Congo Brazzaville and Sierra Leone in a deal estimated to be valued at a combined \$800-900 million. Bharti, the world’s third largest telco by subscribers, is the market leader in three of the four markets that it is looking at exiting. The telco’s market position in Sierra Leone could not be ascertained.

These markets contribute around 15% (about \$600 million) of Bharti’s total Africa revenue and generated \$23 million in profit in the 2014 financial year (vs an overall Africa loss of \$329 million), according to a report on Tuesday by Sachin Salgaonkar and Karan Parmanandka, research analysts at DSP Merrill Lynch Ltd.

By Harsha Hazarika