

Daily Economic News Summary: 23 May 2016

1. Make in India to top Narendra Modi-Tim Cook Agenda

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

Prime Minister Narendra Modi is likely to make a strong pitch for Apple Inc. to manufacture its devices in India at his meeting with the Cupertino, California-based company's chief executive officer, Tim Cook, on Saturday, a senior minister indicated. *"Since Tim Cook has said that Apple's commitment to India is for the next thousand years, I take this opportunity to welcome the CEO of Apple... We need to work together for growth, investment and manufacturing,"* Ravi Shankar Prasad, minister for communications and information technology, said at an ASSOCHAM event on Friday.

Cook, on his part, maintained that his intention behind meeting the Prime Minister is to understand the infrastructure and role of 4G in India, and to see if Apple can exploit the opportunities that the country has to offer. While Apple has applied for opening retail stores in India, which is currently being reviewed by the government, Cook said the company has decided to take a holistic view of India even as sales in China have dipped.

2. China's Tiens Group to enter Indian e-commerce market

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

China's Tiens Group plans to foray into the fast growing Indian e-commerce market to take on the likes of Flipkart and Amazon as the firm plans to set up its marketplace by the second half of the year. The group also plans to expand direct selling business in the country and expand user base to one crore over the next five years. *"We plan to sell 3,000 products from the online shopping platform, which would be ready in the second half of the year. Indian customers will be able to buy products from different countries on the platform,"* Tiens South Asia Region President Kevin Hou told *PTI*. The Indian e-commerce market is estimated to touch \$119 billion (Rs.8 lakh crore) by 2020. In March, the government allowed 100% foreign direct investment (FDI) in online retail of goods and services under the 'marketplace model' through the automatic route.

3. India could become Amazon's largest market after the US: Amit Agarwal

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

In an interview, Amazon India country head Amit Agarwal spoke about the importance of the local market to Amazon.com Inc., new rules governing foreign direct investment (FDI) in e-commerce firms and investment plans. "We're as emboldened as ever to invest whatever it takes to fulfil our ambition," he said. Edited excerpts:

Has your growth in India matched your expectations when you launched in June 2013?

Amit Agarwal: *Three years ago, if anyone had told us this is where we are going to be, we would have been very, very surprised in the sense that we have been able to get customer adoption and traction much faster than we imagined. We knew it was a big market and we have a long-term outlook, but we didn't imagine we would get so big so quickly. We also believed the Indian customer isn't different from customers elsewhere in that they would value in-stock selection, low prices and fast and reliable delivery. Now, we have the data to prove that. Sellers, we thought, will value fair and transparent treatment, sales, reliability of the platform, and that's been proven true. So at a high level, the momentum and progress we've seen has surpassed our expectations.*

4. Volvo plans to ramp up luxury car market in India with the launch of compact models

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

Swedish carmaker Volvo Car Corp is seeking to step up its play in the luxury car market in India with the launch of a series of compact models starting next fiscal year. The initial models in this category to hit the road will be a sport-utility vehicle codenamed Concept 40.1 and a sedan currently called Concept 40.2. Volvo, which unveiled the 40 series compact cars at its headquarters in Gothenburg, Sweden, last week, will pit these against rival auto maker's entry-level luxury models such as BMW X1, Audi Q3, Audi A3 and Mercedes-Benz GLA to gain volumes in a market driven by young urban customers.

Entry-level luxury cars from German manufacturers are priced upwards of Rs 26 lakh in the Indian market. "Entry SUVs are extremely important for a market like India," said Peter Mertens, senior vice-president for research & development. "We are seeing a lot of growth coming in from the segment in BRIC (Brazil, Russia, India and China) countries. Also, in the Americas, the trend has become apparent."

5. Air passenger traffic saw 21% surge in April: DGCA

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

Domestic air travel demand continued on a growth trajectory this April with the passenger traffic surging by nearly 21%, the Directorate General of Civil Aviation said. The domestic carriers flew 79.32 lakh passengers last month as against 65.59 lakh passengers in April 2015, it said. According to the monthly traffic data, released by the aviation regulator today, budget carrier IndiGo maintained its market leadership with 30.67 lakh passengers flying across its domestic network. IndiGo was followed by Jet Airways and Air India, which transported 12.62 lakh and 11.98 lakh passengers, respectively, during April.

6. India sees highest growth in luxury air travel

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

In the last five years, Asia had the highest percentage increase in air travellers who booked business class seats for their outbound travel with India and China leading the pack with solid two-digit growth, said a survey carried out by a travel industry major. Luxury travel, that is, air travel in first class or business class is expected to go up in the next 10 years, with the growth rate in outbound luxury travel projected at 6.2 %. In comparison, outbound air travel will grow only by 4.8 %, said a report released by Amadeus, a travel IT solutions provider.

Among the countries that will see the highest growth in outbound luxury travel are India and China. *“India's booming middle class presents great potential for luxury travel investment over the coming decade,”* said the report adding that a high percentage of the business and first class travel out of India was seen on the medium and long-haul routes, that is, on routes to destinations like Singapore, London, Newark etc. *“Driven by India's impressive luxury market growth, South Asia's luxury market will expand at a faster rate than any other region,”* the report said. India's luxury market has been growing at an annual rate of 12.8 %, which is higher than any BRIC countries, it added.

7. India headed for top slot in global LED bulb market

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

India is poised to emerge as the largest market for lighting systems based on LEDs (light-emitting diodes), thanks to the Narendra Modi-led government's UJALA (Unnat Jyoti by Affordable LEDs for All) scheme for replacing all inefficient bulbs with these energy-efficient lamps. *“With India selling 770 million LED bulbs every day, the country will soon become the*

LED capital of the world. Prices of LED bulbs have come down to 55 pence (Rs 52) from over 3.5 pounds (Rs 332) two years ago," a government statement quoted power minister Piyush Goyal as telling investors in London on Wednesday.

Today, 12% of all LED lighting systems sold in the world is consumed in India, according to Saurabh Kumar, managing director of Energy Efficiency Services. The company, promoted by state-run power utilities, is the nodal agency for implementing the UJALA scheme. Kumar said the rise in India's share of consumption of LED lighting systems was primarily being driven by LED bulbs promoted through the UJALA scheme but also includes all forms of lighting. More than 9.7 crore LED bulbs have been distributed so far under the scheme.

8. IKEA buys 23 acres in Mumbai, plans to open 400, 000 sq ft store

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

Ikea, the world's largest furniture retailer, on Friday announced the purchase of a land parcel in Mumbai, for its second store in India after Hyderabad. The Swedish company has bought 23 acres in Navi Mumbai along the Thane-Belapur Road and plans to open a 400,000 sq. ft store. Ikea's first store in the country is expected to open in early 2017. The proposed Mumbai store is expected to draw more than five million visitors a year, the company said in a statement, while explaining that the location has good access to public transport as it is next to a suburban railway station, Turbhe, located on the Thane-Belapur road. The company is also evaluating suitable sites in Bengaluru and the National Capital Region centred around Delhi and plans to open 25 stores in India by 2025. *"Maharashtra is one of the most important markets for Ikea. Along with setting up retail stores, we will expand our supplier landscape and grow local sourcing as much as possible. Each Ikea store will employ 500-700 workers directly and another 1,500 indirectly, engaged in providing services. We are committed to having 50% women in our organization at all levels and giving equal opportunities to all,"* said Juvencio Maeztu, chief executive officer, Ikea India, in the statement. Ikea has been sourcing from India for the past 30 years for its global stores. It currently has 50 suppliers in the country with 45,000 direct employees and 400,000 people in the extended supply chain.



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