

Daily Economic News Summary: 26 May 2016

1. India woos Chinese investors, promises conducive environment

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

India today promised a conducive environment for Chinese investors and urged them to participate in 'Make in India' and other flagship programmes of the government to boost bilateral trade. *"We will facilitate your efforts to make your investments in India profitable. We must take advantage of the opportunities that abound in the growth of both our economies,"* said President Pranab Mukherjee addressing a meeting of the India-China Business Forum here on the second day of his four-day visit to China. The forum, attended by industrialists and businessmen of both sides, was told by the President that India would like to see greater market for Indian products in China in a bid to balance bilateral trade which is now in China's favour.

2. Chinese companies plan big investment across sectors in India

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

China is poised to make huge investments in the coming months across sectors including the Narendra Modi government's flagship projects from smart cities to Digital India as President Pranab Mukherjee on Wednesday nudged the Chinese leadership and business honchos to take advantage of prevailing growth rate in South Asia's biggest country. It has been reliably learnt that big Chinese business groups including Shanghai Automotive company, Chint group (that deals in renewable energy proposes to invest \$ 1.5 bn in India), Sopo Group, Dingshen (manufacturing sector that could create 3000 jobs), Shanghai Electric company plans to make substantial investments in India.

Informed sources told ET that the Alibaba Group would raise its stake to 70 per cent from 30 per cent and may also tie up with government's Mudra Bank. *"We can expect Chinese investments in India over next few months to surpass their total investments made during the past year,"* a source quipped. With the glut in Chinese economy the groups are looking at India as a prospective market. States with better environment and infrastructure -- Gujarat, Andhra Pradesh, Tamil Nadu, Maharashtra -- are on the radar of the Chinese investors. Sources explained that investments from China are key to reduce growing trade gap between the two neighbours. However, industry sources here rued that delay in business visas to Chinese nationals are delaying investments in India notwithstanding demands for FDI in India from the Modi government to boost economy and create jobs.

3. India home to 56 of the world's largest public firms: Forbes

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

The 2016 Forbes 'Global 2000', a snapshot of the world's largest companies, shows the dominance of US and China in the current global business landscape. India's tally of 56 of the world's biggest companies remains the same as last year and Reliance Industries maintains its top position of leading the largest public companies in India.

4. Insurance sees FDI flow of Rs 13,000 crore after amended law

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

Amid a lot of political drama, the Modi government had cleared the Insurance Law Amendment Bill, lifting foreign direct investment ceiling in insurance to 49% in March 2015, kick-starting economic reforms. With this, foreign direct investment of up to Rs 13,000 crore has come in to the insurance sector. Around a dozen foreign promoters have increased their stake in the Indian insurance joint venture after the amendment to the Insurance Laws. This was seen as a major reform for the government and a key one to stimulate insurance growth.

5. Gionee's new portfolio to cater to India tastes

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

Chinese handset maker Gionee is shifting its strategy by building a portfolio of phones to cater to local consumers and plans to spend aggressively on marketing to grow its revenue to Rs 8,000 crore in this fiscal year, sharply higher than the Rs 3,000 crore it clocked last year. *"Over a period of time, we have realised that the Indian market is different, and you can't just replicate the China market strategy and bring handsets that are designed for the latter. We are now bringing devices that are designed just for the Indian consumers,"* Gionee's head of India operations Arvind Vohra told ET. The company has doubled its marketing budget to Rs 500 crore this year from a year ago, which includes Rs 200 crore for a rebranding exercise. All this, the company hopes, will result in a manifold growth in revenue. *"We did around Rs 6,500 crore in revenues in the last three years, and are now looking to do more than this in this fiscal year (ending March 2017),"* Vohra said. To increase volumes along with profitability, Gionee has changed its strategy to take a segment-centric approach. The handset maker, which was earlier focusing on mid-to-high range handset devices, is aggressively tapping the entry-level — Rs 5,000-Rs 8,000 — and the midlevel — Rs 8,000-Rs 15,000 — smartphone segments.

6. India kicks off auction of 67 small oil and gas fields

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

India has kicked off an auction of 67 discovered small oil and gas fields, the first such auction in five years, which will put to test the ability of recent policy measures such as the revenue-sharing model and gas pricing freedom to attract investment. The government has invited bids for developing and monetizing these fields clubbed into 46 contract areas for which bids will be accepted between July 15 and October 31. The data room will be first opened to possible bidders on June 6. By the end of the year, the winners will be awarded the fields and contracts signed in January. The winners will have to start production from these fields in three to six years depending on the difficulty of the location.

Of the 46 contract areas with an in-place volume of 625 million barrels of oil and oil equivalent gas, 26 are located on land while 18 are in shallow water and two in deep water. The Directorate General of Hydrocarbons (DGH) will oversee the entire process, which will entail online submission of bids. *"Investors are enthusiastic,"* oil minister Dharmendra Pradhan said at the launch of the 'Discovered Small Fields Bid Round-2016', referring to the response received from potential investors in a series of consultations he had held with them. The investor roadshows leading up to the auction will be held in Mumbai, Bengaluru and Guwahati, he said.

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