

## Daily Economic News Summary: 28 June 2016

### 1. World Bank President Jim Yong Kim to visit India

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

World Bank President Jim Yong Kim will arrive here tomorrow on a two-day visit to explore knowledge and financing opportunities, as also to understand India's efforts on renewable energy and nutrition. *"I am very impressed with Prime Minister Narendra Modi's reforms, and on this trip I want to explore how the World Bank could provide knowledge and financing to advance his government's priorities. We will do all we can to best support India's ambitious development agenda,"* a World Bank statement quoted Kim as saying. India is the world's fastest growing economy and also home to 26 per cent of the global extreme poor, the World Bank president said, adding *"This means India has a great opportunity to make strong and sustained inroads to reducing poverty and to help lead the world in ending extreme poverty by 2030."*

During his visit, Kim will meet Modi and Finance Minister Arun Jaitley in Delhi. The statement added that during his visit Kim will seek Indian government's help in dealing with endemic problems like malnutrition and reiterate the Bank's strong support to India's stated commitments to increase its reliance on renewable energy sources.

### 2. India-US bilateral trade expected to meet USD 500 bn target

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

India and the US are targetting a four-fold jump in bilateral trade to USD 500 billion in the near future, US Ambassador to India Richard R Verma said today, exuding confidence that the goal will be met. *"For the years ahead, we have set a very ambitious goal of USD 500 billion in two-way trade and investment. Given the size of our respective economies, and the trajectories we are on, I'm confident we can get there. But we can do much more to accelerate the pace, to continue to liberalise markets and to improve investor confidence,"* he said at the Atlantic Council US-India Trade Initiative Workshop here. With its 7.5 per cent growth rate, Prime Minister Narendra Modi envisions a democratic India as a driver of the global economy, he said, adding that pivotal to this vision is the country's economic relationship with the United States. *"Thankfully, our bilateral trade continues to grow, reaching a record USD 107 billion in 2015. This is more than three times bigger than it was only 10 years ago,"* he said.

Moreover, US bilateral investment to India has grown from a mere USD 8.5 billion in 2005 to over USD 35 billion last year, he added. Last week, the government announced major FDI reforms aimed at boosting greater investment flows in to the country. Under the new rules, 100 per cent FDI is allowed in civil aviation, defence and e-commerce. Noting that the reforms India is undertaking are not going unnoticed by the US firms, he said American member companies of the US-India Business Council announced plans to invest USD 45 billion over the next two to three years. He also said the number of Indian companies operating in the US stands at an all-time high and they have invested some USD 15.3 billion.

### **3. Maharashtra remains the richest state: RBI report**

Source: **Business Standard** ([Link](#))

Tamil Nadu showed the highest gross fiscal deficit across all states in 2015-16, Maharashtra continued to be the richest state in the country while Punjab witnessed steady fall in the number of factories between 2010-11 and 2013-14, according to Reserve Bank of India's first edition of the Handbook of Statistics on Indian States.

Maharashtra continued to remain the richest state in the country, with a gross state domestic product (GSDP) in 2014-15 recorded at about Rs 9.50 lakh crore at constant prices, rising 5.7 per cent from 2013-14. The second-richest state in terms of GSDP was Tamil Nadu, closely followed by Uttar Pradesh at about Rs 5 lakh crore each, in 2014-15.

### **4. India delivering components for largest fusion energy project**

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

India has started delivering components for a multi-national project to build world's largest fusion device for carbon-free energy in France. *"So far we have delivered less than 10 per cent of total components,"* said Dheeraj Bora, director of Gandhinagar-based Institute for Plasma Research (IPR), which is handling the Indian part of the ITER (International Thermonuclear Experimental Reactor) project. India has so far earmarked Rs 2,500 crore for the project, and IPR has sought more funds, Bora said at a press conference here. The project will pave the way for a new form of clean energy through processes that undergo inside the Sun and the stars. It is expected to be ready by December 2025, he said. India is supposed to contribute 9 per cent of components, or 15 packages. Other countries involved in the project are European Union, China, Japan, South Korea, Russia and the US.

## **5. M&A deal value in the power sector surges one and half times**

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

The Indian power sector witnessed one and half times rise in mergers and acquisitions during the period January to May 2016. The period witnessed 17 deals valued at \$1.6 billion against 15 deals and deal value of \$601 million for the corresponding period last year according to Ernst & Young. Commenting on the sector outlook, Kuljit Singh, transactions partner & national power & utilities leader at Ernst & Young India, said: *"We expect strong transaction trend to continue. Both domestic and foreign players would continue to look at expanding their portfolios in the country. Deal activity in the renewable segment is also expected to gain momentum as several large operational portfolios come up for sale."*

Renewable energy has steadily gained prominence owing to low availability of domestic fuel and increased volatility in international coal prices. Investors have been targeting renewable energy assets buoyed by attractive returns. Renewable energy segment has continued to dominate the power sector which recorded 11 deals (accounting for 65% of the power sector deal volume) till May 2016. Total disclosed deal value for the period was \$177 million.

## **6. USFDA nods to Indian drugs up 84% in 1 year**

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

Drug approvals given by the US Food and Drug Administration (USFDA) to Indian companies nearly doubled year-on-year, with littleknown firms including MSN Lab, Shasun Pharma, Granules India, Ajanta Pharma and Gland Pharma making a foray into the world's biggest and most lucrative market. Interestingly , the growth came during the period when biggies like Sun Pharma and Dr Reddy's had reduced filings from their plants due to compliance issues, dispelling the long-held view that regulatory agencies . Over the last couple of years, companies have faced intense regulatory glare from the US, with nearly all the top pharma players having been issued warning letters over manufacturing violations at their plants. This led some to believe that they were being singled out for action -most of this was triggered after the erstwhile Ranbaxy (now part of Sun Pharma) faced regulatory woes.

India accounts for around 30% (by volume) and about 10% (value) in the \$70-80 billion US generics market. Over the years, India has become a dominant player in the US generics space with a large number of plants and increased scale of operations, exporting key drugs and injectables from the country . Industry experts say with the growing level of exports (to US) of generic drugs in recent years, the number of USFDA inspections of manufacturing plants has

also risen. The number of Indian companies supplying to the US market have jumped by nearly three times now, as against only a handful five years back.

## 7. Starbucks to sell premium coffee from India in US

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

In a move that may boost the country's fledgling coffee industry, American coffeehouse chain Starbucks will sell single-origin, premium coffee from Karnataka in the US for the first time. The small-lot coffee from Tata's Nullore Estates in Coorg will be made available at the Starbucks Reserve Roastery and Tasting Room, a premier destination for coffee connoisseurs in Seattle. The company plans to follow this up by increasing its coffee roasting capacity for supplying its stores here and other markets across the world. *"We are humbled by the way in which customers in India have embraced Starbucks' elevated coffeehouse experience, which now spans to more than 80 stores across six cities,"* said Howard Schultz, chairman and CEO of Starbucks Coffee Company. *"As we continue on our journey with Tata, we are delighted to introduce the finest coffee from India to a new audience."*

The Tatas signed several other agreements with the US coffee company. For instance, Starbucks coffee will now be sold aboard Vistara, a JV between Tata Sons and Singapore Airlines. Apart from this, Starbucks will introduce its tea brand Teavana in the country and collaborate with the Tatas to develop a signature Indian tea blend. In addition, Starbucks will sell Tata's Himalayan mineral water in its stores abroad, starting with Singapore later this year.

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**By Harsha Hazarika**