Daily Economic News Summary: 2 August 2016

1. Government clears 89 single brand retail and 1 multi-brand proposal

Source: **Economic Times** (Link)

Government on Monday said it has approved 89 proposals for foreign investment in single brand retail trading (SBRT) and one in the multi-brand sector up to March. *"The government has approved 89 proposals for foreign investment in single-brand retail trading and one for foreign investment in the multi-brand retail trading sector up to March 2016,"* Commerce and Industry Minister Nirmala Sitharaman said in a written reply to the Lok Sabha on Monday. In February 2006, the government permitted 51 per cent FDI in the single brand sector. In 2012, it raised the cap to 100 per cent.

The companies whose SBRT proposals got approval include IKEA, H&M, Adidas, Swarovski International Holding and Montblanc. In the multi-brand retail sector, the government has approved the proposal of Tesco Overseas Investments Ltd. Replying to a separate question, she said that at present there is no proposal under consideration of the government to review the FDI policy in local newspapers and magazines. In another reply, the minister said India has improved in FDI inflow list of UNCTAD.

2. FII inflows into stocks jumps 78% in Jan-July

Source: **Times of India** (Link)

Foreign Institutional Investors (FII) have turned big buyers on the bourses again. Their net investment in the stock markets, which has already surpassed levels recorded in 2015, stood at about $4.8 Billion (Rs 31, 780 crore) in January-July this year- an 78% year-on-year increase on the back o some strong buying in July.

Overseas investors net bought (higher purchases than sales of) shares to the tune of about $1.9 Billion (Rs 12,612 crore) in July alone, data with share depository NSDL showed. They bought more shares than what they sold in value terms for 15 consecutive trading sessions during the month.

3. Infra sector expands 5.2% in June

Source: **Business Standard** (Link)

Infrastructure sector grew at 5.2 per cent in June, fastest in two months, on the back of double-digit growth in coal and cement sectors. The eight infrastructure sectors -- coal, crude oil, natural gas, refinery products, fertilisers, steel, cement and electricity -- had expanded by 3.1 per cent in June 2015.

The eight core sectors comprise nearly 38 per cent of the total industrial production. The cumulative growth during the first quarter of the current fiscal was 5.4 per cent. These eight core sector industries had expanded by 3.1 per cent in June 2015. The core sector had expanded by 2.8 per cent in May, slowest in 2016.

As per the data released by the government, coal production increased by 12 per cent in June year-on-year. Similarly, cement production saw a double digit expansion in June (10.3 per cent) over the same in 2015. Fertilizer production increased 9.8 per cent in June (though slower than the previous month) while petroleum refinery production expansed of 3.5 per cent. The growth in electricity generation was 8.1 per cent on annual basis. Steel production, with a weight 6.68 per cent in the index, also increased by 2.4 per cent.

4.Factory output growth at four month high in July

Source: **Live Mint** (Link)

Indian factory activity grew at its fastest pace in four months in July as export orders jumped, but prices remained muted, giving room to the central bank to ease policy further if needed, a private survey showed on Monday. The Nikkei/Markit Manufacturing Purchasing Managers' Index (PMI) rose to 51.8 in July from June's 51.7, marking its seventh month above the 50 level that separates growth from contraction. The output and new orders sub-indexes both rose to their highest since March.

5. Auto sector in top gear as companies post strong July Sales

Source: **Business Standard** (Link)

Stocks of some automobile companies hit new peaks on Monday on strong July sales. A good monsoon, higher pay for government employees, the approaching festive season and fuel price cuts in June contributed to the industry's performance. Passenger vehicle sales within the country grew 17 per cent, year on year, in July, up from 2.7 per cent in June.

Market leader Maruti Suzuki posted its highest ever monthly sales growth in July at 13.9 per cent. The company's performance in July follows a 10 per cent decline in sales in June over a disruption in supply of components and a maintenance shutdown. Citing currency movement, Maruti Suzuki announced immediate price increases of Rs 1,500-5,000 on various models, excluding the Alto and the Celerio. Prices of bestsellers Brezza and Balenohave been raised by up to Rs 20,000 and Rs 10,000, respectively. Maruti Suzuki's nearest competitor Hyundai, posted 13 per cent growth in July sales in the country.

Hyundai sold 41,201 vehicles in last month against 36,503 vehicles last July. *"There is a marked improvement in consumer sentiment with the spread of the monsoon, low interest and inflation rates, and declining fuel prices. All are strong indicators for good festive demand. New salaries of government employees will act as a catalyst,"* said Rakesh Srivastava, senior vice-president, sales and marketing, Hyundai.

By Harsha Hazarika