

## Daily Economic News Summary: 2 June 2016

### 1. India a bright spot on global map: OECD

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

India's growth rate is expected to hover near 7.5% this year as well as next even as many emerging market economies continue to lose momentum. This "solid" growth led by strong investment is expected to continue, helped by reforms to bolster infrastructure spending and robust demand growth, Parisbased Organisation for Economic Cooperation and Development (OECD) said in its Global Economic Outlook. The outlook was released a day after data shared by the statistics office showed that India grew at 7.6% in 2015-16 and economists expect it to grow 7.9% in FY17. The projections incorporate an increase in public sector wages and pensions and efforts to improve tax compliance.

### 2. India, Morocco launch Chamber of Commerce to boost trade

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

With India keen to tap Morocco as the hub for its economic activities in the resource-rich Africa region, the two countries have jointly launched a trade body to boost bilateral commercial engagements. The India-Morocco Chamber of Commerce and Industry (IMCCI) was launched by visiting Vice President Hamid Ansari and Moroccan Prime Minister Abdelilah Benkirane at a function here yesterday.

Speaking on the occasion, Ansari said that a Chamber of Commerce and Industry did not exist because "*we took things for granted*". *He said that the world is changing and it has become a globalised world. We do need bodies like the IMCCI,*" he added. It is a testament to the growing importance of commercial engagement between our two countries, said Ansari, whose visit marks the first by an Indian Vice President in 50 years to Morocco. An official spokesman said that bilateral trade between the two countries stood at \$ 1.26 billion in 2015 with Indian exports forming roughly 25 per cent of the trade volume. He said that Morocco has emerged as a favoured destination for investments by Indian firms, adding that Indian companies have cumulatively invested more than \$320 million in Morocco, including in the flagship project, the Indo-Maroc Phosphore SA joint venture.

### 3. As Indians fly more, AA clocks record revenue

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

Government-owned miniratna entity, the Airports Authority of India (AAI), has turned out to be the biggest beneficiary of the steep fall in crude oil prices. With airlines getting the cushion of lower fuel prices, leading to a surge in the number of air passengers, this has allowed the airport operator to increase its revenue on account of user fees from passengers. For 2015-16, AAI's total revenue stood at Rs 10,825 crore. It was a 17 per cent jump from Rs 9,285 crore that the public sector undertaking clocked in 2014-15. This is the first time in the history of the airport operator that revenue crossed Rs 10,000 crore. With the airport operator keeping its expenses in check, profit after tax (PAT) saw impressive growth of 30 per cent to Rs 2,537 crore, compared to Rs 1,959 crore the previous financial year.

With this cushion, the AAI will undertake infrastructure development, especially in tier-2 and tier-3 cities. *"We have been consistently clocking impressive numbers. The growth in the number of passengers and freight helped us. This will help us in our projects, as we don't take a penny from the government,"* said Sudhir Raheja, chairman, AAI. According to a senior AAI official, the growth was on the back of significant increase in income from airport leasing and non-aeronautical revenue. While revenue from aeronautical services increased 18 per cent, non-aeronautical revenue rose 23 per cent to Rs 1,203 crore from Rs 981 crore in 2014-15.

### 4. Indian refiners to clear \$6.6 billion owed to Iran during sanction years

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

Indian oil refiners have paid about \$750 million in the past two weeks and aim to clear in the next three months the entire \$6.6 billion owed to Iran for crude purchased during the sanction years, an oil ministry official has said. Following the lifting of most of the sanctions on Iran, Indian refiners have begun paying Iran for the past purchases that couldn't be paid due to unavailability of the banking channel. Now the refiners are using Euro to make the payment and routing it through Turkey's Halkbank. State refiners Mangalore Refinery and Petrochemicals MRPL) and Indian Oil Corporation have paid \$500 million and \$250 million respectively to Iran. About 45% of the \$6.6 billion dues are owed by MRPL while 43% are owed by Essar Oil.

India is one of the biggest crude buyers from Iran. It imported about 12 million metric tonne of crude oil in 2015-16 and is expected to sharply increase it this financial year as sanctions have been lifted. MRPL and Essar have been the biggest Indian customers of Iranian crude. Reliance Industries which operates the world's largest refining complex in Gujarat, too has begun importing from Iran. India and Iran are seeking to boost their energy ties. India has

offered to invest up to \$20 billion in new petrochemicals, fertiliser and liquefied natural gas (LNG) facilities in Iran and sought land and cheaper natural gas for this.

## **5. India, US likely to conclude white shipping agreement during PM Narendra Modi's visit**

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

India and the US may conclude a 'white shipping agreement' coinciding with Prime Minister Narendra Modi's upcoming visit on June 7-8 to improve data sharing on cargo ships, expanding their maritime cooperation and partnership across Indian Ocean region and the Pacific. The issue figured prominently during defence secretary Ashton Carter's trip to India in April. India has similar agreements with some key partners including Southeast Asian nations such as Singapore, which has wide-ranging commercial maritime interests. Expanding maritime cooperation to combat threats in seas will figure high on the agenda for Prime Minister Modi's dialogue with President Barack Obama, officials said, and the two sides will explore options to provide stability and balance in the Indian Ocean and Pacific regions amid Chinese territorial claims in the area.

## **6. India, China very different markets: Amazon CEO Bezos**

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

Amazon's founder & CEO Jeff Bezos has said India and China are completely different markets, contrary to the narrative prevalent in the Indian consumer internet space. *"In India, we gave our team all-round software engineers and I asked them to be fast-acting cowboys instead of calm clear-headed computer scientists, and they took those instructions and have done an amazing job,"* Bezos said during a chat at tech portal ReCode's code conference. The Seattle-based online retailer has been gaining ground as it fights a fierce battle with domestic e-commerce biggies like Flipkart and Snapdeal since it launched India operations almost three years ago.

Bezos said one of his biggest learnings, and a reason for good growth in India compared to China for the e-tailer has been much more localisation in the domestic market here compared to China. Most of localisations implemented in China were also being rolled out in countries such as the US, the UK and Germany, among others. *"Regulations in India are different. It has to be a three-piece-sales model. We don't have owned inventory sales and all sales are marketplace sales... We do most of our last-mile transportation... it wouldn't be our first choice for how to do it but its the only choice,"* he said in a chat with Recode's Editor at large Walt Mossberg.

Amazon has managed to strengthen its position here over the last one year with aggressive investment, about Rs 6700 crore, and its execution strategies. Flipkart, which still has the highest market share, has been reeling under pressure to maintain its numero uno position in India. Amazon's seller base grew 250% last year over 2014 while its overall India business grew 250% during the period. It is also planning to start its premium Amazon Prime membership service in India.



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