

Daily Economic News Summary: 31 May 2016

1. Softbank's India investments may cross \$10 Billion mark in 10 years

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

Japanese telecom and Internet giant SoftBank has already made a number of investments in different startups in India, and has now said that its investments in the country will top \$10 billion in 5-10 years. SoftBank is said to have planned its first \$350 million investment in a solar project in India, said Masayoshi Son, CEO. *"We have already invested \$2 billion and we are interested in investing more,"* he said. Son said they are looking at further increasing the pace of investments. *"We also made a first move on solar energy. We are making \$350 million investment in first project in solar (in India). We will expand. In next 5-10 years, we will definitely make probably around \$10 billion of investments,"* he said.

2. Nadella comes calling, Digital India to get a boost

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

Nadella met Prime Minister Narendra Modi and Information Technology Minister Ravi Shankar Prasad in separate meetings. *"If Microsoft wants to come out with a new model of Aadhaar-based digital identity, we are okay with. It, however, has to be according to the rules of the land and should benefit every section of the society. A nod has already been given for a pilot project and based on that, we will decide if Skype could be linked to Aadhaar,"* said a senior official with the IT ministry.

In February this year, Microsoft said it was working with the Indian government to link Skype with the Aadhaar database. Brad Smith, president and chief legal officer at Microsoft Corporation, had said the company would merge the two services and see if Skype's video calling facility would be used as a way to authenticate various services of the government. Smith had termed the government's unique identity programme a great initiative and that the company would stand by the system.

Nadella, who is in India for a day, also said that developers and entrepreneurs from India are playing a key role in driving innovation - both in the country and outside - and that the company wants to be the platform for creators here. Nadella is not the only global technology CEO who is courting India for business. The chief executives of Apple (Tim Cook) and Google (India-born Sundar Pichai) have made trips to India in the past six months, seeking market access as well as to announce plans to set up development centres in the country.

3. India to drive world growth for next 10 years: Singapore's ex-PM Goh Chok Tong

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

Amid concerns of a slowing global growth, India is a beacon of hope and has the potential to drive the world economy for the next 10 years, former Singapore Prime Minister Goh Chok Tong said, *"India is a hope for us. India is at a stage China was 10 years ago to amend slack in the economy,"* he said speaking at the Future of Asia Conference organised by Nikkei. He said the world economy can now depend on India for the growth push and it is not just China the world needs to depend on. *"(The world) not just depends on China for pushing growth, India can be a very big partner."*

4. India's plastic packaging industry to touch \$73 Billion by fiscal 2020: Report

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

Growing at 18 per cent per annum, country's plastic packaging industry is expected to reach USD 73 billion in the next four years, says a report . The size of the industry in India is about USD 32 billion, which constitutes only 4 per cent of the global packaging industry, said the joint report by FICCI and Tata Strategic Management Group (TSMG) on plastic industry. The per capita packaging consumption in India is quite low at 4.3 kg, compared to countries like Germany and Taiwan where it is 42 kg and 19 kg, respectively, it added. The industry is driven by key factors like rising population, increase in income levels and changing lifestyles. Demand from rural sector for packaged products is being fuelled by increasing media penetration through the means of internet and television.

India is a growing market for plastics and consumes about 12.8 million tonnes of plastics annually against the global consumption of 285 million tonnes per year. The plastics and polymer consumption is growing at an average rate of 10 per cent. About 30,000 processing units with 1,13,000 processing machines have created manufacturing capacity of 30 million tonnes per annum in India.

5. Indian Economy may recover sharply in next 6-8 months: Morgan Stanley India

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

India has a good chance of outperforming other emerging markets in the next one year as the economy is on the verge of strong recovery, said Ridham Desai , Managing Director, Morgan Stanley India. In an interview with R Sriram & Rajesh Mascarenhas, he said India's relative dividend yield is best in terms of valuation in the past eight years, while our fiscal and monetary policy in terms of flexibility is superior among all emerging markets. Edited excerpts:

Q- Do you think India will outperform emerging markets in next one year?

A- India has a good chance of outperforming other EMs in the next one year. If you see the number of EM outflow, India's outflow is relatively lower. Four things are driving this logic. We have distinct shift in current account from FPI to FDI, that lends a greater amount of micro stability.

Second, Indian companies are paying more dividends. If you look at India's relative dividend yield, this is the best in terms of valuation in the last eight years. While India looks rich in PE and PB, it doesn't look rich in dividend yield.

Third, fiscal and monetary policy in terms of flexibility is currently best among EMs.

Fourth factor is in terms of trade, which is the best in past two decade. Big picture view is that the commodity super cycle is over.

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By Harsha Hazarika