

## Daily Economic News Summary: 3 May 2016

### 1. India lends support to strong Asian region growth: ADB President

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

India's strong growth is expected to contribute to Asia's overall economic expansion and the region is projected to grow by 5.7% in 2016, Asian Development Bank President Takehiko Nakao said on Monday. He said Asian countries must maintain sound macroeconomic policies, invest more in infrastructure, human capital and technology and develop efficient financial markets and improve the business climate, adding that he expects growth in the region to be similar in 2017. *"Asia as a whole has been growing in this decade even after the global financial crisis....India, Vietnam, Cambodia, Myanmar and Bangladesh are keeping very robust growth so I am very positive about Asian economic conditions,"* said Nakao. He said authorities across the region were more confident of dealing with any possible impact of the US raising interest rates. *"Exchange markets and stock markets are more stable, India, Indonesia and so on and they are more confident of management of these issues. Asia must be mindful of the outflow of capital,"* he said.

### 2. Core sector expands 6.4% in March to 16 month high

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

The combined output of eight crucial infrastructure sectors jumped to a 16-month high of 6.4 per cent in March due to a double-digit growth in refinery products, fertilisers, cement and electricity. Data released by the commerce ministry on Monday showed the eight core industries — coal, crude oil, natural gas, refinery products, fertilisers, steel, cement and electricity — had a cumulative growth of 2.7 per cent in the financial year 2015-16 ended March. However, this was lower than 4.5 per cent for the previous financial year.

The industries carrying a total weight of nearly 38 per cent in the Index of Industrial Production (IIP) has seen a straight fourth month of rise. This is expected to give a push to the IIP, which had risen by two per cent in February. Economists, however, forecast only a mild increase in IIP. "...the pick-up in the pace of expansion of the core sector augurs well for a mild improvement in IIP growth in March 2016," said Aditi Nayar, senior economist, Icria. Core sector growth had registered a 15-month rise of 5.7 per cent in February mainly due to growth in production of fertiliser and cement. In March, both sectors continued to outperform others with fertiliser production jumping by 22.9 per cent followed by cement, which grew at 11.9 per cent.

The number of sectors which registered double-digit growth was taken to four in March from two in the previous month. Electricity generation, which has progressively risen since December, registered a growth of 11.3 per cent in March. The same is true for refinery products, growth rates for which rose from 2.1 per to 10.8 per cent over the same period.

### **3. Parliament clears Mines Bill**

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

Transfer of captive mines in cases of mergers and acquisitions would now be possible with Parliament on Monday clearing an amendment to the mining law. Major deals among cement companies like UltraTech, Reliance Cements and Lafarge were stuck because the Mines and Minerals (Development and Regulation) Amendment Act, 2015 permitted transfer of mining leases only for auctioned mines. Now, as the amendment has been cleared by Parliament, the government expects the transfer of non-auctioned mines to happen smoothly. Mines minister Narendra Singh Tomar said in the Rajya Sabha that the amendment was in the larger interest of workers and the provision was not intended to benefit any industrial house. Auction of non-coal mines was introduced in the new mining law which was passed last year. Before 2015, all mines in India were handed out by state governments on discretion.

### **4. New models continue to drive auto sales in April**

Source: **Live Mint** ([Link](#))

Auto sales advanced at a brisk pace in April on customer demand for newly launched models, offsetting a slide in diesel vehicle sales banned in the National Capital Region (NCR) centred on Delhi. Two-wheeler sales strengthened for the third consecutive month as the launch of new scooter and motorcycle models targeted at the urban markets paid off, according to sales data released by automakers on Monday. Starting the fiscal year on a strong note, car market leader Maruti Suzuki India Ltd sold 117,045 vehicles in the domestic market in April, up 16.2% from a year ago. Sales at the local arm of the Japanese carmaker were led by compact cars and utility vehicles. Sales of entry-level models such as the Wagon R and Alto fell, dropping 9.9% to 31,906 units. Sales of compact car models, led by the Baleno hatchback, rose 8% to 45,700 units. In a strong indicator of changing consumer preferences, premium hatchbacks, sedans and utility vehicles account for a larger share of the overall sales at Maruti Suzuki, compared with small cars that had been leading sales until a year ago.

## 5. Mobile ordering is part of our long term plan: Sumitro Ghosh

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

Sumitro Ghosh took charge as chief executive officer (CEO) of Tata Starbucks, the 50:50 joint venture of Tata Global Beverages and Seattle-based Starbucks Coffee Company, earlier this year. A Starbucks veteran who was born and brought up in the US, Ghosh talks to *Viveat Susan Pinto* on the way forward for the coffee retailer in a key emerging market. Edited excerpts:

### **You've been in India for nearly four months. Your sense of the market here?**

*The India market has been delightful. I can see that consumers here have been spending time at our stores and are active on social media (on Starbucks' Twitter and Facebook pages). We continue to see how we can keep their interest going, both within stores and on social media. One was the first India-specific digital campaign that we launched last month and what I like about customers here is that they take part in something that connects with them personally. That is interesting.*

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**By Harsha Hazarika**