

## Daily Economic News Summary: 4 April 2016

### 1. India manufacturing PMI at 8 month high in March on strong demand

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

Indian manufacturing activity expanded for the third straight month in March and at the fastest pace since July, driven by stronger demand which allowed companies to raise prices, a business survey showed. That could sway the Reserve Bank of India (RBI) from cutting interest rates as expected on 5 April. The Nikkei/Markit Manufacturing Purchasing Managers' Index (PMI) rose to an eight-month high of 52.4 in March from February's 51.1, its third straight month above the 50-mark that separates growth from contraction. The findings "*provide welcome reassurance that the sector has moved farther away from the flood-related contraction seen in December,*" said Pollyanna De Lima, an economist at Markit.

Severe rainfall and flooding caused widespread destruction in late November and early December, which constrained output to its lowest since early 2009. The latest survey showed the new orders sub-index, a proxy for domestic demand, also rose to an eight-month high of 53.9 in March from 52.3, encouraging firms to increase output. Foreign demand also rose though at a slightly more moderate pace. Stronger demand allowed firms to raise prices of their goods at the fastest pace in 16 months to make up for rising input costs, a trend likely to get some notice at the central bank.

### 2. India jumps to 6<sup>th</sup> spot in manufacturers list: UN Report

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

With its ranking going up by three places, India has now been ranked sixth among the world's 10 largest manufacturing countries, a United Nations Industrial Development Organization report said. India previously held the 9th rank.

The yearbook, published by the UNIDO, finds that in India, the Manufacturing Value Added (MVA) grew by 7.6% in 2015 compared to the previous year. It also said that the quarterly index of industrial production (IIP) shows 1% growth of manufacturing output in the fourth quarter of 2015 compared to the same period of previous year. "*India is now the sixth largest manufacturer in the world,*" the report said. The report also said that the global growth rate of manufacturing production has slowed to 2.8% in 2015. "*This slowdown could be due to reduced manufacturing growth rates recorded by major developing and emerging economies,*" it added.

### **3. RBI notifies 49% FDI under automatic route in insurance**

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

The Reserve Bank of India (RBI) has notified 49% foreign direct investment (FDI) under the automatic route in the insurance sector. *“The extant FDI policy for insurance sector has since been reviewed by the Government of India and accordingly it has been decided to enhance the limit of foreign investment in insurance sector from 26% to 49% under the automatic route subject to certain terms and conditions which have been notified on March 30,”* RBI said in a notification on Thursday. *“No Indian Insurance company shall allow the aggregate holdings by way of total foreign investment in its equity shares by foreign investors, including portfolio investors, to exceed forty-nine percent of the paid up equity capital of such Indian Insurance company,”* it said. *“The foreign investment up to 49% of the total paid-up equity of the Indian Insurance Company shall be allowed on the automatic route subject to approval or verification by the Insurance Regulatory and Development Authority of India,”* it said. The foreign equity investment cap of 49% will apply on the same terms as above to insurance brokers, third party administrators, surveyors and loss assessors and other insurance intermediaries appointed under the provisions of the Insurance Regulatory and Development Authority Act, 1999.

### **4. PM Modi to launch scheme for loans to SCs/STs, women on 5 April 4, 2016**

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

Prime Minister Narendra Modi will on Tuesday launch the Stand up India scheme under which banks will give loans of up to Rs.1 crore to Scheduled Castes/Scheduled Tribes (SCs/STs) and women entrepreneurs. *“Prime Minister will be launching the Stand Up India scheme and a web portal for the scheme on 5 April, at Noida,”* a finance ministry statement said. The event would be attended by, Uttar Pradesh governor, Union finance minister, Union minister for culture and tourism and Union minister of state for finance, among others.

The Stand up India Scheme is aimed at promoting entrepreneurship among SC/ST and women by giving loans in the range of Rs.10 lakh to Rs.1 crore for setting up a new enterprise. *“The scheme is expected to benefit large number of such entrepreneurs, as it is intended to facilitate at least two such projects per bank branch on an average one for each category of entrepreneur,”* the statement added. SCs/STs and women entrepreneurs who avail loan would be given a RuPay Debit Card for withdrawal, besides comprehensive support like pre-loan training, facilitating loan, factoring and marketing. There would be a Rs.10,000 crore refinance window through Small Industries Development Bank of India (SIDBI) and the National Credit Guarantee Trustee Company Ltd (NCGTC) will create a corpus of Rs.5,000 crore.

The government will create a web portal for online registration and support services and also prepare a credit history of borrowers. *“The intent of the proposal is to leverage the institutional credit structure to reach out to these under-served sectors of the population by facilitating bank loans in the non-farm sector set up by such SC, ST and women borrowers,”* the statement said.

## **5. Amazon India’s authorized capital doubles to Rs 16,000 crore**

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

Amazon India has almost doubled its authorized capital to Rs.16,000 crore, exceeding its massive capital commitment of \$2 billion made in July 2014 and indicating the company’s intent to splash whatever cash is needed to become the country’s largest e-commerce firm. Amazon Seller Services Pvt. Ltd (Amazon India) increased its authorized capital from Rs.8,500 crore in February, documents with the Registrar of Companies (ROC) show. The firm’s authorized capital was Rs.1,500 crore in July 2014, when Amazon.com Inc.’s chief executive Jeff Bezos promised it will invest as much as \$2 billion in India over the next few years. Amazon India is stepping up its pace of investment to try and overtake local rivals Flipkart Ltd and Snapdeal (Jasper Infotech Pvt.Ltd), both of which are struggling to raise money.

## **6. LeEco to invest \$10 million to build cloud infrastructure in India**

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

Chinese technology company LeEco (Le Holdings Co. Ltd) on Thursday said it will invest \$10 million to develop cloud infrastructure for delivering content in India. LeEco, which is also present in the US and Hong Kong, entered India this year with two smartphones, but wants to build a platform across mobile devices and smart TVs for offering content services like on-demand video, live sports, and music, and this investment would be key for enabling it do so.

Having local cloud delivery networks (CDN) would help LeEco deliver content efficiently to users in India, without major lag. The CDNs would be in 10 cities in India, including New Delhi, Mumbai and Bengaluru. *“We wish to replicate our successful global ecosystem model in India, offering users a distinct content integrated offering across our devices. The setting up of our CDN infrastructure further reiterates our commitment to build the Le Ecosystem in the country and provide our users with an uncompromised experience,”* said Atul Jain, COO, Smart Electronics Business, LeEco India, in a statement. The company has already opened a research and development centre in Bengaluru which will have about 1,000 people by

the end of this year. LeEco has partnered with Eros Now for Video-on-demand (VOD) and with Yupp TV for TV content streaming.



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