

## Daily Economic News Summary: 4 March 2016

### 1. Drop in global oil prices a windfall for Indian economy: IMF

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

Terming the slump in global oil prices as a "large windfall" for India, the IMF said this has allowed the country to spend more on goods and services, and a "sharp decline" in inflation. Crude prices have plunged around 70 per cent over the past 18 months to around USD 35 a barrel. In its latest report, the IMF projected India's GDP growth from 7.3 per cent this fiscal year to 7.5 per cent next year even as the economic recovery has been uneven. The pick-up in the investment cycle is yet to gain strength, the banking system is weighed down by bad loans, and the weaker global economy has hit India's exports, it said. IMF said as private investment continues to show only a few signs of revival, the challenge for India is to sustain its growth momentum. An increase in public infrastructure investment and government initiatives to unplug stalled investment projects are helping bolster investor sentiment and having a positive impact on private investment, it said.

### 2. Government gives nod to set up 4 SEZs

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

The government has given approval to set up four new special economic zones including that of Infosys Ltd and Cognizant Technologies Services in the IT sector. These SEZs were given approval by the Board of Approval (BoA), chaired by Commerce Secretary Rita Teotia, in its meeting on February 23. Cognizant Technologies Services Pvt Ltd has proposed to set up IT/ITeS zone at Ranga Reddy District in Telangana. It is planned at over an area of 2.51 hectares. Infosys Ltd too proposed to set up sector specific SEZ for IT/ITeS in Mohali over an area of 20.23 hectares. Saltire Developers and Amin properties LLP have got "formal approval" by the board to set up IT/ITeS zones in Bangalore. Further the BoA has given extra time to as many as 12 SEZ developers and units to implement their projects.

Kandla Port Trust, developer of multi product SEZ at Kandla, in Gujarat got one year extra till May 6, 2017 to execute its project. G P Realtors Pvt Ltd too got an extra one year till January 25, 2017 to implements it IT/ITeS zone in Haryana, the minutes of the BoA meeting said. In the Budget 2016-17, the government has extended the tax benefits to those SEZ units, which will commence commercial activity before March 31, 2020. The move was aimed at prompting such units to expeditiously complete their projects and begin operations.

### **3. Xiaomi's Barra says looking to step up manufacturing in India**

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

Xiaomi Technology India Pvt. Ltd, the local unit of China's biggest mobile phone maker, said on Thursday that the company is ramping up its manufacturing plans rapidly and that 75% of the phones it sells in India are already being made locally. In August, Xiaomi together with Taiwanese contract manufacturer Foxconn Technology Group started assembling phones locally in Chittoor district of Andhra Pradesh. *"We are ramping up our manufacturing in India for our latest product Redmi Note 3 and this is our fourth 'made in India' product,"* said Hugo Barra, vice-president Xiaomi. The company is setting up a manufacturing capacity of about 200,000 Redmi Note 3 in the first month. Xiaomi on Thursday launched Redmi Note 3 at a price of Rs.9,999. The company already makes Redmi 2 Prime, Redmi 2 and Redmi Note Prime in India.

Though the company wants to increase its manufacturing in India and eventually export phones from India to other international markets, it said that touching a 100% local manufacturing number would not be economically viable. *"It might not be economically viable to manufacture very high end products here but for high-volume products the intention is to have 100% manufacturing here in India,"* added Barra. *"We want to find the most economic way and manufacturing locally makes our supply chain much more efficient."* According to Barra, the company has managed to cut cost of production with its local manufacturing plant. He did not disclose the financial details.

### **4. Luxury housing projects return to Mumbai, spurred by rising demand**

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

After a lull of almost two years in the luxury residential sector, high-end developments are making a comeback in Mumbai, India's most valuable property market, spurred by rising demand. Home sales rose about 15% in the October-December quarter to 78 million sq.ft from the preceding quarter across India's top eight property markets, with Mumbai Metropolitan Region (MMR) clocking the best performance, according to a February report by Liases Foras Real Estate Rating and Research Pvt. Ltd. Mumbai-based developer Godrej Properties Ltd launched Godrej Sky in Byculla, with apartments priced at Rs.4 crore upwards, and received a good response. Godrej also sold 348 apartments in its flagship project The Trees in suburban Vikhroli for Rs.862 crore; apartments are priced upwards of Rs.1.6 crore.

## 5. Start ups drive equity investments in 2015: Report

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

The report said that IT and ITeS sector has been the main driver for growth in 2015 on the back of impressive level of interest in startups in e-commerce space. Despite a talk of slowdown across markets, private equity and venture capital investments in the Indian market touched an all-time high of close to 1,049 deals in 2015, according to the fourth edition of Grant Thornton report *The Fourth Wheel 2016* released on Thursday. The positive sentiment was driven by increase in investments in Indian start-ups, the report added. Over 600 investments were made in start-ups, reflecting the increasing interest in the ecosystem. The report, which focuses on private equity and venture capitalists industry in India, was produced in association with the Indian Private Equity and Venture Capital Association (IVCA).

Private equity funds and venture capitalists, with a focus to invest in India and other South and South-east Asian countries, raised close to \$26 billion in 2015 compared to \$17 billion in 2014. Of the total funds raised, approximately 60% is expected to be invested in India. The report said that private equity investments drove the deal momentum in 2015 in the Indian deal space with over \$16 billion invested in more than 1,000 investments. The deal value growth was driven by large investments accounting for around 3% of volumes but contributing to around 50% of the total investment values. The year also witnessed an increase in big-ticket deals valued over \$500 million each.

.....

**By Harsha Hazarika**