

Daily Economic News Summary: 7 July 2016

1. India topped domestic air passenger growth globally in 2015: IATA

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

Air passenger market in India grew at the fastest pace in the world in 2015, the International Air Transport Association (IATA) said. Number of domestic fliers in India in 2015 grew 18.8% from a year ago, followed by Russia (11.9%), China (9.7%) and US (5.4%). However, the number of domestic fliers in India stood at 80 million, compared to Russia's 47 million, China's 394 million and the US's 708 million.

The figures were revealed in the 60th edition of the World Air Transport Statistics (WATS), a yearbook of the industry's performance put out by the airline grouping. *"Last year, airlines safely carried 3.6 billion passengers—the equivalent of 48% of the Earth's population—and transported 52.2 million tonnes of cargo worth around \$6 trillion. In doing so, we supported some \$2.7 trillion in economic activity and 63 million jobs,"* said Tony Tyler, IATA's director general and CEO. The top five airlines ranked by total scheduled passengers carried (domestic and international) were American Airlines (146.5 million), Southwest Airlines (144.6 million), Delta Air Lines (138.8 million), China Southern Airlines (109.3 million) and Ryanair (101.4 million).

2. India's online Ad market to reach Rs 7K Crore by December end

Source: **Pioneer** ([Link](#))

The country's digital advertising market is projected to grow at a CAGR of 35 per cent to reach Rs7,044 crore by the end of this year, an IAMAI-IMRB report said on Wednesday. The digital advertising market was pegged at Rs5,200 crore at the end of December 2015, accounting for about 12 per cent of the total advertisement spends in the country, the report titled 'Digital Advertising in India' said. It has grown steadily from Rs1,140 crore in 2010-11 fiscal to Rs2,260 crore in 2012-2013 and further Rs5,200 crore in 2014-15, it added. In terms of volume, e-commerce led the digital advertisement spends with Rs1,040 crore followed by telecom (Rs780 crore), banking, financial services and insurance (Rs728 crore) and FMCG (Rs676 crore), the report by Internet and Mobile Association of India (IAMAI) and IMRB International said.

In 2015, the education sector spent Rs312 crore, while travel and auto verticals spent Rs572 crore and Rs540 crore, respectively, on digital advertising. However, banking, financial services and insurance sector spent a higher share of its advertisement expenditure on digital

compared with other verticals with 40 per cent of its overall advertising spends going towards digital.

3. India can bring \$1Bn biz: Forever 21

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

Forever 21 founder Don Won Chang's demeanour is contrary to the aggressive world of fashion retailing. After two faltering starts in India, the 53-year-old billionaire and chief executive of the chic teen fashion retailer hopes to be third time lucky. Chang has partnered with Aditya Birla Fashion and Retail to have a bigger play in the world's fastest growing economy where Forever 21's rivals Zara and H&M, too, have aggressive plans.

On Tuesday, Birla formalized a deal to clinch a 12-year exclusive online and offline right to the Forever 21 brand in India. This is possibly Birla's most ambitious move in fashion retailing after a surprise entry into the business following the acquisition of Madura Garments in 1999. The American label is expected to give Birla (strong in formal menswear) more heft in womenswear retailing, besides adding muscle to its fledgling e-commerce venture, abof.com, industry experts said. *"We couldn't have got a better partner than Birla to help us in executing our vision of making Forever 21 one of the largest womenswear brands in India,"* Chang told TOI in his first interview to the Indian media. Comparing the partnership with Birla to a husband-wife relationship, Chang said, "We are known for our merchandise and Birla complements us with its A to Z presence from manufacturing fabrics to retailing apparels."

Chang understands the importance of stable partnerships. He and his wife Jin Sook, originally from South Korea, arrived in the US almost penniless and without college degrees. While working at a petrol station, he noticed that the most expensive cars were driven by fashion retailers, prompting him to start his own clothing store. From one store in Los Angeles, Forever 21 today operates more than 730 stores across 48 countries, with Chang having a net worth of \$6 billion. Birla is taking charge of Forever 21's Indian operations with a plan to accelerate expansion. Forever 21's erstwhile partner DLF operated 12 stores, while Birla hopes to take the count to 20 by the end of the current calendar. India could become one of the top three markets for Forever 21 globally, Chang said, as the chic teen fashion retailer with sprawling ambitions wants the "growing country" to take serious note of it. "India has the potential to become \$1-billion market for the brand," he added, as he stopped over in Mumbai for a short visit last week. Forever 21 garners nearly 70% revenue from its home market of US.

4. FIPB clears FDI proposals worth Rs 643 crore

Source: **The Hindu** ([Link](#))

Foreign Investment Promotion Board (FIPB) has cleared four FDI proposals entailing investment of about Rs.643 crore. The inter-ministerial panel, headed by Economic Affairs Secretary Shaktikanta Das, has approved Rs.420 crore FDI proposal of Advanced Enzyme Technologies which intends to issue fresh shares to foreign investors . FIPB has also given its approval to Corona Remedies' investment worth Rs.118 crore. The company had sought approval for foreign investment of 19.51 per cent by Mauritius-based Cydista, a Finance Ministry statement said. The board also cleared proposals of Macmillan Publishers International and Ordain Health Care Global. — PTI

5. India is world's 4th largest app economy

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

India is rapidly moving into the mobile app age and is already the fourth largest mobile app economy. The amount of time Indians spend on apps has also increased dramatically, says mobile-app analytics company App Annie. In total app downloads per year, only China, US, and Brazil are ahead of India. The annual figure for India is projected to grow by 92% to reach 7.7 billion downloads this year, and further to 20.1 billion by 2020. China's app download is expected to grow at a much slower 29% this year, but the absolute figure will be more than 6 times that of India's at 49 billion. *"With the introduction of affordable smartphones and better infrastructure supporting mobile, and given India's population, the growth here is expected to be significant,"* Junde Yu, MD of App Annie APAC, said. He said the most important thing that is now driving the app economy here is not the number of downloads or the revenue but just the amount of time spent by users on the mobile app.

The amount of time Indians spent on apps in the first quarter of 2016 more than doubled compared to that in the first quarter of 2014. In retail apps, the time spent grew by 11.5 times during the same period, driven by e-commerce majors like Flipkart-Myntra, Amazon, and Snapdeal. The time spent on video streaming apps grew by 7.4 times, with YouTube and Hotstar leading the way.

