

Daily Economic News Summary: 8 July 2016

1. Modi, Nyusi spur farm sector ties

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

India and Mozambique on Thursday agreed to fast-track agricultural cooperation after delegation-level discussions headed by Prime Minister Narendra Modi and Mozambican President Filipe Nyusi here. The two nations signed three agreements on security, enhancing defence ties and purchase of pulses from Mozambique for India. *“Mozambique’s strengths are also the areas of India’s needs. And what Mozambique requires is available in India,”* Modi said in a joint Press statement with Nyusi. Observing that Nyusi had highlighted agricultural development as his top priority, he said experts from both sides have since held discussions on how to work together to improve agricultural infrastructure and productivity in Mozambique. *“Today, we agreed to put this cooperation on the fast track,”* Modi said.

As per the agreement India will encourage greater production of pulses in Mozambique with an assurance that it will be purchased by India at mutually-agreed price. While India generally has shortfall of pulses leading to price rise, Mozambique grows the commodity without much consumption locally. The agreement will be a “win-win” for the two countries. Stating that the both the countries were strengthening their partnership in food security, Modi said, “India’s commitment to buy pulses from Mozambique would help meet India’s requirement. It will also facilitate long-term investments in commercial farming, generate farm employment and raise incomes of farmers in this country.” Modi also said that India wants to build on its already flourishing trade and investment ties with Mozambique. Speaking at a banquet hosted in his honour by Nyusi, Modi said India applauded Mozambique as one of the fastest-growing economies of the world in recent decades.

2. France offers to help India build Tejas’ Kaveri Jet Engine

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

As Indian scientists are yet to achieve success in indigenously developing Kaveri fighter jet engine, France has offered to collaborate in this venture. These engines were supposed to power Tejas fighter jets which were inducted into the IAF last week. The indigenously planes are now flying with US made GE-404 engines. Kaveri project started more than 20 years back but given the complexities involved in producing this world class engine coupled with technology denial by some countries led to delay in this ambitious venture. France has offered to help India in developing the engine as part of offsets for 36 Rafale fighter jet deal for which negotiations

are in the final stages. The deal is pegged at more than Rs65,000 crores. India will buy these jets off the shelf and the first jets are likely to be inducted after two years once the contract is inked. Rafale deal is a Government to Government contract between France and India. Prime Minister Narendra Modi announced this during his visit to France last year. Final negotiations are now on between the French and Indian Government officials besides Dassault which manufactures Rafale jets.

The deal is likely to be signed in the later part of this year after Cabinet Committee on Security (CCS) headed by the Prime Minister gives the final nod, sources said here on Thursday. India and France have reportedly agreed for 50 per cent offsets. This offset clause means that France will plough back 50 per cent of the total cost of the contract into India to help local industry progress and get access to world class technology. As part of this clause, sources said, France has offered to help India in developing Kaveri engine. Under the offset agreement, which was discussed last year, the French have made a 30 per cent offset commitment for military aerospace research and development programmes and the rest 20 per cent for making components of Rafales here. The offsets will be carried out by French companies Safran, Thales, MBDA and Dassault, all part of the Rafale project. The Kaveri proposal by France entails an upgraded engine with 90 kN thrust compared to the existing 72 kN. The negotiations on offsets were carried out last year with Defence Research and Development Organisation (DRDO) and some other agencies. After the contract for the Rafale jets is signed, there will be a six months window to finalise the offset, officials said.

3. Amazon India invests in six new fulfillment centres

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

E-commerce major Amazon India has opened six new fulfilment centres across five cities, as it prepares for a spike in demand in the upcoming festival season. Amazon's fulfilment centres are essentially large warehouses, where sellers can send their products, which are packed, despatched and delivered to the customer by the company under its "Fulfilled By Amazon" service. The new centres are in Chennai, Coimbatore, Delhi, Jaipur and Mumbai. *"We remain committed to investing in our fulfilment and logistics capability to enable and empower sellers to serve customers nationally at lower costs. It stands testament to our larger commitment of making deep investments in the country and in turn creating opportunities for employment, growth and revenue generation for the government,"* Akhil Saxena, Vice-President, India customer fulfilment at Amazon India, said in a statement. The move will allow Amazon to offer its "Fulfilled By Amazon" service to more small and medium businesses and enable faster delivery and easier returns.

Over 80% of sellers on Amazon.in currently use its fulfilment services, the statement said. The six new centres add to Amazon's 21 existing fulfilment centres across Gujarat,

Haryana, Karnataka, Maharashtra, Delhi, Punjab, Rajasthan, Tamil Nadu, Telangana and West Bengal, covering a total area of close to 2.5 million square feet. Last month, Amazon.com Inc. announced an additional investment of \$3 billion in India after the company exhausted its investment of \$2 billion made in July 2014. Currently, over 1.3 million products are available for immediate shipping through the network of Amazon's fulfilment centres in India.

4. Apple tells Chief of App Store and iTunes to focus only on India

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

Apple's Khushboo Ponwar, market development lead for App Store, Apple Music and iTunes, has been directed to focus solely on India, a market with strong growth amid slowing global sales for the Cupertino-based smartphone maker. Previously, Ponwar had been responsible for the App Store, Apple Music and iTunes business in the Middle East, Turkey, Africa and India. Apple declined to comment on the change of profile for Ponwar. By appointing a point person solely for the India market, Apple is sending out strong signals and making local strides in a market where iPhone sales grew 56 per cent on-year when Apple reported its first ever iPhone sales decline globally. India was among the few bright spots for Apple in its second quarter earnings, which saw its largest growing market China shrink - revenue fell by 11 per cent — and sales in developed markets slowing in the face of smartphone saturation. The Indian government has reached out to the company on renewing its application to set up wholly owned stores in the country, after rebuffing it the first time over local-sourcing exemptions. The rules have since changed.

5. India Inc's Q1 revenues may grow at fastest pace in 2 years

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

The revenue growth for India Inc is expected to touch a two-year high in the quarter ended June 2016. Revenues of the sensx companies (excluding energy firms) will grow 8.3% year-on- year (y-o- y) to Rs 3,64,200 crore during the first quarter of the 2016-17 fiscal, analysts said.

Companies on the broader Nifty index will see 8.6% y-o- y increase in net sales to Rs 4,42,000 crore in April-June, estimates by Kotak Institutional Equities showed. Ratings agency Crisil said that the revenue growth of India Inc will jump to a two-year high of 8% during the quarter. "The first sign of top-line growth shifting to a higher trajectory was seen in the (January to) March quarter, when it surged to 6.5% from a drab 1-3% seen in each of the five preceding quarters," the agency stated. Revenue growth, however, remains significantly lower than the long-term average of 12-15%. "But in real terms (adjusted for inflation), the picture looks

brighter because top-line growth is likely to be higher than the average for the last four years," Crisil said.

6. New airline to connect capitals in Northeast likely

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

The Modi government is going to launch a new airline based out of Guwahati which would connect all state capitals in that part of the country, a move that's going to give a big fillip to connectivity in Northeast India. The company will be a subsidiary of Pawan Hans Helicopters Ltd and is likely to operate a fleet of 6 fixed-wing planes and 5 helicopters. The subsidiary, with an equity base of Rs 150 crore, will be 51 per cent owned by Pawan Hans Helicopters Ltd and the rest will be owned by North Eastern Council (NEC). The decision to create a new airline was taken at a meeting of all state chief ministers from the Northeast and Department of North Eastern Region minister Jitendra Singh.

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