

Daily Economic News Summary: 9 March 2016

1. Gujarat tops in investment potential ranking

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

Gujarat has topped a list of 21 states with the most investment potential, said an economic think tank report. Delhi, Tamil Nadu, Andhra Pradesh and Maharashtra were others on the top five. The National Council of Applied Economic Research (NCAER) report cited corruption, delay in getting approvals before starting a business and hurdles in getting environment clearance as the top three constraints for investments. The rankings of 20 states and one Union territory, Delhi, was based on five pillars - labour, infrastructure, economic climate, governance and political stability, perceptions - and 51 sub-indicators.

While Gujarat topped in governance and political stability and perception, Delhi ranked first in infrastructure and economic climate. Kerala topped the chart in labour issues. The report said out of the 21 states, Bihar, Uttar Pradesh and Jharkhand have a significant amount of catching up to do. NCAER's Senior Fellow Indira Iyer said this report was different from the World Bank's report, released last year, though it complements that ranking. While the World Bank-DIPP report was more about procedures and transactions, the NCAER report focuses on policy and structural issues that determines the business environment in a state.

2. FDI proposals of Rs 48,902 crore cleared till January in FY16

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

The government has approved 285 FDI proposals worth Rs 48,902.76 crore till January this fiscal, Parliament was informed today. Foreign Direct Investment (FDI) supplements the domestic capital and helps in bringing technology in various sectors, thereby stimulating economic growth and leading to increased exports, and employment generation, Minister of State for Finance Jayant Sinha said in a written reply to Rajya Sabha. The government has liberalised the FDI policy to maximise benefits from FDI.

3. Rajasthan CM presents Rs 99k Crore budget for 2016-17

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

Rajasthan Chief Minister Vasundhara Raje today presented the state budget for 2016-17 with a plan size of Rs 99,693 crore and fiscal deficit of 5.62 per cent. The budget, which includes the impact of UDAY (Ujwal Discom Assurance Yojna) scheme, projected a fiscal deficit of Rs 43,147 crore, or 5.62 per cent of GSDP. In her budget speech, Raje announced VAT exemptions for solar torches, biomass stoves, kerosene lamps, hurricane lanterns, kerosene wick stoves, kerosene pressure stoves, sugarcane, sattu, marble articles costing up to Rs 1,000, sewing needles, safety matches and camphor, among others.

Items made by prisoners in jails were also exempted from VAT, while it was reduced from 5.5 per cent to 2 per cent on all types of yarn. Raje announced reduction in VAT from 14.5 per cent to 5.5 per cent on all types of plastic goods, pickles, measuring tape, carpets, electric switchgears, SD cards, memory cards, pen drives and health fitness equipments. She also imposed VAT of 5.5 per cent on semi-stitched garments, 5.5 per cent on guar gum and guar gum powder, 15 per cent increase on all types of cigarettes, increase of 2 per cent in luxury tax on all hotels, except heritage hotels of basic and classic categories having a tariff of more than Rs 10,000. She also kept DLC rates of agriculture, residential and commercial lands unchanged for the next financial year.

4. Haryana to promote solar power plants on canals

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

The Haryana government on Tuesday released its solar power policy, which aims to add 4,000 megawatt (Mw) of solar power by 2022. The policy unveiled on the last day of Happening Haryana Global Investors Summit aims to promote generation of green and clean power through a conducive atmosphere for the investors.

To give boost to the solar energy sector, incentives such as industrial status, electricity duty exemption, banking facility, cross-subsidy charges, etc have been provided in the policy. The government has also decided to purchase solar power over and above the solar renewable purchase obligation subject to a limit of 200 Mw. Elaborating further the policy initiatives, Ankur Gupta, principal secretary, renewable energy department, Haryana, said in a statement that the policy encourages setting up of solar parks and installation of solar power plants on canals tops and banks.

The policy also aims to promote small investors by reserving 20 per cent of the target for the projects of capacity of 1-2 Mw. For these projects, a price preference of two per cent will be given to those who set up their plants within Haryana. Sale of power to the Haryana government

or to the third party is permitted without levying any charges under the policy. Due to land constraints, the installation of rooftop solar power project has been encouraged by allowing the sale of power to government at the last lowest discovered tariff without tendering. Rooftop solar power plants can be set up without any permission from the building plan sanctioning authority.

5. Air Asia India promoters plan fresh capital infusion

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

AirAsia India's promoters are set to infuse additional capital in the airline even as losses have eroded its equity capital. According to filings with the Registrar of Companies, the airline's board has approved the issue of equity shares on a rights basis and an increase in authorised share capital from Rs 195 crore to Rs 3,300 crore. Authorised share capital indicates the maximum amount a company can raise through issue of shares.

The board approval, secured two months ago, indicates fund infusion is round the corner. But, the investment is yet to take place and differences among shareholders are believed to be the reason for the delay. The proposed investment sum could not be immediately ascertained. Along with additional infusion, changes in shareholding structure is also likely. AirAsia India is a tripartite joint venture of AirAsia Malaysia (49 per cent), Tata Sons (41 per cent) and Arun Bhatia-owned Telestra Tradeplace (10 per cent). So far, the promoters have invested \$30 million in accordance with the original investment plan.

Bhatia, who did not participate in the previous round of fund raising last August, has publicly accused the Malaysian partner of controlling the operations. Bhatia is expected to exit the airline and there have been discussions between Bhatia and Tata Sons over a stake sale. However, no deal has been materialized yet.

6. Daikin to invest 600 cr in India

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

In a major push to government's make in India initiative, Japanese air conditioner maker - Daikin - plans to invest around Rs 600 crore to establish a research and development (R&D) centre and a manufacturing plant at Neemrana in Rajasthan. While around Rs 100 crore will be spent on the R&D centre, which is slated to be established by July this year, around Rs 500 crore will be used to fund expansion plans over the next one and half years. So far, Daikin has already pumped in around Rs 1100 crore in India.

Kanwaljeet Jawa, Daikin India MD, told TOI that while Daikin's Technology and Innovation Centre (TIC) at Osaka, Japan will continue to be the main R&D hub, its centre in

India will support and develop products catering to India and neighbouring countries. "India consists of various weather patterns across the length of the country, so the air-conditioning is different for different geographies. To enable customization and capture local data, this R&D centre is being proposed, which will also develop and map products for other SAARC countries," Jawa added.

7. India likely to outgrow China for many years: Marios Maratheftis

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

Foreign investors may step up their bets on emerging markets this year as asset valuations look attractive now, says Marios Maratheftis, chief economist at Standard Chartered Bank. In an interview to ET , he says India is a bright spot in the world because of a combination of factors including the government's policy measures. Edited excerpts:

How do you view India at a time when the economy is facing global headwinds?

***Marios Maratheftis:** The global environment is not ideal at the moment. The likelihood is that global growth is going to be weaker this year compared with that in 2015. In a period of weak growth, India is a bright spot for its strong domestic growth. Indian demand is going to be a strong component of the economy, going forward. India stands as a bright spot despite its challenges. It is the fastest-growing economy among major emerging market economies. Chances are India will outgrow China and that will be the theme for many years to come. It is not a fluke for one or three years. We should get used to the fact that India will be outgrowing China in the next 10-15 years.*

What are the other factors that make you hopeful about India?

***Marios Maratheftis:** First, demography. At a time when we have ageing population in Europe, Japan and China, India has a young population. Second, policy measures. The Budget has proposed a lot of public spending, which in turn should revive private investments in the country. Moreover, regulators like the Reserve Bank of India have earned credibility worldwide. Finally, all states in India are growing. Their collective growth will lead to the country's growth.*

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