

Daily Economic News Summary: 27 January 2017

1. Govt plans to revive colonial – era gold mines with \$2 billion reserves

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

Government is planning to revive a cluster of colonial-era gold mines - shut for 15 years but with an estimated \$2.1 billion worth of deposits left - as the world's second-largest importer of the metal looks for ways to cut its trade deficit, officials said. State-run Mineral Exploration Corp Ltd has started exploring the reserves at Kolar Gold Fields, in the southern state of Karnataka, to get a better estimate of the deposits, according to three government officials and a briefing document prepared by the federal mines ministry that was seen by Reuters. The ministry has also appointed investment bank SBI Capital to assess the finances of the defunct state-run Bharat Gold Mines Ltd, which controls the mines, and the dues the company owes to workers and the authorities, said the officials, who are involved in the process. India, the world's biggest gold importer behind China, spends more than \$30 billion a year buying gold from abroad, making the metal its second-biggest import item after crude oil.

2. India ranks sixth on eight great powers in 2017: American magazine

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

India is ranked at the sixth spot, behind China and Japan, in a list of eight great powers for the year 2017 by a leading American foreign policy magazine which is topped by the US. The list is topped by the US, whereas China and Japan are at tie for being on the second spot. Russia (fourth) and Germany (fifth) are the other two countries ahead of India. Iran is ranked seventh and Israel is on the eighth spot. "Like Japan, India is often overlooked in lists of the world's great powers, but it occupies a rare and enviable position on the world stage," The American Interest magazine said in its latest annual report of eight great powers. India is the world's largest democracy, home to the second-largest English-speaking population in the world and boasting a diversified and rapidly growing economy, it said. On the geopolitical front, India has many suitors: China, Japan and the United States are all seeking to incorporate India into their preferred Asian security architecture, while the EU and Russia court New Delhi for lucrative trade and defence agreements, it noted.

3. ‘Trump’s push for lower drug prices to benefit Indian pharma sector’

Source: The Hindu: Business Line ([Link](#))

Indian pharmaceutical sector is likely to gain, rather than being impacted, as the new US President Donald Trump aims to reduce drug prices since the country’s generic medicines are already affordable. “Considering the fact that India offers a low-cost innovation and manufacturing hub and India-made generics sometimes cost almost one-tenth of branded drugs sold in the US, we are likely to be least affected by the anticipated policy changes,” Biocon Chairperson and MD Kiran Mazumdar-Shaw told PTI. She further said Trump would focus on introducing new pricing models that will make expensive innovative drugs more affordable. “If controlling healthcare costs is a priority for the new administration, I believe the Indian pharma industry is already aligned with US President Donald Trump’s vision,” Mazumdar-Shaw added. Echoing similar sentiments, Indian Pharmaceutical Alliance (IPA) Secretary General Dilip G Shah said: “We are positioning ourselves as a trust worthy and reliable partner of the USA for access to quality medicines at the affordable prices.” He said Trump wants American companies to manufacture domestically and sell products at US prices. Likewise, to fill in the void of Obamacare, “he will not mind import of quality medicines from India at affordable prices.’”

4. ‘India’s oil consumption will be fastest among all major economies by 2035’

Source: The Hindu: Business Line ([Link](#))

Having pipped Japan to become the world’s third largest oil consumer, India’s oil consumption growth will be the fastest among all major economies by 2035, BP Statistical Review of World Energy said. India, Asia’s second biggest energy consumer since 2008, had in 2015 overtaken Japan as the world’s third largest oil consuming country behind US and China. “We project that India’s energy consumption grows the fastest among all major economies by 2035. As a result, the country remains import dependent despite increases in production,” it said. While energy consumption will grow by 4.2 per cent per annum — faster than all major economies in the world — India’s consumption growth of fossil fuels would be the largest in the world. India, it said, will overtake China as the largest growth market for energy in volume terms by 2030. Oil consumption will rise from 4.1 million barrels per day in 2015 to 9.2 million bpd in 2035. Natural gas consumption would jump from 4.9 billion cubic feet per day to 12.8 bcf, while coal consumption

is project to more than double to 833 million tonnes. India's energy demand growth at "129 per cent is more than double the non-OECD average of 52 per cent and also outpaces each of the BRIC countries as China (47 per cent), Brazil (41 per cent), and Russia (2 per cent), all expand slower," BP said.

5. H&M looks to set up its first warehousing hub in Bhiwandi

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

Swedish clothing retail firm Hennes & Mauritz (H&M) is close to leasing around 2.75 lakh square feet of space at Bhiwandi in Maharashtra to set up its first warehousing hub in India that would be directly operated by the company, according to two people aware of the development who spoke on condition of anonymity. The company, which entered India in 2015, is in advanced discussions with Mumbai-based Prakhhyat Infraprojects Pvt. Ltd, which operates the 150-acre K. Square Industrial Park at Bhiwandi, said one of the persons cited above. The monthly rental has been pegged at Rs29 per sq. ft with a five-year lock-in period and the option to renew the lease for another five years, the person added. The upcoming warehouse at Bhiwandi would be a built-to-suit facility and is expected to start operations next year, the second person cited above said. According to property consultants, the rental is on the higher side as it comes with a premium since the warehouse would be developed as per the requirements of the company which is leasing it. The normal monthly rent particularly around Bhiwandi stands at around Rs10-15 per sq ft.

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