

# WEEKLY ECONOMIC BULLETIN



IITP Division  
Ministry of  
External Affairs  
Government of India

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India topped Nielsen's global consumer confidence index for the fourth quarter in a row in 2015. But the catch was that it continued to show signs of a recessionary sentiment for the third straight quarter.



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India ranks fourth on the list of nations with the most number of thinktanks, with nearly 100 new ones taking the country's total to 280 in 2015.

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#### Amazon Web Services builds 5 data centres in Mumbai

Amazon's cloud service arm Amazon Web Services has built its data centres in around 5 locations in Mumbai, as it looks to tap on the growing potential of the Indian e-tailing and cloud computing space, said sources privy to the development.

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#### India's oil import dependence should be reduced 10% over 7 years: PM

Prime minister Narendra Modi on Sunday said oil imports should be reduced by 10% by 2022, when the India will celebrate 75 years of Independence. Modi was speaking at the inauguration of Indian Oil's Rs 35,000-crore refinery in Paradip, Odisha.

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### SECTORAL NEWS



#### Mobile Internet users in India to grow to 371 million by June 2016: Report

The number of mobile Internet users in India is projected to grow 21% to reach 371 million by June 2016 from 306 million in December 2015, according to a report released by the Internet and Mobile Association of India (IAMAI) and market research firm IMRB International.

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### NEWS ROUND-UP



#### 'Boeing will invest billions of dollars in India'

Boeing's investment in India will go beyond money. The US aircraft manufacturer is also looking to invest in capabilities, infrastructure, and partnerships to enable aerospace to be an economic growth engine, Dennis A Mulienburg, president and CEO, Boeing, tells HT in an interview. Edited excerpts.

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## India tops global confidence index

India topped Nielsen's global consumer confidence index for the fourth quarter in a row in 2015.

But the catch was that it continued to show signs of a recessionary sentiment for the third straight quarter.

Nielsen's report showed that India's consumer confidence index for the fourth quarter of 2015 was 131, ahead of the Philippines (117), Indonesia (115) and Thailand (114). But 50 per cent of the people polled said India was still in an economic recession, implying recessionary sentiment was strong.

While this was lower than the 54 per cent reported in the third quarter of 2015, it was equal to the figure reported in the second quarter and higher by six percentage points to the figure reported in the first quarter.

Nielsen said this was a sign of weakness due to external factors.

Nonetheless, most key global economies appeared to be pessimistic in the fourth quarter, pointing to depressed market conditions.

China's confidence index for the fourth quarter, for instance, was 107, up one point only from the third quarter.

Countries such as the UK, the US, Germany and Japan showed quarter-on-quarter decline in confidence, indicating the consumer's state of mind.

UK's confidence index was 101, USA's 100, Germany's 98, and Japan's 79 for the quarter under review.

Nielsen said Indians remained the most optimistic in the world about job prospects and personal finances, with 80 per cent and 82 per cent respondents, respectively, saying they were confident of these attributes.

But job security and state of the economy were top concerns for Indians in the fourth quarter, Nielsen said.

On spending habits, 65 per cent of Indians said it was a good time for purchases, while 63 per cent said they would prefer to save money.

Seventy-nine per cent of the respondents said they had changed their spending habits to save on household expenses and 44 per cent said they would spend less on clothes.



*Source: Business Standard*

## India ranks 4th in number of thinktanks, after US, China and UK

India ranks fourth on the list of nations with the most number of thinktanks, with nearly 100 new ones taking the country's total to 280 in 2015.

Last year, India ranked fifth with 192 thinktanks.

The US tops the list for 2015 with 1,835 thinktanks, followed by China and the United Kingdom with 435 and 288, respectively, according to the 'Global Go To Think Tank Index Report (GGTTI) 2015' released on Friday.

Among the 6,486 thinktanks worldwide, the US-based Brookings Institution emerged on the top for the eighth consecutive year. Six Indian thinktanks figure in the global top 175 list Centre for Civil Society (CCS, rank 79), Institute For Defence Studies and Analyses (IDSA, 104), Indian Council for Research on International Economic Relations (109), The Energy and Resources Institute (TERI, 111), Observer Research Foundation (ORF, 118) and Development Alternatives (136).

If the lists of thinktanks in the US are excluded, then four more Indian thinktanks make it to the top 175 list (nonUS) Brookings India, Gateway House-Indian Council on Global Relations, United Service Institution of India and Vivekananda International Foundation.

The report classifies and ranks think tanks in various ways, including by region, area of specialisation and even on aspects such as use of social media.

Thinktanks to watch out for are those who have done excellent research in the past 24 months and six Indian organisations made it to this list ORF (10), IDSA (13), Vivekananda Institute of Technology (20), Gateway House (38), Council on Energy, Environment and Water (54) and Centre for Land Warfare Studies (69). The annual rankings are compiled under the auspices of the Think Tanks and Civil Societies Program (TTCSP) at the University of Pennsylvania.

"Flows of information for rich policy analysis and research today are often disparate and fractured, which leads to a vital need for resources that highlight the best policy research out there," said James McGann, director of the University of Pennsylvania's TTCSP in a statement.

"The independent index is designed to help users of information and policy analysis identify the leading centres of excellence in public policy research around the world," he added.

*Source: Times of India*

## 'Mostly unfree' India improves its economic freedom score

With an improvement of 1.6 points in its overall score, India was ranked 123rd in 2016 Index of Economic Freedom released by conservative US think tank Heritage Foundation.

Though still rated as "mostly unfree", India with a score of 56.2 out of 100 was among 32 countries which achieved their highest economic freedom scores ever in the 2016 Index.

India scored its best scores on government spending (78.1), fiscal freedom (77.1), monetary freedom (72.8) and trade freedom (71.0).

But on freedom from corruption India scored 38, while it was rated 40 on financial freedom, 35 on investment freedom and 55 on property rights.

With the exception of India, progress among the other BRICS nations - Brazil, Russia, India, China, and South Africa - has stalled, according to the index which analyzes economic policy developments related to economic freedom in 186 economies.

Russia plunged 10 places in the rankings to 153rd, with its score deteriorating by 1.5 points. The rankings of South Africa, Brazil, and China declined to 80th, 122nd, and 144th, respectively.

According to the Index which rates countries as "free" (scores above 80), "mostly free" (70-80), "moderately free" (60-70), "mostly unfree" (50-60) and "repressed" (below 50), global economic freedom has advanced for the fourth year in a row.

The US continues to be mired in the ranks of the "mostly free," the second-tier economic freedom category into which the US dropped in 2010.

Worse, with scores in labour freedom, business freedom, and fiscal freedom notably declining, the economic freedom of the US plunged 0.8 point to 75.4, matching its lowest score ever

As many as 97 countries, the majority of which are less developed, gained greater economic freedom over the past year.

The global average economic freedom score of 60.7 is the highest recorded in the 22-year history of the Index.

Of the 178 economies ranked in the 2016 Index, only five (Hong Kong, Singapore, New Zealand, Switzerland, and Australia) earned the designation of "free" with scores above 80.

Others in the top ten but rated "mostly free" were Canada, Chile, Ireland, Estonia and United Kingdom.

As many as 97 countries, the majority of which are less developed, gained greater economic freedom over the past year.

Declining economic freedom was reported in 74 countries, including 19 advanced economies such as the United States, Japan, and Sweden.

*Source: Indo-Asian News Service*

## Apple's Tim Cook confirms intent to set up retail stores in India

Weeks after ET revealed that Apple has applied to the government to set up its fabled stores in India, its chief executive officer Tim Cook has confirmed the same, signaling India's elevation in the Cupertino-based smartphone maker's consciousness as one of its key growth markets.

In a townhall meeting with Apple employees held at Infinite Loop headquarters in Cupertino in the days following the first quarter earnings, Cook said that Apple was in "early preparations" to bring its retail stores to India, according to report by 9to5Mac, which tracks developments at Apple very closely.

Cook singled out India as "one of Apple's most important growth areas for the next decade", underlining its importance given its favourable demographics and surging smartphone sales.

Apple's top boss also said India unlike many emerging markets had 4G mobile services and it which therefore "gives Apple the opportunity to push its latest devices to regions like India".

Cook also fielded audience questions, attempting to reduce concerns related to the company's iPhone dependence, and discussed porting more Apple services to Android and releasing cheaper iPhones to appease growing markets.

India is the world's fastest growing smartphone market, having surpassed the US in 2015 as the second largest by unique active users worldwide.

This would make a strong case for Apple's famed retail stores, distinct for its look, feel and customer experience, to come up as the brand enjoys a very strong aspiration value, especially among the youth.

Apple has applied for the single brand retail license, which once granted, will allow it to open its own stores here. Currently, Apple sells its iPhone, iPad, Mac and other products through third-party resellers in the country. But with the government easing up foreign investment rules on single brands and relaxing mandatory local procurement conditions for high-tech companies, the doors are now open for Apple to make a direct foray.

Apple posted its best ever quarterly sales in India recently, with volumes crossing 800,000 units for the three month period to end-December 2015. During this period, sales in developed markets faltered. Revenue in India surged 38%, albeit on a smaller base, compared with 11% growth in overall emerging markets and 14% in Greater China, its second-largest market after the US.

iPhone sales volumes grew 76% in India compared with 45% in Korea, the Middle East and Africa, 20% in several western European countries and 18% in mainland China, in the October-December quarter.

"During hard times like now, it provides an opportunity to invest in newer markets such as India where there are long-term prospects," Cook said during the first quarter earnings last month, acknowledging the potential of the Indian market.

"India is quickly becoming the fastest-growing BRIC nation, the third-largest smartphone market behind China and the US, and the median age of the population is 27 compared to 36-37 in China," he added.

Apple has been making aggressive price cuts on older devices such as iPhone 5s and even cut prices on iPhone 6s and 6s Plus models after consumers were deterred by the high cost of new models. It's also increasing availability, including online besides giving greater flexibility to retailers and distributors on pricing.



## Amazon Web Services builds 5 data centres in Mumbai

Amazon's cloud service arm Amazon Web Services has built its data centres in around 5 locations in Mumbai, as it looks to tap on the growing potential of the Indian e-tailing and cloud computing space, said sources privy to the development.

The move comes at a time when Amazon's closest rival in India, Flipkart, has already started moving its data centres in-house, while Microsoft has brought online three cloud data centres in Mumbai, Pune and Chennai to improve the performance of Azure services for Indian customers. IBM is also looking to build its data centres in India.

ET had reported last year that India's biggest e-commerce company Flipkart, which is valued at more than \$15 billion, started moving its data centres in-house to build its own network of India's largest server farms, that may be opened up in future for use by other online companies, potentially moving towards a model pioneered by Amazon in the global markets.

"The company has built its data centres in around 5 locations in Mumbai as India's cloud computing space has become extremely important for Amazon," said a source close to the developments.

The data centre was initially scheduled to start in December last year, but due to some delays from the company's side, the new facility will now be operational by end of this month, the source said.

According to industry experts, global companies with customers in India can use AWS's infrastructure to build their businesses and run their applications in the cloud. This move will also help AWS to securely store the companies data in India with single-digit latency said an industry expert.

Amazon already has a sizable customer base in India, including several offline and online retailers, including Future Group, Jubilant Foodworks and Paytm, that are currently being served mainly out of their data centres located in Singapore.

The bandwidth required to run this data centre is taken from one of the top telecom operators in India, said one person close to the development without naming the company. The cloud services market in India is expected to reach \$1.9 billion by 2018, as per Gartner estimates.



*Source: The Economic Times*

## Ratan Tata, University of California partner to fund start-ups in India

RNT Associates, the privately held investment firm of Ratan Tata, and the chief investment officer's office of the University of California have partnered to jointly fund start-ups and enterprises in India over the next 10 years.

Ratan Tata, chairman emeritus of Tata Sons Ltd, has invested in more than 25 start-ups in the last two years including online market place Snapdeal (Jasper Infotech Pvt. Ltd), online furniture store Urban Ladder (Home Decor Solutions Pvt Ltd), Ola (ANI Technologies Pvt. Ltd), online lingerie store Zivame (Actoserba Active Wholesale Pvt. Ltd) and many others across sectors such as healthcare, automotive financial inclusion and e-commerce.

"Though many details need to be worked out, the joint view is to encourage entrepreneurship. We haven't pre-judged what we are going to do, or the size of investments but we are looking to invest in young entrepreneurs and believe that the University of California could provide great assistance to them," said Tata, chairman of RNT Associates.

"We are looking for interesting opportunities across sectors, be it healthcare or alternate energy, and would be funding some of the best teams and giving them the runway and opportunity," said Jagdeep Singh Bachchar, chief investment officer, University of California.

They didn't disclose investment targets or corpus details.

Tata's investing interests have largely been limited to companies that have raised significant amount of capital and have raised multiple rounds of funding. Tata has made small investments ranging from Rs.10 crore in online market place Snapdeal to Rs.10 lakh in Zivame.

Bachchar said there would be a significant number of alumni from the University of California who are in India, and are probably trying to build companies, who could also be tapped.



Source: Livemint

## Intel to invest Rs 1,100 cr in Bengaluru campus

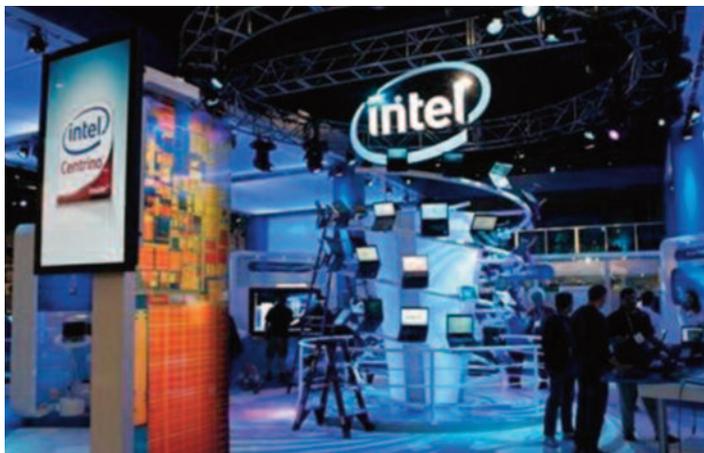
Karnataka has cleared a proposal by chipmaker Intel Corp to invest Rs 1,100 crore in an eight-acre facility in Bengaluru, which could generate 3,000 jobs in the tech city.

Intel has presence in Bengaluru building new fabless chips and contributing to semiconductor programmes for the company. The firm already employs 7,000 professionals in the city. Intel's investment proposal was cleared by Karnataka CM Siddaramaiah. The government has also cleared four information technology projects worth Rs 3,000 crore, which could generate 40,000 jobs.

Intel has invested \$2 billion in India so far. Additionally, Intel Capital, which manages investment for the US chipmaker, has made strategic investments in firms to help stimulate technological innovation in India, the company said on its website in line with a \$250-million funding commitment for the country, the company said on its website.

Velankani Electronics is investing Rs 1,130 crore to set up an electronic products factory on the outskirts of Bengaluru, which would generate jobs for 2,400 people.

Similarly, Saltire Developers is setting up an IT park and Hical Technologies is setting up an engineering services centre near Bengaluru.



*Source: Business Standard*

## India's oil import dependence should be reduced 10% over 7 years: PM

Prime minister Narendra Modi on Sunday said oil imports should be reduced by 10% by 2022, when the India will celebrate 75 years of Independence. Modi was speaking at the inauguration of Indian Oil's Rs 35,000- crore refinery in Paradip, Odisha.

"When in 2022 we celebrate 75 years of Indian independence, import of oil should be reduced by 10%," he said, adding the Petroleum Ministry and oil companies will take this challenge to make India self sufficient in energy.

India spent \$112.7 billion (almost Rs 7 lakh crore) on import of 189.4 million tonnes of crude oil in 2014-15. Oil imports account for over a quarter of India's total import bill.

Modi said most of India's oil import comes from the Gulf countries and the aim was to add oil from 'jhadi' (bio-fuel) to fuel from 'khari' (Gulf countries). "Khari ka tel aur jhadi ka tel milana hai (We have to mix oil from Gulf with oil from shrubs). These will not only cut oil imports but also protect environment," he said.

The refinery, which has helped the state-owned firm overtake Reliance Industries to again become country's top refiner, has a capacity of 15 million tonnes and is touted to be the most modern refineries in the world that can process cheaper high-sulphur content crude oils. Prior to Paradip, IOC's eight refineries had a cumulative capacity of 54.2 million tonnes of crude oil.

"The refinery will produce 5.6 million tonnes per annum of diesel, 3.79 million tonnes of petrol and 1.96 million tonnes of kerosene/ATF. Besides, 790,000 tonnes of LPG and 1.21 million tonnes of petcoke would also be produced," Indian Oil officials said.

Modi said Paradip refinery will change the fortune of Odisha as it will create lakhs of jobs. "You can imagine how much these products will give momentum to economic development," he said.

"LPG from the refinery will replace firewood in rural households. One hour of cooking on firewood subject rural women to smoke equivalent to 400 cigarettes. We are trying that the poor get LPG gas cylinders to give them freedom from smoke," he added.

Paradip refinery, he said, has added to the 'Make-in-India' glory as Indian Oil's indigenously developed INDMAX has maximised LPG yield to 44% , the highest in the world.

The refinery's foundation stone was laid in May 2000 by the then Prime Minister Atal Bihari Vajpayee.

*Source: Hindustan Times*



## Mobile Internet users in India to grow to 371 million by June 2016: Report

The number of mobile Internet users in India is projected to grow 21% to reach 371 million by June 2016 from 306 million in December 2015, according to a report released by the Internet and Mobile Association of India (IAMAI) and market research firm IMRB International.

The study reveals that the share of mobile Internet spending out of the average monthly bill for mobile phones has increased to 64% in 2015 as compared to 54% in 2014. On the other hand, the overall average monthly bill came down by 18% to Rs.360 in 2015 as compared to last year.

This indicates that consumers are engaging more through the data for connectivity in order to cut the money spent on voice data.

The usage was led by activities such as online chatting (76%) and social networking (73%) in 2015.

Extensive use of apps, freely available over the Internet, was attributed as the main reason for the rise in data usage. "The price sensitive Indian users are highly inclined towards this and use such apps for calling and communication purpose. Many of the users have completely done away with the SMS, which earlier was a one of the main contributor to their mobile bill," the report said.

Out of the 306 million users, 219 million were reported to be from urban India and 87 million from rural India. The penetration of mobile Internet in India stood at 23% as on December 2015 with standalone urban penetration growing to 53% up from 29% in 2014. In the rural parts of the country the penetration is still to reach double digit.

However the rural user-base has reached 30% of the overall mobile Internet users and is expected to grow rapidly in the coming two years, the report said.

According to a recent report by market research firm Counterpoint, India has surpassed the United States to become the second largest smartphone market in the world.

The smartphone user base has increased to 220 million by the end of 2015.

Smartphone shipments grew 15% year-on-year in the fourth quarter of 2015. For the complete year, the shipment crossed the 100 million mark.



*Source: Livemint*

## Government panels clear infra projects worth Rs.9,672 crore

Concerned government committees have approved seven infrastructure projects in road and port sectors envisaging an investment of Rs.9,672 crore, an official statement said on Wednesday.

"The Public Private Project Appraisal Committee (PPPAC) and the Empowered Committee (EC) both chaired by Secretary, Department of Economic Affairs met on February 2, 2016, and cleared six road projects and one ports sector project with estimated project cost totalling Rs.9672.12 crores," a finance ministry statement here said.

"Quick clearances given," Economic Affairs Secretary Shaktikanta Das said in a tweet.

The projects include four national highway projects, one each in Maharashtra and Himachal Pradesh and two in Uttar Pradesh, and one port project in the coastal state of Goa.

Besides, the two road projects in Uttar Pradesh have been cleared for Viability Gap Funding (VGF), under which the government gives support to infrastructure projects.

*Source: Indo-Asian News Service*

## 'Boeing will invest billions of dollars in India'

Boeing's investment in India will go beyond money. The US aircraft manufacturer is also looking to invest in capabilities, infrastructure, and partnerships to enable aerospace to be an economic growth engine, Dennis A Muilenburg, president and CEO, Boeing, tells HT in an interview. Edited excerpts.

On the Make in India initiative

Boeing is engaged in a long-term commitment to build aerospace capacity here in India. The Make in India strategy is important to us and it is something that we have internalised. We are building capabilities of supply chain depth here for the long run. Our intent is to invest in a way that builds talent base, supply chain and capability, which will enable aerospace to be an economic growth engine here.

Are you looking at developing the fifth generation F-series aircraft in India?

Subject to all government-to-government agreements, that is an area of future investment we are interested in. On the specific question of Super Hornet as a potential Make in India example, with the context of our ability to invest in the Super Hornet here and build and industrial capability, we see it as a catalyst to the bigger strategy. We have offered ideas in this area. Conversations are ongoing. We think there is a great opportunity for us to bring Super Hornet to India that will fulfill an operational need, but even more importantly think about it as a capability investment and architect it as a broad industrial investment, build up a supply chain that has industrial capability, not only to design but also to manufacture for the full lifecycle of the products. We see Super Hornet as an opportunity to do that to tie directly with the Make in India strategy.

Has there been an official offer on developing Super Hornet in India?

I would not say there is an official offer. This is a conversation we are having with interested parties right now.

How rapidly can we expect the Super Hornet manufacturing project to take off?

It could happen quite rapidly. It requires government-to-government agreement. It requires a customer here who makes a decision on projects it wants to pursue. In terms of our ability to execute the project, ramp up supply chain and skills base, that is something we can move up on fairly quickly.

What is the kind of investment that Boeing is looking at in India?

Ultimately it will be measured in billions of dollars. But it is more than money. It is investment in skills. It is investment in capabilities, infrastructure, and partnerships. When I think about Boeing investment in the future, when we look around the globe, when we look at GDP growth, we look at supply chain development, growth of the middle class... All the ingredients are present here in India. So this is one of our targeted investment areas for the long run. That is the kind of perspective that we want to bring here. The work that Prime Minister Modi is doing in the area of ease of doing business is an enabler for that. Things like Make in India, start-ups in India, skills are big proponents of all of those initiatives and as enablers for long-term investment.



What are the key hurdles you foresee?

The key here is making this big step from a buyer of technology to (developing) indigenous manufacturing capability. That is why projects like Super Hornet have the mass and critical size that can accomplish that kind of objective. This requires big investment in skills and technology. Not many countries in the world have that capability to make that big step from supply chain capability to indigenous design and manufacturing capability. We think India has that capability and that's why we want to invest here.

What are your views on the government's moves to make doing business easier in India?

We are very encouraged by the progress on that front. We know that Prime Minister Narendra Modi has made it a focus area to be able to attract investment and make India a great place to do business. Things like modifications to off-set policies, business ownership policies, things that allow us to invest and innovate, we are seeing a lot of progress there.

*Source: Hindustan Times*

## Indian growth robust powered by domestic engine, says Nomura

Rising disposable income, a normal monsoon, boost from the sixth pay commission and public infrastructure by the government will support India's growth next fiscal even as the rest of the world faces concerns, Nomura economists Sonal Varma and Neha Saraf said in a note on Monday.

India's growth is holding up due to a robust local economic environment even as the rest of the world is jittery, the economists said comparing India's composite leading index to the seven richest countries of The Organisation for Economic Co-operation and Development (OECD).

A composite leading index predicts the direction of the economy in the months to come.

Nomura said OECD's indicator suggests that fears over India's growth prospects are unfounded. "The signal for India is one of firming growth momentum," Varma and Saraf said adding that India's economic recovery is driven by domestic factors like rising urban discretionary demand, public capital expenditure and improving corporate profits, even though external weakness is weighing on exports.

"Indeed, our analysis shows that although export volumes are muted, import volumes remain robust, reflecting the divergence between domestic and external demand," they said.

Nomura expects India's economic growth to improve to 7.8% in fiscal year ending March 2017 up from 7.6% in March 2016.

Nomura's predictions come on a day when India's manufacturing Purchasing Managers' Index (PMI) go back into expansionary territory with a reading of 51.1 in January, compared with 49.1 in December driven by consumer goods and higher new businesses.

Varma and Saraf however cautioned that India is not totally immune to global developments and a continued moderation in world demand could hurt the country and slow pace of recovery. "This is the key risk to our relatively sanguine view," they said.

*Source: The Economic Times*

## Foreign firms rush to India's online marketplace

India's booming online marketplace business has attracted a new wave of merchants and sellers from countries such as China, South Korea, Japan, Singapore and the US. In fact, thousands of sellers are getting into tie-ups with Indian e-commerce players to kick-start operations in the country.

According to industry insiders, around 50,000 sellers from China, South Korea and Singapore are planning to enter India through online marketplace players.

"In business-to-business (B2B) segment, there is no online organised player in the country right now. The market is being created for the online businesses," said Sanjay Sethi, co-founder and CEO of Shopclues. The company has brought in DHgate, the second largest player in China after Alibaba, on to its platform. It's also getting 25,000 South Korean merchants on board. Tie-ups are also in process with Singapore Traders Association to enable them to sell on Shopclues.

American retail major Walmart is also exploring ways to tie up with leading e-commerce companies in India, including Flipkart, Snapdeal, ShopClues, Grofers and Bigbasket. It is learnt that German wholesale giant Metro Cash and Carry is also in talks with e-commerce marketplace players to sell its products online.

Meanwhile, e-commerce giant Alibaba is looking to make a big bang entry into India's marketplace via One97 Communications-owned Paytm.

Alibaba is expected to be the support behind Paytm's China product portfolio. With that in place, Paytm will aim to become the biggest Indian player insofar as the number of sellers on the platform is concerned. With eight million sellers, Alibaba has the widest seller range as well as product portfolio.

This is not for the first time that Paytm is planning to sell Alibaba's product range. During Diwali last year, Paytm had the whole product catalogue sourced from Alibaba and merchants from China were directly shipping products to customers in India, saving Paytm the hassle of finding warehouses.

As for the second top player in China, DHgate, online B2B would be a gateway into India and an opportunity to get connected to 350,000 sellers through the Shopclues portal.

DHgate plans to list its products across categories, including electronics, accessories, beauty products and sports. "From China we are getting around 10,000 SKUs (stock keeping units) listed. It is not a retail business and the target audience for this business are other businesses in India," said Sethi.

The foreign investment rules vary across retail platforms and companies often resort to complex structuring to bypass policy. While foreign direct investment (FDI) is capped at 51 per cent in multi-brand retail with states having the last say on whether international players would be permitted to operate or not, there's no limit of foreign investment in single-brand and business-to-business or cash and carry.

In e-commerce, however, FDI is not permitted. But, e-commerce players are mostly run with foreign money by operating marketplace platforms, where rules have not been framed yet.

### WINDS OF CHANGE

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- American retail major Walmart is also exploring ways to tie up with leading e-commerce companies in India, including Flipkart, Snapdeal and others
- Metro Cash and Carry is also in talks with e-commerce marketplace players to sell its products online
- E-commerce giant Alibaba is looking to make a big bang entry into India's marketplace via One97 Communications-owned Paytm

*Source: Business Standard*

## India's growth potential much higher than 7 per cent, says Nouriel Roubini

India's growth potential is much higher than seven per cent and can be eight to nine per cent, American economist Nouriel Roubini said, pointing out that the reforms being undertaken by the NDA government are in the right direction, but the passage is slow.

Roubini pointed out that the Indian economic reform process was hurt by political opposition.

Speaking at a global business summit in New Delhi, Roubini pointed out that the Indian economic reforms process is hurt by political opposition. "Potential growth for India is much higher than seven per cent. It can be eight to nine per cent. The key thing for India is to continue what they are doing but the country needs to accelerate their pace of reform," Roubini said.

India's gross domestic product (GDP) growth for 2014-15 was revised to 7.2 per cent from an earlier estimate of 7.3 per cent by the Central Statistics Office on Friday. The government has forecast growth to range between 7 and 7.5 per cent in the current financial year. "Despite number of global economic headwinds, India's economy remains strong, though the pace of growth should be stronger," Roubini said.

The key economic reform of rolling out the goods and services tax (GST) has been stuck in the Rajya Sabha, blocked by Congress-led opposition.

Niti Aayog Vice-Chairman Arvind Panagariya, however, said that "GST will eventually be passed". "If we stay on the reform path, there is scope for India to expand and touch even double-digit growth in the next three years," added Panagariya.

Roubini, professor at the New York University's Stern School of Business, said that India must clarify on the retrospective taxation issue to attract foreign direct investment.

"Many of the companies are concerned about retrospective tax, good infrastructure, and in India acquiring land is complicated," he said, adding that land and labour reforms at the state level, if not at the central level, can help bring in more investment.

Panagariya said that although the Indian economy remains in good shape, exports were a matter of concern.

*Source: Business Standard*



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