India Canada Biz Digest

Delivering news impacting Indo-Canadian economic relations

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India celebrates its 73rd Independence Day. Economic growth is the focus.

Prime Minister Narendra Modi hoisted the tricolour from the ramparts of the historic Red Fort in New Delhi on 15 August 2019. In his second term as PM, Modi has given a thrust to scale up the economy. "From 2014 to 2019, we became a USD 3 trillion economy. Before that, in the last 70 years, the country was a USD 2 trillion economy. We added USD 1 trillion to the economy in just five years. Now we are looking forward to making the nation a USD 5 trillion economy," he said, addressing the nation on the 73rd Independence Day. India aims to be among the world's first 50 nations that offer the ease of doing business. Several announcements have been made to facilitate the process. A budgetary allocation of USD 1.4 trillion has been set aside towards new infrastructure in the country over the next five years.

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India can become a USD 5 trillion economy at 10 per cent growth rate : New Development Bank (NDB)

"The Indian economy is resilient enough to withstand any global headwinds and become a USD 5 trillion economy in five years by posting an annual average growth rate of 10 per cent, propelled by key growth drivers such as infrastructure, manufacturing and technology-driven services transformation," K.V. Kamath, President, New Development Bank (NDB) said. "The current downturn in the automobile sector is not specific to India and it is a global phenomenon in which people are increasingly opting for alternative modes of transport," added Kamath, former Chief of ICICI Bank Limited who in 2015 took over as the first President of the Shanghai-based NDB, established by the BRICS group that consists of Brazil, Russia, India, China and South Africa. As of August 15 2019, the bank has approved 38 projects worth USD 10.2 billion.

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India's Chandrayaan-2 moon mission successfully enters lunar orbit

India's ambitious Chandrayaan-2 mission has ticked off another key milestone in its journey to land safely on the moon. It has successfully entered lunar orbit. The orbital insertion was completed with an engine burn that began on 19 August 2019. The burn lasted 1,738 seconds, nearly 29 minutes. According to ISRO (Indian Space Research Organisation), the procedure was successful and the mission is on track to set its lander down on the moon early next month. Between now and then, the Chandrayaan-2 spacecraft will orbit the moon for two weeks as mission control adjusts its orbit to bring the vehicle closer to the moon and orient it over the poles. Near the end of this period, the orbiter spacecraft will separate from the lander, dubbed Vikram, which is also carrying a rover called Pragyan.

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Ontario Teachers chasing investment bets in Indian clean energy space

Ontario Teachers' Pension Plan (Ontario Teachers), one of Canada's largest single-profession pension plans, is actively scouting for investment opportunities in India's green energy and airport space, according to sources. This marks the pension fund joining marquee names such as Canada Pension Plan Investment Board (CPPIB), Caisse de dépôt et placement du Québec (CDPQ), Public Sector Pension Investment Board and Ontario Municipal Employees' Retirement System (OMERS) in investing in India's clean energy economy as the sector has emerged as a global investment hot-spot. The Canadian pension funds also represent the so-called patient capital, which seeks modest yields over time. India fits the risk profile given that the markets in the country have matured from the early risk stage.

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India pips China as Hyundai's largest overseas production base

India has replaced China as the largest overseas manufacturing operation for Hyundai Motor Company. During the first half of this calendar year, the South Korean car maker's factory in Chennai produced more vehicles than the combined production of its units in China. The India volume is now second only to Hyundai's domestic output in South Korea. Hyundai sees India as a stronger long-term bet than China. The company's market share in China is in low single digits and has been declining over the years. In comparison, Hyundai's India market share is a strong 18 per cent and growing. Hyundai's subsidiary Kia Motors recently invested in a 300,000 car manufacturing facility in Andhra Pradesh, India and has already started commercial production of its first product, Seltos, an SUV in the country.

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Amazon and India's Future Retail Ltd are close to a deal

Amazon.com Inc. is in late-stage talks to acquire as much as 10 per cent of India's Future Retail Ltd., as the U.S. company moves to bolster its brick-and-mortar presence in one of the world's fastest-growing retail markets. India's No. 2 retailer by turnover, Future is seeking a valuation of about USD 281 million from Amazon for the stake, according to sources. The sale is likely to be routed through a holding company and will give Amazon the option to buy more shares from Kishore Biyani, Future Retail's Founder and Chairman. The deal with the Mumbai-based company, which operates its flagship "Big Bazaar" grocery store chain, will give Amazon more exposure to the business after it bought Whole Foods Market Inc. for USD 13.7 billion in 2017 and secured a foothold in the U.S. food retailing segment. Future Retail operates over 2,000 stores across 400 cities including the Big Bazaar stores in India.

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Renault plans to bring electric cars to India by 2022

French automobile giant Renault plans to launch an electric car in India by 2022. "It will be introduced in India. We don't have a choice but to launch electric cars in the country as the government is giving a strong push to electric vehicles. An investment of around USD 555 million will be required to develop an EV car," said Venkatram Mamillapalle, Country CEO and MD, Renault India. "Launching an EV is easy but creating an ecosystem is the critical issue that needs to be managed not just by manufacturers of cars but also by local and central governments," he added. On the other hand, Renault's latest vehicle, Triber, fitted with a 1.0 litre petrol engine, showcase the prowess and collaboration between Renault teams in India and France. It is specifically designed for the Indian market. Production of the new car has already begun in the manufacturing facility in Chennai, India.

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GIP eyes USD 1 billion corpus for India-focused infra fund

New York's infrastructure fund manager Global Infrastructure Partners (GIP) has initiated talks to raise an India-focused infrastructure fund with a targeted corpus of as much as USD 1 billion. The fund will largely focus on acquiring operating assets in areas such as roads, renewables and transmission but could also invest in other infrastructure assets. Besides buyout deals, the group will look to assist global infrastructure developers and operators willing to set up shops in India to de-risk their equity exposure. GIP will also explore investment opportunities in infrastructure projects such as airports, fibre optic networks and data centres for 5G roll out. GIP entered India last year after acquiring the infrastructure investment platform of IDFC Alternatives. IDFC Alternatives had raised two infrastructure funds—India Infrastructure Fund I & II —aggregating USD 1.8 billion.

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US-based EagleView Technologies opens R&D centre in Bengaluru, India

EagleView Technologies, a US-based technology provider of data analytics derived from aerial imagery and computer vision, opened its biggest R&D centre in Bengaluru, India. The company plans to invest USD 49 million in India over the next 24 months and onboard 500 product innovators and engineers by December next year. Located within Bengaluru's Pritech Park, the 80,000 square feet facility is EagleView's third R&D centre. Its two existing R&D centres with a total headcount of 180 are located in Bellevue, Washington and in Rochester, New York. "Our goal is to globalise the business from India, not to build a back office to support the global business. In the next 24 months, we will invest USD 49 million in India," said Rishi Daga, CEO, EagleView Technologies. The USD 200-million plus company serves 50,000 customers in the US and Canada.

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Private Equity - Venture Capital investments in India zoom to an all-time high of USD 8.3 billion in July 2019

Private equity and venture capital investments in India crossed USD 8 billion in July 2019, the highest fund infusion in a month by PE/VC funds amid strong investment activity in infrastructure and real estate asset classes. According to EY's private equity deal tracker, July 2019 recorded investments worth USD 8.3 billion across 106 deals against USD 1.8 billion in July 2018 through 70 deals. "The USD 8.3 billion worth of PE/VC investments in India in July 2019 is the highest value of monthly investments by PE/VC funds ever recorded, eclipsing the previous historical monthly high of USD 7.1 billion invested in March 2019," said Vivek Soni, Partner and National Leader Private Equity Services, EY. Strong investment activity in infrastructure and real estate asset classes drove the overall tally as there were USD 4.7 billion worth of deals in 2019.

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