

# WEEKLY ECONOMIC BULLETIN



ITP Division  
Ministry of  
External Affairs  
Government of India

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India's merchandise exports expanded for the first time in 19 months in June, snapping a downward spiral that lasted one-and-a-half years as demand shrank in overseas markets that grappled with faltering economic growth.

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### NEWS ROUND-UP

- Kenya valued partner of India, says Modi**  
Prime Minister Narendra Modi on Monday described Kenya as a valued partner of India while calling for expansion of Indian investments in this east African country.

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## 'India, Bangladesh need expert group on Ganga water sharing'

In a bid to resolve the Ganga water sharing issues between Bangladesh and India, the two governments should form an experts group to look at all the technical issues, a top Bangladeshi official said on Thursday.

"The Government of Bangladesh have prepared a feasibility study at a barrage on the river and conveyed the study findings to Indian government. They have been examining it. It has to be technically acceptable to both the countries.

"We have been talking about it but have not yet formalised anything," said Mashiur Rahman, Senior Adviser on Economic Affairs to the Bangladesh Prime Minister.

Addressing a BBIN (Bangladesh, Bhutan, India, Nepal) Business Forum organised by Indian Chamber of Commerce here, he said: "My suggestion was that two governments should take a formal position to form an expert group to look at technical issues. If they feel technical issues are acceptable, two governments should go ahead. Otherwise the Ganga water sharing issues remain unresolved."

Rahman said if Ganga water does not flow to downstream, Bangladesh does not have any solution to address its water inadequacy problem.

The Ganges water treaty, signed by both countries in 1996, has a clause saying that progressively two countries will take up issues of other rivers and also take steps for augmentation of water flow in the Ganga, he said.

*Source: Indo-Asian News Service*



## India provides aid for Dharamshala at Pashupati Nath

India has given Nepalese Rs 219.9 million for the construction of a Dharmshala at the revered Pashupati Nath temple that is visited by thousands of Hindus from across the world.

The Nepal Bharat Maitri Pashupati Dharmashala Building is being built at Tilganga in Kathmandu.

The construction of the Dharmshala will be completed in 18 months.

The Dharmashala would have provision for dormitories, family rooms, kitchen, dining hall, library and some multipurpose halls to meet the requirements of the groups and families on pilgrimage to Pashupatinath.

"Apart from construction of the Dharmashala at Tilganga, the government of India has made a commitment of more than NRs 500 crore towards reconstruction of important cultural heritage sites that were damaged during the devastating earthquake of April-May 2015," said an Indian Embassy statement.

In the past, as part of India-Nepal Economic Cooperation Programme, the Government of India has been extending financial assistance towards restoration, preservation and creation of necessary facilities at different sites of religious-cultural importance in Nepal such as Museum building, Lumbini, Dharamshala at Muktinath, ponds at Janakpurdham, water-reservoir at Manokamana etc.

Indian Ambassador Ranjit Rae and Govind Tandon, Member Secretary, Pashupatinath Area Development Trust (PADT), other officials and representatives from different Ministries and PADT were present during the signing ceremony.

*Source: Indo-Asian News Service*



## India, ADB sign \$100 mn loan pact on Cauvery basin development

India and the Asian Development Bank (ADB) on Thursday signed a \$100 million loan agreement for strengthening irrigation, drainage and water management in the Vennar sub-basin of the Cauvery delta in Tamil Nadu, an official said on Thursday.

"The financing will be used to strengthen embankments of six major irrigation water channels in the Vennar system and rehabilitate 13 irrigation pumping schemes," an Indian finance ministry statement here said.

"The Cauvery river basin is a critical source of water for agriculture, both within Tamil Nadu and neighbouring states. The project aims to improve existing infrastructure and will provide flood protection and renewed access to irrigation," said Raj Kumar, joint secretary in the Department of Economic Affairs, who signed the agreement on behalf of the central government.

"The loan will support Tamil Nadu's water resources professionals to manage resources better, and with greater involvement of the stakeholders they service," said L.B.Sondjaja, Deputy Country Director of ADB's India Mission.

According to the ADB official, while local communities will be involved in planning and delivery of water services, flood forecasting and warning systems will be installed and a flood risks map drawn up to help them respond more effectively to extreme natural phenomena.

The loan, which has a 25-year term, will be managed by the Water Resources Department of Tamil Nadu for implementing the project, which is expected to be completed by December 2020.



*Source: Indo-Asian News Service*

## IVF giant Bourn Hall to open 6 new centres in India

Global IVF giants Bourn Hall Clinics, whose founders were responsible for the conception of world's first test tube baby, on Friday announced that they have decided to open six more IVF centres in India in the coming years.

The announcement was made during a conference organised by Bourn Hall Clinic here for the Indian IVF specialists over the new technologies being used worldwide for the medical process.

"Bourn Hall Fertility Clinics different from others is the extra attention we give to ensure that our cutting edge IVF procedures and state-of-the-art technologies are carried out in our hospitals with utmost precision and cleanliness and to take forward this legacy. We are planning to open 6 new centre in India very soon," said Sudhir Bahl, Managing Director, Bourn Hall International.

The event was organised in association with the Gurgaon Obstetrics and Gynaecological Society. Bourn Hall currently has a centre in Gurgaon.

Bourn Hall Clinic was founded in 1980 by IVF pioneers Patrick Steptoe and Robert Edwards, who were responsible for the conception of Louise Brown, the world's first IVF or test-tube baby in 1978. Since its foundation the clinic has assisted in the conception of over 10,000 babies.

David Robertson, IVF Consultant & Group Medical Director, Bourn Hall Fertility Clinic said: "As the undisputed leader in the field in India, Bourn Hall Fertility Clinic has made conscious efforts to institutionalise infertility treatment in the country by providing the most advanced assisted technologies to the masses."

Noting that present trends suggest an increase in the number of people affected by infertility, he attributed it to "the ever-changing lifestyles that young couples are leading".



*Source: Indo-Asian News Service*



## 96% rural electrification completed in Odisha

The Odisha government on Friday said that electrification work has been completed in around 96 per cent of villages in the state.

Energy Secretary R.K. Verma said of 47,677 villages in the state as per the 2011 census, around 45,236 villages constituting around 96 per cent have got power connectivity by June 30.

Taking a review meeting over rural electrification, Chief Secretary Aditya Prasad Padhi directed to cover the villages and hamlets in saturation mode and in a time-bound manner.

"Out of the balance 2,441 villages, 541 have been identified as uninhabited villages. Detailed action plan has been prepared to cover rest of the villages," said Verma.

The rural electrification work has been allocated to agencies like PGCIL, OPTCL, OREDA and NTPC.

In the meanwhile, preparatory steps like detail survey, preparation of the projects and bidding have been expedited.

Odisha Renewable Energy Development Agency (OREDA) has targeted to complete electrification of 275 villages by November this year. Out of this, 198 villages would be connected through micro-grid, and 76 would be covered through stand-alone solar projects, said an official.

Around 12,000 households would be benefited through this scheme.

The issues relating to forest and wildlife clearances were discussed and resolved in the meeting.

Notably, the state government has targeted to complete the electrification work by October-November, 2016. Access to electricity across the country has been targeted to be accomplished by March 2017 by Union government.

*Source: Indo-Asian News Service*



## Government on right track to meet solar energy target, says official

The Union government is on the right track to meet the target of generating one lakh MW of solar power by 2022 under the Jawaharlal Nehru National Solar Mission (JNNSM), a top official said on Friday.

"We are on the right track. As on March 2016, solar installation stood at 6,700 MW. At present it is around 7,700 MW. Cumulative capacity of 17,000 MW is expected by March 2017. From the 2017-18 onwards, we need to add 15,000 MW each year," Ministry of New and Renewable Energy Joint Secretary Tarun Kapoor told IANS.

Around 20,000 MW of solar capacity is in the pipeline, out of that around 14,000 MW of capacity is being installed, he said on the sidelines of an event organised by CII.

Kapoor sounded optimistic about the sustainability and viability of projects when solar tariff emerging out of reverse bidding process has been falling.

Solar tariffs fell to 4.34 a kWhr, which is the lowest as of now. Fortum Finnsurya Energy quoted that tariff to bag mandate to set up a 70 MW solar plant under NTPC's Bhadla Solar Park tender.

"Tariff has been varying across locations. Developers have their own calculations to make projects viable and sustainable. Low tariffs are coming from various tenders. It is not that tariff falls for only one occasion," Kapoor said.

Citing a recent bidding for 130 MW of solar projects in Rajasthan, he said: "There are 13 projects, each has the capacity of 10 MW. In that case, tariff falls to 4.35 a kWhr."

He said if developers failed to execute projects, the bank guarantee of Rs 20 lakh per MW given by the developers will be forfeited and the Centre will re-tender the particular project.

With most of the solar projects concentrated in Gujarat, Rajasthan, Andhra Pradesh, the government, to incentivise pan-India presence of solar projects, is offering viability gap funding for projects in the states where solar penetration is relatively low.

"We are offering viability gap funding to bring down the tariff to Rs 4.50 a kWhr," he said.

"For West Bengal, I will meet the state officials so that projects could come here and we will offer viability gap funding," he said.



*Source: Indo-Asian News Service*

## India's exports rise in June for the first time in 19 months

India's merchandise exports expanded for the first time in 19 months in June, snapping a downward spiral that lasted one-and-a-half years as demand shrank in overseas markets that grappled with faltering economic growth.

Overseas shipments rose 1.27% in June to \$22.6 billion while imports contracted for the 19th month in a row, down 7.3% to \$30.7 billion, generating a trade deficit of \$8.1 billion—the highest in six months.

In June, China's exports fell 4.8% while its imports dropped 8.4%.

During the month, India's oil imports fell 16.4% while non-oil imports dropped 4.1%.

In the first quarter (April-June) of the fiscal year, India's exports contracted 2.1% to \$65.3 billion while its imports dropped 14.5% to \$84.5 billion, leaving a trade deficit of \$19.2 billion.

World trade has been shrinking as demand slowed in key American and European markets. Growth in the volume of world trade is expected to remain sluggish in 2016 at 2.8%, the same as in 2015, the World Trade Organization said in an April report.

The government's earlier target of \$900 billion from exports of goods and services by 2020 and raising the country's share in world exports to 3.5% from 2% now looks more daunting.

The Economic Survey released before the budget in February said that even though India's long-term potential gross domestic product (GDP) growth is 8-10%, its actual growth in the short run will also depend upon global growth and demand.

"After all, India's exports of manufactured goods and services now constitute about 18% of GDP, up from about 11% a decade ago," it pointed out.

The survey said one scenario India must plan for is a major currency re-adjustment in Asia in the wake of a similar adjustment in China, as such an event would spread deflation around the world.

"Another tail risk scenario could unfold as a consequence of policy actions—say, capital controls taken to respond to curb outflows from large emerging market countries, which would further moderate the growth impulses emanating from them," it added.

In June, exports of 17 of India's top 30 export items grew. Among the major items, export of pharmaceuticals (0.07%), chemicals (14.4%) and engineering goods (0.9%) increased, while gems and jewellery (-0.49%), readymade garments (-0.78%) and petroleum products (-10.8%) declined.

Gems and jewellery (24.34%) had shown significant growth in May. However, higher exports of petroleum products—\$2.6 billion in June against \$2 billion in May—and crops such as tea, coffee, rice and oilseeds helped boost overall exports.

Shipments of 13 of the 30 top import items grew in June. Among the major items, imports of plastic (1.6%), machin-





ery (1.8%), transport equipment (11%) and electronic goods (9.4%) grew, while coal (-13%), petroleum (-16.4%), chemicals (-4%), pearls (-13.5%), iron and steel (-16.7%) and gold (-38.5%) declined.

Growth in machinery and transport equipment imports indicate a pickup in domestic demand.

Aditi Nayar, senior economist at Icra Ltd, said the increase in both headline and non-oil merchandise exports in June is encouraging, notwithstanding the favourable base effect owing to the contraction recorded in June 2015.

"The collapse in gold imports, continuing benefit from a lower oil import bill, coupled with the nascent turnaround in exports, suggest a high likelihood of a mild current account surplus in the first quarter of 2016-17, even if remittances moderate further," she added.

India's current account came closer to recording a surplus with the March quarter current account deficit narrowing sharply to 0.1% of GDP on account of a lower trade deficit.

S.C. Ralhan, president of the Federation of Indian Export Organizations, said exports by engineering, marine, pharmaceutical, plantation commodities, electronic goods, carpets and handicrafts sectors were encouraging as these are high employment-generating sectors as well.

"Decline in gems and jewellery and apparel exports, though marginal, is a cause of concern. However firming of gold prices and the new package given to the textile and apparel sector will lead to better results in a short span of time," he said.

However, Ralhan said that Brexit and consequent depreciation of the British pound has put Indian exporters in a difficult situation, particularly smaller exporters who have not hedged their currencies.

"Moreover, Brexit is expected to put pressure on the euro as well. Indian exports may face a challenge on account of volatility in currency and increasing competition from low-cost East European economies," he added.

*Source: Livemint*

## Reliance Industries jumps estimates with 18.5% net profit rise

Beating expectations by a wide margin, Reliance Industries on Friday said its standalone net profit for the first quarter of this financial year was up 18.5 per cent over the like period of last financial year, topping Rs 7,548 crore.

Even sequentially, where most brokerages had predicted a decline in net profit -- ranging between 5 per cent and 15.5 per cent comparing first quarter of this financial year with the last quarter of the previous one -- the refining-to-retail major reported a 4.44 per cent rise.

Then in terms of another key parameter, the gross refining margin -- the difference between the crude oil price and the value of petroleum products coming out of a refinery -- the achievement at \$11.5 per barrel was also well above the forecast of \$9 to \$10.3 per barrel.

However, the company's revenue, or turnover, decreased 16.7 per cent to Rs 59,493 crore, while exports were down 9.4 per cent at Rs 33,282 crore. On a consolidated basis, too, which includes the numbers of group companies, the quarter-on-quarter net profit increased by 18.1 per cent.

"At Reliance, we continued to harness the power of our integrated energy and materials business portfolio. We maintained our earnings growth trajectory in this quarter as the world grappled with new dimensions of economic uncertainty," Chairman Mukesh Ambani said.

"Though regional refining margins trended downward, our high-conversion refining system was able to take advantage of higher margins on middle distillates and wider discounts on sour oils. Our refining business delivered another record performance and achieved industry leading GRM."

He, however, gave no indication about the launch date for Jio 4G LTE services.

"At Reliance Jio, we have built an entire ecosystem that will allow Indians to live the digital life to the fullest. This transformational ecosystem consists of broadband connectivity, devices and powerful applications and services which will be available to every consumer in India."

The results were announced after the close of trading hours on Indian bourses. But the company's scrip ended at Rs 1,012.55 with a gain of Rs 6.10 or 0.61 per cent. In the past three weeks the stock has risen 6.5 per cent.

Assigning the reasons for the 13.4 per cent decline in consolidated turnover to Rs 71,451 crore in the period under review, the company said it was led by the 26 per cent year-on-year fall in benchmark Brent oil prices. But this was partially offset to reflect a higher net profit.

"We had an absolutely brilliant quarter," said Chief Financial Officer Alok Agarwal in a live presentation on Youtube, Twitter and Periscope. "We had records across all earnings parameters" he said, adding margins in refining and petrochemicals were impressive given the global trends.



## Kenya valued partner of India, says Modi

Prime Minister Narendra Modi on Monday described Kenya as a valued partner of India while calling for expansion of Indian investments in this east African country.

"Kenya is a valued friend and trusted partner of India," Modi said in a joint press statement with Kenyan President Uhuru Kenyatta following delegation-level talks between the two sides.

"The bonds between the two countries are long-standing and rich," he said.

The Prime Minister said the historical people-to-people ties between the two countries have provided a strong basis for a wide-ranging partnership which extended "from agriculture and health to developmental assistance, from trade and commerce to investment, from closer contact between our people to capacity building, from regular political consultations to defence and security cooperation".

"India is Kenya's largest trading partner and second largest investor here," he said.

"But there is potential to achieve much more."

Modi said the economies of both countries would benefit by "further expansion of investment ties, a more diversified trade basket and nurturing greater intensity of commercial links".

On his part, Kenyatta said that both sides broached a whole number of critical issues in Monday's talks.

He said that India has promised to help in the area of health and would develop a cancer hospital in Kenya.

India would also help set up a pharmaceutical company in Kenya to manufacture life-saving drugs.

"We are keen in exploiting ties in sports also -- India in terms of cricket, Kenya in terms of athletics," Kenyatta said.

Earlier on Monday, Modi laid a wreath at the mausoleum of Kenya's first President Jomo Kenyatta.

Later in the day, the Prime Minister will visit the University of Nairobi and address students there.

He will also attend an India-Kenya business summit.

After completing his engagements in Kenya, the Prime Minister will leave for India on Monday evening.

Modi arrived in Kenya from Tanzania on Sunday on the final leg of his four-nation Africa tour.

Soon after his arrival here, he addressed an Indian diaspora rally that was attended by over 20,000 people.

Kenya is home to around 80,000 people of Indian origin.

This is the first prime ministerial visit from India to Kenya in 35 years after the visit of then Prime Minister Indira Gandhi in 1981.

Apart from Kenya and Tanzania, Modi's five-day trip to Africa also took him to Mozambique and South Africa.

*Source: Indo-Asian News Service*



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