

WEEKLY ECONOMIC BULLETIN



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India 3rd in EY's renewable energy index

India's renewable energy sector has been ranked third in the Renewable Energy Country Attractiveness Index (RECAI) with China at second and the US on top.



'Cheap power for industry to push Make in India'

The Union power ministry is set to contribute to the National Democratic Alliance government's Make in India, by working on a model of cheap power at fixed long-term rates for industry.

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'US businesses to sign \$27 bn deals with India over next 2 years'

United States businesses will sign deals worth \$27 billion with India over the next two years, a top US official said here on Wednesday.



Shell says will expand investments in India

Royal Dutch Shell Plc. will be committing further investments in India after its February merger with BG Group Plc., a spokesperson for the oil and gas company said.

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Indian team in Tokyo to finalise bullet train project schedule

An Indian delegation led by NITI Aayog vice chairman Arvind Panagariya, and including Railway Board chairman A.K. Mittal and other top officials, will meet senior Japanese officials on Monday to finalise the schedule for the bullet train project between Mumbai and Ahmedabad, an official statement said.

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TRADE NEWS



India's organic food market to treble in four years

The market for organic food in this country is likely to treble in the next four years, according to a report from business chamber Assocham and TechSci Research, a non-government body.

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NEWS ROUND-UP



Cook meets Modi, explores manufacturing, retailing in India

Breaking his silence on being an integral part of the Make in India initiative, Apple CEO Tim Cook discussed at length with Prime Minister Narendra Modi the possibilities of manufacturing and retailing Apple devices in the country as the two met here on a sweltering hot Saturday.

[More in this section](#)

India 3rd in EY's renewable energy index

India's renewable energy sector has been ranked third in the Renewable Energy Country Attractiveness Index (RECAI) with China at second and the US on top.

The so-called emerging markets now represent half the countries in the 40-strong index, including four African markets featuring in the top 30. Just a decade ago, only China and India were attractive enough to compete with more developed markets for investment, EY said in the report.

While the top three countries maintained their ranking, Chile, Brazil and Mexico climbed higher in the index to be ranked in the top 10 at the fourth, sixth and seventh, respectively. Germany at fifth and France at eighth fell in the latest ranking.

Kuljit Singh, partner (infrastructure practice) at EY, said: "The report demonstrates that low solar bids are not a phenomenon restricted to India, but countries such as Mexico and Dubai have also been reporting very low solar bids. As

is the case with India, wind continues to be at a pricing premium to solar in the rest of the world, but both these technologies are racing towards grid parity, which may lead to not-so-desirable consequences for traditional utility business models."

India's position is thanks to the strong focus of the government on renewable energy as well as timely implementation of renewable energy projects. The report also suggests that with the growing number of jurisdictions contracting utility-scale renewable energy through competitive auction processes, renewable energy is increasingly proving its mettle against conventional energy generation.

Renewable energy auctions in India, South Africa and Peru saw bids that fossil generators would struggle to match. "The falling cost of renewables and their growing ability to challenge and displace fossil fuel generation without subsidy, once long-term power purchase agreements (PPAs) from creditworthy counterparties, are an option in any market," EY said in a press release.

The report also highlights Chile as one of the first markets to enable economically viable renewables projects to compete directly with all other energy sources. At the same time, Brazil's renewables sector is showing surprising resilience amid an economic downturn and its underdeveloped solar market remains a potentially lucrative lure. And, Mexico's recent power auctions have opened the door to multi-billion dollar opportunities under a new liberalised energy market.

The European markets appear to be scaling back their ambitions as they address the challenges of mingling increasingly mainstream renewables with a legacy of centralised conventional power generation.

Argentina was the highest-scoring new entrant. The transformation of the country's economy and rollout of an ambitious renewables programme under its new pro-market government bring it into the index at 18th position.

The index ranks 40 markets on the attractiveness of their renewable energy investment and deployment opportunities, based on a number of macro, energy market and technology-specific indicators. The methodology has been refreshed in the May edition to reflect greater focus on energy imperative, policy stability and routes to market.



Source: Business Standard

‘Cheap power for industry to push Make in India’

The Union power ministry is set to contribute to the National Democratic Alliance government’s Make in India, by working on a model of cheap power at fixed long-term rates for industry.

This will not end cross-subsidisation for agriculture demand. Union Minister of State for Power, Coal & Renewable Energy Piyush Goyal told Business Standard the effort was to have a back-to-back arrangement, where state-owned NTPC supplied power at a fixed price.

The effort was to make power affordable, through reduced costs from higher plant utilisation. Currently, state governments encourage investment by giving subsidy and tax waivers but Goyal made a case for trying out a new model of giving low-cost power to attract industry. “Give land and a 10-year power at fixed rate to industry.” There was, however, merit in continuing with subsidy to farmers.

Goyal said private investment in the energy sector would come in transmission, mining development and operations in coal and in renewables. The government expects Rs 10 lakh crore investment by 2022 in renewable energy alone.

He said the time was not opportune for commercial coal mining, since international prices were low. There was sufficient coal. “I will be considered an irresponsible minister who gave out natural resources when I could have held back.”

Source: Business Standard

‘US businesses to sign \$27 bn deals with India over next 2 years’

United States businesses will sign deals worth \$27 billion with India over the next two years, a top US official said here on Wednesday.

“Over the last two years, US businesses invested over \$15 billion in India, and will reportedly sign deals worth another \$27 billion over the next two years,” Arun M. Kumar, assistant secretary for global markets and director general for the US and foreign commercial service, said.

Talking about increasing US investment in the Indian market, he said, “American companies are responding. Last year, US companies invested more in Indian equities than in China,” he added.

In particular, US companies’ unique capabilities can help India address its priority needs and meet Prime Minister Narendra Modi’s economic development goals, Kumar said.

He also acknowledged India’s e-commerce market as the fastest growing in the world, and said that US companies are contributing to the sector.

“US companies have already invested billions and, in the process, are making it easier for Indian firms export globally,” he said.

Source: Indo-Asian News Service

Shell says will expand investments in India

Royal Dutch Shell Plc. will be committing further investments in India after its February merger with BG Group Plc., a spokesperson for the oil and gas company said.

Shell has so far invested around \$1 billion in its India operations.

A Shell India spokesperson said by email, "We have a long history in India and have consistently looked to expand our investments. I can assure that our overall approach towards investment in India remains positive."

Shell announced its merger plans with BG Group in April 2015 and completed the same in February 2016.

On Monday, Shell India announced the appointment of Nitin Prasad as its new chairman after Yasmine Hilton retires in September.

Shell is one of the few international oil companies in India present in the downstream and midstream segments. With BG Group's assets in tow, Shell becomes an upstream player too through the Panna Mukta and Tapti (PMT) oil and gas fields where Shell now partners Oil and Natural Gas Corp. Ltd (ONGC) and Reliance Industries Ltd (RIL).

Shell holds a 30% interest in the mid and south Tapti gas fields and the Panna/Mukta oil fields, while ONGC holds a 40% stake and RIL 30%.

Production from the PMT fields has been falling and Shell and its partners may have to invest around \$1 billion to arrest it. Added to this will be extension to the production sharing contract (PSC) that the consortium has been seeking for the past few years.

The PSC expires in 2019 and for further investments to be viable and attractive it would have to be extended by at least five years, an ONGC official said.

"No decisions will be taken about specific locations where BG had operations until we have a good understanding of their potential. We look forward to entering into a close dialogue with the government about the future of the operation, and any areas of uncertainty, as soon as we are in a position to speak with some authority," Shell added in the emailed reply.

Another asset added to Shell's portfolio is the country's second largest compressed natural gas (CNG) retailer Mahanagar Gas Ltd (MGL).

MGL is in the process of launching its initial public offer (IPO) of around Rs.1,200 crore shortly. Shell India and state-owned GAIL (India) Ltd, the promoters, will sell 12.5% each in the IPO. The promoters currently hold a 49.75% stake each in MGL, while the Maharashtra government holds a minor 0.49% stake.

MGL sells CNG to automobiles and piped cooking gas to households in Mumbai and its adjoining suburbs. It has 128 CNG filling stations in Mumbai and greater Mumbai and 45 in Thane, Navi Mumbai and Panvel.

Last month, Shell said it is nearly doubling its headcount to 1,000 at its Shell Technology Centre Bangalore, (STCB) to insource more work. The centre is one of its three global hubs for technology, after Houston and Amsterdam.



STCB provides access to Indian talent and resources to Shell worldwide. The STCB currently employs around 900 engineers.

Shell is also the only global oil company to have a fuel retail licence in the country. The company has a marketing licence from the centre to set up a network of up to 2,000 fuel retail stations in India. Currently, about 77 Shell fuel retail outlets are operational.

Through its Rs.3,000-crore Hazira Liquefied Natural Gas (LNG) storage and re-gasification terminal with a capacity of 5 million tonnes per annum (mtpa), the company is a significant player in the downstream segment.

The terminal is being expanded to 7.5 mtpa by March 2017 with the capacity to be further expanded to 10 mtpa.

Royal Dutch Shell through its unit Shell Gas holds a 74% stake in Hazira LNG, while Total Gaz Electricite France, a unit of France's Total, holds the remainder.

Shell also has a 26% stake in building the Kakinada LNG terminal on the east coast. AP Gas Development Corp., a joint venture company between the Andhra Pradesh government and GAIL and GDF Suez hold 48% and 26% equity in the project, respectively.

"It is a good time to be in India. It is the largest consumer market in all segments of energy and Shell is in a good position to gain significantly from the Indian market," said an energy consultant at a large consulting firm on condition of anonymity, as he is not allowed to talk to the media.

Source: Livemint

Apple in talks to lease office space in Bengaluru

Apple is in talks to lease over 40,000 square feet of office space in Bengaluru where it intends to set up a development centre, three people familiar with the development said.

“The company has signed the letter of intent with Galleria, a mixed use project in Yelahanka in Bengaluru,” one of these people said. Galleria is 3 lakh sq ft office space that belongs to Standard Brick Tile Company. It has tenants such as Comviva and Atkins. Another person quoted above said the Apple facility will be spread over two floors and house its high-end development centre. An email to Apple did not elicit any response till press time. JLL India, which is the leasing agency for Galleria, refused comment on the transaction.

Apple CEO Tim Cook had in a statement on Wednesday said that Apple’s first iOS App Design and Development Centre will be set up in Bengaluru. The centre is expected to open in early 2017. Apple said the facility will also provide support and guidance on Swift, the intuitive programming language for iOS.



Source: The Economic Times

Indian team in Tokyo to finalise bullet train project schedule

An Indian delegation led by NITI Aayog vice chairman Arvind Panagariya, and including Railway Board chairman A.K. Mittal and other top officials, will meet senior Japanese officials on Monday to finalise the schedule for the bullet train project between Mumbai and Ahmedabad, an official statement said.

The Japanese side will be led by Hiroto Izumi, special adviser to the Japanese prime minister, the railway ministry said in a statement here.

The Indian government has set up a National High Speed Rail Corporation with paid-up capital of Rs.200 crore to implement the bullet train project.

The high-level team will also discuss the finalisation of the general consultant for the project, the statement said.

“Since the loan negotiation and finalization of loan agreement will take some time, government of India, to achieve timely implementation of project, have requested for a proper schedule of project implementation, and had also requested for appointment of general consultant before the finalization of loan agreement.

“The appointment of general consultant will enable start of preparatory activities like designing and preparation of tender documents,” it said.

On Tuesday, the Indian team will explore the possibilities of participation of Japanese companies in the bullet train project under the Make in India initiative, it added.

“The event will be participated by almost 100 Japanese companies and 21 Indian companies,” the statement said.

The Shinkansen train, designed to run at more than 300 km per hour, is being financed by the Japan International Cooperation Agency that is providing a loan of around Rs.79,380 crore, which amounts to 81 percent of the total project cost.



Source: Indo-Asian News Service

World Bank nod for \$625 mn loan to Indian solar programme

The World Bank said it has approved a \$625 million loan to support India's grid connected rooftop solar programme to generate clean energy.

"The project will finance the installation of at least 400 MW of grid connected rooftop solar photovoltaic (GRPV) across India," the multilateral lender said in a statement here.

The World Bank Board has also approved a co-financing loan of \$120 million on concessional terms and a \$5 million grant from Climate Investment Fund's (CIF) Clean Technology Fund, it added.

"India is endowed with huge solar energy potential, and the World Bank is strongly supportive of the government's plans to harness this potential and increase India's solar PV capacity to 100 GW, said World Bank country director in India Onno Ruhl.

"This project will support this target, by providing financing to some of the 40 GW of solar PV which will be placed on rooftops," he added.

The project will be implemented by the State Bank of India (SBI), which will on-lend funds to solar PV developers, aggregators and end-users, who wish to invest in mainly commercial and industrial rooftop PV systems.

Financing will be provided to those with sound technical capacity, relevant experience, and creditworthiness as per SBI standards.

The World Bank loan has a 19.5 year grace period, and a maturity of 20 years. The loan from CIF's Clean Technology Fund has a 10 year grace period, and a maturity of 40 years. The overall potential demand for rooftop solar is estimated at about 124,000 MW, the release said.



Source: Indo-Asian News Service

World Bank nod for \$625 mn loan to Indian solar programme

The government is all set to announce 14 more cities to be included in the first set of cities to receive funds under the smart cities mission, taking the total number to 34.

“We will announce the next set of cities in one or two days and these will be included in the first set of cities that will receive the first tranche of funding,” urban development minister Venkaiah Naidu said at a CII event in New Delhi on Thursday.

Under the mission, the government plans to develop 100 cities as smart cities with advanced infrastructure and facilities. It had earlier shortlisted 98 cities. Naidu said the 20 cities that had already been announced may require an investment of \$8 billion whereas once all 100 cities were selected the cities may require \$40 billion.

Source: The Economic Times

India-South Korea Pact for Development of Ports

A MoU was signed between the Ministry of Shipping, India and the Ministry of Oceans and Fisheries of Korea on Cooperation in Port related Industry.

The Memorandum of Understanding (MoU) has been signed the purpose of cooperation for strengthening administrative, technical and human resources through exchanges, to promote mutual benefits in the fields of port development and operation.

The MoU envisages cooperation in areas including sharing of technology and experiences in port development and operation and joint participation in port-related construction, building and engineering projects of mutual interest amongst others, by both the countries.

This information was given by Minister of State for Shipping, Shri Pon. Radhakrishnan in a written reply to a question in the Rajya Sabha today.



Source: Press Information Bureau

India's organic food market to treble in four years

The market for organic food in this country is likely to treble in the next four years, according to a report from business chamber Assocham and TechSci Research, a non-government body.

It estimates the current market (pulses and foodgrain the bulk) at \$500 million (about Rs 3,350 crore). It was \$360 million (Rs 2,400 crore) in 2014, says the study.

However, the study points to various challenges in sustaining such growth, "due to lack of government support, the courage (needed) to convert inorganic land into organic land, and absence of globally recognised consultancy for timely guidance to farmers. Thus, huge support from states and the Centre is required", said D S Rawat, secretary-general, Assocham.

Attempts by many state governments to promote organic farming have not yielded the desired results, it says. The current certified area under organic farming in Punjab, for instance, is estimated at no more than 2,000 acres. And, there are critics.

"Organic agriculture has become irrelevant. India was indeed practicing organic agriculture till the 1960s but we faced acute shortage of food and had to depend on imported foodgrain. Thanks to (different) practices since then, Indian agriculture has steadily grown to make the country the second largest in production in the world. It is rather amusing that chronically food deficient states like Sikkim and Kerala brag about organic agriculture; foodgrain produced from Punjab and Haryana actually feed the people of these two states," said Rajju Shroff, chairman, Crop Care Federation of India (a body representing agro-chemicals manufacturers and formulators).

A recent Grant Thornton-Ficci report titled estimates India's foodgrain requirement at 333 million tonnes, well over the current output figure.

The government, meanwhile, has set a target to bring 500,000 acres under organic farming in three years, with allocation support of Rs 412 crore. Experts say a policy framework is needed for utilising this. Rawat adds it takes three years to convert farm land to organic practices. Which means farmers must be adequately compensated for full and half-crop losses in the first and second year, respectively.



Source: Business Standard

Cook meets Modi, explores manufacturing, retailing in India

Breaking his silence on being an integral part of the Make in India initiative, Apple CEO Tim Cook discussed at length with Prime Minister Narendra Modi the possibilities of manufacturing and retailing Apple devices in the country as the two met here on a sweltering hot Saturday.

Cook not only shared Apple's future plans for India but also appreciated the breadth of young talent in the country, saying the youth here have significant skills which Apple would like to tap.

The 55-year-old head of Cupertino-based tech giant told Modi about the immense potential for "app-development" that exists in the country, elaborating on the Map Development Centre that Apple is setting up in Hyderabad, a statement from Prime Minister's Office said.

"He appreciated the prime minister's initiatives in ease of doing business," the statement added.

On his part, Modi explained his Digital India initiative and identified its three key objectives as e-education, health and increasing farmers' incomes. "Modi sought support from Apple in these objectives," it read.

Congratulating the prime minister on the recent assembly election results where the Bharatiya Janata Party (BJP) won for the first time in Assam, Cook told Modi that he had been received with great warmth.

He spoke about his visit to different parts of the country and his meetings with the people including youth, business leaders and film actors. In particular, he mentioned his visit to the the famous Siddhivinayak Temple in Mumbai and watching a cricket match.

Modi told him that in India, "seeing is believing" and added that these experiences would definitely steer Cook's business decisions for the country.

Issues regarding cyber security and data encryption also came up for discussion. The prime minister encouraged Cook to help the global community to cope with the challenges of cyber crime.

The Apple CEO also appreciated the prime minister's initiatives for renewable energy, saying that Apple runs on 93 percent renewable energy and it will move entire supply chain to renewable energy soon.

Delegation members accompanying Cook also spoke of their experiences in rural Rajasthan where several villages have recently been electrified and women are being skilled to assemble and operate solar energy equipment.

Apple's vice president of environment, policy and social initiatives Lisa P. Jackson, who reports directly to Cook, visited the non-profit The Barefoot College in Tilonia, Ajmer, this week.

"Powerful: Visiting amazing solar mamas in Rajasthan and visiting a school using iPads to teach. @BarefootCollege," she tweeted, which was later retweeted by Cook.

Founded by social activist Sanjit 'Bunker' Roy, The Barefoot College trains rural women in assembling and manufacturing solar lamps, hence called "solar mamas."



Cook also launched an updated version of the “Narendra Modi Mobile App” during his meeting with the prime minister. In an exchange of tweets later, the two praised each other.

“Thank you @tim_cook! Friends, welcome and happy volunteering. Your views and efforts are always enriching,” Modi tweeted.

Cook replied: “Thanks @narendramodi for a great meeting. Already looking forward to next visit to India. Best wishes on the app!”

“I am delighted to share that Tim Cook launched an updated version of the ‘Narendra Modi Mobile App’. Thank you, Cook,” said Modi in his tweet.

“I urge you to have a look at the new feature ‘My Network’ that empowers you to contribute on lively and enriching forums where you can share your ideas and deliberate with others. You will also enjoy the daily tasks on the app,” the prime minister added.

They also deliberated on issues regarding cyber security and data encryption.

Modi encouraged Cook to help the global community to cope with the challenges of cyber crime.

In an interview with an Indian TV channel on Friday, Cook asserted that he was looking at India holistically and Apple was “here for the next thousand years” -- a comment that was hailed by Communications Minister Ravi Shankar Prasad at an event later.

“I complement Apple chief executive for a public commitment of one thousand years in India. We are ready to work together,” Prasad said.

Cook also met Sunil Mittal, chairman of Bharti Airtel, one of India’s leading telecommunication companies which was the first to launch 4G in India and set to offer the service countrywide.

On the second day of his India visit, he inaugurated the tech giant’s map development centre in Hyderabad and visited a women’s college.

For the map development centre, Apple has partnered with Noida-based RMSI, a leading IT services player that offers GIS, analytics and software services. Cook also revealed plans for an iOS app design and development facility in Bengaluru a day earlier.

Source: Indo Asian News Service

NCAER pegs GDP growth for FY16 at 7.6%

The National Council of Applied Economic Research (NCAER) has scaled up India's economic growth projection to 7.6 per cent for 2015-16, from the earlier 7.4 per cent.

It pegged the growth marginally higher at 7.7 per cent for 2016-17, due to a pickup in the agriculture sector on the back of expected normal monsoon.

"NCAER's annual model for gross domestic product (GDP), at 2011-12 prices, estimates GDP growth rate at 7.6 per cent for 2015-2016 and forecasts it at 7.7 per cent for 2016-17," the council said in its latest quarterly review. In its previous quarterly review, it had projected the economy to grow by 7.4 per cent in 2014-15.

Its new projections are in line with the government expectations for 2015-16. The data would be released by this month end. NCAER predicted exports to contract 1.6 per cent in 2016-17, which would be their third year of decline. Despite the agriculture sector expected to perform better, NCAER believed that the economy would grow just one percentage point higher in the current financial year than that of 2015-16.

The government expects the economy to grow in the range of 7-7.75 per cent, but said the growth may turn out to be higher if the farm sector performs well. The council said the agriculture sector has witnessed feeble growth on account of drought for two successive years.

The average rate of growth in the agricultural and allied sectors' for 2014-15 and 2015-16 has been a low 0.5 per cent. Two consecutive years of sub-par monsoon have had a significant impact on the output of both food as well as non-food crops.

The Indian Meteorological Department has predicted monsoon for 2016-17 at 106 per cent of the long period average (LPA). However, in the industrial sector, the manufacturing sector, after showing robust growth in the second quarter, has slowed down consistently in the third and fourth quarter. The Index of Industrial Production (IIP) recorded a 2.4 per cent rise in 2015-16, against 2.8 per cent in 2014-15.

In the fourth quarter, IIP manufacturing was in a "recession" (-1.1 per cent) and the overall IIP grew by 0.2 per cent on a y-o-y basis. In the fourth quarter, capital goods contracted by 15.4 per cent and consumer non-durables by 3.9 per cent on a y-o-y basis.

Source: Business Standard

WEEKLY ECONOMIC BULLETIN



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