

Daily Economic News Summary: 3 July 2015

1. India, Thailand still disagree on FTA details: Thai official

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

The much-awaited free trade agreement (FTA) between India and Thailand has hit a slight bump as the two sides still disagree on key details, according to a senior Thai official. Director-general of the Trade Negotiations Department Thawatchai Sophastienphong said that the points of contention included a Thai proposal to extend the talks to cover textiles and petrochemicals and India's request to withdraw sugar and rubber gaskets from planned tariff cuts.

High-ranking officials of the two countries held talks on FTA from 15-17 June last month in Bangkok. During the meeting, India proposed a new schedule for talks with the investment sector, a revision of the criteria on sanitary and phytosanitary (pests and pathogens) measures, and an acceleration of liberalization for occupations India is interested in.

The two sides will meet again in September to evaluate progress. Thawatchai said Thai commerce minister Chatchai Sarikulya wanted to finalize the FTA this year. Thailand and India signed a framework agreement covering the liberalisation of trade in goods, services and investment on 9 October 2003.

2. India's \$100 billion solar push draws foreign firms as locals take backseat

Source: **Reuters** ([Link](#))

India's \$100 billion push into solar energy over the next decade will be driven by foreign players as uncompetitive local manufacturers fall by the wayside, no longer protected by government restrictions on the sector. The money pouring into India's solar industry is likely to be soaked up by foreign-organized projects such as one run by China's Trina Solar - not the country's own solar panel manufacturers.

Last week, Softbank became the latest foreign player to enter India's solar market, leading an investment of up to \$20 billion. The Japanese firm said it would consider making solar panels locally, but with Taiwan's Foxconn rather than a local manufacturer.

Many Indian solar panel producers have benefited over the past six months from a surge in demand for panels not yet fulfilled by foreign companies. But their small scale and outdated technology will quickly make itself felt when the global players arrive.

"The smaller manufacturers of India, especially the cell manufacturers, will be adversely hit because they are unable to compete both on technology and even on price structures," said Jasmeet Khurana at solar consultancy Bridge To India.

3. Govt to pump in Rs 50,000 crore over 5 years to boost irrigation facilities

Source: **Times of India** ([Link](#))

Government has decided to pump in Rs 50,000 crore to develop basic irrigation infrastructure and water conservation models over next five years under the Pradhan Mantri Krishi Sinchai Yojana (Prime Minister Agriculture Irrigation Scheme) that is aimed to irrigate every farm in the country under its motto 'Har Khet Ko Pani' (water for every farm) to increase productivity through efficient use of water - 'more crop per drop'. The scheme is to be implemented through district-specific irrigation plan and will be monitored by a national steering committee, headed by the Prime Minister.

4. India takes 23% less Iranian oil January-June than last year: Trade

Source: **Economic Times** ([Link](#))

India's oil imports from Iran fell by about 23 per cent over January-June as refiners curtailed shipments in the early months of the year to keep volumes within the limits allowed under an interim nuclear deal in place since the end of 2013.

India shipped in 2,16,500 barrels per day (bpd) of oil from Iran in the first six months of 2015 compared with 281,000 bpd a year ago, according to preliminary data from trade sources and a report compiled by Thomson Reuters Oil Research and Forecasts.

5. Sony to "Make in India" via Foxconn

Source: **Times of India** ([Link](#))

Japanese electronics giant Sony is all set to make in India, though the products will be contract-manufactured at Taiwanese maker Foxconn's upcoming facilities in the country. Sony looks at local sourcing for the second time after it stopped the practice in 2004 when it opted to only import. Top industry sources said Sony has decided in favour of local manufacturing as the government has offered several incentives. *"However, Sony is not looking at manufacturing on its own at this moment,"* a source said.

Sony India MD Kenichiro Hibi said a final decision is yet to be taken. *"There are many possibilities that we are looking at (for making in India). Contract manufacturing is one of them. However, we are yet to decide,"* Hibi told TOI.

6. FII limit in G-secs to be revised twice annually: Rajan

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

Promising a steady increase in FII investment limit in government bonds, RBI Governor Raghuram Rajan today said the ceiling will be revised twice a year and efforts are being made to make such investment easier. Currently, the investment limit for government securities (G-secs) by Foreign Institutional Investors (FIIs) is USD 30 billion annually. Out of the USD 30 billion, FIIs are allowed to invest USD 25 billion, whereas USD 5 billion is for long-term investors.

7. India saved \$2 Billion by reforming fuel subsidiary delivery

Source: **Economic Times** ([Link](#))

India has saved \$2 billion in the last one year by taking steps to reform fuel subsidiary delivery, Union Petroleum Minister Dharmendra Pradhan said today, insisting that the government is working to cut the leakages and not the subsidy. *"The Prime Minister asked us to cut the leakages and not the subsidy,"* Pradhan told a Washington audience at Center for Global Development, a US-based eminent think-tank.

8. India exports record \$5.5 Billion-worth sea food in FY15

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

India exported a record 1 million tonnes of sea food fetching a foreign exchange of \$5.5 billion in the last fiscal, the Marine Products Export Development Authority (MPEDA) said today. *"We have crossed the 1 million metric tonnes mark in terms of quantity of sea food exports. During the financial year 2014-15, exports of marine products reached an all-time high of \$5,511.12 million,"* MPEDA chairman Leena Nair said.

She added that sea food exports crossed all previous records in quantity, rupee value and US dollar terms. *"Exports aggregated to 10,51,243 mt valued at Rs.33441.61 crores. Compared to the previous year, seafood exports recorded a growth of 6.86% in quantity, 10.69% in rupee and 10.05% growth in US dollar earnings,"* Nair said.

MPEDA said the growth in the last fiscal may be viewed under the prevailing international market situations. The depreciation of the euro, weaker economic condition in China, devaluation of Yen, depreciation of Indian rupee, improvement in supply conditions in South East Asian countries in comparison to previous year has resulted in continuous drop in prices of shrimp, a principle commodity of Indian seafood export basket, it said.

By Harsha Hazarika