

## Daily Economic News Summary: 17 February 2016

### 1. Fresh investments into nuclear power likely during Modi's US visit in April

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

Eight years after India and the US signed a pact to collaborate in civil nuclear energy, US companies are evincing interest in entering the Indian market worth an estimated \$150 billion. According to a person familiar with the development, who did not want to be named, Westinghouse Electric Co. Llc is among several companies lining up not only to enter the Indian market but also to increase the number of power plants they are constructing in India. There is speculation that Nuclear Power Corp. of India Ltd (NPCIL) and Westinghouse could sign an updated agreement on the construction of as many as six reactors in Gujarat—up from two plants agreed to earlier—when Prime Minister Narendra Modi travels to Washington on 31 March-1 April for the fourth Nuclear Security Summit. *“All major vendors are requesting us to increase the number of reactors”* and this includes Westinghouse and France's Électricité de France, or EDF, which is looking at constructing six power plants in Jaitapur in Maharashtra, up from the two agreed to in 2010. In the case of Westinghouse, an agreement was reached in 2013 to build two power plants in Mithivirdi in Gujarat's Bhavnagar district.

The person cited above did not give the number of reactors that Westinghouse was planning to build. India signed a preliminary “early works agreement” with Westinghouse Electric Co. Llc in 2013, following the conclusion of the landmark India-US nuclear agreement in 2008 that gave India the opportunity to enter the global nuclear scene after a gap of 34 years. But no US Company has been willing to invest in India's nuclear power market for fear of the liability clause in its domestic law. Passed by the Indian Parliament in 2010, the law stipulates that equipment suppliers are accountable for accidents and not the plant operators, as is the global norm.

### 2. India's solar catching UK with over 9GW seen online by March

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

India's installed solar capacity will probably cross the 9 gigawatt threshold by March, bringing the country closer to Prime Minister Narendra Modi's ambitious renewable energy targets, according to a government website. India added about 5.25 gigawatts of new solar capacity to the grid as of 31 January after ending the previous year with 3.7 gigawatts of installed capacity, according to data on the ministry of new and renewable energy's website. An additional 1.5 gigawatts were installed at the Jawaharlal Nehru National Solar Mission.

Modi's campaign to generate 100 gigawatts of solar power by 2022 is elevating India into the ranks of the world's top solar-power-producing nations. At 9.1 gigawatts, the UK is the eighth biggest solar-power producer last year, according to Bloomberg New Energy Finance. India's investment push has attracted companies including the SunEdison Inc, SoftBank Group Corp and Fortum OYJ.

### **3. Govt to tender solar power projects worth 4431 MW in February-March**

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

With an eye on its ambitious target of 100,000 MW of solar power by 2022, the Central government is expected to tender solar power projects worth 4,431 MW across India in the February-March period. Of the 4,431MW that the government is expected to tender in 60 days, starting 1 February, 3,156 MW will be tendered by the Solar Energy Corp. of India Ltd, while 1,050 MW will be by NTPC, 150 by the Bihar government and 75MW by the Central government's public sector units.

After coming to power in May 2014, the National Democratic Alliance (NDA) government increased India's solar power target from 20,000 MW to 100,000 MW by 2022. At present, India's total grid connected solar power is only 5,248 MW; of that, Rajasthan alone has 1,264 MW. Till 1 January, a total of 15,177 MW has already been tendered by the Central and state governments. Projects that are likely to be commissioned this financial year are expected to total to around 12,161 MW.

### **4. \$1 trillion investment in power sector by 2030 likely: Piyush Goyal**

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

Union power minister Piyush Goyal on Monday said he expects nearly \$1 trillion investment in the power sector, which includes coal renewables, by 2030. *"Considering the initiatives taken by the government in the last few years in the power sector to improve efficiency, at a conservative level, we expect to attract investment of \$1 trillion by 2030. The power sector, including the coal renewable sector, has the potential to attract a trillion dollar investment,"* Goyal said at the Make in India Week event in Mumbai on Monday. He said in the short term till 2020, the sector is likely to attract nearly \$250 billion. *"Considering the initiatives taken by the government to enhance its renewable capacity, we estimate that the renewable sector alone will attract investment to the tune of \$1 billion in the next five years,"* Goyal added.

The transmission and distribution sector would see an investment of \$50 billion by 2020, he said. *"Our focus on energy efficiency by increasing the use of LED (light-emitting diode) will*

*attract an investment of \$5-7 billion. We have taken a huge step in replacing streetlights with LED bulbs. This initiative will help us save nearly 100 billion units of electricity and ensure nearly Rs.40,000 crore savings annually," Goyal said.*

## **5. Iran invites Indian investment in projects worth \$8 Billion, offers stake in Imam Khomeini airport**

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

Iran has invited India to invest in infrastructure projects worth \$8 billion following the lifting of the sanctions imposed by the West and offered the country a stake in expansion of the second phase of Tehran's Imam Khomeini international airport. An Iranian delegation visited India recently and invited the country to invest in various infrastructure projects in sectors including railways, ports, bridges and rail electrification, Iran's ambassador to India Gholamreza Ansari told ET in an exclusive interview. *"Given the fact that India maintained commercial contacts with Iran after sanctions were imposed over the nuclear issue, Delhi will get priority when our government invites partners for investments,"* Ansari said.

The bilateral economic and political partnership is expected to receive a further boost, with foreign minister Sushma Swaraj likely to travel to Iran in the near future to prepare for Prime Minister Narendra Modi's trip to the country. Iran is geographically positioned to serve as India's gateway to Afghanistan, Central Asia, Caucus and Russia.

## **6. India to save Rs 30,000 crore in FY16 by cutting down coal imports**

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

India will save Rs 30,000 crore in 2015-16 by cutting down on coal imports as domestic production has picked up, coal secretary Anil Swarup said. The government is aiming to completely eliminate the import of the kind of coal that is available domestically, he added. Coal India, the state-run company that is the largest coal producer in the country, plans to double its production to 1 billion tonne by 2020. In the current year through March, it would have scaled up production to 550 million tonne which is likely to increase to 600 million tonne next year. *"Imports have already started coming down. This year, imports are already down by 16% resulting in savings of Rs 22,000 crore so far. We would probably save Rs 30,000 crore by the end of this year,"* Swarup told ET on the sidelines of the Edelweiss India Conference.

Typically, Indian coal is almost 40% cheaper than imported coal. So far, India has been importing coal as Coal India was unable to match growing demand. *"We will eliminate import of such quality of coal which is available in India in two years,"* he said. Power plants in the coastal

areas are designed to run on high-grade coal, which has higher calorific value and low ash content as compared with the local coal and, to that extent, the country would continue to import this grade of coal. Of the total 212 million tonne of coal imported last year, around 30-40 million tonne were of the quality that is not available locally.

## 7. Boeing plans industrial complex in India to build fighter jets

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

Boeing Co., the world's largest aerospace company, plans to set up an industrial complex in India that will initially make the Super Hornet fighter jets. The plan is subject to approvals from the governments of India and the US. *"Our intent, subject to government-to-government approvals, is to set up an industrial complex starting with Super Hornet,"* Pratyush Kumar, president, Boeing India, said at a Make in India event in Mumbai on Tuesday. *"This will be embedded with our global supply chain capabilities. We are no more looking at just handing over built to print document to India and forget about it,"* Kumar said. He said Boeing is sourcing products and services worth half-a-billion dollars from India and that the company had doubled its sourcing since September 2014, when the government launched the Make In India campaign. He hinted that a similar growth pattern will continue.

In November last year, Boeing and Tata Advanced Systems Ltd agreed to jointly develop products and platforms in aerospace and defence manufacturing, and access new markets together. Tata Advanced Systems already manufactures aero structures for Boeing's CH-47 Chinook and AH-61 choppers. Kumar said Boeing will look at developing more systems and subsystems with Tata Advanced Systems. He said Tata Advanced Systems is manufacturing complex floor beams out of composite materials for the Boeing 787-9, a modern aircraft with exceptional environmental and fuel-efficient capabilities. It has also provided ground support equipment for the C-17 Globemaster III strategic airlifter. India's defence budget allocation is estimated to touch \$620 billion by 2022 of which 50% will be capital expenditure, according to a report released in February 2015 by lobby group Federation of Indian Chambers of Commerce and Industry (Ficci) and financial services company Centrum Capital Ltd.

\*\*\*\*\*

**By Harsha Hazarika**