

Daily Economic News Summary: 1 July 2016

1. Indian solar energy to get \$1 Bn from World Bank

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

The World Bank Group signed an agreement with the International Solar Alliance (ISA), consisting of 121 countries, led by India. It has committed to provide \$1 billion support to Indian solar energy projects. The World Bank-supported projects include solar rooftop technology, infrastructure for solar parks, bringing innovative solar and hybrid technologies to market and transmission lines for solar-rich states. The cumulative investment in solar would be the World Bank's largest financing in this sector for any country.

ISA was launched at the UN Climate Change Conference in Paris at end-November last year, by Prime Minister Narendra Modi and French President François Hollande. Through ISA, India aims to collaborate with global agencies and mobilise around \$1 trillion of investment in solar energy by 2030. The agreement was signed for India by Arun Jaitley and Piyush Goyal, the minister of finance and coal, power & renewable energy, respectively, and World Bank Group President Jim Yong Kim. *"India's plans to virtually triple the share of renewable energy by 2030 will both transform the country's energy supply and have far-reaching global implications in the fight against climate change,"* said Jim Yong Kim. He hopes this agreement would spur a global movement. The World Bank Group will develop a road map to mobilise financing for development and deployment of affordable solar energy, and work with other multilateral development banks and financial institutions to develop financing instruments in this regard.

2. India inks Rs 262 crore deal with ThyssenKrupp Marine Systems

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

India has signed an over Rs 262 crore deal with Germany's ThyssenKrupp Marine Systems to retrofit anti-ship American Harpoon missiles on two Shishumar Class submarines. The retrofitting of the new weapon suite will be carried out on INS Shankush and INS Shalki at Naval Dockyard, Mumbai and is backed by a training package to support and operate the system. "It is a key milestone in our long-standing commitment towards India. We have the capacity to integrate any weapon system that is selected by the Indian Navy, onto our submarines," Gurnad Sodhi, Managing Director of ThyssenKrupp Marine Systems' operations in India, said. The company, which is also eyeing the over Rs 60,000 crore P75 (I) project under which six conventional submarines are to be built in India, said it has successfully carried out such integration on similar boats for other navies across the world.

Emphasising on the company's commitment towards India, Sodhi said ThyssenKrupp is also ready to integrate any weapon system, including 'Brahmos' on to the latest 214 Class Submarines for the upcoming project P75 (I) project. *"We fully support the 'Make and Made in India' policy which would encompass inter-alia Transfer of Technology (ToT), training and meeting all offset obligations. We are awaiting the government's decision on the Strategic Partner chapter of the new DPP 2016, after which we will begin our negotiations with an Indian shipyard for the P75(I)"*, he added. Cooperation between Indian Navy and ThyssenKrupp dates back to more than three decades. The existing HDW Class 209/1500 submarines have been performing well, without any inherent problems and the Indian navy has been satisfied with their performance, despite their vintage, the company said in a statement.

3. India's new tax treaty with Cyprus: Government gets right to tax capital gains

Source: Zee News ([Link](#))

India and Cyprus have "successfully" completed negotiations on the bilateral tax treaty which provides for source-based taxation of capital gains on share sale, Cyprus Finance Ministry said today. The double taxation avoidance agreement grand fathers all income prior to April 1, 2017. *"On June 29, 2016, the negotiation on the Double Taxation Agreement for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to taxes on income between Cyprus and India has been successfully completed, in New Delhi,"* Cyprus Finance Ministry said in a statement.

Cyprus is a major source of foreign fund flows into the country. From April 2000 till March 2016, India received Foreign Direct Investment worth Rs 42,680.76 crore from Cyprus. *"The agreement reached provides for source-based taxation for gains from the alienation of shares; investments undertaken prior to April 1, 2017 are grandfathered with the view that taxation of disposal of such shares at any future date remains with the contracting state of residence of the seller,"* the statement said. The text has been agreed between the two negotiating teams of the contracting states and will contribute to further develop the trade and economic links between Cyprus and India, as well as with other countries.

4. Railways exports 60 AC coaches to Bangladesh

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

With an eye on the South Asian market and in a bid to attract train customers from the region, the Indian Railways has exported at least 60 air-conditioned coaches to Bangladesh with which India has entered into an agreement to run trains between the two countries. The modern stainless steel coaches, also known as LHB, manufactured by Rail Coach Factory, Kapurthala, are equipped with Fiat bogies capable of running at a maximum speed of 160 kmph. The export of the trains has been undertaken by Railways' subsidiary RITES.

The contract agreement between RITES Ltd and Bangladesh Railways was executed on January 21, 2015, and subsequently, between RITES Ltd and RCF on September 30, 2015 for supply of these coaches at an estimated cost of Rs 367 crore. RITES Chairman and Managing Director Rajeev Mehrotra said that RITES is making all efforts to augment export of rolling stock manufactured at Indian Railways Production Units. *“Response from South Asian markets is very encouraging. This is for the first time that we have been able to send our air conditioned coaches. We are looking for a huge market,”* Mehrotra told The Pioneer.

The Bangladesh Railway (BR) had, in fact, requested a contract agreement of 120 coaches. The remaining coaches will be sent in due course. Two train sets, comprising 12 coaches each- 2 AC chair car, 2 first AC sleeper car, 6 non-AC chair car and 2 power car-will presently be deployed to operate 3 pairs of inter-city trains between Dhaka and Rajshahi. The composition of coaches exported also includes a prayer room. RITES had earlier supplied 26 Broad Gauge diesel electric locomotives (3100 HP), manufactured by Diesel Locomotive Works, Varanasi which are successfully running broad gauge trains of Bangladesh Railway. During Prime Minister Narendra Modi's visit to Bangladesh last year, India agreed to consider the neighbour's proposal to introduce the second Maitree express between Khulna (Bangladesh) and Kolkata in addition to the existing train service between Dhaka and the West Bengal Capital.

5. Tamil Nadu top tourist draw for 2nd straight year

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

Tamil Nadu has topped the popularity charts for both domestic and foreign tourist for the second year in a row, beating Maharashtra and other favored destinations like Goa and Kerala. Tamil Nadu received 4.68 million foreign tourist in 2015, a tad higher than 4.66 million in 2014. Domestically, it continued its winning streak since as well. Tamil Nadu's rise as a top ranker for Indian and foreign travelers is surprising and could possibly be attributed to Indians working and studying abroad and non-resident Indians coming to visit family.

.....