

Daily News Economic Summary: 23 September 2015

1. Ahead of Modi's US visit, \$3 bn defence deals cleared

Source: **The Hindu** ([Link](#))

A few hours before Prime Minister Narendra Modi left for the United States on Tuesday, the Union government approved two major defence deals between the two countries. The move is expected to give a boost to bilateral defence ties. The deals, worth over \$3 billion for buying two of the world's most advanced helicopters, have been in cold storage for several years.

According to sources, the Cabinet Committee on Security cleared the purchase of 22 Apache attack helicopters and 15 Chinook heavy-lift helicopters from Boeing. The deals have direct commercial contracts with Boeing as well as a direct government-to-government component between the two governments. There was no official statement from the government about the deal.

The deals will ensure that the U.S. remains among the top military suppliers for the Indian armed forces for some years to come. It will also help in further advancing the nascent efforts by the Indian private sector to create an aerospace industrial base in India. The 30 per cent offset clause in the deals will be executed in India through companies of leading private sector conglomerates such as Larsen & Toubro, Mahindra and Tata. An official in the know said the purchase of Apache multi-role combat helicopters had two components — a foreign military sales (FMS) agreement between the two governments and a direct commercial sale deal with Boeing.

2. Domestic air traffic grows by 18.66% in August

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

India's domestic air traffic grew by a healthy 18.66 per cent to 67.60 lakh passengers in August this year as compared to the corresponding period a year ago, even as airlines had less number of seats filled in their planes in the reporting month compared to July. Indian airlines together carried 67.60 lakh passengers in August 2015 as against 56.97 lakh flown by them in the same period last year, the latest data released by the Directorate General of Civil Aviation (DGCA) showed.

3. Swaraj woos US industry to invest in India for win-win outcome

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

Asserting that India offers immense opportunities, external affairs minister Sushma Swaraj on Tuesday sought investments from the US industry in both public and private sectors in the country for a "win-win" outcome. In her address at the 40th annual gala of the US India Business Council (USIBC), Swaraj said the US businesses are "best placed" to make their business decisions. *"But, it would help if I underline here the scale of India's economic ambition and the size of economic opportunity that it represents for both our countries,"* she said.

4. PMO steps in to revive nine stalled road, power projects

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

The Prime Minister's Office has stepped in to get at least nine road and power projects moving as part of an exercise to revive stalled projects, which are putting a strain on developers as well as banks. On Thursday, Nripendra Misra, the principal secretary to PM Narendra Modi, will spend half a day with lenders and officials, who are trying to clear the roadblocks holding up these projects, sources said.

On the agenda is to get at least five highway projects moving, including Gurgaon-Jaipur, Panvel-Indapur, Srinagar-Banihal, Qazigund-Banihal and Chennai-Nashri. The Gurgaon-Jaipur project, for instance, is held up for years and is proving to be a major headache for traffic. Source: PMG & company websites moving from the national Capital to the Pink City. Sources said while the developer is seeking more funds from the lenders, the banks are pointing out that the developer needs to find resources. There are at least seven trouble spots on the highway, including the Hero Honda Chowk, which requires large funding. Three of the five projects being taken up are in Jammu & Kashmir.

5. Rabi foodgrain target set at 132.8 million tones

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

The agriculture ministry has set a higher target for foodgrain production in the forthcoming rabi or winter crop season to make up for the crop loss due to deficient monsoon in the ongoing kharif season. The ministry has set a target of producing 132.8 million tonnes (mt) of foodgrains during the rabi season beginning October, agriculture minister Radha Mohan Singh said on Tuesday at the National Conference for the rabi season.

Last year (2014-15), India had set a target of 130.75 mt of foodgrain production for the winter crop, but production is estimated to be lower at 126.3 mt, as crops suffered large-scale damage due to unseasonal rain and hailstorm. Sowing of rabi crops—wheat and pulses—begins in October and the crop is harvested by end of March.

According to the first advance estimate released by the farm ministry last week, monsoon-dependent kharif output is likely to drop to 124 mt in 2015, compared to 126.3 mt last year, and 128.7 mt in 2013-14. So far the monsoon has been deficient by 14%, with 317 districts receiving sub-par rainfall, the agriculture minister said, adding that good rains in the last few weeks will help increase soil moisture for the winter crop. Singh further said that the ministry has restructured several programmes that will enable the farm sector to achieve the target growth rate of 4%.

6. Dai-ichi plans to raise investment in Indian venture

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

Despite the shrinking life insurance sector in the country for the last three years, Dai-ichi, Japan's largest life insurer, has remained bullish on India's sector and is planning to grow its investment in the country. The company, present in the country through a joint venture with Bank of India and Union Bank of India, also said that it was keen to increase its stake-holding in the venture.

The life insurance industry in the country has witnessed a degrowth by 25-30 per cent over the past three years in a row. *"I completely agree that India has witnessed some amount of degrowth in the life insurance industry in the recent past and it has a lot to do with the market conditions and various regulatory changes that we have seen here. I think right now it is the period of adjusting the life insurance industry in the country,"* Dai-ichi Life Insurance Company's global president Koichiro Watanabe told PTI.
