

Daily Economic News Summary: 26 November 2015

1. India, Japan to finalize aircraft pact during Shinzo Abe's India visit

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

India and Japan are set to firm up an agreement to jointly produce amphibious military aircraft during the upcoming visit of Japanese Prime Minister Shinzo Abe, in what could be the first defence deal between the two countries. The US 2 amphibious aircraft, that has applications for search and rescue, surveillance as well as intelligence gathering, will be produced in India not only for domestic orders but will also be pitched jointly for exports in the region and beyond. Besides the US 2 programme, the two sides are also expected to firm up a larger umbrella agreement to promote the joint development and production of military systems in support of the Make in India initiative. Officials aware of the developments have told ET that the Rs 7440 crore US 2 proposal was discussed during the recent visit of Prime Minister Narendra Modi to Kuala Lumpur where he met Abe, and it was jointly agreed to take the initiative forward.

While an initial requirement of 12 aircraft has been raised by the Navy that has submitted a new, detailed report to the defence ministry on the project, more requirements are anticipated in the future, including Coast Guard orders. Sources have told ET that Japanese manufacturer ShinMaywa has also sent a letter to the Indian government with details of plans to make the aircraft in India in collaboration with Pipavav which is now controlled by the Anil Ambani group.

2. India partners logistics firm Bollore Africa for pharma product storage

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

India has entered into a partnership with a logistics firm in Africa to allow pharmaceutical firms from the country to store their products shipped to that continent. Following the tie-up with Bollore Africa, India's first in the pharmaceutical sector, the Pharmaceuticals Export Promotion Council (Pharmexcil) hopes a common warehousing facility in Nigeria will be operational by February 2016.

The council, which has been trying to establish a common warehousing facility in Nigeria for the past two years, expects 10-15 Indian companies to be able to store drugs, vaccines, formulations and bulk drugs in the warehouse. With this facility, council members can store products in different facilities of the warehouse for catering to Nigeria and other countries in

Africa. Bollere Africa is part of the France-based Bollere Group which offers transportation and logistics, communication and media and electricity storage services. In Nigeria, Bollere has been operating since 1961 and has subsidiaries in Lagos, Port Harcourt, Abuja, Kano and Warri. As per the arrangement, the council will take on lease a storage area which will be allotted to members based on their requirement.

3. India leads in corporate responsibility reporting globally: KPMG

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

India along with three other nations lead the way globally in terms of reporting on corporate responsibility activities, with companies making more disclosures especially due to mandatory regulatory requirements, says a survey. The KPMG survey of Corporate Responsibility Reporting 2015 released on Wednesday said India leads corporate responsibility (CR) reporting rates in the world. The Asia Pacific region has overtaken others on CR reporting rates, with India amongst the top 10 countries. *"More companies (79 per cent) now report on CR in Asia Pacific than in any other region, followed by the Americas (77 per cent) and Europe (74 per cent),"* it said.

As per the report, the overall rate worldwide is increasing, with around 73 per cent of the companies now reporting on CR. *"Four emerging economies have the highest CR reporting rates in the world: India, Indonesia, Malaysia and South Africa,"* it said. Apart from India, other countries that have seen significant increase in CR reporting compared to 2013 are Norway (17 per cent), South Korea (25 per cent) and Taiwan (21 per cent). Noting that the top 100 companies in India have disclosures on CR as part of their annual reports, the report also said the overall increase has been mainly driven by the introduction of mandatory reporting requirements by governments or stock exchanges.

4. Optiemus Infracom and Wistron forms JV to setup manufacturing in India

Source: **Financial Express** ([Link](#))

In line with the Government of India's 'Make in India' initiative Optiemus Infracom Limited, an Indian telecom enterprise and Wistron Corporation, Taiwan's Original Design Manufacturer (ODM), has announced a joint venture (JV) agreement, in presence of Amitabh Kant, IAS Secretary – DIPP, Government of India, to set up manufacturing facilities for telecom products in India.

Over the next five years, the partners will invest approximately US\$ 200million in infrastructure, technologies and processes, to cater to growing Indian and global demands of telecom products viz, smart phones, tablets and smart devices. The JV targets to create over 15,000 employment opportunities in India, over the next five years.

5. Domestic growth to be India Inc's lifeline in 2016: Moody's

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

Moody's on Wednesday said most Indian companies under its rating scanner would benefit from strong domestic growth and accommodative monetary policy in 2016. However, weak global growth and a possible rate hike by the US Federal Reserve would weigh on businesses in the new year. Also, headwinds from loss of momentum for reforms loom large, Moody's said in its 2016 outlook for Indian non-financial companies released Wednesday. "Healthy 7.5 per cent economic growth for India for the fiscal year ending March 2017 (FY2017) and a pick-up in manufacturing activity will be broadly supportive of business growth," wrote Vikas Halan, vice-president and senior credit officer at the credit rating agency. Companies were vulnerable to a volatile rupee against the US dollar and to falling prices of commodities globally, which led to a sharp decline in external trade.

6. Commerce & Industry Ministry for cut in import duty on gold

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

Finance Ministry should consider reduction of duty on gold imports as it would help boosting exports of gems and jewellery sector, Commerce and Industry Minister Nirmala Sitharaman has said. *"That I am saying since day one because gems and jewellery sector has been very badly affected. So we have been telling the Finance Minister if it is possible to free that."* Sitharaman said when asked whether the ministry has proposed duty reduction on gold imports. She said the sector is finding it difficult to compete in the global market because of 10 per cent duty on gold imports. However, the minister added the Finance Ministry may look at the current account deficit (CAD) position before taking decision on the proposal.

Labour intensive gems and jewellery exports in October dipped by about 13 per cent to USD 3.48 billion. Gold imports more than doubled to USD 4.95 billion in August. But it started declining in September and October. Higher import of the yellow metal has adverse bearing on India's current account deficit (CAD). India is the largest importer of gold in the world, which mainly caters to the demand of the jewellery industry. Current account deficit happens when value of import of goods and services is more than that of exports. On the country's overall

exports, Sitharaman said the government has announced benefits such as 3 per cent interest subsidy and enhanced duty drawback rates to push exports.

7. “Housing for all” scheme to come with cheap power and water

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

The Centre plans to provide more funds for construction of houses in rural areas as part of its ambitious programme to provide shelter for all in the next few years and to bundle this with amenities such as cheap power, water and construction labour. Around 30 million houses are planned under the prime minister’s Housing for All scheme in rural areas, each a minimum size of 250 sq ft. It will subsume the existing Indira Awas Yojana (IAY) and the per-unit subsidy for construction will be also raised. At present under IAY, the money allotted for building one house is Rs 70,000 in the plains and Rs 75,000 for hilly and difficult areas, found to be substantially inadequate. Officials said the unit allocation might even be doubled. *“The matter is being looked at by the finance ministry. We’re hopeful that the funds to be given to each homeless family for construction of a house in rural areas would be adequate,”* a senior official said. He said a cabinet note on this was due for clearance.

The official said the shelter would also be provided cheap power through the Deen Dayal Upadhyay Gram Jyoti Yojana, a single-point water connection through the Swachh Bharat Mission and labour, working under the rural job guarantee scheme, could be used for such construction of houses as well. *“In short, a convergence of all ongoing programmes and a full package of amenities to the identified beneficiaries,”* the official explained.

By Harsha Hazarika