

Daily Economic News Summary: 30 May 2016

1. FM Arun Jaitley begins his visit to Japan; meets Soft Bank CEO

Source: **DNA India** ([Link](#))

Seeking to woo investors from Asia's second biggest economy, Finance Minister Arun Jaitley on Sunday began his six-day Japan visit as he met Masayoshi Son, the CEO of Japanese telecom giant SoftBank Group, which is eyeing "one of the biggest" investments in solar power sector in India. Jaitley said many investors including SoftBank are keen to invest in infrastructure sector to be part of the Indian growth story. *There are people who want to participate in infrastructure growth story. For example, SoftBank meeting we just had, they are looking at one of the biggest investments in solar power already,*" he said after meeting Son.

In June last year, SoftBank announced it was forming a joint venture with Bharti Enterprises and Taiwan's Foxconn Technology Group to invest about \$20 billion in renewable energy in India. The joint venture would aim to generate 20 gigawatts of electricity. *"They have made considerable headway and have identified location. It will probably be one of the largest investment in those areas,"* Jaitley said. The Japanese telecom and Internet giant has made a string of tech investments in India, investing \$2 billion in the past two years. SoftBank is looking at accelerating the pace of investments in the future. *"India has a great future...we are interested in investing for Internet companies also for solar energy. We would make a strong commitment,"* Son said. Son had previously said that India's market is poised for massive growth, making it an important destination for investors. SoftBank has in the past two years made a string of tech investments in India, including \$627 million in online- retailing marketplace Snapdeal and leading a \$210 million funding round in taxi-hailing app Ola Cabs.

2. FDI in food processing may cross \$1 Bn in next 2 years: Harsimrat Kaur Badal

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

Foreign direct investment in the food processing sector is expected to cross USD 1 billion in the next two years, helped by reforms in FDI space and streamlining of FSSAI regulations, Union Minister Harsimrat Kaur Badal has said. Highlighting achievements of two years of the NDA government, Badal told PTI that her ministry has permitted development of 17 new food parks across the country and is making efforts to operationalise all 42 parks by 2019 that will help double processing level of fruits and vegetables to 20 per cent. The ministry has also approved setting up of 30 new cold chains in the country. The government has announced 100 per cent FDI in marketing of food products produced and processed in India in this year's

Budget. *“From the very first day after assuming office, my aim was to carry out those reforms which promote investment in the food processing sector, raise farmers’ income and generate employment opportunities,”* Badal told PTI.

Besides food parks, she said the rules and regulations of the food regulator FSSAI have been streamlined to boost food processing sector. *“I am quite confident that FDI inflows will cross USD 1 billion on the back of these two major reforms — streamlining of FSSAI norms and 100 per cent FDI in food processing,”* Badal said. The food processing sector has attracted USD 463 million worth of FDI during April-February of the last fiscal, she added. According to Badal, growth of the food processing sector will help farmers get better price for their produce as well as lead to reduction in wastage and lower prices of fruits and vegetables.

3. PM Narendra Modi to discuss clean energy during US visit

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

Clean energy will be discussed at length during the visit of Prime Minister Narendra Modi to the us next month apart from talks on strategic affairs and trade. Earlier, trade and strategic affairs used to dominate the Indo-US discussion, but this time clean energy will be in focus and discussed, US Ambassador Richard R Verma said at a function here. Elaborating about the big investment opportunity in India, he said, *“India is a nation on the move”*. The last two decades have witnessed a dramatic transformation; the coming decades even more so. Two-thirds of the India of 2030 is yet to be built.

4. Government to unveil solar zones policy in June

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

To encourage solar power generators and equipment manufacturers, the New and Renewable Energy Ministry will unveil a policy on solar zones that would be spread over one or more districts of a state. *“We have been working on a new policy for solar zones, which would be spread over one or even more districts of a state to encourage generators as well as equipment manufactures,”* Ministry of New and Renewable Energy Joint Secretary Tarun Kapoor told PTI. *“The work on the policy is almost complete and it will be launched next month,”* he added. Under the policy, the developer will be provided with inputs like land availability and power evacuation locations for planning his project, the official said.

5. Government to sell off 14 ITDC hotels: Mahesh Sharma

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

Fourteen out of 16 perennially loss making hotels owned by state-run ITDC will be sold off and the process to privatise them has already started, Tourism and Culture Minister Mahesh Sharma said today. The Minister said the Finance Ministry is taking forward the disinvestment plan to totally offload government's stakes in all the ITDC-run hotels except the Ashoka and Samrat hotels in the national capital.

He said the government decided to privatise the hotels to improve the financial health of India Tourism Development Corporation (ITDC), a public sector undertaking that currently runs 16 hotels in Delhi, Patna, Jammu, Ranchi, Bhubaneswar, Puri, Bhopal, Bharatpur, Jaipur, Guwahati, Mysore, Puducherry and Itanagar.

6. Highway Ministry eyes masala bonds to fund road projects

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

The road transport and highways ministry and its road building arm, NHAI, are weighing the option of raising money through "masala bonds" as road construction activity gathers pace. Masala bonds refer to a financial instrument through which Indian companies can raise money from global markets in rupees. Sources said a London-based firm has approached the ministry as NHAI needs to raise about Rs 50,000 crore this year from the market to fund projects. The highways ministry has provided Rs 2,000 crore from the fuel cess to NHAI and has asked it to fend for itself. Officials said the proposal from the London-based firm is being considered.

The highway ministry has set an ambitious target of building 15,000 km of roads and awarding projects for another 25,000 km in the current financial year. While authorities say money is not a constraint, they are exploring innovative options to access long-term funds at a cheaper rate. An official said that the highway authority will invite expression of interest from different players to submit their proposals. *"We have received representations from different funding agencies and organisations. We will allow all of them, including the ones offering masala bonds,"* said the official, who did not wish to be named.

7. Bombardier keen on trebling India business to \$1 Billion

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

Banking big on the government's thrust to boost infrastructure, global transportation player Bombardier is eyeing up to \$1 billion business from India in the next five years from \$300 million, at present, its chief Laurent Troger has said. Bombardier counts India among top markets for its railway business and has invested over \$100 million in the past two decades. The firm is also a collaborator in the government's ambitious Make in India drive and is the largest supplier of the Delhi Metro. *"We expect that in five years we will double our business in India. We can reach between \$700 million and \$1 billion... India, in the overall landscape of Bombardier Transportation, is a significant country. The climate now is very favourable, if we look for investment,"* Bombardier Transportation President Troger told PTI. Troger said compared to the global scale of business to the tune of about \$8.5 billion, India revenue was about \$300 million, but with the government's thrust on drives like Make in India and Skill India, the company saw a hoard of opportunities here.

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By Harsha Hazarika