

## Daily Economic News Summary: 3 September 2015

### 1. India-UAE joint commission to meet on Thursday

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

India and the United Arab Emirates are expected to flesh out this week many decisions announced during Prime Minister Narendra Modi's visit to the Gulf Emirate last month, especially investment opportunities in India's infrastructure sector, besides manufacturing and construction. The discussions will take place under the aegis of the India-UAE joint commission that will be co-chaired by UAE's foreign minister Sheikh Abdullah Bin Zayed Al Nahyan and India's foreign minister Sushma Swaraj in New Delhi on Thursday. Al Nahyan arrives in India on Thursday and will fly back on Friday.

During the meeting, discussions will cover India offering its expertise in space technologies to the UAE for its ambitious Mars mission, being billed as the first Arab-Islamic probe, people familiar with the developments said on Wednesday. As of now the UAE collaborates with France, Russia, Kazakhstan and South Korea in its space programme.

The two countries will also be looking to expand their trade that was \$75 billion in 2012-13 and had lately contracted to about \$60 billion in 2014-15 partly due to India's recent restrictions on gold imports to narrow its current account deficit. Plans by India to build strategic petroleum reserves are also expected to get a fillip during the Sheikh Abdullah Bin Zayed Al Nahyan's visit, one of the people cited above said.

### 2. Govt to auction 69 oil, gas fields under revenue-sharing model

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

India adopted a more transparent and market-oriented regime for hydrocarbon exploration and production on Wednesday with the government announcing the move to a revenue-sharing model. The change reorders incentives for hydrocarbon exploration in the country. The current production sharing contract (PSC) framework allows for cost recovery by exploration and production (E&P) companies before they pay the government its share of revenue.

The move is consistent with the observation of the Comptroller and Auditor General (CAG) that the PSC *"does not provide adequate incentives to private contractors to reduce capital expenditure"*.

In one of the most high-profile instances involving the PSC framework, the government auditor had effectively accused Reliance Industries Ltd (RIL) of gold plating costs. RIL, which has denied this, is currently locked in arbitration proceedings with the government over cost recovery.

### **3. Telangana to spend Rs 81, 000 crore on irrigation projects**

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

Telangana government on Wednesday said it will be spending Rs.81,000 crore in next three years to complete pending irrigation projects and take up two new projects to lift water from the Godavari and Krishna rivers. *“We have completed the process of redesigning of all existing projects irrigation in Telangana, to benefit the state as much as possible,”* said K. Chandrasekhar Rao, chief minister of Telangana.

Rao also announced an allocation of Rs.3,900 crore to build 60,000 housing units for people living below the poverty line. The government said it will allocate Rs.2,631 crore to Greater Hyderabad Municipal Corporation to build multi-level flyovers to ease the traffic problem of Hyderabad city.

### **4. Global green energy firms eyeing India entry**

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

Global green energy firms seems to be making a beeline to take bets on India’s renewable energy story as companies including New York Stock Exchange (NYSE)-listed NRG Energy Inc. and Canada’s TransAlta are planning an India entry.

While NRG has an installed capacity of 50,000 megawatts (MW), TransAlta is Canada’s largest publicly traded power generator and marketer of electricity and renewable energy. India needs as much as \$250 billion to meet its target of installing 100 gigawatts of solar power and 60,000MW of wind power by 2022.

*“These firms are actively scouting for an opportunity to invest in India, given the scales involved here and also the rate of return. These firms have big plans. A case in point being NRG, which has one of the largest global renewable energy platforms,”* said a person aware of the firm’s plan, requesting anonymity.

## 5. Ericsson to invest \$20m in 2<sup>nd</sup> unit

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

Swedish telecom major Ericsson plans to invest \$15-20 million in its second manufacturing facility in India as it seeks to make inroads into one of the key markets for the company, Hans Vestberg, president and chief executive officer of the world's largest telecom equipment maker, told reporters on Wednesday.

The company is building its second unit in Pune to manufacture radio equipment, which would be exported to about 180 countries. Vestberg said the facility was expected to be ready by middle of the next year. At present, the company has a unit in Rajasthan. *"India is a very important market for us,"* Vestberg said, while detailing plans for raising the headcount in the country from the current 21,200 employees.

## 6. Audi gears up for fresh investments in India

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

German auto major Audi is set to pump in fresh investment and enhance its manufacturing set-up in India as the company eyes sales of over 50,000 cars by 2020. A senior official in the Volkswagen group - of which Audi is a constituent - said the fresh investment for India will be announced "very soon" by a board member from the brand's headquarters.

*"The plan is to have a bigger set-up in India as the market is seen as key and strategic,"* the official said, requesting anonymity. When contacted, Joe King, the head of Audi in India, said the company is bullish on India, but did not confirm any investment numbers.

## 7. Singapore's GIC invests 2k cr in 2 DLF projects

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

Singapore's sovereign wealth funds GIC and DLF Home Developers, a subsidiary of India's largest real estate developer DLF, entered into a joint venture to invest in two upcoming projects in Delhi's Moti Nagar. The Rs 2,000 crore investment by GIC is part of a larger plan by DLF to raise around Rs 7,500 crore with talks underway to get investors for some other projects too, sources familiar with the discussions told TOI.

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