

Daily Economic News Summary: 6 June 2016

1. India keen on joint works of oil, gas blocks in Qatar

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

India on Sunday evinced interest in joint exploration of new oil and gas fields as well as development of discovered assets in resource-rich Qatar as the two countries decided to focus on enhancing cooperation in the energy sector. India also invited Qatar to invest in the country's exploration and production sector by bidding for the blocks under the new 'Hydrocarbon Exploration and Licensing' Policy and take part in disinvestment of Indian PSUs. An MoU was signed with Qatar Investment Authority for facilitating Qatari investment in the Rs 40,000-crore National Investment and Infrastructure Fund.

India *"highlighted the interest of its energy companies to pursue opportunities of mutual interest in Qatar, with Qatar Petroleum and other companies, in order to jointly explore new fields as well as development of discovered oil and gas assets and exploit the existing resources of natural gas and crude oil in Qatar,"* said a joint statement issued after wide-ranging talks between Prime Minister Narendra Modi and Emir of Qatar Sheikh Tamim bin Hamad Al-Thani. *"The two sides agreed to focus on enhancing cooperation in energy, covering the areas of training and human resources development and cooperation in research and development and through promotion of joint ventures in petrochemical complexes and cooperation in joint exploration in India and other countries,"* the statement said. India invited Qatar to participate in the second phase of the strategic reserves storage facility being created in India, the statement said. The leaders also deliberated upon the need for strengthening bilateral cooperation in the financial services sector, including banking, insurance and capital markets.

2. Leela Group, Qatar firm sign agreement to build hotel near Taj Mahal

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

In an agreement entailing a foreign direct investment (FDI) of Rs.500 crore in India, Qatar's Al Sawari Holding on Sunday signed agreements with the Leela Group and Aiana Hotels and Resorts to build a twin hotel near the Taj Mahal monument in Agra. The pacts for constructing the 250-room hotel in 30 months were signed on the sidelines of Prime Minister Narendra Modi's visit, shortly after he invited Qatari companies to invest in India. The construction of the hotel in Agra will entail an FDI of about Rs.500 crore, Leela Group chairman Vivek Nair told *PTI* after signing the pact with Sheikh Faisal bin Qassim Al Thani, chairman of Al Sawari Holding and Al Faisal Holding. *"We will be developing a two-hotel complex with a*

total of 250 rooms,” said Amruda Nair, joint managing director and chief executive of Aiana Hotels and Resorts, who launched the brand Aiana in Qatar a year ago.

The hotel will be built under the brand name Aiana and will be the sixth such hotel in India, she said, adding it will be located just 1km from the Taj Mahal. The 150-room Aiana Agra will be operated by Doha-based Aiana Hotels and Resorts while the Leela Group will operate the 100-room Leela Palace. Vivek Nair said the project will entail 100% FDI. *“Under this agreement, Al Sawari Group will purchase a 6-acre site from the Leela Group in the historical city of Agra to develop a hotel complex. Al Sawari Holding has also entered into a management agreement with the Leela Group to operate a 100-room Leela Palace hotel on this site,”* a press statement issued later said.

3. US firm, NPCIL to set up 6 nuclear reactors in India

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

More than seven-and-a-half years after the Indo-US nuclear agreement was signed, Toshiba-owned American firm Westinghouse and Nuclear Power Corporation of India Ltd (NPCIL) are likely to close a deal on setting up six reactors in Andhra Pradesh’s Srikakulam area, top sources told The Indian Express. The setting up of these nuclear reactors is likely to be one of the major outcomes during Prime Minister Narendra Modi’s visit to the US on June 7-8, sources said. These reactors were originally planned to be set up in Gujarat’s Mithi Viridi district. The possibility of an agreement during the visit is being finalised, with a likely mention in the joint statement between the two countries, sources said.

As Modi meets US President Barack Obama for a “farewell visit”, with the US elections around the corner, a top official told The Indian Express that this deal is being seen as big boost to the “economic and strategic relationship” between the two countries. Officials said that two major developments in the diplomatic front paved the way for the “six-reactor package” to come through. The first one was the “breakthrough understanding” on nuclear liability issues between the two countries during Obama’s visit in January 2015. *“That led to the insurance pool and India ratifying the Convention on Supplementary Convention, following which Westinghouse felt comfortable to commit to setting up the reactors in India,”* sources said.

4. Non-energy companies showing interest in oil& gas fields

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

Indian corporates that are not in the energy sector are queuing up to compete with foreign firms to acquire discovered oil and gas fields being auctioned, marking a promising start to the country's first attempt to woo private explorers after four years of controversies and disputes. Director General for Hydrocarbons (DGH) Atanu Chakraborty told ET that even before the launch of roadshows for the auction of small fields discovered by state firms, 102 companies have looked at data, of which about a dozen including a foreign firm have decided to move to the next step of paying up to access detailed data. *"This is an encouraging start to the auction. Even companies that are not in the oil and gas sector are interested. Acquiring a discovered field is a low-risk business and there can be pleasant surprises on the upside once these fields are developed. There is a large number of companies that are not presently in oil and gas have also evinced interest,"* he told ET.

Technical capability is not a pre-qualification criterion for bidding in this auction. The response, despite a global cut in drilling due to low oil prices, has been enthusiastic because the auction offers a low-risk entry into the high-risk business of oil exploration and production. It also offers foreign oil firms a relatively easy entry to the Indian market, Chakraborty said.

5. Global brokerages find India attractive among EM peers

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

Global brokerages are becoming bullish about Indian markets after remaining neutral for the major part of the last one year. Citi, Morgan Stanley and HSBC have upgraded India's rating and Sensex targets; while others like CLSA, Nomura and Credit Suisse have improved their market outlook.

Analyst say improvement in corporate earnings, expectations of normal monsoon, revival in economic growth, anticipation of a benign interest rate environment and likely passage of the GST bill make India one of the most attractive destinations in emerging market universe.

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