

## Daily Economic News Summary: 8 June 2016

### 1. India pitches for rating upgrade with Fitch

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

India has pitched for a ratings upgrade with global agency Fitch Ratings , citing improvement in macroeconomic conditions and the government's commitment to fiscal consolidation. *"We highlighted the overall economic situation and in all the major sectors the challenges which the economy faces and what is the outlook for next year,"* economic affairs secretary Shaktikanta Das tsaid after a two hour meeting with the representatives of the agency. Fitch Ratings had in December affirmed India's BBB- rating with a stable outlook, and has forecast 8 per cent growth for 2016-17. BBB- is the lowest investment grade and just a notch above junk grading. Chief economic adviser Arvind Subramanian had earlier said the government has pitched for a rating upgrade with Fitch, stating finance ministry is committed to fiscal consolidation path. Fitch Ratings primary analyst Thomas Rookmaaker said, *"We are now in the process of our review. It is going to take some time."*

### 2. US based Westinghouse to build six nuclear power in India

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

The Nuclear Power Corporation of India and US firm Westinghouse have agreed to begin engineering and site design work immediately for six nuclear power plant reactors in India and conclude contractual arrangements by June 2017, the White House said on Tuesday. Culminating a decade of partnership on civil nuclear issues, Prime Minister Narendra Modi and US President Barack Obama during their White House meeting "welcomed" the start of preparatory work on site in India for six reactors to be built by Westinghouse, officials here said.

The two leaders also noted the intention of India and the US Export-Import Bank to work together toward a competitive financing package for the project, the White House said. Once completed, the project would be among the largest of its kind, fulfilling the promise of the US-India civil nuclear agreement and demonstrating a shared commitment to meet India's growing energy needs while reducing reliance on fossil fuels. Obama and Modi also welcomed the announcement by the Nuclear Power Corporation of India (NPCIL) and Westinghouse that engineering and site design work will begin immediately and the two sides will work toward finalizing the contractual arrangements by June 2017, the White House said.

### **3. Amazon's \$5 Billion investment to take it past combined capital raised by Flipkart, Snapdeal**

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

Amazon founder & CEO Jeff Bezos said that the company is planning to invest an additional \$3 billion in its India operations, coming nearly two years after the Seattle-based online retail giant announced plans to pump in \$2 billion. The announcement takes total investment commitment in India by Amazon, which is competing with market leader Flipkart for the top spot, to \$5 billion. The \$5 billion investment will take Amazon India past the combined capital raised by both local rivals, Flipkart and Softbank-backed Snapdeal. While Flipkart has raised over \$3.2 billion till date, Snapdeal has mobilised around \$1.5 billion.

After losing out to Alibaba in China, winning the Indian market has become critical for Amazon and the latest move underlines that it has a blank cheque for the market. *"We have already created some 45,000 jobs in India and continue to see huge potential in the Indian economy,"* said Bezos. *"Our Amazon.in team is surpassing even our most ambitious planned milestones, and I'm pleased to announce today that we'll invest an additional \$3 billion on top of the \$2 billion that we announced in 2014, bringing our total investment in India to over \$5 billion."*

### **4. IKEA keen to set up facility at hub near Kandla port**

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

Ikea , the world's largest furniture retailer, has evinced interest in setting up a facility at a proposed furniture cluster in the upcoming industrial city near Kandla port in Gujarat, Shipping and Road Transport & Highways Minister Nitin Gadkari has said. *"They want to work on the China like model in India where they set up the ecosystem and develop a chain of vendors through which the finished products would be sourced for the Indian as well as the global market,"* Gadkari said on Tuesday. He did not say whether IKEA has or plans to commit any investment in the project. *"They would provide the technology and designs. The talks are still in preliminary stage,"* the minister said. The shipping ministry is setting up a smart port industrial city near the Kandla port spread over 1,400 acre, of which about 450 acre would be reserved for the furniture cluster. The government is in talks with IKEA to develop that cluster into a world class export centre.

## **5. India's solar power generation capacity to go up by 5 GM in 2016: Report**

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

India is expected to see an additional solar power generation capacity of 5 GW this year, much higher than witnessed in 2015, according to a report.

“The Indian solar market is growing in size but the question is: is it too much too fast, as infrastructure and systems have not kept pace with auction announcements. For the sector to move from 2 GW to a 10 GW a year market, work still needs to be done,” Mercom Capital Group CEO and Co-Founder Raj Prabhu said in a statement.

Cumulative solar installations in India crossed the 7.5 GW mark as of May 2016, with about 2.2 GW installed so far this year, more than all of the solar installations in 2015, the clean energy consultant Mercom Capital said.

India's solar project pipeline has now surpassed 22 GW with 13 GW under construction and 9 GW in the Request for Proposal (RfP) process, it said. The government has shown a strong commitment to renewables and its push towards solar is beginning to show results. At the end of 2015-16 fiscal, solar represented 2.5 per cent of the net installed capacity in India, up from 1.4 per cent a year ago, and was the fastest growing new energy source in the country. Solar accounted for 17.4 per cent of all renewable energy generation last financial year compared to 10.5 per cent in 2014-15.

## **6. International campaign to promote tourism in Jammu and Kashmir**

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

The Jammu and Kashmir government has launched an international publicity campaign to promote tourism sector in the state. *“The international publicity campaigning that we are doing for tourism this year will certainly bear results in the shape of increased footfall,”* Education Minister Naeem Akhter said intervening on a question in the Assembly here. Replying to the question, Minister of State for Tourism Priya Sethi informed that an expenditure of Rs 3.13 crore has been incurred on advertisements for print and electronic media for the promotion of tourism since 2015. She said the advertisements have been published in local, national and international magazines, besides broadcast on television commercials on local and national channels and radio for the wide publicity of tourism promotion in the state.

The Minister said Rs 14.75 lakh were incurred on account of air tickets for participation in national travel events. About Rs 12.66 lakh has been incurred on the inauguration function of Pahalgam club after fulfilment of required procedures, she said. Sethi said the Department of Tourism has put in place Tourism Incentive Policy, wherein incentives are provided to interested persons for starting different tourism-related units like conversion of residential houses into guest

houses, operation of ATVs and tourist coaches. The department has a publicity committee which finalises the events in which the department participates including national and international travel fairs, besides organising local festivals, she added. The Minister said the department has put in its efforts to explore the offbeat and new tourist destinations in the state from tourism point of view and they would be developed in a phased manner.

## **7. Telecom Commission imposes 3% spectrum fee for next auction**

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

Inter-ministerial decision making body Telecom Commission on Tuesday cleared a proposal to use weighted average formula for calculating spectrum usage charge (SUC) based on the total spectrum holding, for all bands allocated to telecom operators. For the auctions proposed to be held later this year, the SUC will be imposed at 3 per cent of a company's adjusted gross revenue. Despite the SUC charges in percentage terms would come down for most operators that bought spectrum in the 2300 MHz band in 2010 auctions, in revenue terms they will have to pay a minimum floor price, a senior government official said after the Telecom Commission meeting. The floor price will be the latest charges paid by the company Bharti Airtel, Aircel and Reliance Jio Infocomm are the three companies that won spectrum in the 2300 MHz band in the 2010 auctions, while the telecom department had decided to impose a 1 per cent SUC. Now, the three companies will have to pay on the new weighted average formula on the total spectrum they hold across bands and across service areas.

Accordingly, Bharti's SUC which stands at 4.9 per cent will come down to 3.74 per cent, Reliance Jio will pay 2.88 per cent instead of 5 per cent; while Aircel's SUC will also reduce from 3.24 per cent to 2.83 per cent. In pure payment terms, the Department of Telecommunications had received about Rs 7,000 crore as revenue from spectrum usage charges from operators the official, and that amount has been kept as "revenue neutral," this official said. The decision assumes significance after the telecom department sought the view of Attorney General of India for clubbing spectrum sold for broadband wireless access services in 2010 to avoid arbitrage in imposing spectrum usage charges in future. The Telecom Commission had last month deferred taking a call on the proposal of having a uniform spectrum usage charge, and sought opinions from the Attorney General of India and a technical committee for arriving at a final decision.

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**By Harsha Hazarika**