

## Daily Economic News Summary: 9 May 2016

### 1. India looking at Iran like solution for \$100 million payment crisis with Venezuela

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

India is looking for an Iran-like solution to defuse a payment crisis of \$100 million with Venezuela. Prodded by pharmaceutical exporters whose payments from Venezuelan companies have been stuck for more than a year, the government is planning to put in place a model similar to the rupee payment mechanism with Iran. The economic crisis in Venezuela has hit Indian pharma exporters the most as this segment comprises over half of India's shipments to the South American country. *"Venezuela is in a crisis and has no money to pay us. We plan to replicate the Iran mechanism but it will be nuanced based on the circumstances... Reserve Bank of India is working out the modalities,"* an official said, requesting not to be identified. The official said the government is likely to entrust State Bank of India with facilitating the proposed mechanism.

### 2. Clean energy projects get Rs 86,000 crore investment

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

Renewable energy projects have received Rs 86,000 crore investment, most of it from private sector, in the last three years with Madhya Pradesh at top garnering Rs 14,313.80 crore. "Most of the investment in renewable energy came from private sector. Total estimated investment in renewable energy power projects during the last three years is around Rs 86,000 crore," New and Renewable Energy Minister Piyush Goyal said in a written reply to Lok Sabha today.

According to the statement, around 15,400 million units has been generated through solar power projects during the last three years. Madhya Pradesh remained at the top, recording maximum investment in clean energy projects at Rs 14,313.80. It was followed by Maharashtra at Rs 13,743.01 crore, Rajasthan at Rs 11,632.96 crore, Karnataka at Rs 9,586.31 crore, Andhra Pradesh at Rs 9,539.12 crore, Tamil Nadu at Rs 8,961.28 crore and Gujarat at Rs 6,646.35 crore.

### **3. Gujarat government to kick start solar rooftop projects for citizens**

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

With an aim of scaling up the present solar power generation in Gujarat, the state government is now all set to launch its much awaited project of grid-connected rooftop solar power units, wherein residential property owners will be encouraged to install this new system. The Solar Rooftop project was initiated by Gujarat Energy Development Agency (GEDA), which is the state nodal agency to promote renewable energy. In the current fiscal of 2016-17, GEDA has set a target of generating 50 megawatt (MW) of electricity by installing such rooftop solar photovoltaic (SPV) units across Gujarat. According to GEDA Director J T Akhani, the rooftop solar project is for residential consumers only.

### **4. Honda Cars India to step up component exports**

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

Japanese auto major Honda is looking at stepping up supply of components from India to its various international operations. The company is targeting exporting components worth Rs 1400-1500 crore in the current financial year, nearly double of around Rs 700 crore registered two years back. *"India offers competitive advantage in terms of both quality and cost"*, said Raman Kumar Sharma director Honda Cars India (HCIL) making the company scale up exports from here to advanced markets such as UK, Turkey, Canada, United States and even Japan. Honda's exports of auto components from India has been gradually increasing over the last few years. In 2013-14, its component exports had a turnover of Rs 420 crore, which increased to Rs 722 crore in 2014-15 and to Rs 1000 crore in 2015-16.

### **5. Earnings growth improving; positive on banks, auto & cement: Anand Radhakrishnan, Franklin Templeton**

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

Earnings could grow 15-18% this year, because last year growth was close to zero as it was heavily impacted by metals companies and PSU banks. Exmetals and PSU banks, it grew 7-8%. But this year, earnings growth will be more visible, said Anand Radhakrishnan, chief investment officer (equity) at Franklin Templeton, India, in an interview with ET. Edited excerpts:

**Markets have been mixed since the start of the year with the Nifty losing 12% in the first couple of months, and subsequently recovering 11%. In the near term, is the worst over for equities?**

**Anand Radhakrishnan:** *Global factors are responsible for 60-70% of the move which drove markets down in the first couple of months. We saw meltdown in many markets, several commodities hit new lows and even crude oil was down to \$27 a barrel. There was widespread fear of China devaluing its currency; and due to the commodity meltdown, many companies were expected to get into financial trouble. However, around the Chinese new year, we saw their government intervening — they reduced their reserve ratio requirement, pumped money into infra sector and made mortgage cheaper. These improved the sentiment and eased the fears in the markets, which led to a bounceback.*

*On the domestic front, macro economic parameters are seeing improvement, with inflation coming down. RBI cut rates, government improved spending and demand for cement improved. Today, oil has climbed up above \$40 and prices of many other commodities have bounced back. Today, oil has climbed up above \$40 and prices of many other commodities have bounced back. That risk of that distress has come down. The market will now take further direction from how well things improve on the domestic front.*

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**By Harsha Hazarika**