

Daily Economic News Summary: 25 May 2016

1. India seeks rights to operate Iran oil field

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

India has sought a discovered oilfield from Iran for raising crude oil imports from the Persian Gulf nation as part of efforts to widen economic and energy ties post lifting of sanctions. Indian Oil Corp (IOC), the nation's largest oil firm, has proposed to Iran that it be given rights to operate and produce crude oil from the discovered field to help move away from buyer-seller relationship to a strategic partnership, sources privy to the development said. The oil produced from the field can then be shipped home, the IOC has said.

IOC had last fiscal imported 1.2 million tons of crude oil from Iran. In the fiscal year that began from April 1, it is looking to raise it by at least three-fold. Prime Minister Modi's visit to Iran was aimed at boosting trade and commerce between the two countries. His trip came just months after lifting of international sanctions on Iran following Tehran's historic nuclear deal with the Western powers over its contentious atomic programme. Besides IOC, ONGC Videsh Ltd has also sought two discovered fields from the 16 fields that Iran is likely to put on auction shortly.

2. Government will not ease sourcing norm for Apple in India

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

Apple Inc. CEO Tim Cook's visit to India does not seem to have borne much fruit, with the government deciding not to relax a local content sourcing norm for the iPhone maker, which wants to set up stores in the world's fastest growing smartphone market. The US company's proposal to set up Apple Stores under the single brand policy has been approved without any relaxation in the sourcing conditions, two officials privy to the development said. Apple can set up single-brand retail stores in India but it will have to meet the 30% local content sourcing requirement, they said. *"Apple's proposal is acceptable to us but we cannot make an exception for it and forego the sourcing requirement if it wants to set up its own stores here,"* a senior government official said.

Apple had applied for the relaxation under new foreign direct investment rules for companies bringing cutting edge technology to India. The policy allows the sourcing condition to be waived for cutting-edge technology, a term that hasn't been clearly spelt out. The government has set up a panel to clear proposals seeking relaxation of this norm. *"There was no technical*

person in the cutting-edge panel, no substantial backing to the claim that there was cutting-edge technology," the second official said. "A broad policy needs to be in place to define what is cutting edge. It has to be there upfront in the policy. Otherwise it would be open to discretion and charges of corruption." Apple declined to comment on the matter. According to revised norms announced by the Department of Industrial Policy & Promotion in November 2015, companies that bring cutting-edge and state-of-the-art technology to India can open single brand outlets without meeting the local sourcing norm, subject to government approval.

3. India signs \$100 Mn loan agreement with World Bank

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

India today signed a \$100 million (about Rs 677 crore) loan agreement with multilateral lending agency World Bank for Karnataka Urban Water Supply Modernisation Project. The project aims to provide access to a continuous piped water supply in various cities in Karnataka and strengthen the service delivery arrangements at the city level, a finance ministry statement said. Karnataka Urban Infrastructure Development & Finance Corporation (KUIDFC) is the implementing agency for the project, it added. The project will have four broad components - capital investment programme, institution building, technical assistance for sector development and project management.

4. India tries afresh to recover \$660 Mn from Venezuela

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

Amid growing international concern over the deteriorating economic and political situation in Venezuela, India on Tuesday began a fresh round of energy diplomacy to look for ways to recover millions of dollars in oil and pharma dues from the Latin American country. Sources said oil minister Dharmendra Pradhan met Venezuelan ambassador Augusto Montiel to explore ways for clearing \$660 million in accumulated dividend that the Venezuelan national oil firm — PdVSA — owes to ONGC Videsh, the overseas acquisition arm of flagship explorer ONGC, for oil produced from San Cristobal project. ONGC Videsh had bought 40% stake in the Orinoco Heavy Belt project in 2008 and invested over \$366 million. Corporacion Venezolana del Petroleo, a unit of PdVSA, owns the remaining 60% stake. Petrolera IndoVenezolana SA, a joint venture with ONGC Videsh, operates the project in the Orinoco heavy oil belt.

ONGC Videsh was paid \$56 million as dividend in 2008. PdVSA stopped payments since then as it ran into a cash crunch. The rising dues have become an issue for the ONGC Videsh management, which is finding it tough to get board approval for another \$300-400 million required to be invested in the field. In the meantime, production has fallen to about 28,000 bpd

(barrels per day) from 30,000 bpd. A consortium of Indian state-run oil firms under ONGC Videsh, however, is going ahead with developing the Carabobo project. Venezuela is estimated to have one of the largest oil reserves in the world and Indian refiners, including private sector Reliance Industries, import about 22 million tonnes of oil from that country. Sources said one of the key options on the table at Pradhan's meeting with Montiel was to put some of the proceeds from oil sales in a separate account, akin to an escrow. ONGC Videsh could then use part of this fund to recoup its dues, providing some comfort for making fresh investments.

5. India to use International Solar Alliance to push solar water pumps

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

India plans to use International Solar Alliance to popularise indigenously developed solar water pumps across the world, especially in emerging markets, a top official said. *"Many countries are not even aware of solar pumps,"* said Upendra Tripathy, secretary, ministry of new and renewable energy (MNRE), who is also the chairperson of the interim administrative cell of International Solar Alliance (ISA), a joint initiative of India and France launched during the Paris climate conference last year to bring together 121 'sunshine' countries to optimise solar power use. *"We are planning pilot programmes in about 15-20 countries at our own cost, explaining their benefits and exporting about 100 pumps to each of them,"* Tripathy told ET.

India is a world leader in solar water pump use for both irrigation and drinking water, with about 62,000 pumps in operation across the country. Slightly more than half of the total were added last year. Of the total, 13, 964 pumps were sold under MNRE's programme Solar Pumping Programme for Irrigation and Drinking Water.

6. Scoot launches flight operations in India

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

Scoot, the long-haul budget arm of Singapore Airlines, today launched its operations in India with flight services to Chennai and Amritsar from Singapore. The airline will operate a daily direct service to the Tamil Nadu Capital from Singapore with a 335-seater Boeing 787-800 aircraft while Amritsar would have three-times-a-week operations service with a 375-seater B787-900 plane. Besides, it has already announced to launch services from Jaipur from October this year. On the Chennai-Singapore route, Scoot will take place of SIA's another subsidiary airline Tigerair which has been operating 12 flights a week with narrow-body aircraft.

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