

Daily Economic News Summary: 27 November 2015

1. India may displace UK as 3rd largest aviation market by 2026: IATA

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

India is likely to become the third largest aviation market in the world displacing the UK by 2026, according to a forecast by global airlines grouping International Air Transport Association today. Besides, the IATA expects India's air passenger traffic to grow to 378 million passengers by 2034 with 275 new passengers likely to be added during this period. Globally, the IATA projects that passenger numbers are expected to reach seven billion by 2034 with a 3.8 per cent average annual growth in demand (2014 baseline year), which is more than double the 3.3 billion corresponding figure for 2014 and, exactly twice as many as the 3.5 billion flyers expected this year, the global air transport body said in its forecast.

India will be among the five fastest-increasing markets, after China and the US, in terms of additional passengers per year over the forecast period with 275 million new passengers among the total of 378 million flyers during the period, it said. Noting that a "sizable gulf" has opened up between the performance of air passenger markets in the BRIC (Brazil, Russia, India and China) economies, IATA said that both India and China are growing fast, with annual growth this year-to-date standing at 16.5 per cent and 12.5 per cent respectively.

2. Rafale Wings to India, plans for production in Cargo hold

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

India's largest ever military deal is likely to bring in big business for the private sector with the French side looking to set up a production centre for the Rafale fighter aircraft as well as a low cost executive jet in India, besides sharing vital aircraft technology for the indigenously Tejas project.

Officials familiar with the project have told ET that major partners for this "Make in India" project are currently being identified by the French side and are likely to include Anil Ambani's Reliance Defence Systems, NOIDA based Samtel and Bharat Electronics.

3. RBI relaxed norms for aircraft, helicopter imports

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

Relaxing norms for aircraft and helicopter imports, RBI today said banks can allow advance remittances for imports once the company has approval from aviation regulator DGCA. With the latest notification, the Reserve Bank of India (RBI) has done away with the earlier requirement whereby Civil Aviation Ministry's nod was compulsory for advance remittances.

Previously, advance remittance was allowed by banks only when the importing entity had requisite approvals from Civil Aviation Ministry, Directorate General of Civil Aviation (DGCA) and other agencies. "... banks may, while allowing advance remittance without bank guarantee or an unconditional, irrevocable standby letter of credit up to \$50 million, ensure that only the requisite approval of DGCA for import of aircrafts/helicopters," have been obtained by the company, RBI said. This would be applicable on companies operating Scheduled or Non-Scheduled Air Transport Services, including Air Taxi Services. "In other words, the approval from Ministry of Civil Aviation will not be required," RBI said. The relaxation comes at a time when the Ministry is working on a new aviation policy that seeks to provide various incentives for the sector.

4. Hardy Oil & Gas in talks to buy RIL's 90% stake in GS-01 block

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

UK's Hardy Oil & Gas plc today said it is in talks to acquire Reliance Industries' entire 90 per cent stake in a gas discovery block off the Gujarat coast. RIL wants to exit Gujarat-Saurashtra offshore basin block (GS-01) as it feels that reserves discovered so far are not economically significant. *"We have a clear plan to acquire a further interest in, and operatorship of, our GS-01 asset,"* Hardy said in its Half Yearly operations report. It said the completion of this process was pending the resolution of a long-standing liability associated with unfinished minimum work programme that is under consideration with the Government of India since 2009. *"A number of high level meetings were held with DGH and (Oil) Ministry representatives to facilitate the timely conclusion to Hardy's acquisition of Reliance's 90 per cent interest and operatorship. General commercial terms have been agreed and a draft farm-out agreement is under review by both parties,"* it said.

Hardy-Reliance have told the government the matter of possible liquidated damages associated with the two firms not completing their committed drilling programme, which is under consideration of the government since 2009, needs to be closed out prior to the conclusion of the acquisition process.

5. India's a promising destination for real estate investment: Cushman & Wakefield

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

With regulatory changes, including easing of foreign direct investment rules and better execution capabilities, Indian realty is being preferred as an investment destination by global investors. The global investment community is closely tracking the performance of the sector and the confidence they would derive from this will bring in robust inflows into this space, said Stuart Roberts, CEO, Asia-Pacific, Cushman & Wakefield. In an exclusive interaction with ET's Kailash Babar, Roberts said that the government can improve the much-needed transparency by taking processes and approvals online and such initiatives will improve the Indian property sector's perception in the eyes of international investors. Edited excerpts:

What's your assessment of the overall investor sentiment and confidence towards real estate as an asset class in India?

Stuart Roberts: *The India investment market is buoyant, up 84 per cent year-on-year. However, by global standards, it remains small at \$2.8 billion. Foreign investors are most active (over domestics) and are mainly targeting Delhi and Mumbai. In India, PM Modi's biggest contribution thus far has been getting the focus back on development issues and instilling a fragile sense of optimism. Some reforms have taken place (the real estate proposals from this month are quite ground breaking), not to mention that some more big-ticket items are in the works.*

By Harsha Hazarika