Daily Economic News Summary: 18 June 2015

1. Govt okays 16 FDI proposals worth Rs 6751 crore

Source: **Times of India** (Link)

The government on Wednesday approved 16 foreign investment proposals, including those of Torrent Pharmaceuticals and Star India Private Limited, amounting to Rs 6,750.86 crore.

"Based on the recommendations of Foreign Investment Promotion Board (FIPB)... Government has approved 16 proposals of Foreign Direct Investment (FDI) amounting to Rs 6,750.86 crore," Finance ministry said in a statement.

2. Pharma FDI proposals worth Rs 4000 crore get approval

Source: **NDTV** (Link)

Proposals for foreign direct investment amounting to around Rs 4,000 crore by four pharma and medical devices firms, including Torrent Pharmaceuticals and Biocon's research services arm Syngene, were on Wednesday approved by the government.

The government, however, rejected proposal of drug firm Strides Arcolab to issue shares to non-resident and resident equity shareholders of Shasun Pharmaceuticals and deferred three proposals from other firms.

3. India stresses on petroleum pricing reforms at G20 Sherpa meet

Source: **Economic Times** (Link)

India has pressed for petroleum pricing reforms globally to ensure stability in the energy sector at theG-20 meeting in Turkey.

Railway Minister Suresh Prabhu, who has gone to Turkey as 'Sherpa' of Prime Minister Narendra Modi to attend the G-20 meeting, sought reforms in petroleum pricing and transparency in global gas markets to ensure price stability in the international market.

"We want reforms, transparency in global gas markets, petroleum pricing reforms, eliminate speculation, ensure global price stability," Prabhu tweeted. Price stability at global market is considered favourable for world economy, including India's.

4. Suresh Prabhu rules out railways privatization

Source: **NDTV** (Link)

Notwithstanding government panel recommendations, Railways Minister Suresh Prabhu has outright ruled out privatisation of the public transporter. He further said the concept of privatisation gives confusing signals and envisages the possibilities of ownership transfer of an enterprise to a different entity or management which was not possible in railways.

"Railways will continue to be owned by government of India, managed by government of India. We want change not for the change in ownership. We do not want change for somebody to run the precious assets of railways. We want to bring in private capital or technology to improve the functioning of railways so that railways become more valuable," Mr Prabhu told PTI in an interview.

5. Govt cancels nod of 22 SEZs

Source: **Pioneer** (Link)

The Government has cancelled approvals of 22 special economic zones, including that of Tamilnadu Industrial Development Corporation and True Developers, as no 'satisfactory' progress was made to execute the projects. The decision was taken in the meeting of the Board of Approval headed by Commerce Secretary Rajeev Kher on May 19. The Board examined the 22 cases of the agenda for cancellation of formal approval/notification. The Board noted that the progress made by the developer is not satisfactory. *"After deliberations, the Board decided to cancel the formal approval/notification, as the case may be,"* the Commerce Ministry said.

However, it said the developers have to submit a certificate which will certify that they have not availed any tax/duty benefits including service tax exemptions or if availed under SEZ Act/Rules have refunded such benefits. TNIDC Ltd had proposed to set up a multi-product zone in TN and True Developers too has plans to set up IT/ITeS zone in the same state.

6. China seeks rail link between Kunming and Kolkata

Source: **Times of India** (Link)

China is keen to establish a high speed rail link between Kunming and Kolkata as part of its efforts to revive the ancient silk route, traversing through Myanmar and Bangladesh.

The proposal, which found a mention at the recently held Greater Mekong Subregion (GMS) meet here, seeks to give a boost to the Bangladesh-China-India-Myanmar (BCIM) multi-model corridor project initiated by China.

"We are in favour of it. The high speed corridor would help the economies of Myanmar and Bangladesh as well," said Li Ji Ming, vice-secretary of Yunnan provincial government while indicating funding from multilateral bodies such as Asian Development Bank.

7. Govt hikes import duty on steel products to stop China dump

Source: **Money Control** (Link)

Yielding to steel ministry requests, the government on Wednesday hiked import duty on long steel products from 5.5 percent to 7.5 percent and that of flat steel product from 7.5 percent to 10 percent. The import duty on stainless steel products remained unchanged. Alarmed by the excess steel capacity in China that was leading to dumping, Steel and Mines Minister Narendra Singh Tomar had pressed the finance ministry to raise import duty as a measure to safeguard domestic industry.

8. ONGC Videsh seeks 20-fold increase in spending allowance for M&A

Source: **Live Mint** (Link)

ONGC Videsh Ltd, the overseas unit of India's biggest oil and gas explorer, is seeking a 20-fold increase in the amount it's allowed to spend on acquisitions without state approval.

"We're seeking more powers on investments — a $1 billion investment power should be granted," managing director Narendra Kumar Verma told reporters in New Delhi. *"This will give us greater flexibility and freedom in acquiring assets."*

Acquisition budgets of ONGC Videsh are regulated, hindering the company's ability to beat cash-rich national oil producers from China, Thailand and Malaysia in global biddings without referring back to the government when offers surpass $48 million. Crude's 43% slump in the past year has led to several energy assets being available for sale.

9. India leveraging oil imports for market access

Source: **Live Mint** (Link)

India is leveraging its clout as the world's fourth-largest energy consumer to secure market access for the domestic energy companies overseas.

As part of the new strategy rolled out after the National Democratic Alliance (NDA) assumed office last year, India wants to link its growing purchase of crude oil to establish a oil and gas industry value chain such as refining, pipelines, fuel retail, and engineering, procurement and construction contracts in the energy-rich geographies.

In an interview, petroleum minister Dharmendra Pradhan said, *"We have firmed up our strategy that this relationship can't be mere a buyer-seller one, but be converted into a strategic relationship with the concerned nations. This is the major paradigm shift by this government."*

India's emergence as the fourth largest consumer of energy in the world has coincided with a collapse in global oil prices. The resulting buyer's market has only strengthened India's negotiating power.

10. IFC invests $35 million in PTC India's infra financial firm

Source: **Live Mint** (Link)

International Finance Corp. (IFC), part of the World Bank group, announced on Wednesday that it has bought $35 million (about Rs.220 crore) worth of 10-year, non-convertible debentures sold by infrastructure finance firm PTC India Financial Services Ltd (PFS).

PTC India will use the funds to boost long-term financing for renewable energy, particularly in wind and solar projects, IFC said in a press release.

PFS is a non-banking financial firm promoted by PTC India Ltd. The company offers financial products to infrastructure companies in the entire energy value chain. It also provides fee-based services, such as underwriting, loan syndication and advisory services.

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