

Daily Economic News Summary: 29 September 2015

1. India signs loan agreement with ADB for upgrading Tourism Infrastructure

Source: **Press Bureau of India** ([Link](#))

The Government of India signed a loan with Asian Development Bank (ADB) here today for US \$ 123.51 million for tranche 3 of the Infrastructure Development Investment Program for Tourism to continue upgrading tourism infrastructure and services in Punjab, Uttarakhand and Himachal Pradesh. The loan will be used for development and conservation of places of tourist attractions. It will also be used to improve basic tourism facilities, and to build the capacity of sector agencies and local communities in the States of Himachal Pradesh, Uttarakhand and Punjab. The third tranche loan is part of the \$250 million multi-tranche financing facility that ADB approved in 2010.

Ms M. Teresa Kho, Country Director for ADB in India signed the loan agreement on behalf of ADB while Mr. Raj Kumar, Joint Secretary (Multilateral Institutions), Department of Economic Affairs, Ministry of Finance signed the loan agreement on behalf of the Government of India. The project agreements were signed by Mr. V C Pharkha, Additional Chief Secretary, Tourism, Government of Himachal Pradesh, Mr. Navjot Randhawa, Project Director IDIPT, Government of Punjab and Mr Asheesh Joshi, Additional Secretary, Tourism, Government of Uttarakhand for the State Governments of Himachal, Punjab and Uttarakhand respectively.

2. Qualcomm to invest \$150 million in Indian startups

Source: **Live Mint** ([Link](#))

In an effort to push Digital India initiative, Silicon Valley-based tech giant Qualcomm on Saturday said it will invest \$150 million for Indian start-ups. *“We share Prime Minister Narendra Modi’s vision to transform India into a digitally empowered society and knowledge economy,”* Qualcomm executive chairman Paul E Jacobs said in his remarks at a dinner hosted in honour of Modi. *“We are committed to providing local innovative start-ups with the support needed to help India’s IOE (Internet of Everything) ecosystem grow, increasing consumer choice and availability,”* Jacobs said as he announced a \$150 fund to boost start-ups in India.

Qualcomm, he said, has been investing in promising Indian start-ups since 2007 and there are more than 20 Indian companies as part of its global portfolio. Sectors of investment vary across the mobile ecosystem and include hardware, software platforms, e-commerce, healthcare, location based services and retail technology.

3. Rafale Deal: \$4.5 billion may be invested in “Make in India” projects

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

A major breakthrough could be imminent in the Rafale fighter aircraft deal with the French side agreeing to an Indian condition that calls for investing 50% of the deal value in 'Make in India' projects in the defence, security and aerospace sectors. A top team from Paris, led by Engineer-General Stephane Reb, director of the International Directorate of the DGA (General Directorate for Armament) of the French ministry of defence will be in Delhi to work out final price negotiations and take the deal to the final stage, sources familiar with the development told ET.

The French manufacturers of the Rafale fighter will commit to making investments worth \$4.5 billion in the Indian industry as part of the deal. Sources aware of the matter told ET that while the French side has accepted in principle a 50% offset clause, which requires the Rafale manufacturers to invest half the deal value in India, the government will also liberalise its stringent defence offsets policy to address some specific concerns of the manufacturer.

4. RBI surprises markets with 50 bps cut in repo rates

Source: **Live Mint** ([Link](#))

The Reserve Bank of India (RBI) on Tuesday cut its repo rate by 50 basis points to 6.75%, while keeping the cash reserve ratio (CRR) unchanged at 4%. This is the fourth rate cut since January.

The central bank has also cut the FY16 GDP growth target to 7.4% from 7.6% earlier. While the cut was widely expected, the quantum has come as a pleasant surprise. A *Mint* poll of 10 top banks had predicted that the central bank will cut its rates by at least 25 basis points. One basis point is one-hundredth of a percentage point. RBI had guided in its last policy on 4 August that it would monitor “*developments for emerging room for more accommodation*” as it watched for developments on the inflation front, the outcome of the monsoon and any possible action from the US Federal Reserve.

5. Govt plans Rs 12, 000 crore project to connect Char Dham

Source: **Business Standard** ([Link](#))

The highways ministry is planning to connect Kedarnath, Badrinath, Gangotri and Yamunotri in Uttarakhand with 889 km of disaster-proof two-lane roads at a cost of Rs 12,000 crore. Officials said detailed project reports were in the final stages and the ministry was likely to invite bids for road stretches in October.

The Char Dham Yatra during April-November is among the most popular Hindu pilgrimages. Three million tourists registered for the yatra in 2012, but the number has declined since floods and landslides killed about 5,000 persons the following year. This year, 750,000 pilgrims have registered. The road network will be built in seven packages over three years. The ministry intends to award each engineering, procurement and construction contractor projects not more than Rs 1,000 crore.

Project reports for the new road network have been prepared with buy-ins from the Geological Survey of India, Survey of India, Indian Institute of Remote Sensing, Central Water Commission, and Disaster Mitigation and Management Centre. The ministries of aviation, tourism, home affairs, revenue, forests and irrigation also contributed, a highways ministry official said. "We are planning to realign and stabilise all major landslide locations. Realignment will be kept away from the river horizontally as well as vertically. Bridges, viaducts and tunnels will bypass landslide-prone zones and routes with substandard geometrics," the official added.

By Harsha Hazarika