

Daily Economic News Summary: 30 December 2015

1. Make in India takes off in Defence sector

Source: **Pioneer** ([Link](#))

In the first 'Make-in-India' project in the Defence sector, India and Russia have signed an agreement to manufacture 200 Kamov-226T light utility helicopters to replace the ageing fleet of Cheetah and Chetak helicopters. Public sector Hindustan Aeronautics Limited (HAL) will build these helicopters here in collaboration with Rostec State Corporation and the deal is worth over \$1 billion (₹6,500 crore). The deal figured during talks between Prime Minister Narendra Modi and Russian President Vladimir Putin during the summit meeting in Moscow last week. An agreement was signed in the presence of the two leaders between the two countries on co-operation in the field of helicopter manufacturing.

The pact said Rostec State Corporation will build not less than 200 Kamov helicopters in India and the agreement also provides for maintenance, operation and repair of helicopters. Putin had offered to manufacture the Kamov helicopters as part of 'Make-in-India' initiative of the NDA Government during his visit to New Delhi last year. The Defence Acquisition Council (DAC), chaired by Defence Minister Manohar Parrikar, gave the go-ahead in May this year. Stating that it is an inter-Governmental pact, sources said here on Tuesday that Russia selected HAL as its partner in this project. While India will buy 20 helicopters off-the-shelf from the Russian manufacturer, the remaining 180 Kamovs will be built in HAL facilities in Bengaluru and Tumkur, they said. The deal comes as a shot in the arm for the Army which is flying Cheetah and Chetak helicopters that are more than 40 years old. In fact, the Comptroller and Auditor General (CAG) in its report tabled in Parliament last week had pulled up the Government for delaying the acquisition of latest helicopters.

2. Government sets up Rs 40,000 crore National Investment and Infrastructure fund

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

International pension funds and sovereign wealth funds from countries such as Russia, Singapore and the UAE have evinced interest in participating in India's Rs 40,000-crore National Investment and Infrastructure Fund (NIIF), the government has said, in what could bode well for the country's infrastructure story. *"Several sovereign funds and pension funds from abroad are willing to participate in the fund and cooperate with NIIF at various levels,"* Finance Minister Arun Jaitley told reporters after the first meeting of NIIF's Governing Council in Delhi on Tuesday.

The NIIF is meant to fund development of infrastructure projects, including reviving stalled ones. The government will invest Rs 20,000 crore into the NIIF from the Budget, with another Rs 20,000 crore expected to come from private investors. The government's share of the NIIF's corpus is envisaged to be under 50%. Jaitley's deputy and Junior Finance Minister Jayant Sinha said the NIIF, whose creation is among the major initiatives of the Narendra Modi administration to fix India's infrastructure woes, would serve as an umbrella fund with several funds underneath it. *"NIIF would be a fund of funds. So there will be multiple alternate investment funds underneath... There could be a stressed-assets fund, renewable energy fund, brownfield projects fund.... (all) sponsored by the NIIF,"* Sinha told ET.

3. Financial inclusion government's key focus; given Rs 50k crore under MUDRA: PM Modi

Source: **Indian Express** ([Link](#))

Underlining that financial inclusion is the government's core focus, Prime Minister Narendra Modi today said banks have given loans worth Rs 50,000 crore to small entrepreneurs under the MUDRA Yojana. Addressing dalit entrepreneurs here, he said: *"80,000 borrowers have benefited from the scheme under which more than Rs 50,000 crore worth of loans have been given primarily to SC, ST, OBCs and women entrepreneurs who are engaged in small business and provide jobs to about 14 crore persons."*

Speaking at the National Conference of SC/ST Entrepreneurs on B R Ambedkar's ideas and thoughts on industrialisation and entrepreneurship, Modi said it was quite difficult earlier for SC/ST entrepreneurs to get loans from banks. Under Pradhan Mantri MUDRA Yojana (PMMY), loans between Rs 50,000 and Rs 10 lakh are provided to small entrepreneurs as an initiative to fund the unfunded. *"Financial inclusion is at the core of the government's focus, which is to create job-creators, not job-seekers,"* he said, adding that the strength of a pyramid depends on its base and the people at the base need to be empowered so that they can strengthen the Indian economy.

Modi hailed Babasaheb Ambedkar's contributions, saying that he was not only the architect of the Indian Constitution, but also an accomplished economist. *"Babasaheb rightly said that industrialisation will give maximum benefit to our Dalit sisters and brothers,"* he said, adding that people participating in the function pay crore of taxes and employ lakhs of youth. To support businesses of SC/ST, the government has created Rs 200 crore venture capital fund with IFCI as the nodal agency. It has so far given loan worth Rs 144 crore to 28 businesses belonging to the SC/ST community. *"Our Government is your Government. We are working for your empowerment,"* he said. The Prime Minister assured the dalit entrepreneurs that the government is working for their benefit.

4. FDI flow into India jumped by 35% in last 17 months even as world saw slump: Amitabh Kant

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

Foreign direct investment into India has grown by 35 per cent in the last 17 months even as across the world it has fallen by 16 per cent, a top Union government official said today. *"FDI in India has grown by 35 per cent at a point of time when FDI across the world has fallen by 16 per cent,"* Department of Industrial Policy and Promotion Secretary Amitabh Kant told reporters here. He said 'Make in India' was launched in end-September last year and since then FDI has grown by 40 per cent as compared to the previous year, *"but if you look at the last seventeen months of this government FDI has grown by 35 per cent as compared to the previous seventeen months."* FDI has come into manufacturing, consumer goods, logistics and food processing sectors, he added.

5. Government to sign nuclear damages pact

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

The government is getting ready to ratify the international Convention for Supplementary Compensation (CSC) capping a year of surprising successes in nuclear energy in India, which ended with Parliament passing the joint venture bill for nuclear projects. India is confident it will keep its promise to US President Barack Obama and ratify the CSC by mid-January. Once ratified, it will add to the pool of compensation for nuclear damage. Last week, the government informed Parliament that the Indian Nuclear Insurance Pool (INIP) with a capacity of Rs 1500 crore was launched on June 12, 2015 to provide insurance to cover liability as laid down in the controversial Liability Act (2010). *"In addition to providing coverage for operator's liability, INIP will also address liability-related concerns of suppliers under the CNLD Act,"* the MEA said.

Government sources also said the operator, NPCIL, will take out the first insurance policy in the coming weeks, opening the road for suppliers to take out insurance policies. In another reply in Parliament, the MEA had once again clarified that while the liability of the supplier will be according to Section 17 of the CLND Act along with Rule 24, *"the operator's right to recourse against the supplier will be as per the contract entered"*. The government has said the supplier holds *"no liability to pay compensation for nuclear damage in the first instance to the victims of a nuclear accident"*. That liability rests solely with the operator -- in this case, NPCIL.

In December, Canada sent the first uranium consignment of 250 tonnes to India for its nuclear power reactors. Given the history between the two countries, this was a signal achievement. This year, when the world focused on cleaner energy, India also completed nuclear

agreements with Australia and Japan. Although Japan still has to clear the deal through its Parliament, it has major implications not only for India's nuclear power, but for a strategic relationship with Japan.

By Harsha Hazarika