

## Daily Economic News Summary: 5 February 2016

### 1. Govt setting up \$1.25 BN renewable energy fund

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

The government is in the process of setting up a \$1.25 billion fund, backed by state-owned and private institutions, to finance renewable energy projects. The move will help in the scaling up of clean energy generation from 37 gigawatts (GW) at present to 175GW by 2022, according to a senior government official. State-owned institutions such as Power Finance Corp. Ltd and Rural Electrification Corp. Ltd have already committed a total of \$300 million to the fund, Varsha Joshi, joint secretary in the ministry of new and renewable energy, told a gathering of power industry executives and bankers at the India Investment Summit organized by the finance ministry on Thursday. *“This fund will make equity and mezzanine investments in renewable energy projects and will be modelled like the National Infrastructure Investment Fund (NIIF),”* Joshi said.

The government wants to make renewable power projects, including solar energy, more attractive, she said. The NIIF is being set up with a corpus of about Rs.40,000 crore, partly funded by private investors, to finance infrastructure projects, including stalled ones. To scale up renewable energy output as planned, India will need an investment of \$140 billion over the next six years. According to official estimates, financial institutions have already committed about \$57 billion to support nearly 78GW of renewable energy, slightly less than half of the target. At present, about 70% of India’s 284GW power capacity is fired by fossil fuels such as coal, gas and oil. Large hydroelectric projects account for 15%, while other renewable sources account for about 13% and nuclear power about 2%. The proposed target of 175GW of renewable energy output assumes at least 100GW from solar, 60GW from wind, 10GW from bio-power and 5GW from small hydro-power.

### 2. Narendra Modi promises “Make in Assam” ahead of state polls

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

Months before the assembly elections are slated in Assam, Prime Minister Narendra Modi is making repeated visits to the state where the Bharatiya Janata Party (BJP) hopes to make inroads. Modi is back in Assam on Friday, in less than three weeks, to inaugurate the Rs.10,000 crore Assam gas cracker project originally conceived 30 years ago. The project, which missed several deadlines, is finally set to run full stream with Modi dedicating the 2.8 lakh tonne polymer plant to the nation on Friday. Both central and state governments believe that the plant

would help attract downstream industries in the geographically disadvantaged north-eastern state.

The project is being seen as part of 'Make in Assam' programme, and the state BJP leadership believes it is crucial for Modi's 'Make in India' campaign's success and for the elections due in three months. Modi was in Kokrajhar on 19 January to formally launch BJP's election campaign in the state. The BJP recently named Sarbananda Sonowal, the Union minister for sports and youth affairs, as the party's chief ministerial candidate for the assembly elections in Assam. The decision signals a change of strategy for the party that did not announce a chief ministerial candidate ahead of last year's Bihar polls.

### **3. Govt to auction Cheyyur, 2 other UMPPs by March**

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

The government will auction three ultra mega power projects, to be set up in three states of Bihar, Odisha and Tamil Nadu with an investment of over Rs80,000 crore, by March this year. Power secretary P.K. Pujari today said that there will be auction of *“three UMPPs by March definitely”*. *“These are Banka in Bihar, Bedabahal in Odisha, and Cheyyur in Tamil Nadu,”* Pujari told reporters on the sidelines of the India Investment Summit 2016. The secretary, however, said that the Cheyyur UMPP is based on imported coal but there is a possibility of putting the project on the block. *“The bid document for the domestic coal has been finalised and will soon be put for Union Cabinet approval,”* he said.

As per the standard procedure, the bid document has be in place for auctioning a project. The document for imported coal is also being finalised by the ministry which will be sent for Cabinet approval. The investment for an UMPP of 4,000 MW has been revised from Rs20,000 crore to about Rs27,000 crore recently on basis of rise in the price of coal and land. Thus the three projects entails an investment of over Rs80,000 crore.

### **4. India ratifies key international convention on nuclear accident compensation**

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

Clearing the decks for US and other foreign companies to invest in its potentially vast nuclear energy market, India ratified an international convention on nuclear energy accident liability, seen as the final piece in its efforts to address a major concern of foreign nuclear suppliers. A statement from the Indian foreign ministry late on Thursday said India has submitted the Instrument of Ratification of the Convention on Supplementary Compensation (CSC) for Nuclear Damage to the International Atomic Energy Agency (IAEA). This makes

India part of a global legal regime that has established a standard for compensation of victims in the event of a nuclear accident. Ambassador and permanent representative of India to the United Nations (Vienna), Rajiva Misra, handed over the Instrument of Ratification to acting director general of IAEA Juan Carlos Lentijo in Vienna on Thursday, a statement said. International nuclear reactor makers such as General Electric have been reluctant to set up plants in India because of a 2010 domestic liability law that makes equipment suppliers accountable for accidents and not the plant operators, as is the global norm. Last year, India launched an insurance pool with a liability cap of Rs.1,500 crore (\$225 million) to cover the suppliers' risk of potential liability.

India has signed a preliminary "early works agreement" with US equipment manufacturer Westinghouse Electric Co. Llc in 2013, following the conclusion of the landmark India-US nuclear agreement in 2008 that gave India the opportunity to enter the global nuclear scene after a gap of 34 years. But no US company has been willing to invest in India's nuclear power market for fear of the liability clause in its domestic law. India has plans to construct many nuclear power plants to fuel its economic growth. The size of the Indian nuclear power market is estimated at \$150 billion by various accounts.

## **5. FM Arun Jaitley urges foreign players to invest in infrastructure, railways**

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

India is a bright spot amid global economic turbulence but has the potential to expand even faster, said finance minister Arun Jaitley, adding that the government is committed to putting in place a framework to boost growth and investment. "We have eased processes. And several conditionalities which made investment process more difficult- those conditionalities have also been sliced away," he said in his inaugural address at the India Investment Summit on Thursday in the national capital.

The government, he said, has ensured that *"decision making becomes faster, policy changes and improvements, including structural reforms, which are to take place--the pace of those reforms is consistent and direction is one way itself. In the 19 months of the Narendra Modi government, India has "opened the gates for investment,"* he said, pitching the country as an attractive destination to foreign investors, including representatives of sovereign wealth funds and pension funds at the conference. This includes making it easier to do business in the country, he said. *"One of the greatest challenges before India was to reestablish the credibility of its markets and... establish the credibility of the economy,"* he said.

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