

Daily Economic News Summary: 8 January 2016

1. Rooftop solar projects to get \$1.5 billion from foreign aid

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

The World Bank, Asian Development Bank and the New Development Bank formed by the BRICS nations are providing loans to boost India's rooftop solar programme. *"We are getting \$500 million (Rs 3,345 crore) from each of them to fund rooftop solar projects, mostly in the industrial and commercial sector,"* said Upendra Tripathy, secretary at the Ministry of New and Renewable Energy (MNRE). The loans are likely to be disbursed through leading public sector banks and financial institutions.

Last week, the Cabinet Committee for Economic Affairs approved hiking MNRE budget for setting up grid-connected rooftop solar systems to Rs 5,000 crore from Rs 600 crore. The funds will be used to provide 30% subsidy to all domestic users and public institutions which set up rooftop solar plants. Industrial and commercial establishments, however, are not entitled to this subsidy.

2. Foxconn to start mobile phones, LCD production at Navi Mumbai plot from March-April

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

Foxconn, the world's largest contract manufacturer of consumer electronics, will start making 4G smartphones and LCD televisions in Maharashtra from March-April, three senior state government officials confirmed. In August, the Taiwan-based company signed a so-called memorandum of understanding with the state government to set up an electronic goods manufacturing facility over 1,500 acres at an investment of \$5 billion over five years.

Initially, Foxconn will begin manufacturing from a 200,000 sq.ft Navi Mumbai plot it acquired in November, two senior officials from the state department of industries and one from the chief minister's office said on condition of anonymity. The plot in Navi Mumbai was leased out to real estate developer Raheja Universal by the Maharashtra Industrial Development Corporation (MIDC) to build an information technology park. But the plot has been vacant since it was leased out for an IT park, said one of the industry department officials quoted above. *"Raheja Universal has sublet the plot to Foxconn,"* the official said.

However, the senior official at the chief minister's office quoted above confirmed that the developer has sublet its Navi Mumbai plot to Foxconn "for a warehousing facility". The official

said another bigger manufacturing facility of Foxconn will come up “somewhere near Pune”. *“Foxconn will start mobile handset production from April. However, specifications are not known,”* said the industry department official quoted above. The official said the company has zeroed in on 1,500 acres near Talegaon, off the Mumbai-Pune Expressway, for their bigger facility. Foxconn’s \$5-billion investment—the biggest foreign direct investment in the recent past—in state is expected create 50,000 jobs, chief minister Devendra Fadnavis had said during the signing of the pact with the company.

3. International funds to inject new life in government’s vaccine drive

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

India's vaccine programme is likely to get a major push in the New Year with the government attracting international funding to ramp up its immunisation drive. With a number of vaccines waiting to be introduced in the universal immunisation programme, the government is trying to partner with global organisations to seek support from them - both financial as well as technical. Recently, Gavi, a global vaccine alliance and one of the largest organisations working in this area, has announced a funding of \$500 million to support India's immunization drive.

Proposing a new strategic partnership with the government for the next five years, Gavi chief executive officer Seth Berkley also met Prime Minister Narendra Modi in New Delhi on Wednesday to discuss the need to improve vaccine coverage in order to reduce mortality from vaccine preventable diseases like pneumonia and diarrhea. The government is also in talks with other such agencies to increase funding. Organisations like UNICEF, Bill & Melinda Gates Foundation and WHO work in the area. The move is significant to accelerate introduction of modern vaccines, which many believe is a vital step for reducing the disease burden.

4. Govt drops idea of defining online marketplace

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

The government has dropped the idea of defining the term marketplace, casting a cloud over the model widely used by e-commerce companies to circumvent foreign investment rules. Marketplaces are websites that connect buyers to sellers, offering services such as warehousing, logistics and payments. There is no definition of an online marketplace under current FDI (foreign direct investment) laws. Indian laws currently allow 100% foreign investment in business-to-business (B2B) e-commerce but none in traditional multi-brand retail and retail e-commerce—i.e., business-to-consumer, or B2C.”*We were initially contemplating coming out with a definition of marketplace. But we have dropped the idea. Technology is changing fast. It is*

not wise to define e-commerce companies one way or the other,” a Department of Industrial Policy and Promotion (DIPP) official said, speaking on condition of anonymity.

Two retail associations representing brick-and-mortar retailers, the Retailers Association of India (RAI) and the All India Footwear Manufacturers and Retailers Association (AIFMRA), have approached the Delhi high court arguing that online retail companies have been given undue advantage by allowing them access to FDI through which they are able to provide deep discounts that traditional retailers cannot match. They also argued that the present retail policy of the government does not allow such e-commerce companies to directly sell to customers, but that, in the garb of the marketplace model, such online companies are directly selling to customers, thus violating rules.

5. IREDA’s Rs 1000 crore tax-free bonds to open on 8 January

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

State-owned non-banking finance company India Renewable Energy Development Agency Ltd (IREDA) will offer tax-free bonds to raise up to Rs.1,716 crore to finance renewable energy projects, a priority area for the government. IREDA said on Thursday that subscription for the bonds with a face value of Rs.1,000 each would open on Friday and close on 22 January. The interest income on these bonds, to be listed on the Bombay Stock Exchange Ltd, is exempt from income tax.

Qualified institutional buyers, domestic corporate houses and high net-worth individuals would get interest at the coupon rate of 7.28%, 7.49% and 7.43% for a tenor of 10 years, 15 years and 20 years, respectively. Retail individual investors would be paid interest at the coupon rate of 7.53%, 7.74% and 7.68% for similar tenors.

By Harsha Hazarika