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India Focus


EAM Mrs Sushma Swaraj with PM Mr. Lee Hsien Loong

this issue

BILATERAL

Year of India in Singapore - Inaugural event

Speech by External Affairs Minister at Inauguration of Year of India in Singapore (August 16, 2014)

Minister for Foreign Affairs and Law Mr K Shanmugam, Distinguished Guests, Ladies and Gentlemen,

I bring you greetings from the people and Government of India.
I am always delighted to be here as Singapore is not only our closest partner in our enhanced Look East Policy but also constantly re-inventing and restructuring itself. We are at a juncture in our relations where we can achieve anything if we open up our imaginations.
It gives me great pleasure to be with you today, to jointly inaugurate the Year of India in Singapore with Foreign Minister HE Mr K Shanmugam, to commemorate the 50th anniversary of the establishment of diplomatic relations between our two countries. I am happy that this event is taking place in

Cont on P. 7

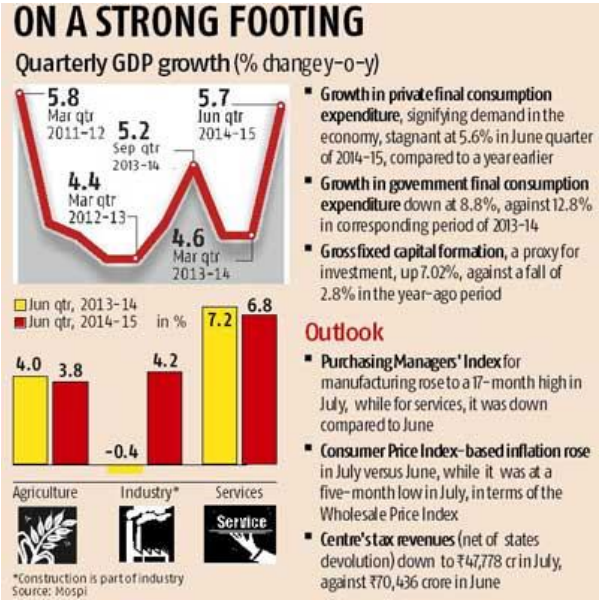
TOP NEWS » ECONOMY

GDP grows 5.7% in June quarter, most in 2 years

Business Standard, August 30, 2014

For the quarter ended June this year, India's economy grew at a nine-quarter high of 5.7 per cent, compared with 4.6 per cent in the previous quarter, driven largely by industry, even as the biggest segment of the services sector — trade, hotels, transport and communications — remained subdued, official data showed on Friday. For the June quarter of 2013-14, gross domestic product (GDP) had increased 4.7 per cent.
During the June 2014-15 quarter, the agriculture segment expanded 3.8 per cent, against 6.3 per cent in the previous quarter and four per cent in the corresponding period of 2013-14.

What primarily drove the economy in the June quarter was industry, which expanded 4.2 per cent, against contractions of 0.19 per cent in the previous quarter and 0.4 per cent in the corresponding period last year. The manufacturing sector expanded 3.5 per cent; this followed four consecutive quarters of contraction, suggesting a revival in business confidence. In the previous quarter, manufacturing contracted 1.4 per cent, while the decline in the June quarter of 2013-14 was 1.2 per cent.
The numbers will boost hopes the economy's growth this financial year will exceed five per cent, after sub-five per cent growth in the previous two financial years. The finance ministry expressed hope growth would pick up further in the remaining three quarters. "With the improvement witnessed in some important sectors, including manufacturing and exports (which registered growth of 11.5 per cent at 2004-05 prices), along with the measures taken by the government, the economy can be expected to show further improvement in the remaining part of the year," it said. Even as the National Democratic Alliance was in charge at the Centre only for about a third of the quarter, Friday's data might provide a breather to the government.
The construction space expanded 4.8 per cent in the June quarter, against only 0.7 per cent in the previous quarter and 1.1 per cent in the year-ago period. The key indicators of construction, production of cement and consumption of finished steel, registered growth of 9.5 per cent and 0.7 per cent, respectively. During the quarter, the mining segment recorded growth of 2.1 %.



Services, the biggest sector of the Indian economy, didn't fare very well, rising 6.8 per cent, slightly higher than 6.42 per cent in the previous quarter. However, it was lower compared with the 7.2 per cent growth seen in April-June, 2013-14.

Trade, hotels, transport and communications, the largest segment of the services sector, primarily came in the way of good services growth; this segment expanded 2.8 per cent, against 3.9 per cent in the previous quarter and 1.6 per cent in the year-ago period.

Community, social and personal services expanded 9.1 per cent, significantly higher than 3.3 per cent in the previous quarter, largely explaining the strain on fiscal deficit. However, it was lower compared to the 10.6 per cent growth in the corresponding period of 2013-14.

Financial and other services, however, rose 10.4 per cent in the June quarter, the highest growth in any segment during this period. Growth in this segment was 12.4 per cent in the previous quarter and 12.9 per cent in the year-ago period.

PM Narendra Modi launches Jan Dhan Yojana; to focus on combating financial untouchability

Express News Service | August 28, 2014

Launching his government's first big ticket social welfare programme, the Pradhan Mantri Jan Dhan Yojana, Prime Minister Narendra Modi on Thursday gave a call for eradicating what he termed as "financial untouchability" of the poor by opening at least one bank account for every family in the country in less than six months.

This essentially means opening a whopping 7.5 crore bank accounts, the process for which was kickstarted on Thursday with 1.5 crore accounts — 50 lakh over the intended target on inaugural day. As per government figures, around 10 crore families do not have a bank account.

"If crores of Indians are outside the ambit of organised financial services because they do not have a bank account even after 68 years of independence, I call it financial untouchability. Gandhiji ended social untouchability, it is our mission to eradicate this kind of untouchability now to fight poverty," Modi said after launching the programme.

While the initial aim was to include every beneficiary in the programme within one year, the deadline was advanced as Modi, who announced the scheme in his Independence Day speech at Red Fort, expressed his desire for the process to be concluded by the next Republic Day.

The Jan Dhan Yojana provides for a free zero-balance bank account with a debit card, Rs 1 lakh accidental insurance policy and Rs 30,000 free medical insurance cover for those who enroll before January 26. Depending on the performance of the accounts in the first six months, banks will later extend a Rs 5,000 overdraft facility, thereby turning the debit card into a kind of credit card.

The debit card is being issued by RuPay of the National Payments Corporation of India. Modi said a mammoth initiative like this would go a long way in granting global acceptance to the RuPay brand, in line with international retail credit giants like Visa and others.

In the subsequent phases of the programme, the Indian postal department's network will also be roped in to provide banking services in the remote areas. The system will also become a channel for remitting micro pension.

PM Narendra Modi invites ideas from people on new plan body

PTI | New Delhi | Published: Aug 19 2014

Taking a step further towards scrapping the Planning Commission, Prime Minister Narendra Modi today invited ideas from the people on the new institution to replace the plan body.

The government also announced creation of a special open forum on the website mygov.nic.in for suggestions on the new institution. "We envision the proposed Institution as one that caters to the aspirations of 21st century India and

strengthens participation of the States.... Let the ideas flow," the Prime Minister said in a statement.

It said, "The Prime Minister has invited ideas from people on what shape the new institution to replace the Planning Commission can take."

Addressing the nation from the Red Fort on Independence Day, Modi had said that the 64-year old Planning Commission, a vestige of socialist era, would be soon replaced with a new institution to address the current economic challenges and strengthen the federal structure.

"We need a new body with a new soul....We will have to think about giving a new shape to the Planning Commission.... Very soon this new institute will start working in place of Planning Commission," Modi had said.

He had said that it was set up to cater to the needs of earlier times and has participated in its own way in the development of the country.

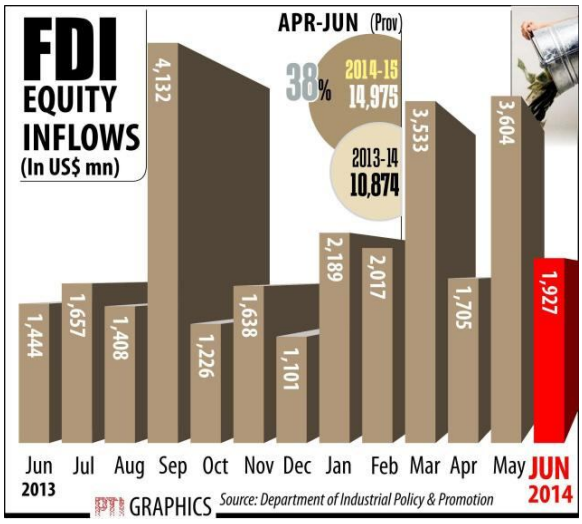
"The internal situation of the country has changed, global environment has changed. Government is no longer the centre of economic development. Economy is much more broadbased now.

"State government is also a centre of development. I feel it is a good sign. If we have to take India forward, then states have to be taken forward," the Prime Minister had said.

Justifying the need to replace the Commission, he had said, "Sometime it becomes necessary to repair a house. It costs a lot of money. But it does not give us satisfaction. Then we feel it is better to make a new house."

FDI jumps 34% to $1.92 bn in June

PTI, New Delhi, August 21, 2014



Foreign direct investment (FDI) flows to India surged by about 34 per cent to $1.92 billion in June, according to the official data.

In June 2013, the country had received FDI worth $1.44 billion. During April-June in this fiscal, the foreign inflows recorded a growth of 34 per cent.

FDI was at $7.23 billion in April-June, 2014-15 compared to $5.39 billion in April-June 2013-14, the data by Department of Industrial Policy and Promotion showed.

In May, the FDI figure ($3.60 billion) was the highest since September 2013 when the country received foreign investment of $4.13 billion.

Amongst the top 10 sectors, telecommunications received the maximum FDI in the first quarter of the current fiscal at $2 billion followed by services ($738 million), pharmaceuticals ($680 million) and construction ($281 million).

During the period, India received maximum FDI from Mauritius at $2.61 billion, followed by Singapore ($1.18 billion), the UK ($567 million), Japan ($695 million) and the US ($249 million).

In 2013-14, FDI inflows in India were $24.29 billion against $22.42 billion in 2012-13.

India requires around $1 trillion in the next five years to overhaul its infrastructure sector, including ports, airports and highways to boost growth.

The government is taking more steps to boost FDI in the country. It has raised the foreign investment limit to 49% in defence manufacturing and relaxed the policy in construction sector. The government has also proposed to increase the FDI cap in insurance to 49 %.

FDI in Textile Sector up 91% in 2013-14

By IANS,15th August 2014

Signalling a positive shift in investor sentiment in India's textile industry, the country attracted $198.86 million foreign capital in the sector during April-March 2013-14, up 91.41 percent. The country had attracted foreign direct investment (FDI) of $103.89 million during April-March, 2012-13.

According to the Textiles Ministry, the FDI inflow in the sector so far stood at $11.70 million during April-May, 2014-15.

The FDI inflow stood at $164.19 million during April-March, 2011-12.

Major countries contributing to FDI inflows in the country include the United Arab Emirates (UAE), Switzerland, Singapore, Luxembourg, Japan, Hong Kong, Belgium and Australia

Grant of Infrastructure Status to Hotel Industry

Business Standard, 19th August 2014

The Ministry of Finance (Department of Economic Affairs) notifies the Harmonised Master List of Infrastructure Sub-sectors. The Government of India Gazette notification dated 7th October, 2013 inter-alia have the following entries in respect of hotel industry in the category of Social and Commercial Infrastructure:

(i) Three-star or higher category classified hotels located outside cities with population of more than 1 million.

(ii) Hotels with project cost of more than Rs. 200 crores each in any place in India and of any star rating. This is applicable with prospective effect from the date of notification (i.e. 7th October, 2013) and is available for eligible prospects for three years from the date of notification. Further, eligible costs exclude cost of land and lease charges, but include interest during construction.

The categories included in the Harmonised List of Infrastructure Sub-sectors guide all the agencies responsible for supporting infrastructure in various ways, which imply inter-alia easier access to long term funding as well as lower interest rates.

India's exports up 7.33 per cent at $ 27.72 billion in July

The Economic Times: August 19, 2014

New Delhi: Exports rose for the fourth straight month in July, benefiting from a stronger global economy, and non-oil, non-gold imports gathered pace, offering another sign that the economy is looking up.

Exports during the month increased 7.3 per cent to $27.73 billion and imports went up 4.25 per cent to $40 billion, leaving a trade deficit of $12.2 billion, the highest since July last year, the data released by the commerce and industry ministry on Thursday of showed.

Trade deficit was $11.76 billion in June and $12.5 billion in July last year.

"There is nothing to worry on the trade deficit front till oil prices remain low. If EU and US recovery continues, no matter how mild, our exports will post a healthy growth," said DK Joshi, chief economist, Crisil.

Rise in exports was largely driven by key manufacturing exports—engineering (23.9 per cent), leather (17.23 per cent), pharma (10.78 per cent), textiles (13.3 per cent)—and petroleum exports (28.1 per cent).

However, exports of gems and jewellery fell 17.42 per cent despite easing of gold import norms.

July saw higher order flows into India mainly on account of an improvement in the US economy, which accounts for about 10 per cent of India's exports.

"Global trade scenario is improving with positive developments in the EU, US and emerging economies. In the coming months, exports should reflect these developments. We can cross $350 billion of exports in 2014-15 as manufacturing is expected to pick up," said M Rafeeque Ahmed, president, FIEO.

The government is expected to announce a five-year foreign trade policy (2014-19) by end of month that will not only focus on enhancing exports, but also boosting domestic manufacturing.

The first four months of the fiscal saw an 8.6 per cent cumulative growth in exports.

Higher import of petroleum and electronic goods added to the $40 billion import bill, widening the trade gap. India imported $1.9 billion of gold in July, down 26 per cent from the year-ago month. In June, gold import had touched $3.3 billion.

India's current account deficit, which had touched a historic high of 4.7 per cent of GDP in 2012-13, narrowed sharply to 1.7 per cent of the GDP in 2013-14 after the UPA government raised customs duty on gold from 2 per cent to 10 per cent in stages, and the RBI brought in the stringent 80:20 rule for imports.

Non-oil non-gold imports were up 4.5 per cent, suggesting a pickup in domestic economy as suggested by higher industrial production growth of 3.9 per cent in the first quarter.

BANKING/FINANCE

New RBI norms to help orderly development of ARCs

PTI, Mumbai, August 17, 2014

The recent Reserve Bank guidelines on asset reconstruction companies (ARCs) will result in greater alignment of interest between these companies and other investors, which in turn will lead to an orderly development of the sector, says a report.

The RBI hiked ARC's investments in securities receipts by three-fold to 15 per cent.

"As an outcome of the greater investment by ARCs, they would negotiate for lower price for acquiring bad debt. As a result, the average pricing of around 60 per cent for debt acquired from 2012 to 2014 may need to come down by 50 per cent," India Ratings senior director for structured finance, Sandeep Singh said in report.

The RBI tightened the norms for ARCs following a massive spike in their assets under management saw a four-fold increase to Rs. 42,000 crore observed in the previous year.

The offloading was led by SBI which for the first time history had in Q4 of last fiscal sold Rs. 3,700 crore worth of bad loans to ARCs while in the June quarter it jacked the same up to Rs. 5,566 crore.

There are 14 ARCs in the country comprising the Asset Reconstruction Company of India, floated by the banks, and 13 privately owned.

Mr. Singh also said that the new RBI directives will also lead to orderly development of the ARC sector.

The report said the ARCs have on an average redeemed 68 per cent of the security receipts (SRs) issued from 2006 to 2010 in spite of a challenging regime for resolution of assets.

It said that given the slow pace of judicial resolutions, the ability of ARC trusts to extend their life by another three years beyond the original five years, has helped ARCs extract better recoveries.

"The SRs backed by retail bad loans performed very well and recorded recoveries of 123 per cent of SRs issued, while SRs backed by SME loans came in second with an 85 percent recovery of SRs issued during 2006-10," Mr. Singh said.

India Ratings said the recent RBI efforts towards early identification and resolution of bad debts through the joint-lenders forum, along with incentives and penalties will lead to better performance of corporate bad debts in future.

The agency believes that a significant improvement in the insolvency regime is fundamental to the health of ARCs.

It would require the Finance Ministry to intervene and set up more debt recovery tribunals (DRTs), with sufficient manpower to handle the number of cases getting referred to the DRTs.

"The recent amendments to the Sarfsesi Act are expected to empower lenders. However, the practical utility of amendments to the Act remains to be seen," the report said.

ARCs have largely resorted to out-of-court settlements to reach faster resolution keeping in mind the costs associated with long-drawn out judicial processes, the report added.

Earlier Crisil in a report, however, had said the new RBI norms would massively hurt the fledgling ARC sector.

"ARCs will find it challenging to align their pricing with the expectations of the asset-selling banks, given that the minimum investment requirement has been increased significantly," Crisil had said in a note.

Reserve Bank simplifies norms to refinance ECBs

PTI

The Reserve Bank of India, on Wednesday, eased norms to refinance external commercial borrowings (ECB), and allowed banks to approve even those cases where the average maturity period (AMP) of fresh borrowings exceeded the residual maturity of existing loan.

However, borrowers would be required to follow certain conditions to avail themselves of a fresh ECB.

"In a review, it has been decided to simplify the procedure by delegating powers to banks to approve even those cases where the AMP of the fresh ECB is exceeding the residual maturity of the existing ECB under the automatic route," the RBI said in a notification.

The RBI said both existing and fresh ECBs should be in compliance with the applicable guidelines, all-in-cost of fresh ECB should be less than the all-in-cost of existing ECB and consent of the existing lender should be available.

Among other conditions, refinancing is to be undertaken before the maturity of the existing ECB and the borrower should not be in the default or

caution list of the RBI and should not be under the investigation of the Directorate of Enforcement.

It further said the overseas branches or subsidiaries of Indian banks will not be permitted to extend ECB for refinancing an existing ECB.

"This facility will be available even in those cases where existing ECBs were raised under the approval route subject to the amount of new ECBs being eligible to be raised under the automatic route," the RBI said.

All other aspects of the ECB policy such as eligible borrower, recognised lender, permitted end-use, amount of ECB, all-in-cost, average maturity period, reporting arrangements would remain unchanged. The RBI said the new norms would come into force with immediate effect.

RBI says foreign investors can buy govt bonds directly in secondary market

Reuters, MUMBAI Thu Aug 28, 2014

MUMBAI (Reuters) - The Reserve Bank of India (RBI) relaxed the manner in which foreign investors can buy government securities by giving them the flexibility to buy these papers in the secondary market without necessarily going through exchange-registered brokers.

In a circular on Thursday, the RBI said the foreign investors can buy government bonds through any "prevalent market practice".

Effectively, this means foreign investors can buy government bonds in secondary markets directly from other market participants, such as funds, banks or primary dealers.

BUSINESS

Indian firms among Forbes' most innovative companies

Press Trust of India | New York | August 21, 2014

Five Indian companies, including Hindustan Unilever and Tata Consultancy Services, are among Forbes' list of the world's 100 most innovative companies that investors think are most likely to "generate big, new growth ideas".

The annual 'World's Most Innovative Companies' list, released yesterday, has been topped by California-based global cloud computing company Salesforce for the fourth year in a row.

The five Indian companies on the list are consumer goods company Hindustan Unilever,which is ranked 14th, followed by IT major Tata Consultancy Services (57), construction services firm Larsen & Toubro (58), pharma major Sun Pharma Industries (65) and Bajaj Auto (96). Hindustan Unilever recorded an innovation premium of 54.7 per cent.

Forbes said the innovation premium is a measure of how much investors have bid up the stock price of a company above the value of its existing business based on expectations of future innovative results like new products, services and markets.

The innovation premium of TCS was 39.58 per cent and the Mumbai-based company had a market cap of USD 71.25 billion as of May 2014. Larsen and Toubro had an innovation premium of 39.4 per cent and had a market cap of USD 19.81 billion.

Sun Pharma had an innovation premium of 38.34 per cent and a market cap of USD 19.88 billion.

Bajaj Auto recorded an innovation premium of 31.73 per cent and a market cap of USD 10 billion.Salesforce, with a market cap of USD 35.87 billion, had an innovation premium of 75.9 per cent and continued its reign as Forbes' most innovative company for the fourth straight year.

"A key to Salesforce's success has been its ability to move into bigger companies, selling to enterprise-class large customers who require more modifications and attention than a small or medium business," Forbes said.

The other companies making up the top five on the list are Connecticut-based biotech firm Alexion Pharmaceuticals (2), British semi-conductor company ARM Holdings (3), fast moving consumer goods company Unilever Indonesia (4) and New York-based biopharmaceutical company Regeneron Pharmaceuticals (5).

The US was home to a majority of the companies on the list with 41 firms headquartered in the country, followed by Europe with 29 companies.

Speech by External Affairs Minister at Inauguration of Year of India in Singapore (August 16, 2014)... *Cont from P. 1*

August, when Singapore celebrates its National Day on 9th and when India celebrates its Independence Day on 15th.
The commemoration of 50 years of diplomatic relations between our two countries is not just a celebration of what we have achieved so far, but also an opportunity to push the envelope to find and develop new areas to deepen our engagement. We shall present year-long activities on the rich and varied cultural diversity of India. We shall also use the occasion to advance our relations in economic engagement, defence and security cooperation and people-to-people contacts. This event is also to recognise the large Indian community of Singapore, who have benefited from its vibrant atmosphere and have contributed to its growth and development.

India and Singapore share civilizational connections which have strengthened over time. We recall the connections during the Chola period, experiences of the Srivijaya era and the colonial period. There were exchanges of monks, scholars, traders and artists. There was exchange of political ideas and philosophies, of trade and commerce and of cultural influences. We learnt from each other and enriched our lives. This ancient connection, across the seas, was a connection not merely between us, but was also a connection to the people of the wider region. We gradually grew attached to each other through culture and tradition, science and technology, economy and trade, and we created for ourselves an environment for cooperation, peace, progress and prosperity.
In the contemporary world do we seek to recreate that ancient recipe for closer connection between our peoples and within the region, based on mutual trust and mutual benefit. India and Singapore, as pluralistic societies in a buoyant region, seek a partnership based on political, economic and cultural cooperation, with institutional frameworks of dialogue and vibrant people-to-people contacts. What is unique about this relationship is that it never rests on its successes; it strives constantly to be ahead of the curve, to be innovative and effective, and to add value and efficiency. Today, Singapore is India's largest trading and investment partner in the ASEAN region. Over 6000 Indian companies operate in Singapore and there is also a large Singapore presence in India. There is a rising tide in the flow of people and services and technologies. We also share convergent perspectives on many global and regional issues. Engagement with ASEAN is at the core of India's 'Look East Policy' and Singapore is our gateway to ASEAN.

The future holds even greater potential. We would like to share a vision to build India-Singapore ties on a 5 S plank –
Scale up trade and investments, Speed up connectivity, Smart cities with focus on urban development & water management, Skill development and State focus to promote engagement with Indian States.
It is gratifying that Singapore is not only our largest trading partner in ASEAN, but also one of the largest sources of FDI globally and one of the largest destinations of outward FDI. Nevertheless, scope to scale up investments in India by Singapore exists. We should look at scope of venture capital for innovations and for cooperative projects in third countries.
We look forward to Singapore companies to speed up connectivity and infrastructure projects in India, particularly, along the Delhi-Mumbai Industrial Corridor (DMIC), the Chennai-Bangalore Industrial Corridor and the North-East. Singapore could develop a virtual city or a "little Singapore" somewhere along the corridor.
Connectivity in all its dimensions- physical, institutional and people-to-people is a priority for us. There has been impressive growth of air connectivity between our countries. It would be mutually beneficial to launch direct air-connectivity between Singapore and North East, particularly Guwahati. North-East is our gateway to the ASEAN hinterland. Education, tourism and business are key links. I wish to see greater flows between peoples and institutions to enrich this relationship.
Singapore's expertise in Smart Cities, urban planning and water management strategies offer a valuable learning experience for India. We shall work for setting up greenfield Smart Cities and for urban rejuvenation. Our experts shall identify the priorities and we shall coordinate its timely delivery. Singapore's experience in skill development can be invaluable for us given our large requirement. The World Class Skill Development Centre in Delhi, set up by Singapore, is a model for similar centres

in the rest of the country, including the North-East.

A State focus in our engagement with Singapore could harness the enormous economic potential and provide an opportunity to showcase the cultural diversity of Indian States.

I see our emerging relations as one in which the cultural content can be enhanced considerably and can become one of the new pillars of our robust relationship. It gives me particular delight to be at the inauguration of the Year of India in Singapore today to recall some of our areas of close cooperation. Singapore has played a key role in the revival of the Nalanda University, which is a symbol of our historical linkages and an abiding example of Asian cooperation. I am delighted that Singapore will be contributing the Library to the new Nalanda University. I am pleased to learn that the Asian Civilisations Museum will host a major Buddhist Art Exhibition, curated by the Indian Museum, Kolkata, which showcases our ancient Buddhist exchanges. I am also pleased to announce that we shall be gifting a bust of Netaji Subhash Chandra Bose to the India Heritage Centre, to be established by the Singapore authorities. We proudly recall the contribution of Netaji to our independence movement and his close connections with your beautiful city. During the year-long activities, we shall try to open windows to India which we hope will leave the viewer wanting more. This will be an important pillar of our emerging relations.

I look forward to enjoying tonight's performance with you all. I wish the 50th anniversary celebrations great success and look forward to an even stronger partnership with Singapore and its wonderful people. Thank you.

Joint Statement on meeting between Minister of External Affairs of the Republic of India and Minister for Foreign Affairs and Minister for Law of the Republic of Singapore

Singapore's Foreign Minister K Shanmugam and India's External Affairs Minister Sushma Swaraj met on 16 August 2014 at the Ministry of Foreign Affairs in Singapore. Minister Shanmugam warmly welcomed Minister Swaraj, who was making an introductory visit to Singapore. The meeting was also the second between the two Foreign Ministers following their last meeting in New Delhi on 1 July 2014.

Minister Shanmugam conveyed his congratulations to Minister Swaraj on the occasion of India's 68th Independence Day on 15 August 2014. Minister Swaraj likewise conveyed her best wishes on the occasion of Singapore's 49th National Day on 9 August 2014.

Minister Shanmugam and Minister Swaraj welcomed the excellent state of bilateral relations and close engagement that exists between the two countries. This was manifested in the regular exchange of high-level visits. In this regard, the two Ministers agreed to work towards a bilateral meeting between Singapore's Prime Minister Lee Hsien Loong and India's Prime Minister Narendra Modi, their first since Prime Minister Modi assumed office in May 2014, at the earliest possible opportunity.

The Ministers recalled that India and Singapore had established relations on 24 August 1965 and in this regard, expressed satisfaction with the ongoing preparations by both sides to celebrate the 50th anniversary of the establishment of diplomatic ties. Both Ministers agreed that the main highlight of the 50th anniversary celebrations will be the exchange of State Visits by Singapore's President Tony Tan to India and India's President Pranab Mukherjee to Singapore in 2015. The celebrations will also feature a "Festival of Singapore" in India and the "Year of India" in Singapore. To inaugurate the series of commemorative activities, Minister Shanmugam and Minister Swaraj will grace a cultural performance at the National University of Singapore Cultural Centre on 16 August 2014 and launch the logo for the 50th anniversary celebrations.

The Ministers expressed satisfaction with the strengthening of cooperation between the two Governments in various fields such as defence and security, economic, culture and people-to-people contacts. They reaffirmed the commitment of the two Governments to elevate the state of bilateral relations, and agreed to adopt a proactive and forward-looking approach towards building a closer and mutually beneficial partnership between Singapore and India.

The Ministers underscored the importance of the Comprehensive Economic Cooperation Agreement (CECA), which was signed a decade ago in June 2005, as the cornerstone of the intensifying state of economic relations between the two countries. Annual bilateral trade had flourished in the last decade from US$4.2 billion in 2003-04 to around US$19.4 billion in 2013-14. Both countries have invested much in each other. Singapore became one of India's largest foreign investors in 2013, while Singapore is one of India's top investment destinations. Both Ministers expressed the hope that the negotiations for the Second Review of the CECA would be completed expeditiously, which would send a positive signal to the business community.

As a follow-up to their last meeting in New Delhi on 1 July 2014, both Ministers agreed that both Singapore and India should explore further areas of collaboration and mechanisms to implement the initiatives. Minister Shanmugam and Minister Swaraj directed their officials to identify concrete projects in five focal areas of cooperation:

(a) Scaling up investments and trade;
(b) Speeding up air and maritime connectivity and coastal development;
(c) Smart city development and urban rejuvenation (including water and waste management);
(d) Skills development and capacity building; and
(e) State focus to strengthen business and cultural links

The Ministers noted that some preliminary work had already been carried out by officials from the two sides, and study visits and consultations are being planned in the coming months. The Ministers

agreed to update their respective Prime Ministers on the progress made in the above mentioned areas of cooperation.

Minister Shanmugam and Minister Swaraj had a candid exchange of views on various regional and global developments. The two Ministers reviewed the outcomes of the 47th ASEAN Ministerial and Related Meetings in Myanmar from 5 to 10 August 2014, as well as matters related to the upcoming series of major multilateral meetings, such as the Asia-Europe Meeting (ASEM) Summit, East Asia Summit and G-20 Summit.The Ministers also reaffirmed the importance of ASEAN's centrality in the regional architecture, as well as the growing and wide-ranging cooperation between ASEAN and India. They looked forward to the signing of the Services and Investment Chapters of the ASEAN-India FTA (AIFTA) by the end of 2014, a step which would bring ASEAN and India closer to achieving its goal of US$100 billion worth of ASEAN-India trade by 2015.

Both Ministers expressed confidence that ASEAN and India could work together to advance the Regional Comprehensive Economic Partnership (RCEP), which would be a high-quality, comprehensive and mutually beneficial economic agreement, taking into account the diverse circumstances and levels of development of different members. Both Ministers were confident that the RCEP will complement the ASEAN-India FTA and entrench India's strategic presence in the region.Minister Shanmugam also welcomed India's chairing of the 6th round of RCEP negotiations in December 2014.

The two Ministers reaffirmed the importance of the Joint Ministerial Committee (JMC) Meetings and MEA-MFA consultations, which are held annually to review the progress of bilateral relations between Singapore and India. Both Ministers agreed that the 13th MEA-MFA Consultations could take place at the earliest opportunity.Minister Swaraj also invited Minister Shanmugam to co-chair the 4th JMC meeting in New Delhi later this year. Minister Shanmugam accepted Minister Swaraj's invitation, and said that he looked forward to meeting her in the near future.

Visit of Chief Minister of Telangana to Singapore

Chief Minister of Telangana Mr. K. C. Rao along with a delegation visited Singapore from 20th – 23rd August.

In Singapore CM Rao interacted with Prime Minister Mr. Lee Hsien Loong at a dinner hosted by IIMPACT Alumni and held meetings with Mr. K. Shanmugam, Minister for Foreign Affairs & Law, Singapore and Mr. S Iswaran (Minister, Prime Minister's Office, Second Minister for Home Affairs and Second Minister for Trade and Industry).

On 20th August 2014, CM Rao visited the New Sports stadium and Ascendas. On 22nd August 2014, CM Rao visited Singapore Police Headquarters where he got an overview of the functioning of Singapore Police Force. Later on CM Rao visited Urban Redevelopment Authority for better understanding of Singapore's land use planning and development

During the course of his visit CM Rao also addressed a business meet with prospective investors. In the afternoon of 22nd August 2014, CM Rao addressed the meeting @IIMPACT Alumni. CM Rao in these addresses broadly spoke about the Telangana government's decision to bring in a new Industrial Policy which will inspire both international and domestic industry

groups, investors and entrepreneurs to choose Telangana as their destination of first choice. He emphasized that the cornerstone of their industrial policy will be zero-corruption and Single Window Clearance. He added that new state has identified a number of core sectors in which industrial investments will be treated on priority. These include biotechnology & life sciences, IT hardware including bio medical devices, aerospace & defence sector, automobiles, chemicals & plastics, textiles, green technology, mineral based industries and transportation & logistics.

Visit of Chief Minister of West Bengal to Singapore

A high level delegation from the Govt. of West Bengal led by Hon'ble Chief Minister Mamata Banerjee visited Singapore from 18th to 22nd August, 2014. In Singapore, Hon'ble CM called on the Prime Minister of Singapore, Mr. Lee Hsien Loong and attended a lunch hosted by the Minister for Foreign Affairs of Singapore, Mr. K Shanmugam .

The visit was also marked by business meetings with Singapore business leaders and agencies. A Business Meet was organized on 20th August .

Apart from this the delegation met with officials from GIC (Govt. of Singapore Investment Corporation). The delegation members also made a number of site visits including to the Port of Singapore Authority ('PSA'), Marina Barrage, Urban Redevelopment Authority (URA) and the Singapore Tourism Board ('STB').

During the visit, the delegation also had interaction with the Indian Diaspora.

FDI Policy Updates

- DIPP has issued detailed press note in relation to recent FDI reform measures: Press Note 7 giving details of increase in FDI cap in defence sector to 49% and other relevant details (http://dipp.nic.in/English/acts_rules/Press_Notes/pn7_2014.pdf) . Press Note 8 giving details of allowing FDI in railway infrastructure-(http://dipp.nic.in/English/acts_rules/Press_Notes/pn8_2014.pdf)
- SEBI gives nod to Real estate investment trust and Infrastructure investment trusts. Brief note on the same is attached. The rules relating to participation of foreign investors in such trusts are still to be finalized.
- SEBI eases share buying norms for non-promoters: The number of companies allowed to sell shares using the offer-for-sale (OFS) route through the stock exchanges has been increased from the top 100 to the top 200 by market capitalisation. This has been done to encourage retail participation. Now, non-promoter shareholders with at least 10 per cent in a company will also be allowed to use OFS to offload stake. When non-promoters use OFS to sell, promoters/promoter group may participate in the process and add to their shareholding, subject to extant norms for public offers and takeovers. Retail investors (bid size of not more than Rs. 2 lakh across exchanges) have been earmarked a minimum of 10 per cent in a non-promoter OFS.

RBI Actions

- **RBI simplifies ECB norms:** The Reserve Bank of India (RBI) on Wednesday simplified external commercial borrowing (ECB) norms. The central bank also allowed companies to raise fresh funds through ECBs where the average maturity period (AMP) exceeds the residual maturity of the existing ECB under automatic route, with certain riders. The company should meet the conditions like all-in-cost of fresh ECB must be less than that of the all-in-cost of existing ECB. Consent of the existing lender must also be available. Other conditions include the refinancing shall be undertaken before the maturity of the existing ECB and the borrower must neither be in the RBI's defaulter list and nor under the investigation of the Directorate of Enforcement (DoE). Companies are allowed to refinance existing ECB by raising fresh ECB at lower all-in-cost on condition that the outstanding maturity of the original loan is maintained. The details can be seen from the circular-(http://www.rbi.org.in/scripts/NotificationUser.aspx?Id=9193&Mode=0)
- **Relaxation to Trade and Industry in the State of Jammu & Kashmir:** RBI extends the scheme to March 31, 2016-**(http://www.rbi.org.in/scripts/NotificationUser.aspx?Id=9169&Mode=0)**

Central Government Initiatives:

- **Automatic clearance for coal linkage for new power plants:** New power plants will be given automatic clearances for coal linkage and will be allowed to enhance capacity by up to 50%.
- **Environment ministry eases green rules to push investments:** Environment ministry has eased rules for mining, roads, power and irrigation projects and other industrial sectors. It has diluted regulations related to environment, forest and tribal rights. The development will help remove bottlenecks of stalled projects apart from faster execu

ution of new order inflow in the EPC sector. It has also done away with the requirement of public hearing for coal mines below 16 million tonnes per annum (mtpa) wishing to expand output by up to 50%. This has now been extended to mines above 16 mtpa, permitting them to mine up to five mtpa more without consulting affected people.

- **PM announces Rs 8,000 crore for building roads in Jammu and Kashmir**: Prime Minister announced a package of Rs 8,000 crore for building of roads in Jammu and Kashmir and waiver of Rs 60 crore in interest owed by the state government to the Food Corporation of India.
- **India joins hands with Czech Republic for semi high-speed trains:** A Memorandum of Understanding (MoU) has been signed between Indian Railways and Czech Railway for technical cooperation in the field of railway sector. Indian Railways, which has plans to run semi high-speed train, will benefit from the technical expertise of Czech railway on the project. Currently, Indian Railways is on a project to increase train speed to 160 km per hour between Delhi and Agra. Once the Delhi-Agra project is successful, it plans to explore possibilities of increasing the speed to 200 km per hour. The potential cooperation areas between the two countries also cover automation of freight operations, station development and workshop modernization.
- **Cabinet clears digital India project**: **Cabinet has approved the digital India project aimed at deploying information technology and communication networks in government departments and remote parts.** The project envisages bringing all the existing initiatives such as the Ebiz project, E-kranti, virtual classroom, e-visas and the National Optical Fibre Network project under a single umbrella. Other programmes include implementation of e-office to make government departments' paperless, encouraging domestic manufacturing of electronic products and kick starting research & development and entrepreneurship development fund.
- **Government sets up high-level committee to restructure FCI**: **Ministry of consumer affairs, food and public distribution has created a committee to recommend ways to restructure Food Corporation of India (FCI).** The committee will study various models of restructuring FCI and suggest ways to improve its operational efficiency and financial management. It will also suggest measures, within three months, to reorient FCI's role in Minimum Support Price (MSP) operations and look into efficient storage models, low-cost options of moving grains and upgrading of technology. MSP is the price at which the government buys grain from farmers.
- **India amends DFTP scheme to increase trade with Africa:** In order to expand trade with Africa, India had recently amended its Duty Free Tariff Preference (DFTP) scheme to cover around 98 per cent of the tariff lines. As per the scheme, import of most products from least developed nations to India attracts lower duties. The government is in the process of disseminating this information to all the nations. The government is also considering expanding and augmenting the Lines of Credit extended to Africa.
- **India extends export benefits to rupee trade with Iran:** Exports to Iran in Indian rupee will also be entitled for trade benefits as available to exporters realizing proceeds in freely convertible currencies. Indian exporters mainly trade in freely convertible currencies including US dollar and euro. The government provides export incentives

under different schemes, including Focus Market Scheme, to exporters realizing their proceeds in such currencies. Iran makes payment in rupees to Indian exporters after the Western countries imposed sanctions on it. To increase bilateral trade, the government in April had also waived the value addition norms for exporters shipping imported items like food and pharmaceuticals to Iran. Besides food products, India mainly exports to Iran pharmaceuticals, machinery, transport equipment, chemicals, man-made yarns and fabrics and steel. The bilateral trade between the two countries stood at USD 15.25 billion in 2013-14.

- **Government hikes royalty rates on minerals:** Government has given approval to increasing royalty rates on minerals including iron ore and bauxite.
- **Notification of social security agreements with Finland and Sweden**
- **Special Economic Zone (Sez) at Jawaharlal Nehru Port Trust:** http://pib.nic.in/newsite/PrintRelease.aspx?relid=108431
- **Pradhan Mantri Jan Dhan Yojna launched:** The brief details of the plan can be seen from the following link-(http://pib.nic.in/newsite/PrintRelease.aspx?relid=109113) & (http://pib.nic.in/newsite/PrintRelease.aspx?relid=109147)

State Government Initiatives:

- **Andhra Pradesh (Seemandhra) Policy on IT exempting companies from Shops and Establishment Act:** The IT industry in Andhra Pradesh will have no power cuts. It will also be exempt from Labour Laws and the Shops and Establishments Act allowing for 24x7 operations throughout the year. The new IT Policy, approved by the Andhra Pradesh Cabinet, also allows the industry to utilize the services of women in night shifts. It has been declared as an Essential Service under Essential Services Maintenance Act. It also proposes to set up a single window clearance cell that works 24 hours a day. The centralized help desk, which will use the e-biz portal launched by the Union Government, will reduce time to set up business and reduce cost of doing business. The detailed policy is attached. (IT Policy-V4…..)
- **Punjab Government gives sops to renewable power projects:** To promote setting up of renewable energy power projects in the state, the government gave a nod to exempt renewable energy power projects from change of land use (CLU) and external development charges (EDC) in accordance with the state New and Renewable Source of Energy Policy, 2012. Solar power projects were also exempt from obtaining a no objection certificate from Punjab Pollution Control Board.
- **Haryana government announces composition scheme for real estate developers-**A brief note is attached on the same. (KPMG Flash News-Haryana Compensation Scheme)

Tax Related Developments:

- **CBDT clarification on tax treatment of AIF**
- **CBDT clarification on shifting of manpower from one SEZ to another:** CBDT clarifies on allow ability of deduction under Section 10A/10AA on transfer of technical man-power in the case of software industry.
- **High Court ruling on CCD not being debt and taxed as capital gain:** Gain arising in

the hands of Mauritian company from sale of equity shares and CCDs of an Indian company are not taxable as interest income in India.

Economy Update:

- **First quarter GDP growth rate at 5.7%:** India's GDP grew at 5.7% in the first quarter of 2014-15, exceeding expectations. This was the fastest pace since the fourth quarter of FY12.

FORTHCOMING EVENTS >>>> *INDIA*

I. India International Road & Transportation Fair (IIRTF)

Date: 17-19 September, 2014

Venue: Pragati Maidan, New Delhi, India

Organizer: CSIR-Central Road Research Institute along with India Trade Promotion Organization

Contact : http://www.iirtf.in/

Details: IIRTF is planned to introduce the road & transportation fraternity to the latest advancements and to embrace the technological growth at the global level. Highlights:

- IIRTF is likely to be the biggest event in the road and transportation sector in India.
- High Infrastructure development market in India
- Key agencies are associated
- Audience from government agencies who decide on projects and oversee execution
- Awareness about new technologies and materials
- Business networking &atalysing growth in execution of multi-billion dollar infrastructure industry

II. 28th India Carpet Expo

Date: 10-13 October, 2014

Venue: Varanasi, India

Organizer: The Carpet Export Promotion Council (CEPC)

Contact : www.indiancarpets.com

Details: India is the world's largest exporter of hand-made carpets, rugs, druggets and other floor coverings. India Carpet Expo has established itself as a sourcing platform for buyers from all over the world. Manufacturers & exporters from key carpet producing areas viz. Bhadohi, Mirzapur, Varanasi, Agra, Jaipur, Panipat and Srinagar etc. are expected to exhibit a wide range of handmade carpets, rugs, durries and other floor coverings at this Expo. The Council would like to invite prominent buyers in Singapore to attend this event. Selected Buyers will be eligible for a complimentary package which includes reimbursement of US $ 500 towards airfare hotel accommodation up to 2 nights (Room rent with breakfast) in Varanasi between 9th to 13th October, 2014.

III. KNOWLEDGEXPO 2014

Date: 20-22 November, 2014

Venue: India Expo Centre, Greater Noida, India

Organizer: The Confederation of Indian Industry

Contact : www.ciiknowledgexpo.in or contact the following:

(i) Mr. Anjan Das (anjan.das@cii.in) (ii) Ms. Neerja Bhatia (neerja.bhatia@cii.in)

Details: The expo will be a multilateral event, bringing together five concurrent summits; separate workshops for institutes, for faculty and students; B2B meetings; G2G meetings; knowledge Guru talks; and award ceremonies. It would provide a platform for technology transfers, business meets and joint ventures through opportunities for networking. Keeping this in view, Director General of Confederation of Indian Industry (CII), Mr. Chandrajit Banerjee has written to this Mission to invite participation from Singapore at the Knowledgexpo 2014.The event will serve as a global knowledge partnership platform for enhancing knowledge intensive trade and investments.

IV. India Engineering Sourcing Show

Date: 16-18 December, 2014

Venue: Mumbai, India

Organizer: EEPC India

Contact : http://www.iessshow.in

Details: India Engineering Sourcing Show (IESS-IV) will be the largest display of engineering products and services with focus on building global partnerships. It will showcase the latest engineering technologies and will be a preferential meeting place for buyers and sellers from all over the world.

Focus Product Profiles:

- Industrial Supplies & Subcontracting
- Metal & Shop Floor Expo
- Industrial & Electrical Machinery
- Automotive Component
- Innovation and Frugal Manufacturing
- Retail Engineering
- Investments & Engineering Project Exports

EEPC India has also developed a **special sponsored package** for visiting delegates which includes the following:

- Return air ticket / air fare reimbursement to visit the show
- Complimentary 2 nights hotel stay
- Complimentary airport pick up & drop by shuttle service
- Invites for Indian Cultural Program & Gala Dinner during the event.
- B2B Meetings & Networking Opportunities
- Wide circulation of delegate profile throughout EEPC Network

Notifications

Securities and Exchange Board of India

Change in Government Debt Investment Limits

http://www.sebi.gov.in/cms/sebi_data/attachdocs/1406122737412.pdf

SEBI (Foreign Portfolio Investors) Regulations, 2014

http://www.sebi.gov.in/cms/sebi_data/attachdocs/1389083605384.pdf

Ministry of Corporate Affairs

Clarification on applicability of requirement for resident director

http://www.mca.gov.in/Ministry/pdf/General_Circular_25_2014.pdf

Mapping of e forms prescribed under the Companies Act, 2013 with e forms prescribed under Companies Act , 1956

http://www.mca.gov.in/Ministry/pdf/eformsMapping.pdf

Reserve Bank of India

Foreign Direct Investment (FDI) in India - Issue/Transfer of Shares or Convertible Debentures - Revised pricing guidelines

http://www.rbi.org.in/scripts/NotificationUser.aspx?Id=9106&Mode=0&utm_source=Bulletin+20140724&utm_campaign=BizJournalJuly2414&utm_medium=email

Foreign Portfolio Investor - investment under Portfolio Investment Scheme, Government and Corporate debt

http://www.rbi.org.in/scripts/NotificationUser.aspx?Id=8787&Mode=0

Ministry of Finance

Clarification regarding Acquisition & Transfer of Immovable Property in India by Foreign Nationals

http://finmin.nic.in/press_room/2014/clarification_Acquist_Transfer_Property_foreignnationals.pdf

Frontline warship INS Kamorta commissioned

Press Trust of India | Vishakapatnam | August 23, 2014

INS Komarta is the first of four ASW stealth corvettes designed by Indian Navy's in-house organization

The first indigenously built stealth anti-submarine warfare corvette 'INS Kamorta' was commissioned by Defence Minister Arun Jaitley at the Naval dockyard, Vishakapatnam on Saturday.

Kamorta, a frontline warship with an array of anti-submarine warfare, anti-air and anti-surface weapons and sensors, is the first of four ASW stealth corvettes designed by Indian Navy's in-house organisation, Directorate of Naval Design (DND).

It would carry short-range Surface-to-Air missiles (SAM) and Active Towed Array Decoy System (ATDS). It can also carry an integral ASW helicopter.

FAQs on Foreign Investments In India

The fortnightly FAQs will broadly cover the following areas

- ***I. Foreign Direct Investment***
- ***II. Foreign Technology Collaboration Agreement***
- ***III. Foreign Portfolio Investment***
- ***IV. Investment in Government Securities and Corporate debt***
- ***V. Foreign Venture Capital Investment***
- ***VI. Investment by QFIs***

I. Foreign Direct Investment (FDI)

Q. What are the guidelines for transfer of existing shares from non-residents to residents or residents to non-residents?

Ans. Transfer of shares/ fully and mandatorily convertible debentures by way of Gift:

A person resident outside India can freely transfer shares/ fully and mandatorily convertible debentures by way of gift to a person resident in India as under:

Any person resident outside India, (not being a NRI or an erstwhile OCB), can transfer by way of gift the shares/ fully and mandatorily convertible debentures to any person resident outside India (including NRIs but excluding OCBs).

Note: Transfer of shares from or by erstwhile OCBs would require prior approval of the Reserve Bank of India.

a NRI may transfer by way of gift, the shares/convertible debentures held by him to another NRI only,

Any person resident outside India may transfer share/ fully and mandatorily convertible debentures to a person resident in India by way of gift.

Source:RBI

For Feedback & Comments, please contact:
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