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India Focus

15 October 2013

India becomes leading rice supplier to

By PTI | 12 Oct, 2013, 12.07PM

Singapore



this issue

ADB clears USD 700 mn infra loan.P.2

Policy soon to facilitate entry of foreign banks P.5

Sebi ushers in major reforms P.8

Notifications P.13

Forthcoming Events, Tender Notices P.14

Events P.15



TOP NEWS » ECONOMY

India to set up separate ASEAN mission; FTA by year-end: PM

PTI | Oct 10, 2013, 02.51 PM IST

BRUNEI: Eyeing greater cooperation with south east Asian countries on economic and security issues, India on Thursday announced a separate mission for ASEAN region to be set up in Jakarta with a full-time resident ambassador.



Addressing the 11th ASEAN-India summit here, Prime Minister Manmohan Singh also said that India was ready to sign a Free Trade Agreement (FTA) with ASEAN on services and investment to boost their bilateral trade to USD 100 billion by 2015, from USD 76 billion last year. Singh said over the last two decades, India and ASEAN have established a comprehensive agenda of cooperation and a wide-ranging framework to pursue it.

"Today, we stand on the threshold of the third decade of our engagement. In keeping with our substantial achievements, the recent elevation of our ties to a strategic partnership and the rich potential of our cooperation, I feel it would be appropriate for me to take this opportunity to announce that India will soon set up a separate mission to the ASEAN in Jakarta with a full time resident ambassador," he added.

The secretariat for ASEAN (Association of South East Asian Nations), a ten-member block of countries including Brunei, Indonesia, Malaysia, Myanmar, Singapore, Thailand and Vietnam, is based in Jakarta. Singh said that all the "countries have equal stakes in the security and prosperity of our shared Asian neighbourhood. The global economic crisis and turmoil in different parts of the world underscores the salience of our robust partnership. The scope of India's engagement with the east and southeast Asia has grown steadily in the last two decades.

"We seek to promote not only mutually beneficial bilateral relations, but also to work institutionally with regional partners and foster a climate that is conducive to stability, security and economic development in our region," he added.

The Prime Minister said that ASEAN has paved way for a great level of "cooperation and integration, not only among themselves, but also in the broader region." "For India, it is an article of faith of our Look-East policy that ASEAN must remain central to the future.. *Cont on P.2*

India has overtaken Thailand as Singapore's biggest rice supplier for the first time, exporting 92,865 tonnes or 32.9 per cent of the total rice supply to the island nation in the first eight months of 2013.

Thailand shipped 85,816 tonnes or 30.4 per cent during the January-August period of this year to Singapore, reported The Straits Times today.

Vietnam supplied 77,459 tonnes or 27.4% of rice supply during the period.

Indian rice exports to Singapore had risen to 29.5 % last year from 15.3 % in 2009.

Thailand has been the leading rice supplier to Singapore since 1998, accounting for over half of the total rice consumption of the city state between 1998 and 2011.

But its market share fell to 35.3 per cent last year while supplies from India and other countries have increased. (Cont on P.9)

Finance Ministry expects FY14 economic growth at 5.5%

PTI | 8 Oct, 2013, 09.38PM IST



The Finance Ministry expects the economic growth in the current fiscal to improve to 5.5 per cent from 5 per cent last year on back of likely Asian Development Bank clears monsoon rains.

"Following three quarters of sub 5 per cent PTI | New Delhi | Updated: Oct 03 2013, 13:42 IST growth, growth is expected to pick up from second quarter of 2013-14 resulting in full year growth of around 5.5 per cent," said Quarterly Review 2013-14 (April-June) released by the Ministry. Assuming a normal monsoon and global economic recovery, the Economic Survey had anticipated the growth to be in the range of 6.1 to 6.7 per cent for 2013-14 despite the low growth in previous fiscal.

"However, in contrast to expectations of a pickup in economic activity, current macro trends indicate that a combination of global and domestic developments is likely to result in a shallow 'U' shaped recovery in 2013-14," the document said. It further said that looking at the production side, the growth numbers are likely to be aided by positive trends in agriculture. The 2013 monsoons started on a good note with rainfall for the period June to August being 11 per cent above normal, along with 9.1 per cent increase in crop sowing large investment funding gap of about USD 113 area.

Continuation of these trends coupled with the base effect, is likely to result in an above average growth of 4.5 per cent in agricultural and allied sectors in the current fiscal, it said."However, the improvement in the growth prospects for agriculture sector is likely to be offset by weak trends in other sectors. While current trends in industry are weak, recent project clearances and the pickup in coal production in recent months bodes well for mining and manufacturing activity," the Ministry said.

Cont from P. 1. evolution of regional mechanisms, which must be open and inclusive. We share your vision and aspirations for the region and we applaud your march towards an ASEAN Economic Community in 2015," he added.

About progress on relations between India and ASEAN, Singh said that "India stands ready for the signature of the India-ASEAN Free Trade Agreement on Services and Investment by the end of this year and its early implementation."

"This will complement our Agreement on Goods and bolster our economic partnership," he said, while adding that initiatives have also been taken by the Federation of Indian Chambers of Commerce and Industry (FICCI) to revitalize the ASEAN-India Business Council and to set up an ASEAN-India Trade and Investment Centre.

pick up in agricultural output on account of good USD 700 mn loan for infrastructure development



The Asian Development Bank (ADB) has approved USD 700 million in loans to support the Indian government's efforts to accelerate investment in infrastructure which the country requires to ensure strong economic growth.

"Poor infrastructure is one of the biggest drags on growth and development in India and there is a billion during the 12th Five-Year Plan for 2012-2017," ADB said in a statement.

This assistance to India's Infrastructure Finance Company Ltd (IIFCL) will allow it to lead the market evolution for infrastructure financing and will spur greater involvement from the private sector, said Cheolsu Kim, Lead Finance Specialist in ADB's South Asia Department.

The government estimates that USD 1 trillion is needed in infrastructure investment to achieve economic growth of 8.4 per cent under its current five-year development plan, and expects nearly

half of that to be financed by the private sector. However, banks which have been the key source "...there is increasingly a sense amongst analysts, Manila-based multi-lateral funding agency said.

a multi tranche financing facility - will be used to ter," Rajan said provide direct loans for project developers and to The general sense amongst the public, he said, is credit in other greenfield projects, it added.

Currently, 31 road, railway, airport, urban infra- oil, is going to be under control. structure and energy projects, including in renew- The financing of CAD is in place, he said, addfrom ADB.

fully backed by a government guarantee.

September trade deficit dips to Three FDI proposals worth Rs 38 cr \$6.76 billion, gold imports decline cleared: FinMin sharply

The Indian Express; By Agencies | 9 Oct, 2013, 12.14PM IST

September reduced to \$6.76 billion versus \$10.9 the Finance Ministry said today. billion in August. While exports were up 6% to Equitas Holdings has been given permission to \$37.05 billion.

on-year. The exports for the April-September pe- approximately," the ministry said in a statement. riod stood at \$152.11 billion, up 5.14% year-on- The Foreign Investment Promotion Board (FIPB) year.

September as compared to \$4.6 billion in Septem- got the government's nod to act as an investment ber 2012. Reacting on the positive data, C Ranga- manager to various AIFs (alternative investment rajan, Chairman of PMEAC said that he expects funds) and to contribute the mandatory amounts Current Account Deficit (CAD) to be sharply specified under the SEBI (AIF) Regulations. lower than \$70 billion in FY14. "Gold imports The other proposal that has been cleared was that have fallen due to actions taken by the govern- of Chennai based Migatronic India Pvt Ltd. ment. Reduction in September gold & oil imports The statement further said IL&FS Securities Seris a positive," he said. "I believe gold imports will vices withdrew its request from the FIPB. continue to decline going ahead," he added.

tion will determine how exports will perform. and GlaxoSmithKline Pte Ltd, Singapore. The "We need to constantly assess global economic proposal related to pharma sector. situation," he said.

to \$70 billion or 3.7 per cent of the GDP in 2013- FIPB is scheduled to be held on October 18.

14 is "imminently reachable".

of infrastructure finance, are increasingly unable amongst commentators that India's CAD problem to provide funds as they are fast approaching ex- is under control. \$70 billion that the government posure limits to key infrastructure companies, the proposed as a CAD after calculating it with us seems now imminently reachable. Some inde-ADB's funds - provided through two loans under pendent analysts are saying it will be even bet-

replace bank loans, freeing up banks to provide that the CAD is now an issue and barring exceptional circumstances like a dramatic price hike in

able energy, are in the pipeline to receive support ing, "there was a period where analysts were competing with each other to find a bigger num-Established in 2006, IIFCL is wholly owned by ber for the rupee-dollar exchange rate, now most the government and its borrowing programme is people say wherever it is, few rupees this way, that way is a reasonable level".

PTI | New Delhi | Updated: Oct 08 2013, 16:58 IST

Three proposals entailing Rs 38.09 crore in for-NEW DELHI: The trade deficit for the month of eign direct investment (FDI) have been cleared,

\$27.68 billion versus \$26.1 billion in August, increase FDI percentage in an investing company imports were down 7.1% to \$34.44 billion versus by way of share transfers. The proposal entails investment of Rs 36.09 crore.

The trade deficit for the period April-September "The Central Government has approved three stood at \$80.12 billion versus \$91.82 billion year- proposals of FDI amounting to Rs 38.09 crore

year. The imports for the same period were re- had taken up these three proposals in its meeting ported at \$232.23 billion, down 1.8% year-on- in August, but the decision on them was kept in abeyance.

Gold and silver imports slid to \$0.8 billion in Franklin Templeton Asset Management (India)

It further said that the FIPB deferred decision on Rangarajan is of the opinion that the global situa- proposal of Castleton Investment Ltd, Mauritius

The investment promotion board also deferred Reserve Bank Governor Raghuram Rajan has decision on the application of Eurecat India Catasaid the government's target of reducing the CAD lyst Services, Gujarat. The next meeting of the

India's Informal Economy-Hidden Value

The Economist, Sep 28th 2013



Activities out in the sticks may add more to GDP than was thought

THE chief architect of India's constitution, B.R. Ambedkar, once said its villages were "a den of ignorance, narrow-mindedness and communalism". Now some think they are the strongest bit of the economy. Neelkanth Mishra, an analyst at Credit Suisse, reckons that, if activity in informal industries and rural areas were properly measured, India's GDP would look bigger and more stable and the present slump less severe. This is a source of comfort at a time when India is fighting a financial panic.

India's villages and towns, far from the gaze of foreigners and the urban elite, have been on a tear. Over the past decade new roads have been built. Almost everybody these days has a mobile phone. Electricity has become more common, as have computerised land records. Fewer people have to spend time collecting firewood, using bottled gas instead. New houses built with walls and floors of brick or cement are more durable than wooden huts, and need less maintenance.

It means people can turn their energy to starting businesses and escaping subsistence farming. Poultry production is booming, as it has become easier to get chickens to market. Villagers eat more processed food—India's artery-clogging pudding, *gulab jamun*, now comes in packets, made in small factories in nearby towns. Better communications are vital. Mr Mishra compares two villages 15 kilometres (9 miles) apart, near the city of Bhopal in central India. One has been connected to the road network since 2009. The other just has a dirt track. In the first, land prices are three times higher, wages are 50% higher, and far more people commute and engage in market gardening.

Official figures occasionally offer glimpses of the transformation. For instance, fewer than half of workers now say they are farmers. Yet statisticians struggle to capture the change. Measuring an economy in which the informal sector generates half of output and over nine-tenths of jobs is a tough task. The GDP data depend on infrequent surveys of productivity. Soon, however, the figures will go through one of their periodic rebasings. The last rejig was in 2004-05. Mr Mishra thinks the next one could revise India's GDP up by 15%. Pronab Sen, chairman of the National Statistical Commission, reckons it will be perhaps 8%—in line with earlier revisions, although he adds that the spread of mobile phones and their economic effect makes things unusually uncertain this time. Raghuram Rajan, the new head of India's central bank, reckons a revision of 10% is possible.

A bigger economy is good news, but it raises two questions. First, can the informal economy be insulated from the problems affecting the rest of India? Urbanites grumble that the rural boom is due to unsustainable handouts, in particular a government scheme to guarantee work for the rural poor. This seems unlikely—the annual budget of the scheme in question is worth just 0.3% of GDP. But there are signs the informal economy has slowed. Annual wage growth for unskilled rural men is down to 16% from a peak of over 20%. The hope is that heavy rains in July and August will mean a good harvest. In anticipation of this, tractor sales have been strong.

The second question is how swiftly India can bring its black economy into the daylight. Informality imposes costs. Few people pay tax, hurting the public finances. Because so many people rely on moneylenders to borrow, and gold to save, the central bank has little control over swathes of the economy, making it harder to fight inflation. Meanwhile, tiny informal firms, however perky, lack economies of scale. It limits their potential.

At the present rate, it will take half a century before India's economy is fully formal. The best way to speed up the process is to extend the reach of the financial system. In return for coming into the formal economy and paying taxes, firms would get access to capital. Even entrepreneurs who have abandoned farming can recognise a carrot dangled in front of them.



Capital infusion in PSU banks to boost investment: Raghuram Rajan

By PTI / 8 Oct, 2013, 09.01PM IST

MUMBAI: RBI Governor Raghuram Rajan today said the Finance Ministry's decision to provide more capital to PSU banks will lower the borrowing cost and increase their capacity to lend, besides promoting investments.

"Government is thinking about adding more capital to the banks. We as a regulator are very comfortable with that because we think that better PTI: Washington, Sun Oct 13 2013, 16:28 hrs capitalised banks are in everybody interest," he told CNBC TV18.

Better capitalised banks, he said, can borrow at lower cost to lend more.

The Finance Ministry in a statement last week had said that additional capital "will be provided to banks to enable them to lend to borrowers in selected sectors such as two wheelers, consumer durable, etc, at lower rates in order to stimulate demand."

The additional capital will be over and above the Rs 14,000 crore earmarked for the current fiscal. The Reserve Bank had yesterday lowered the cost of lending to banks under the Marginal Standing Facility Window (MSF) to improve liquidity in the system.

"I think, take both (MSF rate cut and recapitalisation) together, it will provide a fillip at this point to certain kinds of investments... Of course, indirectly some consumption will also get financed... But I don't think in any situation there was an agreement that this would go towards specific sectors," Rajan said.

He said if credit goes to sectors, like MSME, it will boost economy.

Replying questions on the new bank licenses, Rajan said the RBI will take into consideration views of the Parliamentary Standing Committee, which has expressed reservation on granting licences to corporate houses.

He, however, said that the regulator has no intention to change mid-way the rules announced for granting bank licences.

"The institution has put out certain rules. What we have to do is evaluate the licencees... Obviously, view of the Parliamentary Standing Committee is important. We will take all views into account when we finally make a decision. But I dont think there is any way desire to change the

rules," he said.

Currently, RBI is in the process of issuing new bank licences for which it has received applications from 26 public and private sector entities. The licences are likely to be issued by January 2014.

The apex bank has already set up an external committee of financial sector experts, headed by former RBI Governor Bimal Jalan, to scrutinise applications.

Raghuram Rajan: Policy soon to facilitate entry of foreign banks in 'big way'



The Reserve Bank of India will soon come out with major reforms in the banking sector that will allow foreign banks to enter India in a big way and even take over domestic lenders, Governor Raghuram Rajan has said.

"That is going to be a big big opening because one could even contemplate taking over Indian banks, small Indian banks and so on," he told a Washington audience on Saturday.

The policy framework for the entry of foreign banks in India, Rajan added, would be unveiled in the next few weeks.

The banking sector reforms, in particular to those facilitating entry of foreign banks in India in a "big way" is part of the five pillars of reforms, including monetary policy framework, which the RBI is going to implement in the next few years, the RBI Governor said. "For foreign banks, if you adopt a wholly-owned subsidiaries structure and we are coming up with details on that in the next couple of weeks, we will allow you near national treatment," he said, quickly adding that there would be two conditions.

"One reciprocity -- your country should allow the same to our own banks -- and second you come through one route either you have a branch or you have a subsidiary; don't do both. That is primarily to simplify our regulatory function, but also to

subsidiary, we would allow you a lot of free- cencing process more frequent dom," he said. Acknowledging that price situation was an issue for the economy, Rajan said the ordinary monetary policy would be focused on RBI has already come out with a discussion pacontaining inflation and not directed towards external sectors.

The RBI is scheduled to present the quarterly review of the monetary policy on October 29.

Referring to the US shutdown, Rajan expressed full confidence in the American economy and ruled selling of US treasury bills which India holds to the tune of USD 59.1 billion.

"We (India) do not worry about that issue (US defaulting). We are not selling our US assets. We are holding on to them," he said, adding, I have to say, whatever default, will be a technical default. Rajan said it would be good for the US to adopt fiscal policies consistent with its current needs and added, the one and one and half percent of US growth would be so tremendous and welcome to the world economy."

Elaborating on the banking sector reforms, Rajan said, the they would be a part of his five pillars of reforms which would start with the monetary policy. "We got to get our monitory policy clear and understood to the broader public. Clearly the Reserve Bank has had monetary policy framework, we need to make it much more explicit. And also bring it up to modern standards of transparency and credibility," Rajan said.

Observing that RBI had already announced free branching in India, Rajan said, we announced that we will give new bank licenses not just once, but we would contemplate opening it on tap people come in submit their application, we consider them and give licenses."

Deepening of Indian markets is another area of policy reforms, he said, adding we want deeper Indian markets – the corporate markets, the government debt markets and the money markets."

Noting that the level of technology in India is tremendous, Rajan said financial inclusion is another sector of his reform. "We can think about technology based solutions to intrusions- spreading payments across the country. Across the board we would use to spread financial inclusion technology, he said. "Whether it be corporate distress or financial institution distress, we need to improve our mechanism to make it simpler, cleaner and less value reducing," he said.

make it clean. But once you have a fully owned RBI considering making bank li-

The Economic Times, 7 Oct, 2013, 1404 hrs IST, PTI

per on banking sector in India, on which the regulator has invited comments from stakeholders.

NEW DELHI: In order to expand the reach of banking, Reserve Bank on Monday said it is considering making bank licensing process more frequent and allow free entry of banks as and when necessary.

"We propose to carry forward these ideas and come up with a detailed road map of a necessary reform and regulations for free entry and making the licensing process more frequent after we get comments from the stakeholders," RBI Deputy Governor K C Chakrabarty said here.

RBI is in the process of issuing new bank licences consistent with highest standards of transparency and diligence, he said.

RBI has already come out with a discussion paper on banking sector in India, on which the regulator has invited comments from stakeholders.

"The document explores possibility of differentiated licence for small banks and wholesale banks. possibility of continuous on tap licensing and the possibility of converting large urban co-operative banks into commercial banks," he said.

Currently the central bank is in the process of issuing new bank licences for which it has received applications from 26 public and private sector entities. The RBI is likely to issue the licences by January 2014.

The apex bank has already set up an external committee of financial sector experts, headed by former RBI Governor Bimal Jalan, to scrutinise applications.

"With a view to ensuring that the banking system grows in size to meet the needs of a modern economy and improve access of banking services, the RBI is considering giving some additional banking licenses to private sector players subject to their meeting our eligibility criteria," Chakrabarty

He further said the regulator is encouraging foreign banks to adopt the wholly-owned subsidiary model to carry out business in the country.

"We have more than 44 foreign banks in the country and at least 3 of them more than 100 years old ... RBI will encourage qualifying foreign banks to move to a wholly owned

subsidiary structure that will enjoy near national treatment," Chakrabarty said.

He further said banking system is well capitalised. "Profitability is reasonable, return on equity FIIs infused Rs 13,000 crore in the is reasonable, NPA is under control and it meets Indian stock market during Sepwith all global standards of regulation for business," he added.

He said the Indian economy is facing challenges of high inflation, slow growth and investment, Current Account Deficit (CAD) is above sustainable levels and fiscal deficit high.

"It is intent and objective of the government to attract and promote foreign direct investment in order to supplement domestic capital, technology and skill for accelerated economic growth," he said.

RBI allows lenders to borrow from global multilateral bodies

Reuters | 10 Oct, 2013, 07.31PM IST

MUMBAI: The Reserve Bank of India on Thursday allowed banks to raise funds from global multilateral institutions until Nov. 30 as long as the money raised is for general banking purposes



and not for capital enhancement.

These borrowings from multilateral bodies will also be eligible for the recently opened forex swap facility. The RBI set up a swap window for banks last month, offering to exchange foreign currency for rupees at below market rates for lenders that raise funds abroad. The action was a bid to prop up the rupee by attracting more capital into the country.

The central bank on Thursday also allowed banks to borrow from entities other than their own branches overseas under existing regulators for borrowing overseas.



tember 2013

IBEF: September 30, 2013

New Delhi: Foreign institutional investors (FIIs) have invested Rs 13,000 crore in the Indian stock market during September 2013, after the announcement of new measures to boost the economic growth by Mr Raghuram Rajan, Governor, Reserve Bank of India (RBI). Moreover, the US Federal Reserve's decision to leave its stimulus programme unchanged also encouraged foreign investors to park funds in the Indian equities. Inflows in equities were about Rs 13,228 crore during September 2-27, 2013. There is just one trading session left for this month.

Renewed buying by FIIs was witnessed after Mr Rajan took over as the RBI chief and announced a slew of measures to attract dollar inflows, including enhanced limits for exporters to re-book the cancelled forward exchange contracts and a window for banks to swap the foreign currency deposits. Besides, Federal Reserve's decision to continue with its monthly US\$ 85 billion bondbuying programme and wait for more signs of growth recovery have encouraged FIIs to invest in the Indian equity market.

Sebi permits put & call options in M&A deals

Business Standard: October 04, 2013

Mumbai: The Securities and Exchange Board of India (Sebi) has permitted listed companies to use options, which give an entity the rights to sell or purchase a security at a future date, in M&A (merger and acquisition) transactions. Sebi has also allowed use of other popular preferential clauses such as 'right of first refusal, tag along and drag along'.

The markets regulator on Thursday amended the Securities Contracts Regulation Act (SCRA), which originally prohibited use of these clauses. Sebi's move will permit India Inc's long-awaited wish to incorporate put and call options clauses in their share purchase agreements. Put and call options are the most popular exit mechanism in M&A transactions.

Earlier, the use of such clauses was turned down Cont on P. 9

Sebi ushers in major reforms for overseas investors

PTI: Mumbai, Sat Oct 05 2013



Ushering in a new regime for overseas investments in Indian capital markets, Sebi on Saturday announced new Foreign Portfolio Investor (FPI) regulations to put in place easier registration process and operating framework for such entities. The new class of investors, FPIs, would encompass all FIIs (Foreign Institutional Investors), their sub-accounts and Qualified Foreign Investors (QFIs), and would be divided in three categories as per their risk profile.

The KYC (Know Your Client) requirements and other registration procedures would be much simpler for

FPIs compared to current practices. The Sebi has also decided to grant them a permanent registration, as against the current practice of granting approvals for one year or five years to the overseas entities seeking to invest in Indian markets.

The Sebi board approved the new Sebi (Foreign Portfolio Investors) Regulations, 2013 to bring about these wide-ranging changes. Sebi said in a statement after the board meeting that the new regulations have been framed keeping in view the provisions of existing norms for FIIs and QFIs, as also the recommendations made by a 'Committee on Rationalization of Investment Routes and Monitoring of Foreign Portfolio Investments' chaired by former Cabinet Secretary K M Chandrasekhar. Under the new norms, all existing FIIs, Sub Accounts and QFIs will be eventually merged into this new investor class to be known as FPIs.

Sebi also approved setting up 'Designated Depository Participants (DDPs)', which would register FPIs on behalf of the market regulator subject to compliance with KYC norms. Sebi had last month already issued instructions regarding risk-based KYC for FPIs, as per their risk categories.

The Category I FPIs, which would be the lowest risk entities, would include foreign governments and government related foreign investors, "Category II' FPIs would include "appropriately regulated broad based funds, appropriately regulated entities, broad-based funds whose investment manager is appropriately regulated, university funds, university related endowments, pension funds etc".

The Category III FPIs would include all others not eligible under the first two categories, Sebi said that all existing FIIs and Sub Accounts may continue to buy, sell or otherwise deal in securities under the FPI regime.

All existing QFIs can also continue to buy, sell or otherwise deal in securities till the period of one year from the date of notification of this regulation. In the meantime, they may obtain FPI registration through DDPs. The registration granted to FPIs by the DDPs on behalf of Sebi would be permanent unless suspended or cancelled by the regulator. FPIs will be allowed to invest in all those securities, wherein FIIs are allowed to invest. Sebi also said 'Category I' and 'Category II' FPIs will be allowed to issue, or otherwise deal in offshore derivative instruments (ODIs), directly or indirectly.

However, FPI needs to be satisfied that such ODIs are issued only to persons who are regulated by an appropriate foreign regulatory authority after ensuring compliance with KYC norms.

Sebi-registered custodian of securities will be deemed to be DDP subject to payment of fees as prescribed in the regulations.

Regulator-approved Qualified Depository Participant who are not meeting the DDP eligibility criteria may operate as DDP for a period of one year, Sebi said.

"DDPs shall carry out necessary due diligence and obtain appropriate declarations and undertakings before registering FPIs," Sebi said.

Sebi would not charge any fees for granting registration to Category I foreign investors, while the regulator would take an annual payment of USD 1,000 and USD 100 from Category II and Category III overseas entities, respectively, till the validity of their registration.

Also, fees of USD 1,000 would be paid by the existing FIIs, sub-accounts and QFIs to obtain registration certificate to act as an FPI. FPIs would be allowed to invest in securities in the primary and secondary markets. These would include unit of schemes floated by domestic mutual funds, treasury bills, dated government securities, equity derivatives, commercial papers, and Indian Depository Receipts, among others.

as they weren't traded on the stock exchanges.

objected to the use of put and call options is the Experts said that the contracts entered prior to Cairn and Vedanta deal, MCX-SX and the recent October 3 will not be affected or validated by deal between Diageo and United Spirits.

Earlier this year, the law ministry had cleared a proposal by Sebi to allow put and call options by listed firms.

"Not only have call and put options been made valid, pre-emption rights such as right of first refusal, tag along right or drag along rights are also made valid without any restriction on the minimum period after which these rights can be exercised like in the case of call and put option," said Lalit Kumar, partner, J Sagar Associates.

A right of first refusal in M&A deals give an entity the first right to purchase shares whenever they are offered for sale. Tag-along gives the right to a minority shareholder to sell if a majority stakeholder also sells its stake, while dragalong clause forces a minority shareholder sell stake with a majority shareholder. Experts have said the new norms will benefit both domestic and foreign corporates and institutional investors such as private equity (PE) and foreign institutional investors (FIIs). It will also ease the burden on IPO-bound companies. "These options were valid in private limited companies. However, when these companies were taken for IPO, specially to provide an exit to a PE, Sebi used to insist deletion of such clauses from the shareholders' agreement. Now with this notification, these can continue and be enforced even after the company is listed after the IPO," said Kumar.

Sebi said the put and call options to be exercised will have to be held continuously for at least one year from the date of the contract. Also, the pricing of the options will have to be in compliance with all the rules.

Experts, however, have said there could be some uncertainty till the time the Reserve Bank of India (RBI) also permits use of these clauses.

"The validity of put/call option arrangements as per Sebi's notification is subject to exchange control regulations and since RBI has expressed its discomfort with respect to such option arrangements in case of cross border deals, unless a similar notification is issued by RBI to validate these option arrangements, this relaxation may not provide adequate comfort to parties to a cross border deal," said Nishchal Joshipura, partner M&A and private equity, at Nishith Desai Associates.

Cont from P. 7. by Sebi on the ground that they "Perhaps, just like SEBI, RBI will also clarify weren't perceived to be valid derivative contracts that put option exercised after one year from the date of the contract will be valid and not treated Some of the famous instances where Sebi had as external commercial borrowing," said Kumar. Sebi's notification, which come into effect today.

Real estate trusts must have minimum asset size of Rs.1,000 crore

MUMBAI, October 10, 2013

The Securities and Exchange Board of India (SEBI) has come out with draft guidelines for real estate investment trusts (REIT), a new investment avenue, which is likely to provide liquidity and transparency in the real estate sector.

"For coming out with initial offer, it has been specified that the size of the assets under the REIT shall not be less than Rs.1,000 crore, which is expected to ensure that initially only large assets and established players enter the market," says SEBI in the draft.

The draft guidelines also prescribe a minimum initial offer size of Rs.250 crore, and minimum public float of 25 per cent. The objective is to ensure adequate public participation and float in the units. Initially, till the market developed, it is proposed that the units of the REITs be offered only to HNIs (high net worth individuals) / institutions. Therefore, it has proposed that the minimum subscription size be Rs.2 lakh and the unit size Rs.1 lakh.

In line with the nature of the REIT to invest primarily in completed revenue-generating properties, the draft has mandated that at least 90 per cent of the value of the REIT assets should be in completed revenue-generating properties. To provide flexibility, it has been allowed to invest the remaining 10 per cent in other assets.

To ensure regular income to the investors, it has been mandated to distribute at least 90 per cent of the net distributable income after tax of the REIT to investors. REITs have been allowed to invest in the properties directly or through special purpose vehicles, wherein such special purpose vehicles (SPVs) hold not less than 90 per cent of their assets directly in such properties. However, in such cases, "it has been mandated that REIT shall have control over the SPV so that the interest of investors of the REIT are not jeopardized," the draft says. The REIT would not be allowed to invest in vacant land or agricultural land or mortgages .. Cont on P. 12



Government of India plans to set up hydrocarbon data centre

IBEF: October 04, 2013

With a focus to harness the hydrocarbon prospects and to make it more flexible in the country in the coming years, the Government of India plans to set up a National Data Repository (NDR) centre. "We have called tenders from independent experts in hydrocarbon data to set up the centre, and the tenders will close in three months," said Mr Rajeev Kumar Sinha, Chief Technical Officer (CTO), Directorate-General of Hydrocarbons.

"We expect to set up the NDR by 2015 or 2016, depending on how fast the centre is set up and data converted for use by oil companies," stated Mr Sinha.

The centre is expected to have legacy data, dating back to 1947, he added during Asia Oil Week, an upstream conference being held between October 2-4, 2013.

Once the data centre is in operation, a more flexible system would be proposed to the Government such as the use of open acreage licensing policy (OALP) which would offer more flexibility to the hydrocarbon prospecting companies in selecting acreage.

The companies would use the NDR data and select acreage for prospecting, he said, adding that all these were early stages of reforming the existing production sharing contract system.

The reforms would include hydrocarbon production linked payments (PLP) as compared to the current production sharing basis. The PLP is being used in coal bed methane contracts in India and in many other countries, according to Mr Sinha. It is needed to encourage indigenous energy exploitation by offering flexible terms to oil and gas exploration companies.

Union Commerce Minister Anand Sharma opens fifth spices park in the country at Sivaganga

The Economic Times: October 07, 2013

The fifth spice park , an initiative of the Spices Board, has been set up at Mattupetty Sivaganga in Tamil Nadu for processing turmeric and chilli. The park was opened by union Minister of Commerce and Industry Anand Sharma in the presence of Finance Minister P Chidambaram on Sunday.

The park is aimed at facilitating the processing and value addition of turmeric and chilli, the major spices grown in the region, by setting up common facilities. The other four spice parks are located at Chhindwara in Madhya Pradesh for garlic and chilli, Puttady in Kerala for pepper and cardamom, Kota in Rajasthan for coriander and cumin and Guna in Madhya Pradesh for coriander, fenugreek and garlic.

The fifth spices park was built at a cost of Rs 19.50 crore against the estimated cost of Rs 20 crore. The Spices Board had developed all common facilities like power, water, communication facilities, warehousing, wide roads etc related to the park. The board will lease out the lands available in the park to private entrepreneurs for developing their own processing plants for value addition of spices for 30 years.

After establishing the processing units by the exporters the farming community can link directly with the exporters for selling their produce on a premium price and eliminate intermediaries in the supply chain. The park has processing facility for chilli and turmeric with a capacity of 1 tonne/hour each and steam sterilization unit in batch process with capacity 250 kg/hour apart .

Other parks are in the pipeline during XI Plan are at Guntur in Andhra Pradesh for chilli, Mehsana in Gujarat for cumin, fennel and coriander and Jodhpur in Rajasthan for cumin and coriander, Rae Bareli in Uttar Pradesh for mint and Hamirpur in Himachal Pradesh for turmeric.



India becomes leading rice supplier to Singapore..Cont from P. 1

"Importers (are) taking advantage of the lower prices of Indian rice compared to Thai rice," the daily quoted a Trade and Industry Ministry spokesman.

The Singapore General Rice Importers Association said the shift in sourcing rice started when global rice prices began surging in 2008.

Other rice producing countries have also curbed exports to ensure sufficient domestic supplies while Thai crops have been hit by massive floods in the past.

Other rice suppliers to Singapore include Myanmar (2.5 %), Pakistan (2.4 %), the United States (2.2 %), Cambodia (0.9 %) and Australia (0.6 %) as well as others (0.7 %).

How Indian men pushed Gillette to do things differently

http://profit.ndtv.com/news/corporates/article-how-indian-men-pushed-gillette-to-do-things-differently-328233



New York: Procter & Gamble executives say it was striking the first time they witnessed a man shave while sitting barefoot on the floor in a tiny hut in India. The man had no electricity, no running water and no mirror.

The 20 US-based executives observed the man in 2008 during one of the 300 visits they made to homes in rural India to gain insights they could use to develop a new razor for India.

"That, for me, was a big 'a-ha," said Alberto Carvalho, vice president of Gillette, a unit of P&G.

"I had never seen people shaving like that."

The visits kicked off the 18 months it took to develop Gillette Guard, a low-cost razor designed for India and other emerging markets. Introduced three years ago, the Guard quickly gained market share and today represents two out of every three razors sold in India.

The story of how Gillette's this product came to be illustrates the balance companies must strike when creating products for emerging markets: It's not as simple as slapping a foreign label on an American product.

To successfully sell products overseas, particularly in developing markets, companies must tweak them so they're relevant to the people who live there. And often, that means rethinking everything from the product's design to its cost. More companies will have to consider this balancing act as they increasingly move into emerging markets such as India, China and Brazil to offset slower growth in developed regions such as the US.

For its part, P&G has doubled the percentage of its roughly \$20 billion in annual revenue coming from emerging markets since 2000 to about 40 per cent. Ali Dibadj, a Bernstein analyst who follows P&G, said the Guard razor, which has been used by more than 50 million men in India, serves as a roadmap for companies seeking to court emerging markets.

"It made P&G realize how much investment it really takes to be successful in India," he said. "That's the art of emerging markets."

India, which has been an attractive country for US companies looking for growth, has 1.24 billion people. And its economy is bustling: India's annual gross domestic product growth was 3.2 per cent in 2012, according to the World Bank, compared with 2.2 per cent in the US the same year.

Gillette has sold razors in India for over a decade. The company had 37.3 per cent market share in 2007, selling its high end Mach3 razor, which costs about \$2.75, and a stripped down Vector two-bladed razor on the lower end, which goes for about 72 cents.

Carvalho, who spearheaded Gillette's effort to grow market share in India, didn't want to rush into designing a product, though. Gillette, which is based in Boston, wanted to test the product among Indian consumers before launching it, but instead of making the costly trip abroad, they had Indian students at nearby Massachusetts Institute of Technology test the razor.

"They all came back and said 'Wow that's a big improvement," Carvalho recalls.

But when Gillette launched the razor in India, the reaction was different. Executives were baffled about why the razor flopped until they traveled to India and observed men using a cup of water to shave. All the MIT students had running water. Without that, the razor stayed clogged.

"That's another 'a-ha' moment," Carvalho said. "That taught us the importance that you really need to go where your consumers are, not just to talk to them, but observe and spend time with them to gather the key insight."

P&G acquired Gillette in 2005 and the next several years were spent integrating the companies. But in 2008, the focus on India returned when Carvalho decided to bring 20 people, ranging from engineers to developers, from Gillette's US headquarters to India for three weeks.

They spent 3,000 hours with more than 1,000 consumers at their homes, in stores and in small group discussions. They observed people's routines throughout the day, sometimes staying late into the evening. They also hosted small group discussions.

"We asked them what their aspirations were and why they wanted to shave, and how often," Carvalho said. They learned that families often live in huts without electricity and share a bathroom with other huts. So men shave sitting on their floors with a bowl of water, often without a mirror, in the dark morning hours. As a result, shaving could take up to half an hour, compared with the five to seven minutes it takes to shave in American households, And Indian men strain to not cut themselves.

The takeaway

In the US, razor makers spent decades on marketing centered on a close shave, adding blade after blade to achieve a smoother cheek. But men in India are more concerned about not cutting themselves. "I worked in this category for 23 years and I never realized with those insights that's how they think about the product," said Eric Liu, Gillette's director of research and development, global shave

With that knowledge, the Gillette team started making a new razor for the Indian market. In nine months, P&G developed five prototypes.

The resulting Guard razor has one blade, to put the emphasis on safety rather than closeness, compared with two to five blades found on US razors.

One insight from filming shavers was that Indians grip the razors in many different ways, so the handle is textured to allow for easy gripping. There's also a hole at the handle's base, to make it easier to hang up, and a small comb by the blade since Indians hair growth tends to be thicker.

Next, the company had to figure out how to produce the razor at the right price."We had to say 'How do we do this at ruthless cost?" Carvalho said.

P&G scrutinised the smallest details. It cut the number of components in the razor down to 4 compared with 25 needed for the Mach3, Gillette's three-blade razor. They even made the razor's handle hollow so it would be lighter and cheaper to make.

"I can remember talking about changes to this product that were worth a thousandth, or two thousandths of a cent," said Jim Keighley, the company's associate director for product engineering.

The result? The Guard costs about one third of what it costs to make the Vector, Gilllette's low-price Indian razor before Guard. Gillette sells the Guard for Rs. 15, or 34 cents, per unit and each razor blade costs Rs. 5, or 12 cents.

The company's strategy seems to have worked. P&G says with 9 per cent market share, Guard has grown share faster than any other P&G brand in India. And Gillette's market share for razors and blades in India has grown to 49.1 per cent, according to Euromonitor. That's up from 37.3 in 2007.

Real estate trusts must have mini- to the condition that the minimum size of such mum asset size of Rs.1,000 crore

Cont from P. 9.. other than mortgage-backed securities. Further, "the REIT shall only invest in assets based in India".

Investment up to 100 per cent of the corpus of the REIT has been permitted in one project, subject

asset is not less than Rs.1,000 crore.

After registration, the REIT would raise funds through an initial offer, and once listed, it could subsequently raise funds through follow-on of-

According to the draft guidelines, listing of units would be mandatory for all REITs. Provisions for delisting have also been specified in the regulations.

Notifications

Reserve Bank of India

Notification governing money changing activities – Location of Forex Counters in International Airports in India

http://www.rbi.org.in/scripts/NotificationUser.aspx?Id=8417&Mode=0

Investments by Non-resident Indians (NRIs) under Portfolio Investment Scheme (PIS) Liberalisation of Policy

http://www.rbi.org.in/scripts/NotificationUser.aspx?Id=8325&Mode=0

Overseas Direct Investments

http://www.rbi.org.in/scripts/NotificationUser.aspx?Id=8305&Mode=0

Change in Daily Minimum Cash Reserve Maintenance Requirement

http://www.rbi.org.in/scripts/NotificationUser.aspx?Id=8452&Mode=0

RBI announces Measures to address Exchange Rate Volatility

http://www.rbi.org.in/scripts/BS_PressReleaseDisplay.aspx?prid=29086

Central Board of Excise and Customs

Notification seeking to levy definitive antidumping duty on resin or other organic substances bonded fibre boards etc

http://www.cbec.gov.in/customs/cs-act/notifications/notfns-2013/cs-add2013/csadd-18-2013.htm

Circular regarding import of pets as baggage

http://www.cbec.gov.in/customs/cs-circulars/cs-circ13/circ15-2013-cs.htm

Notification seeking to further amend notification No. 30/98-Customs (N.T.), dated 2nd June, 1998, so as to raise the value limit of Jewellery allowed duty free to an Indian passenger who has been residing abroad for more than one year.

http://www.cbec.gov.in/customs/cs-act/notifications/notfns-2013/cs-nt2013/csnt25-2013.pdf

Notification regarding increase in basic custom duty on all types of crude edible oil

http://www.cbec.gov.in/customs/cs-act/notifications/notfns-2013/cs-tarr2013/cs02-2013.htm

Income Tax Department

Circular on application of profit split method

http://law.incometaxindia.gov.in/DIT/File_opener.aspx?page=CIR&schT=&csId=a4641a4f-a3e3-4a9f-91d9-4035af1daa95&crn=&yr=ALL&sch=&title=Taxmann%20-%20Direct%20Tax%20Laws

FORTHCOMING EVENTS >>>> INDIA

Paperex-2013

Date: 24-27 October, 2013

Venue: New Delhi

Organizer: Indian Paper Industry (http://www.paperex-india.com/)

Contact: Tel: +91 11 25862301, Fax: +91 11 25768639 Email: iarpma@inpaper.com

Details: 'Paperex 2013 - 11th International Trade Fair and Technical Conference on Pulp, Paper, Conversion and Allied Industry'. The event would cover all aspects of the paper industry. 500 leading exhibitors from more than 40 Countries and 30,000 trade visitor from around the globe are expected to attend.

CHEMICAL MEET 2013-15TH REVERSE BUYER SELLER MEET (coinciding with INDIA CHEM 2013)

Date: 24-26 October, 2013

Venue: Hotel COURTYARD MARRIOT, Ahmedabad, Gujarat

Organizer: CHEMEXCIL

Contact: Tel. +91-22-22021288; Fax +91-22-22026684; E-Mail: rbsmchemexcil@gmail.com

Details: Council would like to invite major manufacturers/importers/distributors and traders of agro chemicals, industrial chemicals, dyes & textile auxillaries in Singapore. Council will be providing to and fro air fare as well as complete local hospitality for the selected guests/ delegates.

TENDER NOTICES >>>> INDIA

Tender invitation for Supply of the following

- Chemical Resistance and Oil Retention HDPE/Geo Membrane Liner
- 2. High Precision Microbalance & Analytical Balance
- 3. UV-VIS Multipurpose Spectrophotometer
- 4. Solid Waste/Food Waste Incinerator System

National Centre for Antarctic & Ocean Research , URL : http://www.ncaor.gov.in

Closing Date: 23rdOctober, 2013

Tender invitation for supply of Bursting Strength & Tester

Ordnance Equipment Factory, URL: http://ofbeproc.gov.in

Closing Date: 23rd October, 2013

Tender invitation for Purchase of Manual Slips and Power Slips.

Oil and Natural Gas Corporation limited, URL: https://etender.ongc.co.in

Closing Date: 28th October, 2013

India's October 28 Mars mission on schedule: Isro

PTI | Oct 5, 2013, 04.47 PM IST



BANGALORE: Isro on Saturday said the country's October 28 Mars Orbiter Mission (MOM) was on schedule, dismissing suggestions that Nasa may not be in a position to offer it deep space network support following government shutdown in the US.

"There is no delay. We are going ahead with our MOM as scheduled," Indian Space Research Organisation (Isro) spokesperson Deviprasad Karnik told PTI in Bangalore.

The Bangalore headquartered space agency is drawing comfort from the fact that Nasa has announced that it would go ahead with its own MAVEN (Mars Atmosphere and Volatile Evolution) mission, slated for launch as early as November 18. This, in other words, means that Nasa would have to keep its DSN, an international network of antennas that track interplanetary spacecraft missions, operational.

India plans to launch its MOM spacecraft on October 28, the first day of the launch window which remains open till November 19. Once launched, MOM would go around the earth for 20-25 days before embarking on a nine month voyage to the red planet.

Events

Interaction with Indian Customs officers-High Commissioner Ms Vijay Thakur Singh interacts with senior officers from Indian Customs participating in the Mid Career Training Program (MCTP). The officers were in Singapore for a week's attachment with the Lee Kuan School of Public Policy (NUS).





Navratri Celebrations- High Commissioner Ms Vijay Thakur Singh participated in the Navratri celebrations organized by Singapore Gujarati Society on 5/10/13.





Gandhi Jayanti Function-Global Organization of People of Indian Origin (GOPIO) and Global Indian International School, Queenstown campus jointly organized 144th birth anniversary of Mahatma Gandhi on 2nd October which is also UN International Day of Non-Violence. The function was organized in the morning at Global Indian International School, Queenstown campus where High Commissioner of India Ms Vijay Thakur Singh was the Guest of honour.





For Feedback & Comments, please contact:

Mr. Amitesh Bharat Singh, First Secretary (Commerce)
Trade Wing

High Commission of India

31 Grange Road, Singapore- 239702 Email : fscom@hcisingapore.org;

hc@hcisingapore.org URL: www.hcisingapore.gov.in