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India Focus

Shri Narendra Modi assumes office as 15th Prime Minister of India

this issue

BUSINESS

Singapore pips Mauritius as top source of FDI in India

PTI | New Delhi | May 26 2014

Singapore has replaced Mauritius as the top source of foreign direct investment into India, accounting for about 25% of FDI inflows in 2013-14.

During the last financial year, India attracted $5.98 billion in FDI from Singapore, whereas it was $4.85 billion from Mauritius, according to the data of the Department of Industrial Policy and Promotion (DIPP).

According to experts, the Double Taxation Avoidance Agreement (DTAA) with Singapore incorporates Limit-of-Benefit (LoB) clause which has provided comfort to foreign investors based there.

"LoB clause in India-Singapore treaty justifies the substance in Singaporean entities, bringing certainty and avoiding chances of litigations," head of tax and expert on FDI with corporate law firm Amarchand & Mangaldas Krishan Malhotra said. FDI inflows from Mauritius have started drying up on fears of the impact of GAAR and possible renegotiation of the tax avoidance treaty, he added.

Message from The Prime Minister

My dear fellow Indians and citizens of the world,

Namaste!

A very warm welcome to the official website of the Prime Minister of India.

On 16th May 2014 the people of India gave their verdict. They delivered a mandate for development, good governance and stability. As we devote ourselves to take India's development journey to newer heights, we seek your support, blessings and active participation. Together we will script a glorious future for India. Let us together dream of a strong, developed and inclusive India that actively engages with the global community to strengthen the cause of world peace and development.

I envision this website as a very important medium of direct communication between us. I am a firm believer in the power of technology and social media to communicate with people across the world. I hope this platform creates opportunities to listen, learn and share one's views.

Through this website you will also get all the latest information about my speeches, schedules, foreign visits and lot more. I will also keep informing you about innovative initiatives undertaken by the Government of India.

Yours,

Narendra Modi

(Source: http://www.pmindia.nic.in/pmmessage.php)

ECONOMY

PM Modi Asks Ministers to Fix 100-Day Agenda, Lists Top 10 Priorities

NDTV, Updated: May 29, 2014

Here are the top 10 priorities :

1. To remove hurdles in economic growth which includes containing inflation as a priority.
2. To prioritize education, energy and water. Mr Modi has repeatedly during his campaigns said that the expectations of the education system remain to be fulfilled.
3. To bring in reforms in infrastructure. Industry experts have in fact called upon the new government to focus on attracting investments in key sectors, especially the infrastructure space, to revive growth and investor confidence. Mr Modi has focused repeatedly in many election rallies to make India a global manufacturing hub.
4. To provide a people-oriented government and governance. Mr Modi has often stressed that mere good governance is not enough, and that it has to be pro-people and pro-active. Good governance is putting people at the center of development process.
5. To ensure time-bound implementation of policy.
6. To maintain consistency in policy.
7. To promote e-auctioning in government tenders and other government work. The idea is to encourage transparency.
8. To improve inter-ministerial co-ordination. Mr Modi has already informally asked secretaries of various departments to give their views on whether some ministries should be clubbed to ensure better coordination.
9. To build confidence in the bureaucracy.
10. To empower and provide freedom to the bureaucracy.

Government abolishes all GoMs and EGoMs for greater accountability and empowerment

Source: http://pmindia.nic.in/details25.php

In a major move to empower the Ministries and Departments, the Prime Minister today decided to abolish all the existing nine Empowered Group of Ministers (EGoMs) and twenty-one Groups of Ministers (GoMs). This would expedite the process of decision making and usher in greater accountability in the system. The Ministries and Departments will now process the issues pending before the EGoMs and GoMs and take appropriate decisions at the level of Ministries and Departments itself.

Wherever the Ministries face any difficulties, the Cabinet Secretariat and the Prime Minister's Office will facilitate the decision making process.

Citi raises India's GDP growth forecast to 6.5% in FY 15-16

***The Hindu BusinessLine**: May 19, 2014*

Citi Research — a division of Citigroup Global Markets — has raised its India GDP growth forecast for 2015-16 to 6.5 per cent on expectations of an accelerated pickup in investments.

This move comes on the heels of the Bharatiya Janata Party's stunning victory, beating expectations by gaining an absolute majority (272-plus seats of a total of 543) in the 2014 general elections.

Citi had earlier projected economic growth for 2015-16 at 6.2 per cent.

It has, however, retained the GDP growth forecast for 2014-15 at 5.6 per cent.

While the new political formation is likely to set the wheel in motion immediately, effects on the economy will be lagged and a full-fledged recovery will be realised only in 2016-17, Rohini Malkani, Chief Economist, Citi India said in a research note.

Citi is of the view that governance and institutional reforms will start reflecting in the numbers with a lag. Also, high inflation and interest rates could impede growth in the short term, the research note added.

Lower CPI inflation

Citi has maintained its view of Consumer Price Index (CPI)-based inflation averaging 8 per cent in 2014-15 as against 9.5 per cent in 2013-14.

But it has revised down its 2015-16 inflation estimate to 6.5 per cent on the renewed political will of the Government.
The decline in CPI inflation would largely be in line with the "glide path" envisaged by the Patel committee report.

The CPI inflation target of 6 per cent is achievable if structural issues are addressed.
As regards monetary policy, Citi has maintained its view of an extended pause on policy rates through 2014 as CPI inflation roughly meets RBI's target of 8 per cent by January 2015 and 6 per cent by January 2016.

RBI eases gold import norms

The Hindu, 22May 2014

The Reserve Bank of India (RBI), on Wednesday, allowed star trading houses (STH) and premier trading houses (PTH) to import gold under the 20:80 scheme. This follows representations made by jewellers and bullion dealers over the last several months.
The guidelines specifically tackle the 20:80 scheme, which were introduced to combat a huge current account deficit (CAD) last year.
According to the guidelines of the scheme, importers can buy gold provided a fifth of the imported quantum is exported as finished products like jewellery.
The RBI has also permitted banks to provide gold metal loans (GML) to domestic jewellery manufacturers out of the eligible domestic import quota to the extent of GML outstanding on their books as on March 31, 2013.
The RBI had banned import of gold through star trading houses in August 2013 but this led to a rise in the parallel market, resulting in high premiums.
"The number of institutions which can now import gold will go up, and this will increase supply of gold which was choked," Suresh Jain, Director, India Bullion & Jewellers Association (IBJA), said, adding that it was a very welcome step. "This is exactly what we have been asking for," he said.
Once there was relaxation, there would be an easing of prices, said one bullion dealer.
"It is a relaxation, and the very indication of the likely relaxation saw premium drop from $125 levels two weeks ago to $80 an ounce," Mr. Jain said, adding, "It will surely go down even further and could drop to $20 an ounce level.''
Mr. Jain felt that gold price could reach Rs.26,000 per 10 gram level soon and would remain flat.

India set to record highest ever foodgrain production

The Times of India: May 19, 2014

India is set to record highest ever foodgrain production. The government on Friday revised its estimate, saying the country would collectively produce 264.28 million tonnes (MT) of foodgrain as compared to 257.13 million tones last year.
Releasing its third estimates of crop production, the agriculture ministry said the country was expected to set the records for both rice and wheat.
"Rice production is expected at record 106.29MT and wheat production is expected to reach 95.85MT, again a record," said the ministry.
The revised production took into account kharif crops of the year 2013 and rabi crops of the year 2013-14. Good monsoon last year had helped the country in achieving this feat.
In the earlier estimates (2nd Advance Estimates) released in February, the total foodgrain production was pegged at 263.2 million tonne.
"Record production has also been achieved in the case of tur (3.38 MT), gram (9.93 MT), maize (24.19 MT), all pulses put together (19.57 MT), cotton (36.50 million bales) and jute (10.82 million bales)," said the ministry.

BANKING/FINANCE

Rajan calls for more global monetary policy coordination

The Hindu, PTI

Reserve Bank Governor Raghuram Rajan on Wednesday made a case for more coordination in monetary policies by different central banks to deal with the spill-over effect on emerging markets.

"...my call for more coordination in monetary policy... In its strong form, I propose that large country central banks, both in advanced countries and emerging markets, internalise more of the spill-over from their policies in their mandate...," he said in his remarks at a conference organised by Bank of Japan in Tokyo.

He further said that given the difficulties of operationalising the strong form, "I suggest that, at the very least, central banks reinterpret their domestic mandate to take into account other country reactions over time, and thus become more sensitive to spill-overs".

Dr. Rajan said the current "non-system in international monetary policy is, in my view, a source of substantial risk", both to sustainable growth as well as to the financial sector.

"It is not an industrial country problem, nor an emerging market problem, it is a problem of collective action. The sooner we recognize that, the more sustainable world growth we will have," he said.

The Governor also made a case for setting up of strong international safety nets to discourage countries from accumulating huge foreign exchange reserves.

"...we should reduce the incentive for countries to engage in a repeat of substantial reserve accumulation by building stronger international safety nets," he said.

RBI directive on foreign currency accounts

PTI, Updated: May 28, 2014

The Reserve Bank of India has directed banks to convert credit balances in any inoperative foreign currency (FC) denominated deposit into Indian rupee if the former remains not in use for three years from the date of maturity of deposit.

Thereafter, the depositor shall be entitled to claim either the said Indian rupee proceeds and interest or the foreign currency equivalent (at the prevalent exchange rate) of the Indian rupee proceeds of the original deposit, the RBI added.

The RBI further said in case of inoperative foreign currency denominated deposit not in use for three years and having no fixed maturity period, the bank should give three month notice to the depositor and convert the deposit from the foreign currency to Indian rupee.

"...the depositor shall be entitled to claim either the said Indian rupee proceeds and interest thereon, if any."

MARKETS

India most loved mkt in Asia; FIIs pour in $7.8 bn YTD: HSBC

PTI, New Delhi, 28 May, 2014

Overall, foreign investors have bought $18.8 billion worth of equities till January to May 26 in Asia excluding Japan

Foreign Institutional Investors continued to focus on Indian equities as the markets have seen net inflow of $2.3 billion in May, taking the total to $7.8 billion so far this year, says an HSBC report.

"India still the most loved market in the region" HSBC said in a research note. According to the global financial services major, FII flows in May were mixed, with investors being more selective.

In the Asia region, investors bought India, preferred Korea over Taiwan and sold Thai equities.

Overall, foreign investors have bought $18.8 billion worth of equities till January to May 26 in Asia excluding Japan. Out of this India received $7.8 billion, followed by Taiwan $6.3 billion

And Indonesian $3.6 billion respectively. Korea and Philippines received $0.9 billion and $1 billion respectively, while they sold Thai equities, as political risk further intensified. According to HSBC, FII flows in 2014 are likely to be much better than last year for emerging markets. These economies have so far this year already received 78% of the total inflows in 2013.

Although FIIs poured money in Asian equities, mutual funds remained cautious as they took out $1.2 billion from Asia, excluding Japan, in the last four weeks ending May 21 2014, it said quoting EPFR Global.

However, mutual funds continued to purchase Indian equities and turned slightly positive on China as well, with the later announcing better manufacturing numbers in May.

"Mutual funds are most overweight on Indian equities, but the exposure has come off compared to three months ago," HSBC said.

Funds increased their exposure to Thailand and Philippines equities as well, though the relative high exposure to Thai equities was probably because the market fell faster than mutual fund redemptions, HSBC said.

BUSINESS

Flipkart buys Myntra as Amazon spurs consolidation

Reuters, May 22 2014

Flipkart, India's largest e-tailer, on Thursday acquired the country's biggest fashion portal Myntra, as Amazon.com Inc's rapid expansion in the country stokes consolidation in the e-commerce industry. Financial terms of the deal were not disclosed but according to one person with knowledge of the development, the transaction is worth about $300 million.

The acquisition is likely to give Flipkart, set up by two ex-Amazon employees in 2007, not just a stronger foothold in the fast-growing online fashion market, but also the additional scale it needs to fight competitors like Amazon, Flipkart co-founder Binny Bansal said.

"This acquisition helps us grab a bigger market share and compete better," he said.

Amazon, which entered India last June, has drawn up the battle lines by slashing prices, launching next-day delivery, adding new product categories and embarking on a high-voltage advertisement campaign.

With growing competition, smaller e-commerce companies would find it difficult to access fresh capital and cope with a price war, forcing them to merge with bigger rivals, retail consultants said.

Only 18 of the 52 e-commerce start ups in India - which raised $700 million in venture capital funding in three years ending 2012 - were able to raise follow-on investments last year, investment bank Allegro Advisors said.

"The smaller companies who are growing and managing their business well face a bigger threat of being acquired by the top few companies than the ones who are not," said Ankur Bisen, senior vice-president at retail consultancy Technopak.

The companies vying for a bigger slice of the Indian online retail market include Flipkart, New Delhi-based marketplace Snapdeal, Myntra, fashion e-tailer Jabong along with global giants Amazon and eBay Inc.

Amazon is also looking for smaller acquisition targets in India to boost its presence in the country, several investment bankers said, piling pressure on home-grown players such as Flipkart and Snapdeal.

The Indian e-commerce market was worth $13 billion in 2013, with online travel accounting for over 70 percent of consumer e-commerce transactions.

Online sales of retail goods totaled $1.6 billion in 2013, according to research firm Forrester, and are expected to reach $76 billion by 2021, Technopak said.

By comparison, China's business and consumer e-commerce sales may surpass $180 billion this year, with industry leader Alibaba readying an initial public offering (IPO) worth more than $15 billion.

FASHION CONSCIOUS

Bangalore-based Flipkart, which is popular for selling books and electronics online, said it would invest over $100 million in the fashion business over the next 12-18 months.

Private equity investors Tiger Global Management and Accel Partners are investors in both Flipkart and Myntra.

Flipkart, which hit the $1 billion gross merchandise value (GMV) mark in March this year, a year earlier than the company expected, has received $560 million of funding since 2007.

Myntra, which sells products from over 650 brands like Adidas, Calvin Klein and Levis, has a GMV of about $204 million. GMV is an important e-commerce performance metric as the revenue depends on gross merchandise sold and fees charged.

Both companies will be run independently, said Flipkart co-founder Sachin Bansal.

In a separate deal, Snapdeal raised $100 million from five investors including Temasek Holdings (Private) Ltd, its second fund raising this year.

SGX's India office to woo fund raising corporations

PTI May 22, 2014

Singapore Exchange (SGX) will set up a liaison office in India within a month to help Indian firms interested in listing and raising capital in Singapore.

"Such capital raising is achieved via equity, Real Estate Investment Trust, Business Trust, Global Depository Receipts and debt listings on our Exchange," Ronald Tan, SGX Director for Marketing and Business Development, told today.

"I think for us that (the approval and office) is huge commitment because we have been engaging India for last 10 years," he said.

The office location would be decided within a month, Tan added. Indian issuers have already raised more than USD 60 billion via bonds listed on SGX, making them the third largest in the bourse's bond segment.

"On equity listings, we currently have 5 listed securities of Indian origin listed on SGX. We have received strong interest for listing from India and we look forward to such aspirants raising capital on our Exchange to support their business growth," he said.

Some Indian global depository receipts, representing shares already quoted on the Indian stock exchange, were also listed on SGX.

The fund raisers include Tata Group and Flipkart, and listings include Ascendas India Trust since 2007, Indiabulls Properties Investment Trust and Religare Health Trust.

Tan expects more Indian business trust of list on SGX, especially trusts dealing in infrastructure.

"We will focus on to provide funding required for infrastructure development in Asia, especially India," Tan said.

Tan described the Indian general elections results a positive development. "We're believers in Indian growth... we believe we can provide complementary capital fund solutions," he said.

In the meantime, SGX Senior Vice President and Head of Listings (India) Neena Prasad has been shuttling between New Delhi and Mumbai, leading the exchange's efforts in attracting listings from India to its international capital-raising platform. Prasad was appointed to head the India business last November.

Incorporation of a Joint Venture Company in Singapore

14 May, 2014, The Hindu Business Line

Greenply Industries Ltd has informed BSE that Greenply Alkemal (Singapore) Pte Ltd. (a joint venture company of Greenply Industries Limited, India and Alkemal Singapore Pte. Ltd., Singapore) has been incorporated on May 14, 2014 as a Private Limited Company in Singapore. The said Joint Venture Company is equally owned (50:50 investments owned directly or through subsidiary/affiliates) by Greenply Industries Limited and Alkemal Singapore Pte. Ltd. The Joint Venture Company will, subject to necessary regulatory approvals, acquire and own 100% share of Greenply Industries (Myanmar) Pvt. Ltd. which was incorporated as a wholly-owned subsidiary of Greenply Industries Limited for setting-up of a Veneer or Veneer-cum-Plywood Unit in Myanmar.

TOURISM & HOSPITALITY SECTOR	FACTSHEET
Sector Strengths	• Indian tourism offers geographical diversity, attractive beaches, 28 world heritage site and 25 bio-geographic zones • Indian tourism industry stands 40th globally in terms of Foreign Tourist Arrival (FTAs) • According to data released by *Lonely Planet*, India is listed in the top five travel destinations in the world • Attention to development of niché tourism products to cater to an array of travellers — niché products include cruise, adventure, medical, wellness, sports, MICE, eco, film, rural and religious tourism • Domestic spending on tourism is growing due to rising income and changing lifestyles, especially among young people; domestic travel revenues aggregated $73.8 billion in 2012 and is expected to reach $175.9 billion by 2023 • Domestic travellers contributed over 82.2% to total tourism revenues in 2012
Basic Facts of the sector (Statistics)	• Market size estimated to be USD 418.9 billion by 2022 • India ranked 12th among 184 countries in terms of travel and tourism's total contribution to GDP in 2012 • Travel and tourism's contribution to capital investment projected to grow at 6.5% per annum during 2013–2023, above the global average of 5% • In India, the sector's direct contribution to GDP is expected to grow at 7.8% per annum during 2013–2023 as against the world average of 4.2% • Domestic travel revenues aggregated USD 73.8 billion in 2012 and are expected to reach USD 175.9 billion by 2023; foreign visitor revenues reached USD 18.2 billion in 2012 and are projected to total USD 34.8 billion by 2023 • The Indian hotel industry grossed revenues of over $5.3 billion in 2011 • Tourism is a big employment generator; every one million invested in tourism creates 47.5 jobs directly and around 85–90 jobs indirectly. • Tourism is the third-largest foreign exchange earner after gems and jewellery and readymade garments; during 2012, foreign exchange earnings (FEEs) from tourism registered a growth of 21.8% from INR 776 billion to INR 945 billion when compared to FEEs during 2011 • FTAs during 2012 were 6.65 million with a growth of 5.4%, as compared to FTAs of 6.31 million during 2011
Growth Drivers	• Growing recognition of tourism's contribution to employment and economic growth, availability of better infrastructure, focused marketing and promotion efforts, liberalization of air

	transport, growth of online travel portals, growing intraregional cooperation and more effective PPPs are seen as key drivers for tourism in the next decade • More than half of the Ministry of Tourism's Plan budget is channelized for funding the development of destinations, circuits, mega projects as also for rural tourism infrastructure projects • The ministry also ensured that 10% and 2.5% of its total annual plan (2012–13) outlay went to the tourism projects in the north-eastern region and tribal areas, respectively • Setting up of India Tourism Development Corporation to promote sector and Tourism Finance Corporation to finance tourism projects • Focus on skill development for the travel and tourism sector; 21 government-run hotel management and catering technology institutes and 14 food craft institutes established for imparting specialized training in hoteliering and catering • Availability of Visa-on-Arrival (VoA) facility significantly influences tourists' travel plans to any country — during 2012, a total number of 16,084 VoAs were issued as compared to 12,761 VoAs during the corresponding period of 2011, thereby showing a growth of 26% • Recently, the Indian government has also released a fresh category of visa referred to as medical visa or 'M' visa; it is especially designed to encourage medical tourism in India • Launch of several branding and marketing initiatives by Government of India, such as *Incredible India!* and *Athiti Devo Bhava* • Focus on development of tourism infrastructure — 12th Five-Year Plan allocates more than INR 30 billion for tourism infrastructure projects • Focus on development of sector in north-east • Development of aviation sector in the country
FDI Policy	• 100% FDI is allowed under the automatic route in tourism and hospitality, subject to applicable regulations and laws; 100% FDI allowed in tourism construction projects including development of hotels, resorts and recreational facilities
Investment Opportunities	**Tourism:** • Medical tourism: The presence of world-class hospitals and skilled medical professionals make India a preferred destination for medical tourism • Cruise tourism: India with a vast and beautiful coastline, virgin forests, and undisturbed idyllic islands can be a fabulous tourist destination for cruise tourists

	- Rural tourism: India has potential to develop the rural tourism industry as most of its population resides in rural areas - Eco tourism: Vast variety of flora and fauna across various states now becoming popular tourist destinations - Luxury tourism: The luxury travel market is estimated to be around $1.7 billion and is projected to grow at an average rate of 15% to 20% over the next decade **Hotel and restaurant business:** - Requirement of more than 200,000 rooms - Segment offers opportunity across various sub-segments such as time share resorts, conventions centres, motel projects, heritage hotels, etc. **Tour operators and travel agents:** - Opportunities for investment in setting up of tour operations/ travel agencies to cater to burgeoning number of tourist inflows
Sector Policy	**National Tourism Policy, 2002:** Its vision is to enhance employment potential within the tourism sector as well as to foster economic integration through developing linkages with other sectors; policy objectives include positioning tourism sector as a major engine of economic growth, positioning India as a global brand, acknowledging the critical role of private sector and creating integrated tourism circuits - Other important policies – Guidelines for assistance to central agencies in tourism infrastructure development; scheme for assistance for large revenue generating projects; scheme for public-private partnership in infrastructure development; guidelines for approval of convention centres, motel projects, time share resorts, guest houses, etc.
Financial Support (Incentives)	**Tax incentives:** 100% deduction on capital expenditure (other than on land, goodwill and financial instruments) available on building and operating, anywhere in India, a two-star hotel or above category that commenced operations on or after 1st April, 2010 **State incentives:** - State governments have separate tourism policies and incentives offered by state governments may include rebated land cost; relaxation in stamp duty exemption on sale/lease of land; power tariff incentives; concessional rate of interest on loans; investment subsidies/tax incentives; backward areas subsidies; special incentive packages for mega projects - Incentives are provided for setting up projects in special areas — north-east India, Jammu & Kashmir, Himachal Pradesh and Uttarakhand

	• **Special schemes of Ministry of Tourism**: • Scheme for assistance for large revenue generating projects • Scheme for support to PPPs in infrastructure development (viability gap funding) • Scheme for capacity building of service providers
Useful Links	www.**investindia**.gov.in/ www.**tourism**.gov.in

As on 31 May, 2014.

NEW

ELECTRONICS SYSTEMS DESIGN AND MANUFACTURING (ESDM) — FACTSHEET

India's strengths in this sector / reasons to invest	• Huge ESDM market - demand projected at $94.2 billion by 2015 • Good demand generated due to government schemes – National Knowledge Network (NKN), National optical fibre network (NOFN), tablets for education sector, digitization policy, schemes for broadband. • Adequately developed electronic manufacturing services (EMS) industry - to be a significant contributor to ecosystem development. • India has the third largest scientific and technical manpower in the world; Enormous talent available in semiconductor design and embedded software; Strong design and R&D capability in select product lines like auto electronics and industrial electronics.
Basic Facts of the sector (Statistics)	• The Indian ESDM industry was estimated to be $68.31 billion in 2012; anticipated to be $94.2 billion by 2015; CAGR of 9.88% between 2011 and 2015. • ESDM comprises Electronic Products; Electronic Components; Semiconductor Design and Electronics Manufacturing Services (EMS) • Top 10 electronics products by total revenue - mobile phones; flat panel display TV; notebooks; desktops; digital camera; inverters and UPS; memory cards and USB drives; EMS; LCD monitors; servers
Growth Drivers	• Significant local demand; Rising manufacturing costs in alternate markets. • 65 percent of the current demand for electronics products is met by imports. • Government policies – Modified Special Incentive Package Scheme (SIPS) (USD 12.7 bn investment proposals till Feb 2014), Electronics Manufacturing Clusters Scheme (EMC), Skills Development Scheme. • Export potential - huge consumption market in Middle East; emerging growth markets of North Africa and Latin America. • Existing R&D capabilities can be encouraged to develop 'Made in India' products and generate local IP • Information Technology Investment Regions (ITIR) notified: √ Karnataka (42.5 sq.km; near Bengaluru; USD 17.6 bn investment)

	√ Andhra Pradesh (202 sq km; near Hyderabad; USD 36.4 bn investment) • Electronics Manufacturing Clusters are being established across the country by GMR (near Bangalore); Andhra Pradesh Government Corporation (near Hyderabad); Electronics Components Industries Association (near Delhi); MP Government Corporation (Bhopal and Jabalpur); Kerala Industrial Infrastructural Development Corporation (near Kochi); • Semiconductor Wafer Fabrication (FAB) manufacturing facilities being set up in India in Uttar Pradesh and Gujarat; total investment USD 10.5 bn • Venture funds with focus on electronics planned include Electronics Development Fund; Walden India Fund; KIT-VEN Fund; SIDBI Fund • Electronic Sector Skills Council and Telecom Sector Skills Council set up for establishing an effective and efficient ecosystem for development and imparting of outcome oriented skills for ESDM sector; Skills Development Scheme - 90,000 persons are to be supported under the scheme in 6 States/UTs in 5 levels of courses.
Investment Opportunities	• Investment opportunities: √ Setting up of Electronics Manufacturing Clusters √ Semiconductor wafer fabrication √ Electronic components √ Semiconductor design √ Electronics Manufacturing Services (EMS) √ Telecom products √ Industrial / Consumer electronics √ Expected electronic market in India by 2020 by segment: Telecom Equipment (USD 34 bn); Laptops, Desktops, Tablets (USD 34 bn); LED (USD 35 bn); Consumer Electronics (USD 29 bn); Set Top Boxes (USD 10 bn); Automotive Electronics (USD 10 bn); Medical Electronics (USD 8.5 bn)
FDI Policy	• 100% FDI is allowed under the automatic route in Electronic System Design & Manufacturing sector subject to all the applicable regulations and laws. • In case of defence electronics items, FDI up to 26% is under the government approval route and above 26% is allowed through approval of cabinet committee on security (This is on case to case basis; investments should ensure access to modern and ‘state-of-art’ technology in the country).

Sector Policy	• National Policy on Electronics (NPE): NPE vision is "To create a globally competitive electronics design and manufacturing industry to meet the country's needs and serve the international market". The objective of the NPE is to create an ecosystem for a globally competitive ESDM sector in the country by attracting investment of about USD 100 billion and generating employment for around 28 million people at various levels. The ultimate aim of the policy is for the Indian ESDM sector to develop core competencies in strategic and core infrastructure sectors like telecommunications, automobile, avionics, industrial, medical, solar, information and broadcasting, railways, intelligent transport systems, etc. • A number of State Governments have also defined policies in Electronics. • Other important policies - National Telecom Policy; National Manufacturing Policy
Financial Support (Incentives)	**Modified SIPS-** • Capital subsidy up to 20-25% for 10 years on capex. • Reimbursement of CVD/excise for capital equipment in non-SEZ units • Reimbursement of central taxes and duties for 10 years in select high tech units like fabs and ATMPs. • Available for entire value chain of identified electronics products. • Incentives available for 10 years from the date of approval. **Preferential Market Access** • Preference to domestically manufactured electronic goods in government procurement. • Extent of government procurement from domestic manufacturers will not be less than 30 % of the total procurement. **Electronic Manufacturing Clusters:** • Subsidy of 50-75%- Subsidy up to USD 10 million per 100 acres of land. • Applicable to both Greenfield and brownfield projects. **Export Incentives:** • Focus product scheme -2% duty-credit scrip • Special focus product scheme-5% duty credit scrip • Focus market scheme.

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Areas based incentives:

- Incentives for units in SEZ/NIMZ as specified in respective acts or setting up project in special areas like North East regions, Jammu & Kashmir, Himachal Pradesh & Uttarkhand.

National Scheme for Supporting MSMEs in the ESDM Sector

- For compliance of electronic goods with "Indian Standards"
- Testing and certification required for export
- Development of Electronic Manufacturing Clusters by MSMEs

State incentives:

- Apart from above each state in India offers additional incentives for industrial projects. Some of the states also have separate policies for electronics sector. Incentives in areas like rebated land cost; relaxation of stamp duty on sale/lease of land; power tariff incentives; concessional rate of interest on loans; investment subsidies / tax incentives; backward areas subsidies; special incentive packages for mega projects

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Important agencies (Ministry / sectoral chamber with website)

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- Department of Electronics & Information Technology, Ministry of Communications & Information Technology, Government of India (http://deity.gov.in/)
- Electronic industry associations

√ Manufacturers' Association for Information Technology (MAIT) (www.mait.com)

√ Electronic Industries Association of India (ELCINA) (www.elcina.com)

√ Consumer Electronics and Appliances Manufacturers Association (CEAMA) (www.ceama.in)

√ India Electronics Semiconductor Association (IESA) (www.iesaonline.org)

√ Indian Cellular Association (ICA) (ica-ind.org)

√ Indian Electrical & Electronics Manufacturers' Association (ieema.org)

√ LED products Manufacturers' Association (LEDMA) (www.ledma.org)

√ Automotive Component Manufacturers Association of India (ACMA) (acma.in)

√ Association of Indian Medical Device Industry (AIMED) (www.aimedindia.com)

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As on 31 May, 2014.

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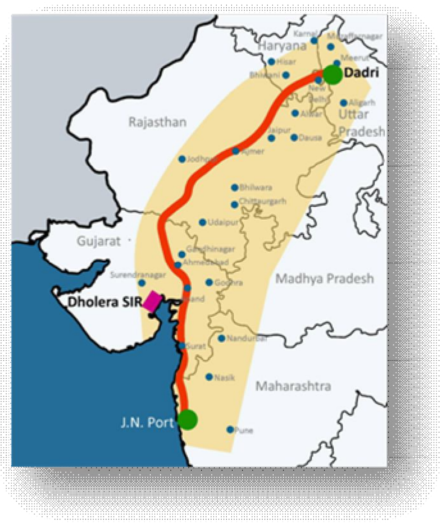
Delhi Mumbai Industrial Corridor — FACTSHEET

Background

- The Government of India is developing the Delhi-Mumbai Industrial Corridor (DMIC) as a global manufacturing and investment destination utilizing the 1,483 km-long, high-capacity western Dedicated Railway Freight Corridor (DFC) as the backbone.
- The DMIC, estimated to be fully operational by 2019, will be India's first effort towards integrated regional development with manufacturing as a key driver.
- The plan is to develop new manufacturing cities, logistical hubs and residential townships along the DFC incorporating the philosophy of sustainability and development; each manufacturing city will have world-class infrastructure, convenient public transport, power management and an efficient water and waste management system.
- Twenty-four manufacturing cities are envisaged in the master plan of the project. In the first phase, seven manufacturing cities are being developed, one each in the states of Uttar Pradesh, Haryana, Rajasthan, Madhya Pradesh and Gujarat, and two in Maharashtra. The manufacturing cities will provide international and domestic investors with a diverse set of investment opportunities.
- Sectors of focus include general manufacturing; IT/ITES; electronics including high tech industries; automobiles and auto ancillary; agro and food processing; heavy engineering; metals and metallurgical products; pharmaceuticals and biotech; and services sector.
- DMIC states (Uttar Pradesh, Haryana, Rajasthan, Madhya Pradesh, Gujarat & Maharashtra) contribute 43% the country’s GDP; more than half of India’s industrial production & exports; account for over 40% of workers & number of factories across India.
- The project has been conceptualized in partnership and collaboration with the Government of Japan and is being implemented by the Delhi-Mumbai Industrial Corridor Development Corporation (DMICDC), an autonomous body composed of government and private sector entities, through special purpose vehicles.
- The project is featured in KPMG's ‘100 Most Innovative Global Projects’ as one of the world’s most innovative and inspiring infrastructure projects.
- Other corridors planned include Bengaluru Mumbai Economic Corridor; Amritsar - Kolkata Industrial Development Corridor; Chennai Bengaluru Industrial Corridor (CBIC)

DMIC Impact on India

- The project seeks to create a strong economic base with a globally competitive environment and state-of-the-art infrastructure to activate local commerce
- New DMIC Cities will help to meet pressures of urbanisation and also lead India’s economic growth for the next 20 years
- The project aspires to 'double employment potential, triple industrial output, and quadruple exports' from the region in the next

<table>
<tr><td></td><td>seven to nine years.</td></tr>
<tr><td>Map</td><td>
</td></tr>
<tr><td>DMIC Cities</td><td><u>Global Regional Cities</u>

Benchmarked against the best new generation Industrial Cities in the world.
Transit oriented, walkable and livable cities.
Interconnected roads, rail and communication systems providing speed, access and world wide connectivity.

<u>Key sustainable development concepts</u>

Reduction of commuting needs for the workforce - multiple Central Business Districts (CBDs) and Industrial zones; Integration of land uses encouraging mixed-use; Affordable Workers Housing located near the industrial zones
High access mass transit corridors; Encouraging cycling & pedestrian modes
Recycling and reuse of water and solid wastes
Energy sufficiency through use of renewables
Conservation of better agricultural land & protection of sensitive natural environment (Coastal zones, forests, sanctuaries)
Integration of existing villages into the new cities
SMART City - IT based real time Control and Governance
</td></tr>
<tr><td>Opportunities across the value chain</td><td>
Public Private Partnership: The policy and regulatory frameworks (concession agreements) are well established; Substantial scale-up in the last 5 years; Opportunities for companies to venture as “Project Developers”.
Contractors/Consultants: Opportunities from implementing agencies who will sub contract construction.
O&M Operators: Substantial requirements of equipments, systems
</td></tr>
</table>

	and software • Equipment suppliers: Consistent demand of equipment due to mega infrastructure development across sectors; huge business potential for overseas players to enter the market. • Rolling stock suppliers: Increasing demand for various types of passenger & freight rolling stock; Attractive opportunity exists for private players. • Financing: Various Financial Institutions and PE firms have already
DMICDC and other agencies	• DMIC Development Corporation (DMICDC) - DMICDC (http://www.dmicdc.com/) was incorporated in January 2008 for project development, coordination and implementation of the numerous DMIC projects. • Department of Industrial Policy & Promotion (DIPP) -(http://dipp.nic.in) • Invest India-(http://www.investindia.gov.in/)

Nodes being developed and early bird projects in DMIC Phase I

Node	Early bird projects	Consultants	Area (sq. km)
Ahmedabad-Dholera Investment Region, Gujarat	* Mega Industrial Park at Dholera SIR * Greenfield international aviation hub near Ahmedabad * Waste Water Recycling Project * Six laning of Ahmedabad-Vataman-Pipli-Bhavnagar road link with specific economic activities (207 km) * Regional MRTS link between Gandhinagar - Ahmadabad & Ahmadabad-Dholera * Dahej Desalination Project	Consortium led by M/s Halcrow, UK	903
Manesar-Bawal Investment Region, Haryana	* Integrated Multi Modal Logistic hub near Rewari * Exhibition cum convention center at Panchgaon Chowk * Mass Rapid Transit System (MRTS)	Consortium led by M/s Jurong, Singapore	402
Khushkhera-Bhiwadi-Neemrana Investment Region, Rajasthan	* Development of Aerotropolis in Rajasthan * Road link connecting Bhiwadi and Neemrana * Development of Knowledge City Neemrana	Consortium led by M/s Kuiper Compagnons, Holland	160

Khushkhera-Bhiwadi-Neemrana Investment Region, Rajasthan	* Artificial Aquifer Recharge & Recovery System * Solar Project-Neemrana	Consortium led by M/s Kuiper Compagnons, Holland	160
Pithampur-Dhar-Mhow Investment Region, Madhya Pradesh	* Economic Corridor between Indore Airport to Pithampur Industrial Area * Knowledge City, Ujjain * Multi-Modal Logistics Hub, Pithampur * Water supply project, Pithampur * Green Field Township	Consortium led by M/s Lea Associates South Asia	372
Dadri-Noida-Ghaziabad Investment Region, Uttar Pradesh	* Development of Greater Noida (Boraki) Railway Station * Hi Tech Integrated Industrial Township * Development of Integrated Multi –Modal Logistic Hub at Greater Noida * Waste Water Recycling Project	Consortium led by M/s Halcrow, UK	200
Dighi Port Industrial Area, Maharashtra ***Nashik-Sinnar-Igatpuri Investment Region, Maharashtra***	* Multi-Modal Logistics Park at Karla * Exhibition and Convention Centre at Aurangabad * Dhule Mega Industrial Park * Shendra –Bidkin Mega Industrial Park * Waste Water Recycling Project * Transport and telecommunication Corridor in region with reference to Pune – Nashik and Pune – Aurangabad Highways	M/s AECOM, Hong Kong	253 (Dighi Port Industrial Area); 84 (2) Nashik-Sinnar-Igatpuri Investment Region)

As on 31 May, 2014.

FDI Policy update:

√ FIPB releases annual report for year 2011, 2012 & 2013 which discusses various cases thus providing necessary clarifications like FDI in book publishing. It also shows the extent and nature of cases being taken up by FIPB. The report can be downloaded from the following link-(http://www.fipbindia.com/FIPB%20REVIEW%202011-13.pdf)

RBI Actions:

√ **Announcements related to External Commercial Borrowings:**

(i) Simplification of procedure in case of ECB's from foreign equity shareholders. The details can be seen from the following link-(http://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=8880&Mode=0)

(ii) Simplification of procedure in case of Re-Schedulement of ECB's. The details can be seen from the following link-(http://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=8870&Mode=0)

(iii) Refinance/Repayment of rupee loans. The details can be seen from the following link-(http://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=8871&Mode=0)

√ **RBI has recognized LLP as party which can make investments outside India-** The details are available in the following link-(http://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=8882&Mode=0)

√ **Crystallization of Inoperative Foreign Currency Deposits**-(http://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=8909&Mode=0)

√ From now there is requirement of obtaining prior approval of the RBI in cases of acquisition/ transfer of control of NBFCs. Tax updates:

Tax Updates:

√ **India and Switzerland, 45 others agree on tax information exchange:** Fourty Seven nations including Switzerland and India, have agreed to exchange information on tax matters to reduce banking secrecy practices. The endorsement of the 'Declaration on Automatic Exchange of Information in Tax Matters' by 47 countries under the aegis of Organization for Economic Cooperation and Development (OECD) will come as a boost for India which is stepping up pressure on Switzerland to share details on alleged black money stashed away by Indians there. The standard agreed upon by the 47 nations will help clamp down on bank secrecy practices and ensure that they work towards full disclosure of information on tax evaders and financial criminals pertaining to any national jurisdiction.

Companies Act 2013:

√ The new Companies Act, 2013 has given the definition of Foreign Company. The section 2 (42) defines the foreign company as: "foreign company" means any company or body corporate incorporated outside India which—(a) has a place of business in India whether by itself or through an agent, physically or through electronic mode; and (b) conducts any business activity in India in any other manner. The rules further define the electronic means as carrying out electronically based, whether main server is installed in India or not, including but not limited to-(i) business to business and business to consumer transactions, data interchange and other digital supply transactions; (ii) offering to accept deposits or inviting deposits or accepting deposits or subscriptions in securities, In India or from citizens of India; (iii) financial settlements, web based marketing, advisory and transactional services, database services and products, supply chain management etc; (iv) Online services such as telemarketing, telecommuting, education and information research; and (v) all related data communication services, whether conducted by email, mobile devices, social media, cloud computing, document management, voice or data transmission or otherwise. The clarity is still needed if the organization is meeting above criteria would it then compulsory require to have fixed place of business in India?

√ MCA clarify on the requirement of PAN card at the time of Company incorporation in case of foreign nationals. The clarification is attached above. It says the PAN is necessary only in case foreign national is assesse under the IT act otherwise PAN card is not necessary.

Notifications

Securities and Exchange Board of India

SEBI (Foreign Portfolio Investors) Regulations, 2014

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

Ministry of Corporate Affairs

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

Notification relating to effective date of provisions of Section 135 and Schedule VII of Companies Act, 2013

http://www.mca.gov.in/Ministry/pdf/CompaniesActNotification1_2014.pdf

Reserve Bank of India

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

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

Foreign investment in India - participation by SEBI registered FIIs, QFIs and SEBI registered long term investors in credit enhanced bonds

http://www.rbi.org.in/scripts/NotificationUser.aspx?Id=8563&Mode=0

Ministry of Finance, Dept of Economic Affairs

8% Savings (Taxable) Bonds 2003

http://www.finmin.nic.in/the_ministry/dept_eco_affairs/budget/8perSavingsBonds2003_21042014.pdf

Central Board of Excise and Customs

Notification seeking to levy definitive anti-dumping duty on imports of 'Vitamin A Palmitate ', originating in, or exported from, Switzerland and People's Republic of China for a further period of five years

http://www.cbec.gov.in/customs/cs-act/notifications/notfns-2013/cs-add2013/csadd-30-2013.htm

Circular regarding import of pets as baggage

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

TENDER NOTICES >>>> *INDIA*

Tender invitation for :

Supply of Downhole Motors

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

Closing Date : 9 June, 2014

Tender invitation:

From interested parties to be appointed as a Passenger General Sales Agent/Representative Agent for the territory of Singapore.

Air India Limited , URL: www.airindia.in

Closing Date : 15 June, 2014

Tender invitation for :

Supply of Full Opening Safety Valves & Kelly Cock

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

Closing Date : 18 June, 2014

Tender invitation for :

Selection of agency for conducting e-auction of FM channels in FM Radio (Phase-III).

Ministry of Information & Broadcasting, Govt of India, URL: www.mib.nic.in

Closing Date : 20 June, 2014

Tender invitation for :

Supply of Kelly Swivel

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

Closing Date : 27 June, 2014

13-year-old Malavath Purna becomes youngest woman to scale Everest

PTI, May 25, 2014

In a historic feat for Indian mountaineering, 13-year-old Malavath Purna today became the youngest female climber to scale the Mount Everest.

Purna was accompanied by Sadhanapalli Anand Kumar (16), a Class IX student from the Khammam district of Andhra Pradesh, and completed the feat this morning.

Anand and Purna are both students of Andhra Pradesh Social Welfare Educational Society."They climbed Everest at 6 am today after a 52-day long expedition," he said. "Purna created a record by becoming by youngest girl to climb the Everest," he said. The duo were selected among about 150 children who were initially chosen for adventure sports as part of the society's initiative to promote excellence in the students of the society, he said. Twenty of them were sent to a prestigious mountaineering Institute in Darjeeling for training and nine among them were sent on expedition to Indo-China border earlier. The two students with a higher degree of toughness and endurance were sent to the Everest Expedition in April.

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 modes of payment allowed for receiving Foreign Direct Investment in an Indian company?

Ans. An Indian company issuing shares /convertible debentures under FDI Scheme to a person resident outside India shall receive the amount of consideration required to be paid for such shares /convertible debentures by:

(i) inward remittance through normal banking channels.

(ii) debit to NRE / FCNR account of a person concerned maintained with an AD category I bank.

(iii) conversion of royalty / lump sum / technical know how fee due for payment or conversion of ECB, shall be treated as consideration for issue of shares.

(iv) conversion of import payables / pre incorporation expenses / share swap can be treated as consideration for issue of shares with the approval of FIPB.

(v) debit to non-interest bearing Escrow account in Indian Rupees in India which is opened with the approval from AD Category – I bank and is maintained with the AD Category I bank on behalf of residents and non-residents towards payment of share purchase consideration.

If the shares or convertible debentures are not issued within 180 days from the date of receipt of the inward remittance or date of debit to NRE / FCNR (B) / Escrow account, the amount shall be refunded. Further, Reserve Bank may on an application made to it and for sufficient reasons permit an Indian Company to refund / allot shares for the amount of consideration received towards issue of security if such amount is outstanding beyond the period of 180 days from the date of receipt.

Source: RBI

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