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## BILATERAL

### ASEAN-India Seminar on the Master Plan on ASEAN Connectivity held in Singapore



(L-R) Mr Simon Wong, MFA, Mr. Rodolfo C Severino, Asean Studies Centre, ISEAS & Mr PS Raghavan, AS, MEA, Govt of India

The High Commission of India in Singapore, the Ministry of Foreign Affairs (MFA) Singapore and the ASEAN Studies Centre (ASC) at the Institute of Southeast Asian Studies in Singapore co-organised the ASEAN-India Seminar on the Master Plan on ASEAN Connectivity on 27 November 2012. The Seminar was the marker event of the Flag-Off for the ASEAN-India Car Rally. The speakers included representatives from the MFAs of both Singapore and India, the ASEAN Secretariat, Asian Development Bank and from the Indian private sector. The opening address of the Seminar was given by Mr. PS Raghavan, Additional Secretary (Development, partnership, Administration) from the Ministry of External Affairs, Govt of India. Mr. Simon Wong, Deputy Secretary, Ministry of Foreign Affairs, Singapore presented

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## TOP NEWS » ECONOMY

### India ready to sign FTA in Services, Investment with ASEAN: PM

Phnom Penh, November 19, 2012, *The Hindu*

Prime Minister Manmohan Singh responded to the urging of Association of South East Asian Nations (ASEAN) by promising to finalise the Free Trade Agreement (FTA) in services and investment before leaders from this 10-nation bloc arrive in Delhi next month for a summit with India.

On Sunday, Prime Minister of Singapore Lee Hsien Loong and President of Philippines Benigno Aquino during meetings with Dr. Singh were the most recent to press for an early conclusion of a comprehensive FTA. India had signed the FTA in goods in 2009 and has since been negotiating its extension into the services and investment sectors.

Although Commerce and Industry Minister Anand Sharma rolled out figures to assert that trade with ASEAN was growing in leaps and bounds, the fact remains that the dollars 75 billions in bilateral trade clocked last year was only 2.9 per cent of this block's total trade. Even the FTA in goods covers only 80 per cent of tariff lines compared with 90 per cent in ASEAN's FTAs with other countries.



Prime Minister Dr. Manmohan Singh with Prime Minister of Singapore, Mr. Lee Hsien Loong on the sidelines of 10th ASEAN-India Summit and 7th East Asia Summit in Phnom Penh (November 18, 2012)

"India is prepared to conclude the agreement on trade in services and investment promotion before the commemorative summit in Delhi in December. This will be a strong signal of our deepening economic engagement, and will allow for rapid expansion in trade and investment flows in both directions," Dr. Singh said in his opening remarks at the one-hour India-ASEAN summit here on Monday. During his response statement later, he felt a comprehensive FTA would be the "springboard" for rapid expansion in economic relations with ASEAN. With the US backing the initiative, Dr. Singh said the India-Myanmar-Thailand highway would be operational by 2016 thus opening North East India to South East Asia. He also spoke about another alternative route through central or north Myanmar to connect Guwahati to Hanoi. US and Japan at their recently held second trilateral meeting with India had supported this initiative and the issue would be discussed at their next meeting in

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depth to be held in Washington. "The route will be through virgin territory. With the big boys [Japan and the US] backing it, we would like to give the proposal a try," said Government sources.

"These are welcome steps in implementing the vision of India-ASEAN connectivity. We await route alignments on the extension of the Trilateral Highway and the proposed new highway to Vietnam so that these can be examined in an integrated manner. I look forward to early completion of the feasibility studies," Dr. Singh said in this respect.

The Prime Minister pointed out that the importance of surface and sea connectivity with the east was being highlighted by the India-ASEAN car rally that will cover eight ASEAN countries over a route length of 8,000 kms and the sailing expedition by the naval ship Sudarshini which set off from Kochi. Dr. Singh also mentioned other India-ASEAN initiatives that tend to get eclipsed by more attractive initiatives. These include the upcoming business fair in Delhi, a past meeting between the heads of space agencies in Bengaluru and a meeting of ASEAN economic ministers in Guwahati next month. He appreciated Cambodia's constructive and supportive role for the last three years as the coordinator for India and welcomed Brunei which has taken over this function.

The Prime Minister's assurance of across-the-board FTA with ASEAN by mid-December was welcomed by the Confederation of Indian Industries (CII) which pointed out that the two were among the biggest beneficiaries of the shift in global economic equations and should jointly leverage their large markets and development endeavors.

## **ECONOMY**

### **Union Cabinet okays private sector investment in railways**

23 Nov, 2012, 01.55AM IST, TNN

NEW DELHI: Desperate to attract private investment in the cash-strapped railways, the Cabinet on Thursday cleared the state-run transporter's plan to rope in the private sector for building new rail lines and plants, and augment capacity,

a move that was red-flagged by the unions.



With the policy in place, the railways will be able to get the private sector to connect ports, mines and industrial plants with the rail network by allowing them to invest in laying the tracks for last-mile connectivity. The move is expected to lower the transportation cost and help evacuate minerals, coal and finished products from the production centres. Similarly, wherever the private sector thinks that putting up a third or a fourth line is feasible, the government can enter into a build-operate-transfer (BOT) arrangement. Sources said some of the lines could be taken up under competitive bidding through an annuity model for concession periods ranging between 15 and 20 years.

Railways had earlier suggested that connectivity to ports and mines would be developed by the owner or concessionaire as private railway lines by acquiring land and making investments in it which could be declared non-government railway (NGR) for public carriage of goods. In a statement, the government, however, said the model agreements for private participation — ranging from NGR to BOT, joint ventures and capacity augmentation via funding by customers — would be finalized soon. The move comes as the railways, in the absence of fare increase, has failed to generate resources for funding modernization, leave alone capacity addition despite successive rail ministers adding new trains to appease their constituency. In fact, it has repeatedly failed to meet the targets.

Although the Cabinet cleared the proposal on Thursday, the government will need to get the bureaucracy on board as it has repeatedly blocked any attempt by the private sector to get a toehold. For instance, the move to allow private container operators has proved to be a non-starter as the

railways decided to give public sector player ConcorBSE 0.15 % priority.

Similarly, Lalu Prasad's plans for PPP locomotive factories in Marhaura and Madhepura, both in Bihar, are yet to take off despite interest from companies such as GE. Even this time, the unions are opposing any attempt to hand over operation and maintenance to private players, which could deter investors looking to enter the BOT space for building new lines.

Citing poor finances, they are, however, not opposed to letting private players invest in infrastructure development, indicating that they are on board for an EPC-like arrangement where the private sector only builds projects, and invests in it. "We don't have any problem with private sector participation in infrastructure development. But we will oppose if railways tries to hand over operation and maintenance to private companies," said Shiv Gopal Misra, general secretary, All-India Railway Federation.

## **Economy likely to grow at 5.5 pc in Q2: Chidambaram**

*Nov 24 2012, 17:31 hrs, the Indian Express*



Finance Minister P Chidambaram today indicated that growth of the economy has slowed to 5.5 per cent in July-September quarter of the current fiscal from 6.9 per cent during the year-ago period.

"When our growth declined to 5.5 per cent in the first quarter of this financial year, and when growth is likely to be around 5.5 per cent in the second quarter of this financial year, it goes without saying that we face a difficult situation," Chidambaram told reporters here.

The Central Statistical Organisation (CSO) is scheduled to release the GDP figures for second quarter on November 30. Indian economy, which was growing at over 8 per cent before 2011-12, has slowed due to both global and domestic rea-

sons. The growth in the first quarter of the fiscal was 5.5 per cent, lowest in a decade.

Chidambaram further said that to overcome the difficult economic situation, there is a need to find innovative ways to increase output of goods and services. "We have to overcome this difficult situation through innovation, through finding ways of increasing the production of goods and services," he said adding that finding new ways to help the poor depends on high economic growth both for jobs and income. The Finance Minister called upon the banks to play an active role in reviving the economy. "I genuinely and sincerely believe that banks represent the heart of the financial system and it is banks that will drive the revival of India's economy and putting India's economy on high growth path," the minister added.

The Reserve Bank has scaled down India's economic growth prospects for the fiscal to 5.8 per cent from 6.5 per cent.

## **India to be 2nd largest manufacturing country**

*The Hindu Business Line: November 26, 2012*

New Delhi: India is expected to be the second largest economy in manufacturing in next five years, followed by Brazil as the third ranked country, consulting major Deloitte Touche Tohmatsu (Deloitte) has said. China will retain the numero uno position. "The competitiveness of each nation's manufacturing innovation ecosystem will continue to be a focus area for policymakers, business leaders and much of society," the 2013 Global Manufacturing Competitiveness Index report done by Deloitte said. It said the main reason will be the recent restrained growth in China, changes in the US, a dark cloud over much of the Euro Zone, trade wars in South America, an ongoing malaise in Japan and the percolating but elusive rise of India. "Brazil's jump from eighth to third is the largest jump expected over the next five years. And, Vietnam moves into the top 10 as the tenth most competitive nation," it said. According to the Deloitte's report, five developed economy nations that were ranked in the top 10 as of this year were Germany (second), the US (third), South Korea (fifth), Canada (seventh) and Japan (tenth). Five emerging economy nations were also ranked in the top 10 including China (first), India (fourth), Taiwan (sixth), Brazil (eighth) and Singapore (ninth). The report included over 550 survey responses from Chief Executive Officers around the world collected throughout 2012.

## Statement by Prime Minister Dr. Manmohan Singh at Plenary Session of 7th East Asia Summit

Phnom Penh , November 20, 2012

**Your Excellency Samdech Hun Sen,**  
Prime Minister of the Kingdom of Cambodia,  
**Excellencies,**

I thank Prime Minister Hun Sen for his very warm hospitality and the excellent arrangements for the 7th East Asia Summit. I would like to begin by complimenting ASEAN members, not only for their progress in creating an integrated ASEAN community, but for their leadership in launching wider regional initiatives such as the ARF, EAS and the ADMM+. For India, ASEAN has been the bridge to the East. It is also central to the evolution of a regional architecture and its different cooperative frameworks.

**Excellencies,**

India's security and prosperity are vitally linked to the Asia Pacific region. Our vision for this region is rooted in cooperation and integration. Forums such as the East Asia Summit can help create a large economic community in this region that will accelerate development and enhance prosperity, besides reinforcing mutual understanding and confidence in the region.

This Summit is witness to important events and changes taking place in the Asia Pacific region. Concerted effort and collective action on the part of the countries gathered in this room can strengthen mutual understanding and help us address shared challenges. For this, it would be necessary to develop a common set of principles, establish cooperative mechanisms and deepen regional economic integration. We, therefore, welcome the launch of the Regional Comprehensive Economic Partnership negotiations today. We also support the Phnom Penh Declaration on East Asia Summit Development Initiative. Connectivity is vital for increased commerce, contact and cooperation between our countries. We must quickly implement the EAS Declaration on ASEAN Connectivity, adopted at our last Summit. Early identification of specific projects and the evolution of innovative financing mechanisms for their implementation would also help move forward this important aspect of our cooperation. India has been happy to carry forward several EAS-related initiatives. Following the EAS Declaration on Malaria Control, we have proposed a programme on capacity building and vector control management systems to our ASEAN partners earlier this year and look forward to cooperating with other EAS members. Earlier this month, we held the EAS-India Workshop on Building a Regional Framework for Earthquake Risk Management in New Delhi. This will augur well for our cooperation in responding to natural disasters. Finally, the Nalanda University project, in which your support has been invaluable, is gaining momentum and we expect the first two schools to commence teaching in the academic year 2014-15.

**Excellencies,**

though EAS is still new, we have built an impressive agenda for economic cooperation and for addressing some of our common challenges. We should try and bring to bear the same spirit in addressing our differences. I have no doubt that, together, we can create an open, balanced, inclusive and rule-based architecture in the region for our collective security, stability and prosperity.



*Prime Minister Dr Manmohan Singh at the 7th East Asia Summit in Phnom Penh ,Cambodia (November 20, 2012), Source: Ministry of External Affairs, Govt of India*



*Prime Minister Dr. Manmohan Singh with President Barack Obama on the sidelines of 7th East Asia Summit in Phnom Penh (November 20, 2012)*

## **RBI gives infrastructure lending status to host of sub-sectors**

*21 Nov 2012 14:30 IST, the Indian Express*

Giving a boost to key segments like roads and bridges, LNG and oil pipelines, water treatment plants, telecom towers, and three-star hotels, RBI today gave them 'infrastructure status' and paved way for them to avail easier funding from banks.

In a notification, RBI said the credit facility extended by lenders (banks and select financial institutions) to a borrower in about 30 odd sub-segment of the infrastructure sector will qualify as "infrastructure lending".

With 'infrastructure lending status' companies can avail loans for a longer period at lower rate of interest.

The government had been wanting to give a boost to the infrastructure sector to revive the sagging economy. In the transport category, roads and bridges, ports, inland waterways, airport, railway track, tunnels, viaducts, bridges, urban public transport will qualify for infrastructure lending. In the energy segment, generation, transmission, distribution, oil pipelines, oil/gas/liquefied natural gas storage facility and gas pipelines would qualify.

Likewise, solid waste management, water supply pipelines, water treatment plants, sewage collection, treatment and disposal system, irrigation (dams, channels, embankments), storm water drainage system projects come under infrastructure lending. Telecommunication, telecommunication towers, education institutions, hospitals, three-star or higher category hotels located outside cities with over one million population, common infrastructure for industrial parks, SEZ, tourism facilities, agriculture markets, fertiliser (capital investment), post harvest storage infrastructure for agriculture, terminal markets, soil-testing laboratories, cold chain etc would also be included under infrastructure lending, it said.

RBI said the new definition for infrastructure lending was provided to avoid confusion and difficulties that arise due to multiplicity of definitions among various regulators, as lending to the sector has grown significantly.

The revised definition would be effective immediately, RBI said. The exposure of banks to projects under sub-sectors which were included un-

der the previous definition of infrastructure, but not included under the revised definition, will continue to get the benefits under infrastructure lending for such exposures till the completion of the projects, it added.

"However, any fresh lending to those sub-sectors from the date of this circular will not qualify as infrastructure lending," RBI said.

## **IKEA proposal approved by Commerce Ministry: Anand Sharma**

*November 18, 2012, PTI*

Swedish furniture major IKEA, which proposes to invest Rs 10,500 crore to set up stores in India, has got Department of Industrial Policy and Promotion nod and its application is now with Foreign Investment Promotion Board, Commerce and Industry Minister Anand Sharma said on Sunday.

The Department of Industrial Policy and Promotion (DIPP), which is under the Commerce and Industry Ministry, has scrutinised the application of IKEA that wants to set up over 25 single-brand retail stores in the country over a period of time.

Specifically referring to IKEA's proposal, Mr. Sharma said, it has been "approved by us, now it is with the FIPB." It will meet the parameters of the policy and all the conditionalities, he said while talking to journalists en route to Phnom Penh along with Prime Minister Manmohan Singh. The FIPB, which will meet on November 20, would take up the IKEA's application. After FIPB's clearance, the proposal will have to be finally approved by the Cabinet Committee on Economic Affairs (CCEA) as the board can clear investment applications worth up to Rs 1,200 crore only. Sharma said: "In-single brand retail, major proposals have been cleared. The last FIPB had cleared three major proposals". These included that of British footwear retailer Pavers England Ltd to open fully-owned stores, a 51 per cent joint venture of American luxury clothing retailer Brooks Brothers and Italian jewellery maker Damiani's plan to form a venture with Mehta's Pvt Ltd.

On allegations of corruption involving Walmart, Mr. Sharma said, "allegations are allegations. In a rule-based and rule-governed country, if there is any violation there are agencies who are there to look into it." The IKEA Group, which manufactures and sells home and office furnishing products, proposes to invest in single-brand retail trading in India through a 100 per cent subsidiary. This would be the largest investment in the

single-brand retailing ever since the government has allowed foreign investment in this sector in January.

With the government relaxing the mandatory 30 per cent sourcing clause in September, IKEA which had earlier expressed concerns over the issues had filled its final application earlier this month.

## **RBI Panel Mulls Alternatives to Gold Investments**

*The Wall Street Journal , November 26, 2012,*

PUNE, India--A working group at India's central bank is looking at alternatives to physical gold ownership or derivatives that require financial institutions to back up certificates with 100% underlying gold, a deputy governor at the bank said Sunday. Indians have traditionally been huge buyers of physical gold, mainly for jewelry, and the country has historically been the world's top importer of the metal. The working group's objectives include reducing reliance on imports--a major reason for India's gaping current account deficit--Reserve Bank of India Deputy Governor Subir Gokarn said. The central bank panel is looking at offering annuities to pensioners against an individual's owned gold, Mr. Gokarn said at a banking conference in the western Indian city of Pune. Another possibility would be allowing financial institutions to issue gold certificates with the underlying metal being kept abroad, Mr. Gokarn said, adding that the issuers wouldn't necessarily have to hold 100% of the gold represented by the certificates.

India's current account deficit, as a proportion of gross domestic product, was 3.9% in the April-June period, outside the RBI's comfort zone of 2%-3%. Last week, Reserve Bank of India banned banks from issuing loans for gold purchases. Banks can't make loans for the purchase of physical gold such as jewelry, coins and bars, or units of gold exchange-traded funds and gold mutual funds. The federal government in March doubled the import duty on gold to 4%.

## **RBI extends realisation period for exporters to 12 months**

*20 Nov, 2012, 09.34PM IST, PTI*

The Reserve bank today extended the period of realisation and repatriation for exporters of goods and software from 6 months to 12 months to help them deal with the global economic slowdown.

"The issue has since been reviewed and it has been decided, in consultation with the Government of India, to extend the above relaxation with effect from October 1, 2012 till March 31, 2013," RBI said in a notification. This has been done in the wake of global economic slowdown leading to payment delay by the buyers abroad. It further said the provisions in regard to period of realisation and repatriation to India of the full export value of goods or software exported by a unit situated in a Special Economic Zone (SEZ) as well as exports made to warehouses established outside India remain unchanged.

Federation of Indian Export Organisations (FIEO) President Rafeeq Ahmed said extension in the repatriation period will provide relief to the exporters and will reduce the transaction time since they would no longer be required to approach the authorised dealer for extension in repatriation period if it is within 12 months from the date of exports. Such a move can also be used by the exporters as a part of marketing strategy for promoting exports by offering longer period of credit, he said.



## **MARKETS**

### **Sebi working on norms to harmonise foreign investment routes**

*Nov, 2012, 03.10PM IST, PTI*

The government today said Sebi is in the process of preparing guidelines to harmonise various routes for making foreign investments in the country's stock market.

The market regulator is preparing the guidelines in consultations with the Reserve Bank of India and the government, Minister of State for Finance Namo Narain Meena said in a written reply to the Lok Sabha.

"Securities and Exchange Board of India (Sebi) is in the process of preparing guidelines to rationalise/harmonise different routes for foreign portfolio investment in consultation with the RBI and Government of India," Meena said. The basic aim is to have uniform guidelines in place for various categories of investors such as foreign institutional investors.

At its board meeting last month, Sebi had decided to prepare draft guidelines to rationalise foreign investments. These norms would be based on the guidance of the Working Group on Foreign Investment in India (WGFII). The Working Group

was set up in November 2009 to look at various types of foreign fund flows, that were taking advantages of arbitrage across the respective stand-alone regulations.

In its report in July 2010, the working group had recommended dissolution of various categories of investors such as FII and FVCI (Foreign Venture Capital Investors) into QFI- a single window for portfolio investment in India that does not distinguish between investors.

## **SEBI to auction over Rs 10,000 crore debt investment for FIIs**

*New Delhi, November 18, 2012, PTI*

Enthused by growing interest of foreign investors in debt securities in the country, market regulator SEBI will conduct an auction this week for investment worth over Rs 10,000 crore by foreign investors.

The auction will be conducted on November 20 in both the government and corporate debt securities. There are individual caps on investment by FIIs (Foreign Institutional Investors) in each category and SEBI conducts monthly auctions for the available limits within these caps.

At the last month's auction, the FIIs had bid aggressively for both the government and corporate bonds. Incidentally, the FII investment in Indian debt market hit its eight-month high level of Rs 7,852 crore (about USD 1.5 billion) last month.

A higher amount of Rs 10,016 crore was invested by FIIs into the Indian debt market in February this year.

This month, SEBI is conducting auction for government and corporate debt security investments worth a total of Rs 10,616 crore or over USD 1.9 billion.

SEBI has relaxed norms for FIIs' debt investment by allowing them to avail the debt limits in the corporate debt (long-term infrastructure category) without obtaining its approval till the overall FII investments reaches 90 per cent of a prescribed cap of USD 12 billion (Rs 53,806 crore).

After 90 per cent of this limit, FIIs would need to bid through an auction mechanism for allocation of remaining limits or about Rs 5,381 crore in this category.

As per SEBI data, an investment limit of about Rs 26,000 crore was available in this category as on October 31, 2012.

There are two categories of government debt bonds with USD 10 billion of FII investment cap in each of them, while different categories of cor-

porate debt securities face investment limits ranging from USD one billion to USD 20 billion.

## **BSE remains world's top bourse, leaves NYSE, Nasdaq far behind**

*25 Nov, 2012, PTI*

Leading bourse BSE has extended its lead as the world's top exchange in terms of the number of listed companies, outpacing the major global peers like NYSE, Nasdaq and London Stock Exchange by almost 100 per cent.

The BSE had a total of 5,174 companies listed on its platform at the end of last month, outpacing its closed rival Canadian bourse TMX Group by more than 1,000 firms or over 20 per cent, as per the latest data available with the World Federation of Exchange (WFE).

The number of listed companies on BSE platform is almost double that of major bourses like UK's London Stock Exchange and American bourses like NASDAQ and NYSE. Another Indian bourse, National Stock Exchange (NSE) is ranked 10th with a total number of 1,660 listed companies.

The listed firms on BSE has increased from 5,115 in January to 5,174 in October, the WFE data showed. The number of companies listed on BSE rose by 11 companies in October alone. BSE is followed by TMX Group, BME Spanish Exchanges, London SE Group, NASDAQ OMX, NYSE Euronext (US), Tokyo SE Group, Australian SE, Korea Exchange and NSE in the top ten.

While TMX has 3,964 listed companies, London Stock Exchange has 2,782 companies, NASDAQ OMX has 2,598 and NYSE Euronext (US) has 2,345.

WFE said the data is based on number of companies which have shares listed on an exchange at the end of October, split into domestic and foreign, excluding investment funds and unit trusts. A company with several classes of shares is counted just once, according to WFE. As per the data, all the listed companies on the BSE are of domestic origin -- which are firms that are incorporated in the same country as where the exchange is located.

In terms of number of listed foreign companies, London Stock Exchange is on the top position with 583 such entities, followed by NYSE Euronext (US) with 525 listed overseas firms.

public shareholding norms. At present, NTPC has an installed generation capacity of 39,674 MW.

## Govt to re-allocate three coal blocks to NTPC

Posted on Nov 22, 2012 at 09:47pm IST, PTI



In a major boost for NTPC, the government on Thursday decided to re-allocate three coal blocks, that could fire 8,500 MW electricity generation capacity, to the country's largest power producer. The decision to re-allocate the coal mines - Chatti-Bariatu, Kerandari and Chatti-Bariatu (South) - comes at a time when the state-run NTPC is grappling with fuel shortages that are hurting its electricity generation.

The Cabinet on Thursday decided to give back the three coal mines to NTPC, sources said. These blocks were de-allocated by the Coal Ministry citing long delay by the company in developing them. According to sources, these coal mines have an annual production capacity of 13 million tonnes. "The three coal blocks can help in generate about 8,500 MW of electricity," Power Secretary P Uma Shankar said. However, he did not disclose specific details. These mines were earlier allocated for NTPC's upcoming projects including 1,200 MW Barh II in Bihar.

The state-run NTPC is grappling with fuel shortages that are hurting its electricity generation.

The development comes on a day when the government cleared sale of its 9.5 per cent stake in NTPC, a move that could fetch the exchequer as much as Rs 13,000 crore. Further, the re-allocation of coal blocks would push higher the company's the overall valuation. This in turn would help the government to get higher returns from the proposed share sale, sources said.

The government holds 84.5 per cent stake in NTPC, a Maharatna company. The disinvestment would help NTPC to comply with the minimum

## Global DFIs investing directly in social ventures for increasing opportunities

19 Nov, 2012, 05.01AM IST, ET Bureau

BANGALORE: Global development finance institutions (DFIs) are looking to raise their exposure in India by investing directly in social ventures to better reap the benefits of the increasing opportunities. This strategy of the DFIs, including UK's CDC, Germany's KfW, France's Proparco and the Netherlands' Triple Jump, is in contrast to their earlier approach of investing through the fund-of-funds route.

"CDC has gone through a big change in its investment strategy over the last year. Historically, we have always invested through intermediaries. But we are going to do a lot more direct investments going forward," said Maria Largey, an investment manager at CDC.

At a recent global investor meet in Bangalore, representatives of at least four DFIs told ET they would increase the quantum of direct investments and also co-invest more, often with private equity funds they back. "We are open to investing through funds, but have been focusing on direct investments lately," said Proparco's South Asia representative Emmanuelle Riedel Drouin.

These global investors are encouraged by the healthy rates of return available through direct investments that are generally higher than that gained through portfolio investments.

According to Michael van den Berg, regional manager with Triple Jump, a Dutch microfinance-focused investment firm, the financial services sector has the ability to generate returns in line with that enjoyed by commercial private equity - a factor that makes India one of the most attractive markets for DFIs globally.

"An IRR of anywhere between 15% and 20% over time should be attainable and these companies here should be able to do exactly that," he said. Also, the DFIs' prior experience in investing in the Indian microfinance industry has allowed them to gain a better idea of the investment landscape, emboldening them to invest directly across sectors. CDC, the world's oldest development finance institution, currently has an exposure of more than \$1 billion (about 5,500 crore) in India,

most of it invested through social venture capital firms, including Lok Capital and Aavishkaar. The British DFI has recently built its own project equity team with the mandate to do more direct investments, which will form close to 20% of its entire portfolio.

## India ranks seventh in global services trade by WTO

18 Nov, 2012, 11.11AM IST, PTI

NEW DELHI: India has been ranked by the World Trade Organisation (WTO) as the seventh largest player in the global services trade with value of exports and imports aggregating \$ 261 billion in 2011.

With exports at \$ 137 billion and imports at \$ 124 billion, India is among the five countries among the top ten players which ended the year 2011 with a surplus of trade in commercial services, according to a WTO report.

The Indian economy is mainly driven by services with the sector contributing over 55 per cent of the country's Gross Domestic Product (GDP).

The US lived up to its reputation of a global powerhouse of commercial services with exports of \$ 581 billion, far exceeding its imports of \$ 395 billion, the report noted. Though Germany was ranked as the second biggest player in the global services trade, it had more of imports than exports with a deficit of \$ 36 billion. Its exports of services were \$ 253 billion while imports aggregated to \$ 289 billion in 2011, it said.

China which runs a big surplus in merchandise trade had a deficit in the services with imports exceeding exports by \$ 54 billion. "The value of world exports of commercial services rose by 11 per cent in 2011 to \$ 4,170 billion, exceeding pre-crisis levels of \$ 3,850 in 2008," the report said.

While Europe showed signs of recovery, with annual growth of 11 per cent in 2011, Asian economies saw their growth rate halved compared with 2010, mainly due to slower growth in transportation services and other commercial services, it added.

The report also noted that services supplied by US majority-owned foreign affiliates to China and India proved more resilient to the global crisis than exports of cross border services.

## NEA set to double India investments in three years; to pump in \$300 mn in local ventures

26 Nov, 2012, 05.06AM IST, ET Bureau

MUMBAI: The world's largest venture capital (VC) firm New Enterprise Associates (NEA) is looking to double its India investments in the next three years by pumping in more than \$300 million into Indian ventures.

Peter J Barris, the managing general partner of NEA, told ET that the firm's investments in Indian startups could go higher, even up to 10-15% of its recently raised \$2.6 billion fund, NEA 14, one of the largest VC funds ever. "We have a big fund and based on what our local team has told us about the exciting opportunities in India, it could well be a bigger number," said Barris.

NEA now has 14 companies in its India portfolio with the total investments in the vicinity of \$400 million. Though the firm started investing in Indian companies in 2006, the real thrust came after 2008, when Barris decided to set up a full-fledged office in Mumbai under the command of ex-ICICI Venture veteran Bala Deshpande. Since then, the firm has invested \$250 million in eight ventures, including its biggest investment, \$50 million in Vishwa Infrastructure.

"It was not only the great investment environment that drew us to India but our portfolio companies (US) were telling us that we need you in other parts of the world and the top priorities are India and China. They need our support in these geographies," says Barris. The fund, with more than \$13 billion in committed capital across 14 funds, has invested \$800 million in 20 Chinese companies.

Barris, a legend in the VC industry with mega successes like Groupon under his belt, is willing to experiment in India. Though the firm has built its reputation focusing on technology, healthcare, and energy, in India the firm is not averse to venturing into new domains like its investment in Airworks, an aviation MRO, and Vishwa Infrastructure, a water supply and sanitation company.

"We are always open to expanding in other areas and we understand that the market and the opportunity are different in India than it is in the US. That's true in China as well. So when we entered India, we decided our

decided our local teams will guide us as to which direction to take," said Barris. He then adds, "The India portfolio is performing better than our portfolios as a whole."

Does he think that returns from India will ever match up the kinds he has been used to? "I think the answer is yes on an average but what will be different is the distribution of returns. In US we tend to do a lot of seed investing and some of those successful investments do really well and get multiples of 10, 20, 30 or 40 times but then you also have zeros. So I think our India portfolio by nature of its growth is equity-oriented. While we might not get spectacular returns but we will also have lesser negatives," said Barris.

### **UK's CDC Group looks to invest \$500 mn through private equity route in India**

*Business Standard: November 26, 2012*

Bengaluru: The CDC Group, a wholly-owned development finance institution of the UK government's Department for International Development, is looking to invest around \$500 million in India through the private equity route.

The fund, which has had good exposure in India through the fund-of-funds (FoF) route, would now be parallelly looking to invest directly in Indian businesses.

A spokesperson for the CDC Group said that they were looking to invest \$1 billion over the next four-five years in India and the split would be more or less equally distributed between the FoF route and direct investments in Indian companies.

"We have hired a senior private equity professional, Srinivasan Nagarajan, as our regional director in India, who will come on board next year. He will be involved in direct investments into Indian companies and also continue the relationship with the investment community in India," the spokesperson told Business Standard.

The move to hire Nagarajan comes a few months after CDC's Asia Managing director Anubha Shrivastava quit the company during early August. Nagarajan, however, is not a replacement for Anubha Shrivastava and CDC is expected to fill that position at the earliest.

CDC's direct thrust in the Indian private equity sector is part of its recently-announced

strategy through which it would provide debt and direct investment to businesses as well as acting as an FoF investor. CDC has net assets of £2.6 billion and invests in developing countries in South Asia and Africa.

CDC currently has capital at work in 152 funds managed by 80 fund managers. Some of the prominent PE funds which are active in India are Actis, New Silk Route, Ascent Capital, Baring Private Equity Partners, India Value Fund Advisors and Multiples Investment Advisors, among others. The spokesperson added that they would continue to work with various private equity funds and would not be competing with them, with CDC possibly be co-investing in some cases as well.

The push into India's private equity industry by CDC comes at a time when many Indian and global PE funds are struggling to find investments and even if they have found some, it is proving to be difficult to find good exits.

Sanjeev Krishan, leader, private equity, at Pricewaterhouse-Coopers India said the third quarter of 2012 was an important period in which the investor community felt both despair and hope. "Some positive-sounding policy announcements towards the end of the quarter hopefully lifted investor confidence. While that may not result in heightened deal activity in the near term, it may bring the focus back on growth and create enough opportunities for equity investors in the future.

The Shome Committee recommendations have also been positively received by the investor community, and should the government continue to walk the talk, investor interest in India is bound to revive," he said.

### **Services exports grew by 6.3 per cent in September 2012**

*IBEF: November 16, 2012*

New Delhi: Total exports from the Indian services sector stood at US\$ 11.94 billion in September 2012, up 6.3 per cent from US\$ 11.23 billion in September 2011, according to data released by the Reserve Bank of India (RBI).

The cumulative services exports amounted to US\$ 67.74 billion and services imports stood at US\$ 39.74 billion during April-September 2012-13. During September 2012, the imports of services stood at US\$ 6.14 billion.

The services sector contributes about 55 per cent to India's gross domestic product (GDP).

## Notifications

### Press Information Bureau

*Aadhaar based Direct Cash Transfers - Rollout to begin from 1 January 2013 in 51 districts, Half the country to be covered by 1.4.2013*

Details available at : <http://pib.nic.in/newsite/PrintRelease.aspx?relid=88967>

### Reserve Bank of India

*Liaison Office (LO) / Branch Office (BO) in India by Foreign Entities – Reporting to Income Tax Authorities*

Details available at : <http://www.rbi.org.in/scripts/NotificationUser.aspx?Id=7725&Mode=0>

### Income Tax Department

*I. Final Report of the Committee constituted for formulating Accounting Standards for the purposes of notification under section 145(2) of the Income-tax Act, 1961, is uploaded on the Finance Ministry website ([www.finmin.nic.in](http://www.finmin.nic.in)) and Income-tax Department website ([www.incometaxindia.gov.in](http://www.incometaxindia.gov.in)) for comments from stakeholders and general public.*

*The comments and suggestions on the final report may be submitted by 26th November, 2012 at the email addresses ([dirtpl3@nic.in](mailto:dirtpl3@nic.in) or [rkbhoot@gmail.com](mailto:rkbhoot@gmail.com)) or by post at the following address with “comments on Final Report of Accounting Standards Committee” written on the envelope:*

*Director (Tax Policy & Legislation)-III  
Central Board of Direct Taxes,  
Room No.147-G,  
North Block,  
New Delhi-110001*

Details available at : <http://www.incometaxindia.gov.in/home.asp>

*II. Draft report of the Expert Committee on retrospective amendments relating to indirect transfer on no-resident taxation.*

Details available at : <http://incometaxindia.gov.in/home.asp>

### Central Board of Excise and Customs

*Notification seeking to impose customs duty on skimmed milk powder by amending notification No. 12/12- Cus dt 17/3/2012*

Details available at :

<http://www.cbec.gov.in/customs/cs-act/notifications/notfns-2012/cs-tarr2012/cs59-2012.htm>

*Notification seeking to provide duty exemption to ASTRA by amending notification No. 39/96-cus dt. 23/7/1996*

Details available at :

<http://www.cbec.gov.in/customs/cs-act/notifications/notfns-2012/cs-tarr2012/cs58-2012.htm>

**Cont from P.1 ..ASEAN-India Seminar on the Master Plan on ASEAN Connectivity held in Singapore**

Singapore views on the MPAC. Mr. Rodolfo C Severino, Head, ASEAN Studies Centre, ISEAS delivered the Welcome Remarks.



*Mr. Brijeshwar Singh, Ex Chairman, NHAI, Ms. Sanchita Das Basu, ISEAS & Dr So Umezaki, ISEAS (Session II)*

The Seminar comprised three sessions. Session I provided an overview of ASEAN as an organisation and the objectives of the MPAC. The Panelists for this session were Mr. Lim Chze Cheen, Head/Asstt Director of ASEAN Connectivity Unit, ASEAN Sectt, and Mr. PS Raghavan, Additional Secretary (Development, Partnership, Administration), MEA, N.D. The session was moderated by Mr. Rodolfo C Severino, Head, ASEAN Studies Centre, Institute of Southeast Asian Studies, Singapore.

Session II provided details on the Broad Key Actions and the 15 Priority Projects in the MPAC. Panelists for this session included Dr. So Umezaki, Visiting Fellow, ISEAS and Mr. Brijeshwar Singh, Ex-Chairman, National Highways Authority of India. The session focused on the Key Actions towards enhancing ASEAN-India Connectivity in the three pillars



*Ms Roopa Kochhar, IDFC, Dr Termsak Chalermpanupap, ISEAS & Dr Biswa Bhattacharyay, ADB (Session III)*

of physical, institutional and people-to-people connectivity, Priority Projects in the MPAC, studying its regional impact along with raising awareness of the MPAC amongst the private sector and informing them about the existing business opportunities. The session was moderated by Ms. Sanchita Basu Das of the Insti-



*Mr Kris Gopalakrishnan giving the concluding remarks*

tute of Southeast Asian Studies, Singapore. Session III was about Dealing with Challenges. It involved discussions between financiers and developers on some of the challenges facing MPAC projects, and how to overcome these. Panelists for this session were Dr Biswa Bhattacharyay (Adviser, Office of Regional Economic Integration, Asian Development Bank) and Ms Roopa Kochhar (Vice President, IDFC projects). The session was moderated by Dr Termsak Chalermpanupap, Visiting Research Fellow, Lead Researcher, political and Security Affairs ASEAN Studies Centre, ISEAS, Singapore.

All the three sessions were followed by a robust Q&A Session. The Seminar ended with the concluding remarks from Mr Kris Gopalakrishnan (President, Confederation of Indian Industry (CII) and Co-Founder & Executive Co-Chairman, Infosys Limited).

**2012 ASEAN-India Car Rally**

The 2nd edition of the ASEAN-India Car Rally received a ceremonial flag-off in



*Rally Flag-off by Mr. K Shanmugam, Minister for Foreign Affairs, Singapore, & Mr. P S Raghavan, AS, MEA, Govt of India*

Singapore on the morning of 28th November, 2012. Singapore Foreign Affairs Minister K. Shanmugam and Mr. PS Raghavan, Additional Secretary (Development, Partnership, Administration) from the Ministry of External Affairs, Govt of India, flagged off the second leg of the Asean-India car rally.



Amid much fanfare and excitement, the 31-member entourage set off on an 8,000-km journey which will span 22 days and seven other Asean countries before entering India through Guwahati in the north-eastern state of Assam. From Guwahati the cars will be transported to Delhi for a symbolic flag-down in the presence of dignitaries attending the ASEAN-India Commemorative Summit beginning on 20th December.

### **Banyan Tree lands on a private island for its first Indian hotel**

*Hindustan Times, November 19, 2012*



Luxury Singapore hotel group Banyan Tree will open its first Indian hotel in the southern state of Kerala. It is set to open by the first quarter of 2013.

On the private island of Nedyathuruthu in the tropical Backwaters of Alleppey, the secluded resort will offer 59 villas each with a private swimming pool. The luxury villas were decorated with traditional furnishings and elaborate woodwork.

In the homeland of traditional Ayurveda medicine and yoga, Banyan Tree will also open a wellness center including a luxury spa and an ayurvedic center offering traditional treatments. Guests will be able to choose from three restaurants featuring Indian or Thai dishes. In addition to being a place to sip cocktails, a bar by the pool will be the site of traditional dance shows. The resort will also feature an exercise room, yoga room, a library and children's club for a range of ages. Another island dedicated to sports such as climbing and archery is located five minutes from the resort by boat. At night, a private boat is available for guests to go sightseeing. Banyan Tree Kerala is located an hour south of the Cochin airport.

### **VLCC in talks to buy 76% stake in Singapore company**

*ET Bureau Nov 28, 2012, 06.35AM IST*

Beauty and slimming services firm VLCC is in talks to acquire a controlling stake in a Singapore-based company as it seeks to expand its business across Asia and the Middle East. The deal, if it fructifies, will be the second such transaction in quick succession for VLCC, which last week bought Malaysian slimming and personal care firm Wyann International.

VLCC could pay up to Rs 125 crore for the Singapore company that makes dermatology products and other skin and hair-care products used by salons, said two people familiar with the development. They declined to identify the potential target. VLCC is looking to acquire a 76% stake in the Singapore firm which has revenues of about \$60 million ( 330 crore), said the first person with direct knowledge of the development.

VLCC, set up by the Delhi-based couple Mukesh Luthra and Vandana, runs a chain of fitness centres and day spas across 300 outlets in India and 46 outlets in 12 other countries. It also sells a range of personal care and dermatology products. This year the company expects to earn revenue of around 650 crore.

### International Business & Regulatory Meet during 5th World Ayurveda Congress

**Date:** 7-10 December, 2012

**Venue:** Bhopal, India

**Organizer:** PHARMEXCIL (set up by Ministry of Commerce, Govt of India)

**Contact Person:**

Dr. P.V.Appaji (Director General) Email: [dg@pharmexcil.com](mailto:dg@pharmexcil.com)

**Details:** The objective of the Business Meet is to explore potential markets and create business opportunities for Indian exporters to export their traditional medicines. In this regard the Council proposes to invite representatives from Govt procurement agencies, Drug regulatory authorities and about 3-4 major importers/distributors from Singapore. With the financial assistance from Govt. of India, Pharmexcil will be sponsoring the visits of these invitees by bearing the cost of travel by economy class & local hospitality during the conference.

### India Engineering Sourcing Show (IESS 2013)

**Date:** 14-16 March, 2013

**Venue:** Mumbai, India

**Organizer:** EEPC-India (set up by Ministry of Commerce, Govt of India)

**Contact Person:**

Mr. R. Maitra ( Executive Director- EEPC India)

Tel. # + 91 11 2371 6071 / 2335 3353

Fax.# + 91 11 2331 0920 / 2373 6480

Email: [ed@eepcindia.net](mailto:ed@eepcindia.net) Website: <http://www.iesshow.in/>

**Details:** “India Engineering Sourcing Show” is part of “India Show” and the main objective is to provide a platform for Indian organizations to showcase their strengths and capabilities to the global audience. The 1st edition of the India Engineering Sourcing Show was successfully organized during March 22-24, 2012, at Mumbai. 260 companies including foreign entities participated in IESS 2012 and 7000 professionals visited the show.

**The focus sectors for IESS 2013 are as follows:**

INDUSTRIAL MACHINERY & MACHINE TOOLS  
INDUSTRIAL SUPPLY  
INFRASTRUCTURE & PROJECTS  
AUTOMOBILES & COMPONENTS  
DEFENCE  
ENERGY  
INNOVATION

### Two-Day Reverse Buyer Seller Meet

**Date:** 1-2 February, 2013

**Venue:** Chennai, India

**Organizer:** Council for Leather Exports

**Contact Person:**

Mr. R. Ramesh Kumar ( Executive Director– Council for Leather Exports) Email: [cle@cleindia.com](mailto:cle@cleindia.com)

**Details:** The objective for organizing the Reverse BSM by inviting potential overseas buyers is to promote the capabilities & developments of Indian Leather & Leather Products Industry as a major sourcing destination and facilitate B2B meetings between Indian Exporters and overseas buyers for sourcing leather products from India, establishing marketing tie-ups and exploring business collaborations and joint venture agreements. The Council would reimburse the cost of the economy class air ticket and two nights hotel stay for the interested buyers.

## TENDER NOTICES >>>> INDIA

**Tender invitation for supply of the following**

**1.CNC Turrent Punch Press**

**Hindustan Aeronautics Limited, Avionics Division, Hyderabad**  
URL: <http://www.ncaor.gov.in>

**Closing Date : 4th December, 2012**

**Tender invitation for Stabilizers**

**Oil and Natural Gas Corporation limited (ONGC), URL : <https://etender.ongc.co.in>**

**Closing Date : 10th December, 2012**

**Tender invitation for Supply of Supply of 50,000 MT Benzene.**

**The Fertilisers and Chemicals Travancore Limited , Kochi, URL : <http://www.fact.co.in>**

**Closing Date : 12th December, 2012**

**Tender invitation for global bid for the following works on design build basis pertaining to “Construction of Bridge & its Approaches over River Yamuna downstream of existing Bridge at Wazirabad, Delhi” Sub Head: Design, Installation and Commissioning of Pylon and Cable Access System including operation & comprehensive maintenance.**

**Delhi Tourism & Transportation Development Corporation Ltd.,**  
URL : [www.delhigovt.nic.in/tender](http://www.delhigovt.nic.in/tender)

**Closing Date : 17th December, 2012**

**Tender invitation for Supply of CNC Horizontal Machining Center 1000 X 1000**

**The Ordnance Equipment Factory, Ministry of Defence, URL : <http://ofbeproc.gov.in>**

**Closing Date : 18th December, 2012**

**Tender invitation for Hiring of 01 set each of MWD, SDMM, Drilling Jar along with Directional Drilling Services for Cauvery Basin, Rajahmundry Asset and Tripura Asset.**

**Oil and Natural Gas Corporation limited (ONGC), URL : <https://etender.ongc.co.in>**

**Closing Date : 2nd January, 2013**

## Bilateral Investment Promotion & Protection Agreements Signed with 82 Countries

PIB, Nov 26, 2012

Government of India has signed Bilateral Investment Promotion and Protection Agreements (BIPA) with 82 countries, of which BIPAs with 72 countries have come into force. The list of all the 82 countries with whom India has signed BIPA along with the text of 72 BIPAs, which are currently in force is available at [http://finmin.nic.in/bipa/bipa\\_index.asp](http://finmin.nic.in/bipa/bipa_index.asp). These Agreements are intended to promote bilateral investment flows by assuring fair and equitable treatment to investments on post establishment basis. These agreements contain provisions relating, inter-alia, to National Treatment, Most Favoured Nation Treatment and mechanism for dispute resolution on reciprocal basis.

These Agreements require the concerned Governments to handle a dispute notice by a foreign investor from the other country, covered by the Agreement, in terms of the provisions of the Agreement, which may also entail international arbitration. In view of the dispute notices received by the Government of India recently, Government has been taking steps to handle the specific dispute notices, in terms of the provisions of the applicable Agreement and the facts of the case. The generic issues arising from the said dispute notices are also being handled appropriately.

### Useful Links:

Government of India's website	<a href="http://www.india.gov.in">www.india.gov.in</a>
Ministry of External Affairs (ITP Division)	<a href="http://www.indiainbusiness.nic.in">www.indiainbusiness.nic.in</a>
High Commission of India	<a href="http://www.hcsingapore.gov.in">www.hcsingapore.gov.in</a>
Investment Commission of India	<a href="http://investmentcommission.in">http://investmentcommission.in</a>
Department of Industrial Policy & Promotion	<a href="http://dipp.nic.in">http://dipp.nic.in</a>
Reserve Bank of India	<a href="http://www.rbi.org.in">www.rbi.org.in</a>
Ministry of Corporate Affairs	<a href="http://www.mca.gov.in">www.mca.gov.in</a>
Ministry of Commerce & Industry	<a href="http://commerce.nic.in">http://commerce.nic.in</a>
Ministry of Finance	<a href="http://finmin.nic.in">http://finmin.nic.in</a>
Matters relating to Excise & Customs	<a href="http://www.cbec.gov.in">www.cbec.gov.in</a>
Matters relating to Income tax	<a href="http://incometaxindia.gov.in">http://incometaxindia.gov.in</a>
Directorate General of Foreign Trade	<a href="http://dgft.delhi.nic.in">http://dgft.delhi.nic.in</a>
National Centre for Trade Information	<a href="http://www.ncti-india.com">www.ncti-india.com</a>
India Brand Equity Foundation	<a href="http://www.ibef.org">www.ibef.org</a>

### Industry/Trade Organizations

Trade related Exhibition & Events	<a href="http://www.indiatradefair.com">www.indiatradefair.com</a>
Confederation of Indian Industry	<a href="http://www.cii.in">www.cii.in</a>
Federation of Indian Chambers of Commerce & Industry	<a href="http://www.ficci.com">www.ficci.com</a>
Federation of Indian Export Organizations	<a href="http://www.fieo.com">www.fieo.com</a>
EEPC India (Export Promotion Council)	<a href="http://www.eepcindia.org">www.eepcindia.org</a>

### Sourcing of Products

<a href="http://www.indiamart.com">www.indiamart.com</a>
<a href="http://www.indianyellowpages.com">www.indianyellowpages.com</a>
<a href="http://www.indianexporters.com">www.indianexporters.com</a>
<a href="http://www.tradeindia.com">www.tradeindia.com</a>

**For Feedback & Comments, please contact:**

**Mr. Amitesh Bharat Singh, First Secretary (Commerce)**

**Trade Wing**

**High Commission of India**

31 Grange Road, Singapore- 239702

Email : [fscm@hcsingapore.org](mailto:fscm@hcsingapore.org); [hc@hcsingapore.org](mailto:hc@hcsingapore.org)