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India Focus

this issue

BILATERAL

Union Minister of Commerce & Industry and Civil Aviation, Shri Suresh Prabhu lead the Indian delegation at the 6th RCEP Ministerial Meeting in Singapore

Minister participated in East Asia Summit at Singapore. EAS members exchanged views on international and global trade.

Minister at bilateral meeting with Mr. Chan Chun Sing, Trade Minister of Singapore

Cont on P.

TOP NEWS

Moody's puts India growth in 2018, 2019 at 7.5%

PTI: August 24, 2018

New Delhi: The Indian economy is expected to grow by around 7.5 per cent in 2018 and 2019 as it is largely resilient to external pressures like those from higher oil prices, Moody's Investors Service said today.

In its Global Macro Outlook for 2018-19, Moody's said the run-up in energy prices over the last few months will raise headline inflation temporarily but the growth story remains intact as it is supported by strong urban and rural demand and improved industrial activity.

"Growth prospects for many of the G-20 economies remain solid, but there are indications that the synchronous acceleration of growth heading into 2018 is now giving way to diverging trends. The near-term global outlook for most advanced economies is broadly resilient, in contrast to the weakening of some developing economies in the face of emerging headwinds from rising US trade protectionism, tightening external liquidity conditions and elevated oil prices," it said.

Moody's put G-20 growth at 3.3 per cent in 2018 and 3.1 per cent in 2019. The advanced economies will grow 2.3 per cent in 2018 and 2 per cent in 2019, while G-20 emerging markets will remain the growth drivers at 5.1 per cent in both 2018 and 2019.

"We expect the Indian economy to grow around 7.5 per cent in 2018 and 2019," it said.

Moody's had in May cut India's 2018 growth forecast to 7.3 per cent from the previous estimate of 7.5 per cent, saying the economy is in cyclical recovery but higher oil prices and tighter financial conditions will weigh on the pace of acceleration.

Today, in the graphic accompanying the outlook, it put 2018 growth at 7.3 per cent and 7.5 per cent for 2019. But in the text it put the growth "around 7.5 per cent" for both the years.

Indian economy grew by 7.7 per cent in the first quarter of 2018. "High-frequency indicators suggest a similar outturn for the second quarter," Moody's said. "Growth is supported by strong urban and rural demand and improved industrial activity."

While robust activity is shown in the industrial sector, a normal monsoon together with the increase in the minimum support prices for Kharif crops should support rural demand.

"Thus, despite external headwinds from higher oil prices and tightening financing conditions, growth prospects for the remainder of the year remain in line with the economy's potential," it said.

Moody's said the Reserve Bank of India (RBI) in July raised the benchmark repo rate by 25 basis points for the second time in two months to 6.5 per cent.

"Two concerns behind the tightening cycle are rising core inflation and vulnerability to tightening external financial conditions," it said.

Retail inflation in India has risen as per expectations since mid-2017 but remains stable at around 5 per cent. But core inflation has moved up in recent month to 6.2 per cent, it said adding a number of factors influencing the headline inflation rate in both directions, most of which are transitory.

"The run up in energy prices over the past few months will raise headline inflation temporarily. The impact on food inflation from increased procurement prices to farmers will be mitigated somewhat by the expected rise in farm output because of a good harvest," it said.

An upside to inflation comes from strengthening demand, which is reflected in rising core inflation. "We, therefore, expect the RBI to continue on a steady tightening path into 2019," it added.

GDP likely to clock 7.4% growth on pick up in industrial activity, monsoon: RBI

PTI: August 30, 2018

Mumbai: The Reserve Bank expects India's economic growth rate to accelerate to 7.4 per cent in the current financial year on pick up in industrial activity and good monsoon.

In its annual report released today, RBI also said that its monetary policy will continue to be guided by the objective of achieving the medium-term target for retail inflation of 4 per cent, within a tolerance band of +/- 2 per cent, while supporting growth.

It cautioned that India's external sector will have to confront global headwinds, but expressed confidence that the Current Account Deficit would largely be financed by foreign direct investment.

Several experts, including largest lender State Bank of India, expects the CAD to widen this fiscal on account of persistent high oil prices and large trade deficit. The CAD was estimated at 2 per cent of the GDP in fiscal year ending March 2018.

The report notes that agricultural production is likely to remain strong, growth impulses in industry are strengthening (propelled by a sustained pick-up in manufacturing and mining activity), corporate are reporting robust sales growth and improvement in profitability, and services sector activity is also set to gather pace.

Also, revenue-earning freight traffic of railways has picked up, driven by stepped-up movement in coal, fertiliser and cement.

"Over the rest of 2018-19, the acceleration of growth that commenced in 2017-18:H2 is expected to be consolidated and built upon.

"Keeping in view the evolving economic conditions, real GDP growth for 2018-19 is expected to increase to 7.4 per cent from 6.7 per cent in the previous year, with risks evenly balanced," said the RBI's Annual Report.

The report has maintained the projection regarding GDP growth for the current fiscal as estimated in the third bi-monthly monetary policy of 2018-19 announced earlier this month.

Going forward, it said the up-tick in credit growth is likely to be supported by the progress being made under the aegis of the Insolvency and Bankruptcy Code (IBC) in addressing stress on balance sheets of both corporates and banks, recapitalisation of state-owned banks, and a positive outlook on the economy.

"The prevailing negative credit-to-GDP gap indicates that there is sufficient scope for credit absorption and expansion in bank lending on a sustained basis," the report said.

On inflation which averaged 4.8 per cent during Q1:2018-19, is likely to face upside risks over the rest of the year from a number of sources, warranting continuous vigil and a readiness to head off those pressures from getting generalised, it said.

Rising global commodity prices, especially of crude oil, and recent global financial market developments are firming up input cost pressures.

The RBI has cautioned that global headwinds are likely to confront India's external sector in 2018-19.

Even though exports have gathered momentum in April-June quarter of 2018-19, the worsening global trade environment as a result of "protectionist policies" may impinge upon external demand, it said.

Elevated crude oil prices and the strengthening of domestic demand may push up the import bill.

As per the report, over the medium-term, the pace and quality of growth will be anchored by progress on the unfinished agenda of structural reforms in -- resolution of banking and corporate financial stress; taxation; agriculture; liberalisation of the economy's external interface, especially with FDI; and galvanising the business environment.

"The hard-earned gains of macroeconomic stabil-

ity that have defined the recent period as its greatest achievement need to be preserved as an imperative within this endeavour," it said.
The Central Statistics Office will release the GDP estimate for the April-June quarter (Q1 of 2018-19) on August 31.

India to be engine of world growth for 3 decades: PM Modi

PTI: August 16, 2018

New Delhi: Prime Minister Narendra Modi today said India will be the engine of growth for the world economy for the next three decades as the "sleeping elephant" has started to run on the back of structural reforms like GST.
Addressing the nation from the ramparts of the Red Fort on the occasion of 72nd Independence Day, he listed out the pace of reforms in the last four years of his government that pulled out the country from being considered a "fragile and risky" economy to being the fastest in the world.
Prior to 2014, India was likened to policy paralysis and delayed reforms. "India was considered among 'fragile five' but today the world is seeing it as a destination of multi-billion dollar investment. The narrative has changed," he said.
The government's motto, he said, is reform, perform and transform.
Red tape has been replaced with 'red carpet', propelling India on the ease of doing business ranking, he said.
Bottlenecks were a topic of discussions among international institutions and experts prior to 2014 but "today they are saying the sleeping elephant has woken up and has started running".
The comment was an apparent reference to International Monetary Fund's commentary on India last week in which it said the country is on track to hold its position as one of the world's fastest-growing economies as reforms start to pay off.
Stating that India is now the sixth largest economy in the world, Modi said international institutions are saying that "India will give strength to the world economy for the next three decades. India will be the engine of growth".
"We have the potential to take tough decisions. We are not partisan," he said. "Prior to 2014, global institutions used to say the Indian economy is risky. Today the same institutions and people are saying that reform momentum is giving strength to fundamentals," the PM said.
He went on to list structural reforms like Goods and Services Tax (GST), bankruptcy and insolvency law and benami property law that helped transform the economy.
Electrifying all villages, providing 5 crore cleaner cooking gas to poor women, doubling the pace of highway construction, record foodgrain production, record mobile phone manufacturing, and building four-time more new houses in villages were some of the achievements of his government, he said.
If the work continued at the pace that was prevalent in 2013, it would have taken one or two more decades to electrify all villages, 100 years to provide LPG gas connections to all and generations to take optic fibre to villages.
Modi said the government fulfilled the promise to provide 50 per cent more than the cost of production for kharif crops to farmers and is on the way to achieve the target of doubling farm income by 2022.

India expected to surpass Britain to become world's 5th largest economy next yr: FM

PTI: August 30, 2018

New Delhi: Finance Minister Arun Jaitley today said India is expected to surpass Britain next year to become world's fifth largest economy.
"This year, in terms of size, we have overtaken France. Next year we are likely to overtake Britain. Therefore, we will be the fifth largest (economy)," he said here.
Other economies in the world is growing at much lesser rate, he said, adding that India has the potential to be among top three economies of the world in the next 10-20 years.

Ayushman Bharat scheme to cover 55 crore people: Nadda

PTI: August 28, 2018

New Delhi: Ayushman Bharat, the Centre's flagship national health protection scheme, will provide coverage to nearly 55 crore people as 10.74 crore households are being targeted as beneficiaries, Union minister J P Nadda said today.
"29 states and UTs have signed the MoU and started working on implementation of the Pradhan Mantri Jan Arogya Yojna. The pilots have started in 16 states/UTs. Other states/UTs will also start pilots before fully launching the scheme

on September 25," the health minister said.
Addressing a function here, the minister said as part of the scheme, 94 IT controls are being provided so that the security and storage of the personal data of health is not shared without the consent of the person.
The minister observed that once a person has been identified as an eligible beneficiary, a card will be issued to him or her to avail annual health cover facility of up to Rs 5 lakh.
Pradhan Mantri Jan Arogya Abhiyan, known also as Ayushman Bharat scheme, will be launched across the country from September 25.
An agreement was signed today between the Ministry of Skill Development and Entrepreneurship and the Ministry of Health and Family Welfare where one lakh 'Aarogya Mitras' will be trained by Skill India supporting the recently announced Ayushman Bharat.
'Aarogya Mitras' will help identify intended beneficiaries under the scheme by assessing their proof of identity, Nadda said.
It has been proposed to depute 'Aarogya Mitra' at each Empaneled Health Care Provider to provide support in beneficiary verification, grievance redressal, etc.
Nadda categorically said that no enrolment is required for beneficiaries and there is no payment for obtaining services at empanelled hospitals. "Criminal cases will be charged against fraudulent websites and agents trying to collect money from beneficiaries," he added.
"The services will include more than 1,300 procedures covering pre and post hospitalisation, diagnostics, medicines etc., and the beneficiaries will be able to move across borders and access services across the country through the provider network seamlessly," Nadda said.
Addressing the conference, he said the government has given total flexibility to states to choose their own modes of implementation among insurance, trust or mixed mode and the government is ready to provide the required support also.
"The information security is based on international best practices and India specific regulations and more than 94 controls set at various levels for secure handling of sensitive personal data. Strong measures have been taken to ensure security and privacy of data obtained, stored and used based on international best practices and India specific regulations," Nadda said.

Innovation Cell and Atal Ranking of Institutions on Innovation Achievements (ARIIA) launched by M/o HRD to foster culture of innovation in Higher Education Institutions

Press Information Bureau: August 31, 2018

New Delhi: In yet another game changing initiative, the Union Minister for HRD, Shri Prakash Javadekar and Union Minister of State for HRD, Dr. Satya Pal Singh launched the Innovation Cell and Atal Ranking of Institutions on Innovation Achievements (ARIIA)at AICTE, New Delhi today. Innovation cell is MHRD's initiative and has been established at AICTE premises with a purpose to systematically foster the culture of Innovation in all Higher Education Institutions (HEIs) across the country. The primary mandate of Innovation Cell is to encourage, inspire and nurture young students by exposing them to new ideas and processes resulting in innovative activities in their formative years fostered through Network of Innovation clubs in Higher Educational Institutions.
While addressing the gathering, Shri Prakash Javadekar said that we must create innovation culture in India and for the same we are encouraging Higher Educational Institutions to create innovation club in their campuses. He also said that without innovation no country can achieve sustainable development and prosperity. The Union Minister also said that 21st century is century of Innovation, and the Prime Minister of India has called the decade 2010-20 as the 'Decade of Innovation', to unleash the creative potential of every Indian. India has already been improving on global stage in terms of Innovation ranking from 86th place, 5 years ago, to 57th place this year.
He further said that if we want to deliver justice to the poor and make them prosper we need to innovate, without which it is not possible. While talking about young population of the country he said that our young population can be converted into an asset if we innovate and for this reason, innovation is most important. He further said that the establishment of an innovation cell leading to innovation club, leading to Smart India Hackathon and leading to student's start-ups, are the real eco system which we want to build upon for development of innovation culture in India.
The Union Minister said that for the real outcome there has to be some assessment of what is being

done to promote innovation. Therefore, Atal Ranking of Institutions on Innovation Achievements (ARIIA) has also been launched today. It will encourage healthy competiveness among Higher Educational Institutions.
The Union Minister of State for HRD, Dr. Satya Pal Singh said that innovation must become the part of our culture and it must not be limited only to engineering students, it must be open for other students as well. He said that innovation means original thinking and everyone can contribute their ideas to promote innovation.
Secretary (HE), MHRD, Shri R Subrahmanyam, Chairman UGC, Shri D. P. Singh and Chairman AICTE, Shri Anil Sahasrabudhe were also present during the event .

Commerce Ministry developing National Logistics Portal

PTI: August 24, 2018

New Delhi: A National Logistics Portal is being developed to ensure ease of trading in the international and domestic markets, as India eyes lowering logistics cost from 14 per cent of GDP to less than 10 per cent by 2022, the Commerce Ministry said today.
The portal will link all the stakeholders of export-import, domestic trade and all trade activities on a single platform.
"The portal will be implemented in phases and will fulfil the commitment of the Government of India to enhance trade competitiveness, create jobs, boost India's performance in global rankings and pave the way for India to become a logistics hub," the ministry said in a statement.
In this year's budget speech, Finance Minister Arun Jaitley had announced that the Department of Commerce will create a portal which will be a single window online marketplace for trade. It will connect business, create opportunities and bring together various ministries, departments and the private sector.
Stakeholders like traders, manufacturers, logistics service providers, infrastructure providers, financial services, government departments and groups and associations will all be on one platform.
"India's logistics sector is highly defragmented and the aim is to reduce the logistics cost from the present 14 per cent of GDP to less than 10 per cent by 2022, the statement said.
The country's logistics sector is very complex with more than 20 government agencies, 40 partnering government agencies (PGAs), 37 export promotion councils, 500 certifications, 10,000 commodities and USD 160 billion market size.
It also involves 12 million employment base, 200 shipping agencies, 36 logistics services, 50 IT ecosystems and banks and insurance agencies. Further, 81 authorities and 500 certificates are required for EXIM.
As per the Economic Survey 2017-18, the Indian logistics sector provides livelihood to more than 22 million people and improving the sector will facilitate 10 per cent decrease in indirect logistics cost leading to the growth of 5 to 8 per cent in exports.
Further, the Survey estimates that the worth of Indian logistics market would be around USD 215 billion in next two years compared to about USD 160 billion currently.

India to double exports by 2025: Prabhu

PTI: August 28, 2018

New Delhi: The government is working on a comprehensive strategy to double the country's exports by 2025, Commerce Minister Suresh Prabhu said today.
Issues related to exporters were discussed during a stakeholders' meeting to discuss a strategy for revitalising India's exports and doubling the exports by 2025.
"This is necessary in view of challenges like uncertainty of global trade, rigid approach of banks affecting availability of credit, high logistics cost and productivity standards and qualities," an official statement quoting Prabhu said.
Minister of State for Commerce and Industry C R Chaudhary will be the chairperson of this mission and will review the work of different export promotion councils and divisions of the ministry.
In 2017-18, the country's merchandise exports grew by 10 per cent to USD 303 billion, while services exports rose by 18.8 per cent to USD 195 billion in the same period.
The ministry is also taking meetings with key ministries for preparing sectoral export strategies.
Prabhu stated that a special strategy is being prepared for the services sector to achieve broad-based growth instead of the existing predominance of IT-ITeS.
The ministry said that commodity and territory specific strategy is also being prepared for items like gems and jewellery, textiles, engineering,

electronics, chemicals, pharma, agri and marine products.

Territory specific strategy will cover North American Free Trade Agreement (NAFTA), Europe, North East Asia, ASEAN, South Asia, Latin America, Africa, Australia and New Zealand.

The commerce minister said that apart from traditional markets, India must also look at boosting trade with smaller countries.

He also said that exporters should not miss the opportunity presented by China's consumer market.

Shipping ministry eyes SEZ-like tax breaks to push coastal economic zones

Business Standard: August 21, 2018

New Delhi: To get investors for its ambitious Coastal Economic Zone (CEZ) scheme, the Ministry of Shipping is pitching for tax concessions on the lines of what is available for special economic zones. This, it is felt, could give a boost to the project after the government decided to give a push to the logistics and warehousing sectors by declaring them as infrastructure.

The ministry is likely to approach the Prime Minister's Office for the same. "We are in the process of seeking approval from various stakeholders including NITI Aayog, Department of Expenditure, DIPP and road ministry and would write to the PMO," an official in the know told Business Standard. The Union government had proposed setting up CEZs, one each on the east and west coast of the country.

"The states which are ready with their set of clearances and land acquisition would get the first opportunity to execute the CEZ project," the official said.

This is not the first time the government is selling the idea of these dedicated zones to industry. The ministry had thought of renaming the Coastal Economic Zones as Coastal Employment Zones with employment generation as the main criterion to give approvals to industries looking to set up businesses at these units.

In July 2016, under its ambitious Sagarmala Programme, the government announced building 14 CEZs, to be aligned to relevant ports in the maritime states. These will house Coastal Economic Units for setting up manufacturing facilities. The focus of the economic zones would be towards providing employment and have a distinct identity from the existing SEZ (special economic zones). For promoting port-led industrialisation, 14 CEZs covering all the maritime states and Union Territories were identified as part of the National Perspective Plan under the Sagarmala Programme. The Perspective Plans for all 14 CEZs were prepared in consultation with relevant state governments and central ministries.

The idea behind port-led industrialisation through the proposed development of CEZ under the Sagarmala Programme was to provide impetus to the government's "Make in India" initiative.

The Sagarmala Programme has four essential features — port modernisation, port connectivity, port-led industrialisation and coastal community development, the zones fall under the third category. Ports handle 90 per cent of the country's EXIM cargo by volume and 70 per cent through value. Gujarat alone caters to 25-30 per cent of the cargo traffic. Therefore, connecting the coastal areas to ports through port-led development was planned as proximity to the port brings down the logistics cost of a company substantially.

The 14 proposed sites are Kachchh, Suryapur and Saurashtra in Gujarat; North and South Konkan in Maharashtra; Dakshin Kanara in Karnataka; Malabar in Kerala; Mannar, VCIC South and Poompuhar in Tamil Nadu; VCIC Central and North in Andhra Pradesh; Kalinga in Odisha; and Gaud in West Bengal.

The inclusion of "Logistics Sector" in the Harmonized Master List of Infrastructure Sub-sectors in November 2017 brought in multi-modal logistics park comprising Inland Container Depot with minimum investment of Rs 500 million and minimum area of 10 acre, cold chain facility with minimum investment of Rs 150 million and minimum area of 20,000 sq ft, and/or warehousing facility with investment of minimum Rs 250 million and minimum area of 1 lakh sq ft.

FDI growth up 23 pc in Apr-June quarter this fiscal

PTI: August 28, 2018

New Delhi: Foreign direct investment in India grew by 23 per cent to USD 12.75 billion during the April-June quarter of 2018-19, according to official data.

The foreign fund inflows in April-June 2017-18 stood at USD 10.4 billion, the Department of Industrial Policy and Promotion data showed.

Key sectors that received maximum foreign investment during the first quarter of the fiscal include services (USD 2.43 billion), trading (USD 1.62 billion), telecommunications (USD 1.59 billion), computer software and hardware (USD 1.4 billion), and power (USD 969 million).
Singapore was the largest source of FDI during April-June 2018-19 with USD 6.52 billion, followed by Mauritius (USD 1.5 billion), Japan (USD 874 million), the Netherlands (USD 836 million), the UK (USD 648 million), and the US (USD 348 million).
A growth in foreign investment assumes significance against the backdrop of widening current account deficit and trade deficit.
The country's current account deficit (CAD) is likely to touch 2.8 per cent of GDP in 2018-19 on surge in crude oil prices, a report by SBI Research projected.
FPI and FDI inflows are expected to finance a major part of the CAD, the report noted.
FDI had increased at a five-year low growth of 3 per cent at USD 44.85 billion in 2017-18. An UNCTAD report, too, had stated that the foreign direct investment in India decreased to USD 40 billion in 2017 from USD 44 billion in 2016 fiscal.
A decline in foreign inflows could put pressure on the country's balance of payments and may also impact the value of the rupee.

BANKING/FINANCE

RBI surplus transfer to govt rises 63.08% in FY18

PTI: August 29, 2018

Mumbai: The Reserve Bank of India (RBI) today said transfer of surplus to the government rose by 63.08 per cent to Rs 50,000 crore during the financial year ended June 30, 2018.
It had transferred a surplus of Rs 30,659 crore to the government in financial year 2016-17.
The central bank transfers the surplus generated from its functions to the government at the end of each financial year, after accounting for any funds transferred to the contingency reserve or the asset development fund. It follows July-June financial year.
"A surplus of Rs 50,000 crore was transferred to the central government in FY18," RBI said in its annual report for 2017-18.
During 2017-18, RBI's balance sheet increased by 9.49 per cent or Rs 3.13 trillion to Rs 36.18 trillion as on June 30, 2018, from Rs 33.04 trillion as on June 30, 2017, the report said.
The increase on the asset side was mainly due to rise in foreign investments and loans and advances by 11.25 per cent and 849.55 per cent, respectively, it added.
On the liability side, the increase was due to increase in notes issued and other liabilities and provisions by 26.93 per cent and 16.95 per cent, respectively.
Domestic assets constituted 23.18 per cent, while the foreign currency assets and gold (including gold held in the country) constituted 76.82 per cent of the total assets as on June 30, 2018, compared with 24.32 per cent and 75.68 per cent, respectively, as on June 30, 2017.
During the year, the apex bank made a provision of Rs 14,190 crore and transferred it to contingency fund (CF), according to the report.

MARKETS

FPIs stay bullish on India; pour in Rs 6,700-cr in Aug

PTI: August 27, 2018

New Delhi: Foreign investors have pumped in a little over Rs 6,700 crore into the Indian capital markets so far this month on improvement on the macro front, better corporate earnings and correction in the mid and small-cap space.
The latest inflow comes following a net infusion of over Rs 2,300 crore in the capital markets -- both equity and debt -- last month. Prior to that, overseas investors had pulled out over Rs 61,000 crore during April-June.
According to the latest depository data, foreign portfolio investors (FPIs) pumped in a net sum of Rs 2,048 crore into equities during August 1-24 and a net amount of Rs 4,662 crore into the debt market, taking the total to Rs 6,710 crore.
After three months of huge outflows from April till June, analysts said it is encouraging to see FPIs making a comeback in July and August.
"The recent net inflow could be attributed to improvement on the macro front, better earnings from corporate, correction in the mid and small-cap space and positive observations of IMF on India," said Himanshu Srivastava, Senior Analyst Manager Research at Morningstar.

"The direction is definitely positive. However, the quantum of inflows from FPIs is much lower than what we have seen in the past when they come with full conviction. It indicates that there is a fair bit of uncertainty and cautiousness among FPIs at the moment," he added.
Overall, so far this year, FPIs have pulled out more than Rs 2,100 crore from equities and nearly Rs 37,000 crore from the debt markets.

Indian equity market best performer among emerging economies this year

Business Standard: August 20, 2018

Mumbai: The Indian equity market continue to be the best-performing among emerging economies for 2018 despite the rupee weakening to 70 against the US dollar. The benchmark index, S&P BSE Sensex, is up 11 per cent in local currency terms and 1.4 per cent in dollar terms this year. In comparison, the returns for most emerging markets (EMs) are in the negative territory.
Even in terms of foreign portfolio investor (FPI) flows into the equity markets, India has fared better than other EMs. While the offshore investors have sold $17 billion worth shares across EMs this calendar year, India has seen outflows of only $200 million.
Market participants say this is due to macroeconomic stability and strong support from homegrown mutual funds. Also, most other EMs have been roiled by global trade tensions. India, on the other hand, has been relatively insulated due to its domestic consumption-driven economy.
Foreign investors had started pulling out money from EMs from February amid the hardening of US bond yields. The sell-off appeared intensifying last week after a financial crisis in Turkey spread fears of contagion. In 2018, Turkey's lira has fallen over 40 per cent against the dollar. Other EM currencies, too, fell as foreign investors indulged in risk-off trading. While the rupee, too, has fallen over 7 per cent this year, domestic stocks have managed to take the sharp drop in their stride.
Goldman Sachs in a note acknowledged the improvement in India's earnings, capital spending and credit growth. It said domestic equities could benefit from the Reserve Bank of India (RBI's) intervention in the forex market, a decent monsoon, limited exposure to the EM contagion and the upcoming festive season. Citibank in a note said a lack of better choice in EMs and decent June-quarter results are aiding foreign investors' interest in Indian equities.
The June quarter earnings of India Inc have also provided some cheer for domestic equities. The net profit of the 1,436 companies that reported June quarter results went up 7 per cent year-on-year. Corporate earnings have been tepid for the last three-four years on account of macroeconomic factors and the 2017 rally in the equities happened in absence of any earnings growth. However, earnings are now catching up as brokerages are anticipating over 20 per cent growth in net profit for this fiscal and also the next.
Macro stability is another factor that is helping Indian markets put up a better show compared to other EMs. The political and economic landscape of several EMs such as Turkey, Indonesia and Thailand is evoking concern among investors. While analysts don't rule out short-term turbulence in Indian equities due to the forthcoming general elections, they believe India is relatively a better bet.

BUSINESS

Vivo pumps in Rs 200 cr to expand Greater Noida facility

PTI: August 17, 2018

New Delhi: Chinese handset maker Vivo today said it has ramped up the manufacturing capacity of its Greater Noida facility and has invested about Rs 200 crore.
The company, which has already invested about Rs 300 crore in the plant, has also added surface-mount technology (SMT) lines to the unit.
"The facility has increased production to more than 2 million units per month, reiterating Vivo's commitment to 'Make in India'. The newly added SMT lines are catering to the growing demand for Vivo smartphones in the country, including flagship devices like NEX and X21," Vivo said in a statement.
With more than 5,000 employees, the plant has an annual capacity of manufacturing 25 million products. Besides manufacturing, the facility houses a 'Test Lab' where the products undergo more than 1,000 stringent levels of quality and durability tests.
"Our latest flagship - the NEX - has been manufactured at this facility which has been made pos-

sible through our consistent efforts and commitment towards making the region a manufacturing hub for our smartphones," Vivo India Chief Marketing Officer Jerome Chen said.

Besides X21 and NEX, Vivo will continue to manufacture and assemble smartphones in India across its category and price segments, it said.

According to research firm IDC, Vivo ranked third in the Indian smartphone market in terms of shipments with 12.6 per cent share, after Xiaomi (29.7 per cent) and Samsung (23.9 per cent) in June 2018 quarter.

Haier to set up Rs 3k cr manufacturing units at Greater Noida

PTI: August 23, 2018

New Delhi: Haier Appliances will invest Rs 3,069 crore to establish manufacturing units at an industrial township in Greater Noida, UP, DMICDC said today.

The consumer electronics company expects to generate direct employment for 3,950 people with this project, Delhi Mumbai Industrial Corridor Development Corporation (DMICDC) said in a statement.

It has been allotted 123.7 acre of land in the DMIC Integrated Industrial Township Greater Noida (IITGN) project for setting up manufacturing units, it said.

Besides, Chinese Mobile maker Forme's Indian subsidiary Forme Trading has been allotted 3.5 acre land in IITGN for the same purpose.

"Forme Trading plans to invest Rs 100 crore in its new mobile phone manufacturing unit at IITGN which is likely to create 600 direct and 1,000 indirect jobs," it added.

Satkriti Infotainment, a sister concern of leading audio manufacturer Fenda Audio India, is another company to have been allotted land in the township project.

"Combined investment of the three companies is pegged at Rs 3,404 crore and is likely to generate 12,550 employment opportunities," it added.

DMIC project is aimed at creating mega industrial infrastructure along the 1,483-km-long Delhi-Mumbai Rail Freight Corridor.

Dholera (Gujarat) is the biggest of the eight industrial smart cities being developed in the first phase of the project. Overall, DMICDC is setting up 56 Greenfield smart industrial townships.

Alibaba in talks with Reliance Retail for joint venture

Livemint: August 20, 2018

Mumbai: China's Alibaba Group Holding Ltd has initiated talks with Mukesh Ambani's Reliance Retail Ltd to form a mega Indian retail joint venture (JV), with an investment of at least $5 billion to challenge the dominance of Flipkart and Amazon in the world's fastest-growing economy, two people with direct knowledge of the matter said. Alibaba Group has proposed to acquire a large stake in Reliance Retail to create a behemoth in the digital marketplace and also expand Alibaba's physical retail businesses in India, the people said, requesting anonymity.

The talks indicate that the battle for India's booming e-commerce market may only intensify further, with two large and deep-pocketed companies planning to come together to take on the market leaders.

Alibaba's executive chairman, Jack Ma, met Reliance Industries Ltd chairman Mukesh Ambani in July-end in Mumbai to discuss the proposal, the people said. The two discussed a number of issues, including a plan to create a large omnichannel retail entity through the proposed joint venture, they said.

"Alibaba is willing to pick up a significant stake in Reliance Retail, preferably 50%, which will require Alibaba to invest $5-6 billion," one of the two people said. "It could also result in a strategic JV between Alibaba and Reliance Retail, with a smaller stake held by Alibaba."

Goldman Sachs is advising Alibaba on the proposed venture, the person said. A Goldman Sachs spokesperson declined to comment. Emails sent to Reliance and Alibaba remained unanswered.

The joint venture, if it goes through, will be the largest investment by Alibaba in an Indian company.

"The deal is crucial for Alibaba, especially after RBI (Reserve Bank of India) directed Paytm (in which Alibaba holds 49%) to stop on-boarding new customers because of the shareholding pattern of Paytm," said the second person.

RBI was concerned that the Chinese company has access to Paytm's customer data, the person said. It has asked Paytm to improve security mechanisms to store customer data, Mint reported on 1 August.

"Alibaba had picked up the stake in Paytm with the objective of benefiting from Paytm's successful e-commerce and digital wallet business in

India. Reliance Retail is planning a similar model like Paytm, and once that happens, Alibaba will benefit the same way it was gaining from its association with Paytm," added the second person.

Alibaba's Taobao and Tmall are two of the world's largest and most popular online retail marketplaces. Together, they achieved a total transaction volume of $478.6 billion in fiscal 2016, and hope to double the figure to over $900 billion by 2020. As of February 2018, Taobao had at least 580 million monthly active users, while Tmall had 500 million.

Alibaba has also announced that it will invest 100 billion yuan over five years to build a global logistics network, while working on an aggressive overseas expansion plan.

Alibaba's consumer-to-consumer portal Taobao and business-to-consumer portal Tmall, each feature over a billion products and both are among the 20 most visited websites globally.

Reliance Retail, a unit of Reliance Industries Ltd, is the largest retailer in India in terms of revenue. Its retail outlets offer food, groceries, apparels, lifestyle and home-care products, consumer electronics, farm implements and so on. The company also sells vegetables, fruits and flowers, apart from consumer goods, consumer durables, travel services, energy, entertainment and leisure, and health and well-being products.

In the year ended 31 March, Reliance Retail's profit before depreciation, interest, and taxes more than doubled to □ 2,529 crore. As on 30 June, Reliance Retail was present in at least 5,200 towns and cities, with 8,533 stores including 4,530 Jio Points, according to a company release.

Reliance Retail, which has crossed the $10 billion revenue mark, has been planning to expand its retail business, leveraging the network of its parent's telecom unit, Reliance Jio Infocomm Ltd.

Reliance Retail has an edge over overseas online retailers, as foreign entities are not allowed to hold inventory in India and can only operate as marketplaces. Amazon is taking an indirect route to avoid any complications and comply with the numerous conditions that it might have to follow under the multi-brand FDI norms.

Alibaba's talks with Reliance Retail and other potential retail partners in India assume significance after RBI's directive to payment firms such as Visa, Mastercard and PayPal Holdings to ensure before October that the data of Indian customers stays in the country.

Indian aviation market posts highest growth in May in Asia Pacific region: ACI

PTI: August 20, 2018

New Delhi: India led the Asia Pacific region in posting the highest growth in air passenger traffic in May at 13.3 per cent, said a global body representing airports worldwide.

The growth in China in comparison stood at 8.3 per cent and South Korea at 8.1 per cent, said the Airports Council International in its latest study released this month.

It said the impressive growth showed by the Asian gaints has led a situation of "disparity" in the region if compared with passenger traffic growth of Japan and Australia.

Japan, for example, posted a more subdued figure of 2.8 per cent and Australia at 2.3 per cent.

"...the flourishing middle class in populous countries such as India and China have certainly helped to boost traffic especially in their respective domestic markets," the report said.

The Asia-Pacific market as a whole posted a growth rate of 6.3 per cent, slightly higher than Europe where the figure stood at 6.2 per cent. North America, on the other hand, saw the traffic grow by 5.6 per cent.

The report said that the "presence of the low-cost business model among carriers coupled with historically low jet fuel prices", have certainly acted as catalysts to stimulate air transport demand through lower fare offerings on certain market segments.

Oil prices have, however, shown a steady rise in the succeeding months.

As per the report, in May, the global passenger traffic grew by 5.6 per cent in May on a year-over-year basis.

"While this was close to one percentage point below its year-to-date growth figure, it remains a robust demonstration of resilience considering the global climate of increasing geopolitical tension," it said.

The ACI's month-by-month passenger and freight statistics are based on sample of airports that provide regular reports.

The ACI's report comes against the backdrop of studies by other global bodies, saying that the growth of the aviation industry remained the highest worldwide last year.

As per the International Air Transport Association (IATA), India's civil aviation market will become the world's third largest aviation market by 2025.

The domestic carrier, put together, are expected to add about 1,100 aircraft in the Indian skies in the next 10 years. At present, they are operating about 600 aircrafts.

BILATERAL

Mr P. Raghavendra Rao, Secretary, Chemicals & Petrochemical led a delegation to Singapore on 23-24 August 2018. Glimpses from a seminar jointly organised by High Commission of India in Singapore and FICCI, attended by leading CEO's from the sector.

Union Minister of Commerce & Industry and Civil Aviation, Shri Suresh Prabhu lead the Indian delegation at the 6th RCEP Ministerial Meeting in Singapore.. *Cont from P. 1*

Ministers Suresh Prabhu & S. Iswaran launch the 3rd review of India-Singapore CECA, 2 months after completing 2nd Review. Shaping CECA in our strengths and preparing our ties for the future economy.

Meeting with H.E. Mr. Seko Hiroshige, Minister of Economy, Trade & Industry, Japan on the sidelines of the 6th RCEP Ministerial Meeting

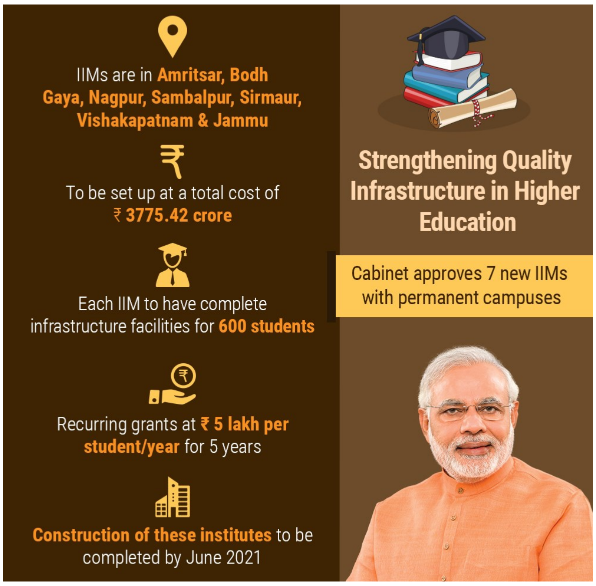
Minister at bilateral meeting with Mr. Damien O'Connor MP, Minister of State, New Zealand at Singapore.

The 11th India-Singapore Strategic Dialogue held in Singapore

Singapore Minister Mr. S. Iswaran, Minister for Comm & Info & Min Incharge of Trade Relations with Mr. Tarun Das, Chairman, IEG conversing about deepening India Singapore economic & trade relations in the next decade at 11th India-Singapore Strategic Dialogue.

Mr Jamshyd N Godrej, Co-Chairman, India-Singapore Strategic Dialogue 2018 & Chairman of the Board, Godrej and Boyce Manufacturing Company Ltd, India with the Singapore Minister for Finance, Mr Heng Swee Keat at the 11th ISSD 2018.

48 Months of Transforming India: *All Sectors*



In India's Growth Story, You Write the Next Chapter

IDF
India Development Foundation of Overseas Indians

The India Development Foundation of Overseas Indians (IDF-OI) is a not-for-profit Trust established by Government of India which enables Overseas Indians to contribute to social and development projects in India. The Trust is exempt from the provisions of Foreign Contribution Regulation Act, 2010
The Trust is chaired by Smt. Sushma Swaraj, Hon'ble Minister of External Affairs. Other Board members are prominent Overseas Indians, Eminent Resident Indians and Senior Government of India officials.

Inviting Overseas Indians to Contribute to:

- *Swachh Bharat Mission*
- *Clean Ganga Mission*
- *State Govt Projects*

How We Work

1. Submission of Projects by Nodal Organisations to IDF-OI
2. Assessment & Selection of Projects by IDF-OI
3. Selection of a Project by Overseas Indian
4. Contributions made by NRI/PIO
5. Regular Monitoring & Feedback to Contributors by Implementing Agency
6. Project Completion & Utilisation Report to Contributor by IDF-OI

Contribute to Projects in

Education, Sanitation, Women's Empowerment, Healthcare, and Sustainable Livelihood

Projects available in

Punjab, Kerala, Karnataka, Rajasthan, Madhya Pradesh, Maharashtra, West Bengal, Chhattisgarh, Uttarakhand, Mizoram, Sikkim, Bihar, Tamil Nadu, and Odisha

"Although, the Indian Diaspora is a very heterogeneous group, there is a common factor which binds them- their desire to maintain their connection with their homeland and to contribute to the social and development efforts in India. We are seeking to strengthen and deepen our relationship through IDF-OI."

Smt. Sushma Swaraj
Hon'ble Minister of External Affairs &
Chairperson, IDF-OI

Engage With Us

- You can Fund One Unit or Several Units of any Project as an individual or as an association.
- IDF-OI does not charge any Administrative Cost from Contributions Received.
- Detailed Project Information: www.idfoi.org

Send your Contribution to
'India Development Foundation of Overseas Indians'
State Bank of India,
Central Secretariat Branch,
North Block, New Delhi 110001
A/C no. 33819721882;
IFSC code SBIN0000625;
MICR 110002014

India Development Foundation of Overseas Indians
927, Ministry of External Affairs, Akbar Bhawan, Satya Marg, Chanakyapuri, New Delhi- 110021
Website: www.idfoi.org Contact: +91 11 26881052/24676210; Email: ceo.idf@mea.gov.in

FORTHCOMING EVENTS >>>> *INDIA*

I. Reverse Buyer Seller Meet coinciding with India Chem 2018

Date: 5 October, 2018

Venue: Hotel Hyatt Regency, Mumbai

Organizer: Chemexcil in association with Department of Chemicals and Petrochemicals, Ministry of Chemicals & Fertilizers, Govt. of India and Federation of Indian Chambers of Commerce & Industry (FICCI)

Contact : http://chemexcil.in/rbsmdev/

Details: The Council is organizing the BSM on Dyes & Dye Intermediates, Organic & Inorganic Chemicals, Specialty/Leather Chemicals/Oil Field Chemicals, etc. would like to invite prominent buyers from Singapore to attend this event. The objective of the event is as under:-

- Networking
- Showcasing capabilities and capacities
- Building strategic alliances.
- Tapping the immense opportunities in India for both sourcing & supply; investment; technology transfers and collaborations and possibly many more.

II. IHGF Delhi Fair-Autumn

Date: 14-18 October, 2018

Venue: India Expo Centre, New Delhi NCR, India

Organizer: Export Promotion Council for Handicrafts (EPCH)

Contact : http://ihgfdelhifair.epch.in/

Details: An exclusive connect to India's leading manufacturers for home, lifestyle, fashion & textile segments, IHGF Delhi Fair-Autumn 2018, brings in wide-ranging selections with a choice of over 2000 products and more than 300 trend specific design developments across 14 display segments. The world's largest congregation of handicraft exporters, this show is an essential meeting ground for the international gifting and lifestyle products industry.

III. Indus Food (Mega food and beverage industry trade show)

Date: 14-15 January, 2019

Venue: Greater Noida

Organizer: Trade Promotion Council of India (TPCI) supported by Department of Commerce, Government of India

Contact : Ms. Nupur Kumaria, Asst Director, Email: nupur.k@tpci.in

Details: The Council under the Hosted Buyer Program would like to invite buyers and would be providing the following benefits: -Partial/Full Airfare Reimbursement (Pre-fixed as per Country of Region) -3 Nights of 4/5 Star hotel accommodation with complimentary breakfast -App based business matchmaking-Invitation to Gala Networking Dinner-Interpreters on request-Online Registration fees is INR 17,500(Approx. USD250) + 18% GST per Hosted Buyer is non-refundable.

Notifications

Securities and Exchange Board of India

Online Filing System for Alternative Investment Funds

http://www.sebi.gov.in/legal/circulars/jul-2017/online-filing-system-for-alternative-investment-funds_35480.html

Online Filing System for Foreign Venture Capital Investors

http://www.sebi.gov.in/legal/circulars/jul-2017/online-filing-system-for-foreign-venture-capital-investors_35246.html

Ministry of Corporate Affairs

Companies Amendment Rules, 2018

http://www.mca.gov.in/Ministry/pdf/CompaniesXBRL0803rule_15032018.pdf

Reserve Bank of India

Discontinuance of Letters of Undertaking (LoUs) and Letters of Comfort (LoCs) for Trade Credits

https://rbi.org.in/Scripts/NotificationUser.aspx?Id=11227&Mode=0

Risk Management and Inter-bank Dealings: Revised guidelines relating to participation of a person resident in India and Foreign Portfolio Investor (FPI) in the Exchange Traded Currency Derivatives (ETCD) Market

https://rbi.org.in/Scripts/NotificationUser.aspx?Id=11222&Mode=0

Separate limit of Interest Rate Futures (IRFs) for Foreign Portfolio Investors (FPIs)

https://rbi.org.in/Scripts/NotificationUser.aspx?Id=11225&Mode=0

Department of Industrial Policy & Promotion

Consolidated FDI Policy Circular of 2017

http://dipp.nic.in/sites/default/files/CFPC_2017_FINAL_RELEASED_28.8.17_0.pdf

India Set for Manned Space Mission After 34 Years, Gaganyaan to Blast Off by 2022

News18.com, August 15, 2018

Prime Minister Narendra Modi announced during his Independence Day speech that India will send a manned mission to space by 2022 aboard a Gaganyaan.

"I make this announcement today, before 2022, an Indian will be in space. One of us will carry the tricolour to the space to commemorate the 75th year of India's Independence," said Prime Minister Narendra Modi from the ramparts of the Red Fort.

Modi also lauded the Indian Space Research Organisation (ISRO) for launching 100 satellites in one go and making the country proud. He also talked about ISRO's Mangalayan and Navic project, which will give India its own GPS system.

Presenting his four-year report card on India's 72nd Independence Day, Modi says India used to be a 'sleeping elephant', but has started walking and running now. The PM has also pitched for 'social justice' and highlighted the "constitutional protection" to Backward groups. The Independence Day address is the last in the PM's current tenure and focusses as much on politics as on policy.

Issue No 245, 31 August 2018

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

Q.11: Whom to approach for Government approval or in case of doubt regarding the concerned Administrative Ministry/ Department or regarding the classification of an activity or the sectoral route?

Answer: Please refer to the 'Standard Operating Procedure (SOP) for Processing FDI Proposals' issued by Department of Industrial Policy & Promotion, Government of India → http://fifp.gov.in/Forms/SOP.pdf

Q.12: Whether the definition of Indian company in FEMA 20(R) covers companies incorporated under both the Companies Act, 1956 and Companies Act, 2013

Answer: Indian company includes all those entities covered under section 1(4) of the Companies Act, 2013.

Source: RBI

For Feedback & Comments, please contact:
High Commission of India,
31 Grange Road, Singapore- 239702.
Email : ma@hcisingapore.org ; com.singapore@mea.gov.in
URL : www.hcisingapore.gov.in