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India Focus


RBI Governor Dr. Raghuram Rajan

this issue

BILATERAL

Make in India Global Business Summit held in Singapore

Make in India Global Business Summit, with a focus on SMEs was held in Singapore on 12 June 2015. High Commissioner Mrs Vijay Thakur Singh spoke at the event.

India encourages Singapore enterprises for investment

PTI

Wooing Singapore's small and medium enterprises to venture into its market, India on Friday said the time was right for a "quantum jump" in the bilateral economic relationship.

Prime Minister Narendra Modi's "Make in India" initiative is designed to build manufacturing sectors in the country through **..Cont on P. 14**

TOP NEWS

A first: India tops World Bank growth list

TNN | Jun 12, 2015, 05.44AM IST

India is leading the World Bank's growth chart for the first time and is poised to overtake China in 2015, a report by the multilateral agency has said.

Growth in South Asia is expected to continue firming to 7.1% this year, led by a recovery in India and supported by a gradual strengthening of demand in high-income countries. The decline in global oil prices has been a major benefit for the region, leading to improvements in fiscal and current accounts, enabling subsidy reforms in some countries, and the easing of monetary policy," the report said.

In India, reforms are improving business and investor confidence and attracting capital inflows, and should help raise growth to 7.5% this year. Growth in China is on course to ease to 7.1% this year.

"With an expected growth of 7.5% this year, India is, for the first time, leading the World Bank's growth chart of major economies," said Kaushik Basu, World Bank chief economist and senior vice president after the release of the latest Global Economic Prospects (GEP) report. Basu said slowly but surely the ground beneath the global economy is shifting. "China has avoided the potholes skillfully for now and is easing to a growth rate of 7.1%. Brazil, with its corruption scandal making s, has been less lucky, dipping into negative growth." The main shadow over this moving landscape is of the eventual US liftoff, he said. Developing countries face a series of tough challenges in 2015, including the looming prospect of higher borrowing costs as they adapt to a era of low prices for oil and other key commodities, resulting in a fourth consecutive year of disappointing economic growth this year, the report said. As a result, developing countries are now projected to grow by 4.4% this year, with a likely rise to 5.2% in 2016, and 5.4% in 2017.

RBI cuts repo rate by 25 basis points, EMIs likely to go down

TNN & Agencies | Jun 2, 2015, 11.08AM IST

The Reserve Bank of India (RBI) cut interest rates for a third time this year on Tuesday, taking advantage of subdued inflation to give more support to an economy that many economists doubt is doing as well as latest impressive growth numbers suggest.

The reduction in the repo rate will lower cost of funds for banks and is a signal to them to reduce lending rates. For individual borrowers, home loans and auto loans rates would come down. Announcing the rate cut the governor said that there were **..Cont on P. 15**

CAD shrinks massively to 0.2 per cent in Q4

PTI

The country's current account deficit (CAD) narrowed sharply to USD 1.3 billion, or 0.2 per cent of Gross Domestic Product (GDP), in the fourth quarter of the last financial year on a sequential basis mainly on account of a lower trade gap.
The CAD shrank to 1.3 per cent of GDP for full financial year 2014-15.
"On a quarter-on-quarter basis, CAD narrowed sharply to USD 1.3 billion (0.2 per cent of GDP) in fourth quarter of financial year 2014-15 from USD 8.3 billion (1.6 per cent of GDP) in the third quarter," the Reserve Bank said on Wednesday.
"The reduction in CAD in fourth quarter was primarily on account of lower trade deficit as net earnings through services and primary income (profit, dividend and interest) witnessed a decline in quarter-on-quarter terms though secondary income recorded a marginal increase of 0.4 per cent," the central bank said in its *Developments in Balance of Payments* report.
On a year-on-year basis, however, CAD (which indicates imports of goods services and transfer are higher than their exports) in fourth quarter was a shade higher than USD 1.2 billion, or 0.2 per cent of GDP, in the same quarter of financial year 2013-14.
For the full fiscal (FY 2014-15), the current account deficit shrank to USD 27.5 billion, or 1.3 per cent of GDP, from USD 32.4 billion, or 1.7 per cent of GDP, a year ago, RBI said.
Merchandise trade deficit at USD 31.7 billion in fourth quarter contracted sharply on a QoQ basis on account of a larger decline in merchandise imports (13.4 per cent) than in merchandise exports (10.4 per cent).
However, in terms of YoY changes, the trade deficit in fourth quarter widened marginally as exports registered a larger decline (15.4 per cent) than imports (10.4 per cent).
"In financial year 2014-15, trade deficit narrowed to USD 144.2 billion from USD 147.6 billion last year," the data showed.
During the January-March period, on a balance of payment (BoP) basis, there was highest ever net accretion of USD 30.1 billion to the foreign exchange reserves in a single quarter. "It was more than double the accretion in the preceding quarter and almost four times of the reserves accrued in fourth quarter, signifying record increase in capital inflows and dip in current account deficit," RBI said.

Indian factory growth accelerates in May, strong domestic demand-PMI

By PTI | 1 Jun, 2015, 11.04AM IST

Manufacturing sector grew at its fastest pace in four months in May on improved domestic demand, even as input costs remained high and firms adopted a cautious approach on hiring, an HSBC survey said today.
The latest manufacturing data comes just a day ahead of the RBI's scheduled monetary policy review where the central bank is widely expected to lower the rates to further boost the investment flow and the manufacturing sector.
The headline HSBC India Purchasing Managers' Index (PMI), compiled by Markit, surged to 52.6 in May, from 51.3 in April, with levels of production and new orders rising at the fastest rates since January 2015.
The PMI is a composite gauge designed to give a single figure snapshot of manufacturing business conditions. A figure above 50 indicates the sector is expanding while below that level means contraction.
The data shows that manufacturing sector has been growing for 19 consecutive months now.
"PMI data signalled a further robust expansion of the Indian manufacturing economy in May. Both output and new order growth accelerated to 4-month highs whereas the rise in export orders lost traction," Markit Economist Pollyanna De Lima said.
Despite the uptick in growth, manufacturing employment was broadly unchanged in May. Over 99 per cent of panelists reported same staffing levels, citing uncertainty about the sustainability of growth.
"The outlook for the sector is, however, clouded by a stagnant job market as firms remain uncertain about the sustainability of the upturn," Lima added. The total volume of new orders received by manufacturing firms also increased for the 19th successive month and at the fastest pace in four months, driven by improved demand from the domestic and foreign markets. However, the rate of expansion of overseas orders moderated in May.

Modi to launch India's biggest labour overhaul in decades

REUTERS, NEW DELHI

Prime Minister Narendra Modi is preparing to launch India's biggest overhaul of labour laws since independence in a bid to create millions of manufacturing jobs, at the risk of stirring up a political backlash that could block other critical reforms.

Three officials at the central labour ministry told Reuters that the ministry was drafting a bill for the upcoming parliamentary session that proposes to loosen strict hire-and-fire rules and make it tougher for workers to form unions.

The changes, if approved by parliament, would be the biggest economic reform since India opened its economy in 1991, but it is likely to meet stiff opposition in parliament and from labour activists. The prime minister enjoys a majority in the Lok Sabha, but not the Rajya Sabha, hobbling his ability to pass politically contentious measures.

That handicap has stymied his efforts to make it easier for businesses to buy farmland and convert Asia's third-largest economy into a common market. Rajiv Biswas, Asia-Pacific chief economist at IHS Global Insight, said Modi had little option but to push ahead with the measures.

"Without these reforms, the economy would stagnate, and frustrated investors would look elsewhere," he said. "You cannot make political opposition an excuse for not taking tough decisions."

Since taking office in May last year, Modi has taken a series of incremental steps to make labour laws less onerous for businesses, but fear of a union-led political backlash made him leave the responsibility for unshackling the labour market with Indian states. He let his party's governments in Rajasthan and Madhya Pradesh take the lead in this area.

Encouraged by a successful and peaceful implementation of the measures in those states, the federal labour ministry now intends to replicate them at the national level, one of the ministry officials said.

Manish Sabharwal, one of the brains behind Rajasthan's labour reforms and co-founder of recruitment firm Teamlease, said the federal administration would have been better off without attempting these changes. "Let states carry out these changes and save your political energy for other policy reforms," he said.

EASIER FIRING

As part of the proposed revamp, a factory employing fewer than 300 workers would be allowed to lay off workers without government permission. Currently, factories employing 100 workers or more need approval for layoffs.

But they will have to pay three times the current severance package, the labour ministry officials said. Companies have long been demanding an increase in the ceiling as governments rarely grant such permissions for layoffs, making it difficult to respond to business downturns and encouraging them to stay small. "It will facilitate ease of doing business while ensuring safety, health and social security of every worker," a senior labour ministry official involved in the deliberations said.

The official said the bill was expected to be finalised in the next three or four weeks, and would then be sent to cabinet for approval. The planned changes would also make it tougher for employees to form unions or go on strike, but would make all employees eligible for minimum wage. The World Bank says India has one of the most rigid labour markets in the world. That in turn has been a drag on manufacturing, which accounts for only 16 percent of India's $2 trillion economy, compared with 32 percent of China's. Some 84 percent of India's manufacturers employed fewer than 50 workers in 2009, compared with 25 percent in China, according to a study published by consultancy firm McKinsey & Co. last year. Economists cite current labour rules as the biggest constraint on Modi's "Make in India" ambition to spur a manufacturing boom creating jobs for 200 million Indians reaching working age over the next two decades.

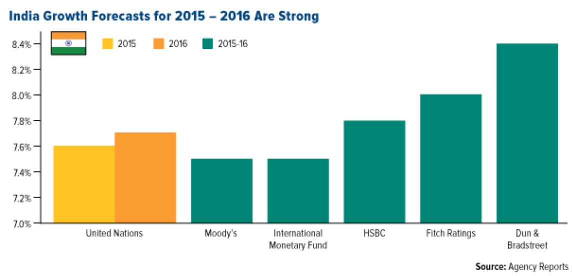
Billions Of Dollars Pouring Into India, China

http://www.forbes.com/sites/greatspeculations/2015/06/09/billions-of-dollars-pouring-into-india-china/

It's been a little over a year since Narendra Modi took office in India, and so far the results have been mostly positive for the South Asian country and the surrounding region. Among other achievements, Modi's government has managed to enact important policy reforms, increase public investments in infrastructure, lower food inflation and generally open India up to business on a global scale.

CLSA's chief equity strategist, Christopher Wood, gives the country accolades in his most recent newsletter. Wood writes that while "the halo effect has come off the Modi phenomenon" somewhat, India nonetheless remains "the most promising major emerging market story on a five- to 10-year view globally."

Looking ahead, analysts forecast that India's economy will expand between 7.5 percent and 8.5 percent for the 2015 and 2016 fiscal years, faster than any other G20 nation, including China.



This is growth that can be sustained for the long-term. According to the International Monetary Fund, within the next decade and a half, "India will have the largest, and among the youngest, workforces in the world, and will need to create jobs for the roughly one hundred million young Indians who will enter the job market in the coming decade." By 2050, India is expected to be the world's second-largest economy based on purchasing power parity, following China.

Global investors recognize these positive data points and are piling into Indian equities, especially now that aggressive monetary easing in the country seems likely. CLSA's Wood points out that $737 million a month on average have flowed into India-focused mutual funds since Modi took office last May, a dramatic reversal from the amounts seen prior to that.

India poised for strong growth; GDP to rise 7.3% in FY15: OECD

Jun 3, 2015 20:25 IST , PTI

London: India's economic growth is projected to remain "strong and stable" at 7.3 percent in 2015 on the back of revival in investments even as more reforms are needed to reduce uncertainties over taxation norms, Paris-based think tank OECD said today.Projecting a higher growth rate of 7.4 percent for 2016, OECD said decline in oil prices would reduce pressures on the current account deficit, inflation and subsidies.

The think tank's projection came a day after the Reserve Bank of India (RBI) flagged concerns about monsoon and inflation that would have an impact on economic growth.

"Growth in India is expected to remain strong and stable in 2015 (at 7.3 percent) and 2016 (7.4 percent). The recessions in Russia and Brazil are projected to give way to low but positive growth in 2016," the Organisation for Economic Cooperation and Development (OECD) said.

Releasing its latest Economic Outlook report, it said that India's economic growth will remain high, supported by a revival in investment.

In November last, the grouping had projected Indian economy to expand 6.4 percent and 6.6 percent in 2015 and 2016, respectively.

However, today's projection is less than the GDP growth forecast of 7.7 percent for 2015 and 8 percent for 2016 made by OECD in its Interim Economic Assessment report released in March this year.

Meanwhile, India has overtaken China to become the world's fastest growing economy by clocking 7.5 percent GDP for the March quarter. In 2014-15, economy grew 7.3 percent, as per figures released by Central Statistics Office last month.

India gets a pat on the back for trade policies

***Livemint**: June 03, 2015*

Several members of the World Trade Organization (WTO) on Tuesday praised India for pursuing open and liberal trade and macroeconomic policies while increasing its global presence as a roaring economy.

With an eye on the rapidly expanding size of the Indian market, industrialized and leading developing countries want New Delhi to do more by liberalizing trade and investment policies as well as reducing anti-dumping and other trade-restrictive measures.

At India's sixth trade policy review (TPR) meeting at WTO, trade envoys from both industrialized and developing countries welcomed government's pro-industry and pro-trade policies, including the impressive economic growth performance over the past four years.

The trade policy review lets the members review the overall trade and economic policies of a country under the scanner. It comes every four years for developing countries and every two years for industrialized countries.

During the two-day review, members listed their immediate day-to-day trade concerns in the country under scrutiny.

Ahead of the meeting, the WTO Secretariat issued a comprehensive report, running into about 174 pages, chronicling all major initiatives India had taken over the last four years. The report also listed trade-restricting export and import measures adopted in the past four years.

India's commerce secretary Rajeev Kher delivered an upbeat report on the policies implemented during 2011-15 against the backdrop of a fluctuating international trade and economic environment.

Kher said "new beginnings" over the past 12 months charted out "a brand new agenda for reform, growth and investment", based on a model of "better governance with less government".

The commerce secretary said the government has placed considerable emphasis on developing strong infrastructure, creating a road map for reforms, promoting ease of doing business, ramping up investment, rationalizaing subsidies, and creating a competitive, predictable and clean tax policy framework.

"Fifteen years ago, India occupied a very small space on the global trade canvas," Kher told the trade envoys. "Today, foreign trade is a significant part of the Indian economy."

"As various new initiatives of the government start showing results, India will become more competitive in several product areas which would, in turn, open up better trade prospects," he maintained.

India's two-way merchandise trade crossed $760 billion during 2013-14 and it now accounts for 44.1% of gross domestic product. If services trade is added to the trade in goods, then India's total trade is estimated at around $1 trillion.

Services account for more than 50% of gross value added in the country, while the share of agriculture has witnessed a gradual decline and now accounts for 19%. The share of industry is around 44%.

Kher also listed new policy initiatives such as Make in India, Digital India and Skill India, which enable India to respond adequately to new external challenges and simultaneously keep in step with a rapidly evolving international trade architecture.

The discussant for the India TPR meeting, Esteban B. Conejos, agreed with Kher saying that India has made tremendous strides in different areas, including in trade facilitation, self-assessment, risk management and investment rules.

Conejos, however, listed five areas where the WTO members want to see more progress in India's trade and economic policies.

They include managing agriculture subsidies, reducing the recourse to sanitary and phytosanitary measures and technical barriers to trade, rationalizing the complex structure for import and domestic tariffs, enhancing the transparency in the regulatory bodies, and lowering the use of anti-dumping measures.

"Overall, members welcomed India's trade and economic policies," Conejos told *Mint*.

The European Union (EU) has expressed confidence that the Indian economy is on a sustained growth path.

European Union ambassador Angelos Pangratis said that Brussels looks forward to "more business and investor-friendly" policies so as to ensure India's foreign trade regime remains "more open and transparent".

India should also embark on creating "investor-friendly FDI policy" as well as a predictable and clean tax policy environment, the EU said.

Pangratis said the Secretariat report drew attention to import procedures/import bans, local content requirements, trade-related investment measures, and the impact of subsidies

Brazil's trade envoy Marcos Galvao said, "Brazil and India have played an important role in global trade and economic relations. Trade between the two countries has increased rapidly. But we want to diversify our trade with India by enlarging the scope for more products in different areas."

China welcomed India's rise as beneficial for the global economy. The Chinese official did not express any concerns with the Indian trade measures or policies.

The US, however, cautiously welcomed India's trade and economic policies but made several demands. It called for a stronger intellectual property regime as well as lower agriculture tariffs.

Washington also called for further opening up of the services sector and slashing of market-support -price incentives.

Envoys from over 30 countries who spoke at the meeting asked India to clarify its policy measures in economic environment, the trade policy regime, trade policies and practices, and sectoral policies.

India will answer over 500 questions raised in these areas by Thursday when the meeting comes to a close.

India joins the Multilateral Competent Authority Agreement (MCAA) on Automatic Exchange of Information (AEOI)

Press Information Bureau: June 04, 2015

New Delhi: India joined the Multilateral Competent Authority Agreement on Automatic Exchange of Financial Account Information on 3rd June, 2015, in Paris, France, alongwith Australia, Canada, Costa Rica, Indonesia and New Zealand. On our behalf, the Declaration to comply with the provisions of the MCAA was signed by H.E. Mr. Mohan Kumar, Ambassador of the Republic of India to France, in a signing ceremony held in Paris.

Earlier, fifty-one countries/jurisdictions had joined the MCAA on 29th October, 2014 in Berlin and Switzerland became the fifty-second country to join the MCAA on 19th November, 2014. Ghana and Seychelles joined the MCAA on 14th May, 2015. With six countries joining the MCAA on 3rd June, 2015, the total number of countries/jurisdictions agreeing to exchange information automatically in accordance with MCAA has gone to sixty.

Ninety-four countries have committed to exchange information on an automatic basis from 2017 onwards as per the new global standards on automatic exchange of information, known as Common Reporting Standards (CRS) on Automatic Exchange of Information (AEOI).

The new global standards are very wide in scope and oblige the treaty partners to exchange wide range of financial information after collecting the same from financial institutions in their country/ jurisdictions including information about the ultimate controlling persons and beneficial owners of entities.

For implementation of these standards in India and with a view to provide information to other countries, necessary legislative changes have been made through Finance (No. 2) Act, 2014, by amending section 285BA of the Income-tax Act, 1961. Necessary rules and guidelines are being formulated in consultation with financial institutions.

AEOI based on CRS, when fully implemented, would enable India to receive information from almost every country in the world including offshore financial centres and would be the key to prevent international tax evasion and avoidance and would be instrumental in getting information about assets of Indians held abroad including through entities in which Indians are beneficial owners. This will help the Government to curb tax evasion and deal with the problem of black money.

Government further relaxes norms for companies

PTI | Jun 7, 2015, 05.25PM IST

In a raft of changes to make it easier for businesses to operate in the country, the government has relaxed norms for private companies including those pertaining to related party transactions, acceptance of deposits and auditor appointments. Compliance requirements under the Companies Act, 2013, have also been made for government, nidhi and not-for-profit or Section 8 companies. Relaxing the norms for the four categories of companies, the corporate affairs ministry has come out with four separate notifications issued on June 5.

The latest move comes close on the heels of the ministry setting up an eight-member panel to address issues related to the new companies law and suggest necessary changes.

Through the latest notifications, as many as 16 changes or clarifications have been notified with respect to private companies and it is around 30 for government companies.
In a significant move, the ministry has said that Section 188 of the Act — that is about related party transactions — would not be applicable on private companies.
Section 188 of the Act requires companies to get consent from its board of directors before entering into a related party transaction even for activities such as sale, purchase or supply of any goods or materials and leasing of property.
With regard to rules for acceptance of deposits, the Ministry has said it would not be applicable on a private entity which "accepts from its members monies not exceeding one hundred per cent of aggregate of the paid up share capital and free reserves". However, such companies should file the details of amount accepted to the Registrar.
Other norms, including those related to requirements for appointment of auditors, giving loans to directors, providing loans for purchase of a private company's shares, standing for directorship and issue of share capital, have been eased.
With respect to government companies, the ministry has made about 30 changes related to various requirements. These pertain to board evaluation, appointment of directors and conduct of annual general meetings (AGMs), among others.
The norms for board evaluation, as mentioned in the Act, would not be applicable in case directors are evaluated by the ministry or department of the central government which is administratively in charge of the company or the state government, as per its own evaluation methodology".
Similarly, changes have been made for not-for-profit and Nidhi companies — those which have been set up with the aim of cultivating thrift and savings habit amongst its members.
The Ministry has already made a raft of changes to the Companies Act, 2013 — whose most provisions came into effect from April 1, 2014 — amid concerns raised from various stakeholders.

Centre pads up to raise Rs 1-lakh cr for ports & infrastructure

***Business Standard**: June 08, 2015*

New Delhi: Union Ministry of Shipping has chalked out a plan to raise Rs 1-lakh crore to develop ports, build ships and improve inland waterways.
The amount would be raised in the dollar equivalent at an interest of three per cent.
Union Minister of Shipping Nitin Gadkari told Business Standard: “The loan will be raised by state-run Shipping Corporation of India, Mumbai Port Trust and Jawaharlal Nehru Port Trust (which has annual revenue of Rs 5,000 crore in dollar equivalent). If the loan was raised in India, the interest rate would be 12-13 per cent.”
Also, state-run ports and shipping companies can raise loans in dollar up to Rs 1-lakh crore, without hedging them.
Gadkari also said his ministry is planning to set up Ports Infrastructure Development Finance Corporation to fund ports and shipping infrastructure in dollars. “Inland waterways, ports and shipping are on the top of the agenda. The Centre is keen to modernise large ports.”
The ministry has already taken decisions to develop six ports, including Rs 12,000 crore deep-water Sagar port in West Bengal, Colachel in Tamil Nadu, Rs 6,000 crore Vadhavan port in Maharashtra, and Rs 1,200 crore Haldia dock 2.
Gadkari said his ministry had decided that ports would be developed with 20 meter draft.
“'The handling capacity will be more and the ports do not have to annually spend money on dredging. A port with 20 meter draft will also help increase revenues. At present, JNPT has to spend Rs 400 crore annually on dredging," he noted.
Gadkari, who is also the Union roads minister, reiterated his ministry’s plans to launch projects worth Rs 3.5-lakh crore in the next six months.
He said pension funds across the world will be invited soon to organise finances for the road projects worth Rs 1-lakh crore.

‘States focusing on best products for Make in India’

Jun 01 2015 : The Times of India (Delhi)

There might be misgivings on the Modi government's `Make in India' pitch in certain quarters but the enterprise shown by states is “the biggest and happiest outcome“ of the scheme, commerce minister Nirmala Sitharaman has said. States are putting their best foot forward, focussing on their best products, to participate in the `Make in India' scheme. For example, Sikkim has chosen organic products while Himachal Pradesh has decided on environment (products and activities related to it).
Sitharaman told TOI, “The big surprise is the

way each state has fashioned itself, innovatively , even the small ones... so you understand the states have also started figuring out and focussing on sectors.“

States have to identify in which sectors they will participate in the `Make in India' process for maximum growth and employment generation. In fact, inspired by the “healthy competitiveness“ shown by states, the Centre has started “ranking“ them on the basis of “ease of business“ and the states are trying to beat each other at it, the minister said.

Given the political differences that often play a role in Centre-state relations, won't the ranking generate acrimony among the states? Sitharaman said her experience was quite “contrary“ to the political picture one gets to see in Parliament over issues and legislations.

It seems states, including those ruled by opposition parties, have been keen competitors, given that the state stands to gain and the chief minister gets the credit for benefits it reaps.

The commerce minister talked of a “positive engagement with states“ which has worked. “Competitive federalism, a term Arunji (Jaitley) frequently uses... is at work,“ Sitharaman said.

Asked what was the one big achievement at the end of the year, Sitharaman said, “The biggest milestone is to have got all the states on board and talking with them without a discordant note.“

All states agreed to discuss the issue and came on board on matters that had to do with each of them. There are 18-related ministries at the Centre which have been working in coordination with the commerce ministry and the states, to prepare an action plan of 98 actionable points, the minister said.

The action plan has to be presented to FM Arun Jaitley by June 30. In what has come as a pleasant surprise to the minister, “things are moving at the right pace to meet the June 30 deadline“.

Mauritius regains top slot as source of FDI in India

PTI | Jun 7, 2015, 11.42AM IST

NEW DELHI: Mauritius has regained the position as top source of foreign direct investment (FDI) into India by pushing Singapore to the second slot in 2014-15.

Mauritius accounted for about 29 per cent of the country's total FDI inflows last fiscal. In 2013-14, Singapore had replaced Mauritius as the top source of FDI into India.

India attracted USD 9.03 billion in FDI from Mauritius in 2014-15, whereas it was USD 6.74 billion from Singapore, according to the data of the Department of Industrial Policy and Promotion (DIPP). According to experts, the benefits under tax treaty and deferment of General Anti-Avoidance Act (GAAR) by two years has helped investors.

"The deferment of GAAR has given confidence to investors to enhance investments in India," head of Tax and expert on FDI with corporate law firm Shardul Amarchand and Mangaldas Krishan Malhotra said.

FDI inflows from Mauritius had declined due to fears of the impact of GAAR, he added. Although Singapore has come down to the second position, foreign inflows from that country are increasing year after year. FDI inflow of USD 6.74 billion in 2014-15 was the highest ever received from Singapore since 2006-07. The controversial GAAR provision, which seeks to check tax avoidance by investors, has been deferred by two years. The government had earlier proposed imposing GAAR from April 1, 2015.

The India-Mauritius DTAA is being revised amid concerns that Mauritius is being used for round-tripping of funds into India even though that country has always maintained that there has been no concrete evidence of any such misuse. Foreign investments are crucial for India, which needs about USD 1 trillion by March 2017 to overhaul infrastructure such as ports, airports and highways and boost growth.

Overall FDI into India grew by 27 per cent year-on-year to USD 30.93 billion in 2014-15. Other nations from where foreign inflows are increasing include Japan, the Netherlands, the US, Germany, France and the UAE during the last financial year.

India Scraps Customs, Excise Duty Exemptions To Public Sector Defense Companies

http://www.defenseworld.net/news/13059/India_Scraps_Customs__Excise_Duty_Exemptions_To_Public_Sector_Defense_Companies

The Indian government, in a move to encourage foreign defense manufacturing in India has withdrawn the Customs and excise duty exemptions that were applicable to products manufactured by the Ordnance Factories Board (OFB) and defence public sector undertakings (DPSUs).

The government on Monday in a notification said the steps will provide a level playing field to private players with the Ordinance Factory Board and Indian defense PSUs who enjoy these exemptions.

“This will provide a level-playing field... by taking away the strategic advantage with PSUs for quoting lower rates in open bids.

“With this initiative, the government has also fulfilled demand of foreign Original Equipment Manufacturers (OEMs) such as Boeing, Airbus, Lockheed Martin, BAE Systems etc which are actively exploring the scope of future investments in India,” a Commerce and Industry Ministry statement read.

It said the move will also send a definitive message to foreign OEMs that India is open to business for defense manufacturing.

The Indian aerospace and defense market is among the most attractive globally as the country is the highest importer of defense items in the world, it added.

The government has systematically opened up the sector for private investment by increasing FDI cap in defense of up to 49 per cent and rationalizing certain conditions.

Almost 60 per cent items required for industrial license have now been de-reserved.

Defense manufacturing is one of the key sectors among the 25 sectors identified under the Make-in-India campaign.

“A number of initiatives have been taken by the new government to incentivize the private sector, including foreign OEMs, to engage in the Defense and Civil Aerospace sector,” the statement said.

BANKING/FINANCE

India secures top-most rating for financial market regulations

By PTI | 11 Jun, 2015, 08.22PM IST

GENEVA: India's financial market regulatory framework today got the top-most ratings from the global bodies of banking and capital market regulators, with RBI and Sebi being rated better than their peers in China and the US.

In the latest global 'assessment study' of the regulatory framework for financial market infrastructures across the world, only six countries, including India, have got the highest score of '4' for all eight parameters on a scale of one to four.

The other five countries are Australia, Brazil, Hong Kong, Japan and Singapore.

The 'Rating Level 4' means that the financial market regulators -- Reserve Bank of India (RBI) and the Securities and Exchange Board of India (Sebi) -- have all regulatory measures "fully in force".

The annual assessment studies the implementation status of the international Principles for Financial Market Infrastructure (PFMIs) in various countries.

These PFMIs work as global standards for the financial sector entities across the world and have been finalised by the International Organisation of Securities Commissions (IOSCO) and the Bank for International Settlements (BIS).

IOSCO is a global grouping of capital markets regulators in different countries, including Sebi, while BIS is known as the central bank for all central banks across the world.

The study showed that Sebi and RBI have put in place all necessary regulations for the PFMIs, while they also "have a legal capacity to implement the responsibilities" outlined under these global standards.

As per the latest assessment of 28 jurisdictions, the US has scored the top-most rating of 4 on five out of total eight parameters, while China has got three top-most scores.

European Union scored the top rating on six parameters, while ratings for two were 'Not Available'.

The assessment took into account regulations for central counter-parties, trade repositories, payment systems, central securities depositories and securities settlement systems. India has scored top ratings on all these counts.

The latest findings are based on the 'second update' of the first-level assessment that looked at jurisdictions having completed the process of adopting the legislation, regulations and other policies that would enable them to implement the principles and responsibilities related to financial market infrastructures.

Going by the report, all 28 jurisdictions have made "good progress" since the previous update in May 2014.

"In particular, the gap in the progress on implementation measures applicable to central securities depositories and securities settlement systems vis-a-vis other types of FMI has now closed," BIS and IOSCO said in a joint statement.

RBI Allows NRIs to Invest in Chit Funds

Press Trust of India | Updated On: June 11, 2015

The Reserve Bank of India (RBI) on Thursday allowed non-resident Indians (NRIs) to invest in chit funds on non-repatriation basis without any ceiling, a move that will encourage flow of capital into the country.

However, the subscription to the chit funds should be brought in through the normal banking channel, including through an account maintained with a bank in India.

Earlier in May 2000, non-residents were barred from investing in a company or firms engaged in the business of chit fund.

Revising the extant guidelines for subscription to the chit funds, the RBI said, "It has been decided to permit NRIs to subscribe to the chit funds, without limit, on non-repatriation."

It further said the Registrar of Chits or an officer authorised by the state government may permit any chit fund to accept subscription from NRIs on non-repatriation basis.

The RBI said the revision in the guidelines was made in consultation with the government.

RBI issues draft norms on rupee-linked bonds overseas

The Hindu, June 10, 2015

The Reserve Bank of India (RBI) on Tuesday said that Indian corporates, eligible to raise external commercial borrowings (ECBs), are permitted to issue rupee- linked bonds overseas.

"Corporates which are, at present, permitted to access ECB, under the approval route, will require prior permission of the RBI to issue such bonds and those coming under the automatic route can do so without prior permission of the RBI," the apex bank said.

In the first bi-monthly monetary policy, the RBI had proposed to expand the scope of issuance of rupee-linked bond overseas by the international financial institutions as also permit Indian corporates, eligible to raise ECBs.

The RBI proposed that the subscription, coupon payments and redemption might be settled in foreign currency. "The proceeds of the bonds can be parked as per the extant provisions on parking of ECB proceeds. Further, the end use restrictions will also be as applicable under the existing ECB guidelines."

The RBI said that amount and average maturity period of such bonds should be as per the existing ECB guidelines. "The call and put option, if any, will not be exercisable prior to completion of applicable minimum average maturity period."

It also stipulated the coupon on the bonds should not be more than 500 basis points above the sovereign yield of the Government of India security of corresponding maturity as per the FIMMDA yield curve prevailing on the date of issue.

For dollar-Indian rupee conversion, the Reserve Bank's reference rate on date of issue would be applicable.

International Financial Institutions, of which India is a shareholding member intending to deploy the entire proceeds of the issuance in India, would not be requiring any prior permission for the issuance of rupee bonds overseas irrespective of amount of issuance.

In other cases, where an International Financial Institution (of which India is a member) wishes to retain the freedom to deploy the issue proceeds in any member country would require prior permission from the Reserve Bank / Government of India.

India's forex reserves rise to $352.71 billion

PTI | Jun 12, 2015, 06.20PM IST

India's foreign exchange reserves rose marginally by $239.4 million to $352.71 billion in the week up to June 5, on account of increase in foreign currency assets, according to RBI data released on Friday.

In the previous week, the reserves had increased by $917.5 million to $352.474 billion. The forex kitty had touched a record high of $352.876 billion in the week to May 15.

The foreign currency assets, which is a major component of overall reserves, rose by $192.9 million to $328.012 billion in the reporting week.

Foreign currency assets, expressed in dollar terms, include the effect of appreciation and depreciation of non-US currencies such as euro, pound and yen held in the reserves.

In FY15, there was an accretion to foreign exchange reserves to the tune of $61.4 billion compared with $15.5 billion last year.

Gold reserves also increased by $4.5 million to $19.34 billion, after remaining stable for many weeks.

Singapore's migme plans India foray by October, aims to be among top three in two years

By PTI | 11 Jun, 2015, 01.59PM IST

Singapore-based social networking company migme plans to foray into India by October and aims to be among the top three players in the sector in two years.

"We plan to formally launch migme in India by September-October this year. We are targeting to be among the top three social networking platform in the country in the next 12-24 months," migme chief executive Steven Goh said. With population of 1.2 billion people, the company is very excited to be moving into India, he added.

As per social marketing agency, We Are Social, Facebook, Google Plus and Twitter top the list as the most popular social networks in the country.

Migme, a social networking firm focused on emerging markets, offers social entertainment services through mobile apps -- migme and LoveByte -- and artist management website alivenotdead.

Headquartered in Singapore, migme also has offices in Indonesia, Malaysia and Hong Kong. Meanwhile, the company has signed seven artists -- music composer Pritam Chakraborty, singers -- Sreeram Chandra, Nakash Aziz, Monali Thakur, Akriti Kakkar, Aditi Singh Sharma and Natalie Di Luccio -- for artists' engagement programme. The company's artists' engagement programme allows entertainers to create a fan base on migme and engage with them through blog posts, interviews, photos, videos and contests. "We believe our artist engagement program will prove a successful way of growing our user base and reach in the country," Goh said.

GIC Singapore scouts for more opportunities in West Bengal

PTI, June 14, 2015, 11:35

Kolkata: GIC Singapore, the sovereign wealth fund of the island nation, is trying to scout for more opportunities in West Bengal. "After investing USD 32.5 million in Kolkata Riverside, a 262-acre township, the fund is looking for more opportunities here," Bengal Finance Minister Amit Mitra told PTI.

The GIC-invested PE fund, sponsored by HDFC Property and domiciled in Singapore, had signed a USD 32.5 million (Rs 200 crore) agreement with Hiland Group during the Bengal Summit in January this year for Kolkata Riverside development.

Mitra said GIC, owner of one of the world's largest funds, was very enthusiastic about development of the state and is keen to participate more actively.

"They have indicated that they were negotiating with a few others for further investment," Mitra said.

No further details were provided by Mitra. Kolkata Riverside is a 262-acre township which is building a medical college and a corporate hospital, a school, a cricket and football academy, a film city, other social infrastructure, along with residential facilities that could witness a total investment of approximately USD 1 billion in West Bengal.

Singapore's other entities had been active in real estate sector in the state.

PWC Singapore senior partner Abhijit Ghosh has said that the Asia Pacific country was capable of associating with India for developing smart cities.

The West Bengal government has also indicated that it will facilitate for six smart cities in the state.

iPhone maker Foxconn in talks to build first Apple plant in India

Reuters

Foxconn Technology is in talks to manufacture Apple's iPhone in India, government officials said, in a move that could lower prices in the world's No.3 smartphone market where the U.S. firm trails Samsung Electronics and local players.

India could help Foxconn mitigate accelerating wage inflation in China, where it makes the majority of iPhones, and base production sites closer to markets where its key clients want to grow.

Lower production costs could also help Foxconn keep hold of Apple orders amid intensifying competition with nimble manufacturing rivals such as Quanta Computer Inc.

"Foxconn is sending a delegation of their officers to scout for locations in a month's time," Subhash Desai, Industries Minister of India's western state Maharashtra, told Reuters. Foxconn has said it is aiming to develop 10-12 facilities in India, including factories and data centers, by 2020, but had given no detail.

The Taiwan-based tech giant, the world's largest contract maker of electronic products, declined to comment on detailed plans on Thursday, citing commercial sensitivity.

Desai said Foxconn had yet to make any firm commitment, but he said the group was looking to manufacture iPhones, iPads and iPods, both for domestic as well as global sales.

Apple representatives in India did not respond to a request for comment on Thursday.

Apple's iPhone 6 with 16 GB sells for around 44,000 rupees ($687.82) in India, versus Samsung's Galaxy S6 with 32 GB which sells for around 40,000 rupees ($625.29).

It has 10 percent market share in India, trailing Samsung and local manufacturers such as Micromax, which dominate the market, according to Counterpoint Research Market Monitor.

MAKE IN INDIA

A return of Foxconn -- which was forced to shut up shop in India last year after client Nokia closed -- would be a major victory for India, which badly needs to turn its tech boom into a manufacturing and employment boost.

India, under Prime Minister Narendra Modi, has sought to reboot manufacturing, but the country is yet to rival China, particularly in technology where most factories will likely be assembly units to begin with.

But local businessmen are betting that as global companies invest in the country, suppliers will follow.

Apple is among the biggest clients for Foxconn -- the trade name for Hon Hai Precision Industry Co Ltd -- which also makes components for companies such as Xiaomi, Acer and Sony.

India has the second-highest number of mobile phone accounts behind China. According to networking solutions company Cisco Systems, there will be 650 million smartphones in the country by 2019. The number of tablets will rise 9 percent to 18.7 million by then.

Mercedes Benz to make SUV in India

TNN | Jun 12, 2015, 05.55AM IST

Mercedes Benz has decided to manufacture the GLA entry SUV in India, the first market after Germany. The company has doubled its India assembly capacity to 20,000 units per annum. Merc has been expanding its local assembly capacity as volumes are rising fast on the back of new model launches and expansion of sales network. It witnessed 40% growth in sales this year. "India is one of the focus markets for Mercedes Benz globally, and with addition of a new plant, we are getting future ready," company India MD & CEO Eberhard Kern told TOI here. The plant was inaugurated on Thursday by Maharashtra CM Devendra Fadnavis and Union environment minister Prakash Javadekar.

With the addition of the GLA SUV, the company now makes six models locally. The CLA entry sedan will be added to the local assembly list later this year, followed by A- and B-Class models. The local production of GLA SUV will see the model's price come down by between Rs 1.5 lakh and Rs 2.5 lakh. It is currently available for Rs 32.75-36.9 lakh (ex-showroom Delhi).

The market for luxury cars had been under pressure for the last two years as the Indian economy was passing through challenging times. However, a pick-up in economic activity and entry of newer models are adding buoyancy to demand. Kern said luxury car sales in India are expected to go up to nearly 40,000 units this year against 33,000 units sold last year. Around 32,000 units were sold in 2013.

Mercedes Benz has been leading the pack in the luxury market as it edged past Audi in the first quarter of this year (Jan-March 2015). It sold 3,566 cars against the 3,181 cars by its close rival. Compatriot BMW has been going through difficult times and is a distant third, followed by brands such as Jaguar and Rover (JLR) and Volvo.

Kern said the company's SUV portfolio (GL- and ML-Class models) has added to the demand as also the new-generation of cars such as A-, B-, CLA- and GLA-Class. "The new generation cars now account for nearly 30% of our volumes as these are able to attract first-timers to the luxury segment."

Luxury makers have been complaining about the high import duty on cars in India which goes up to 170% for fully-built models. Companies say that a reduction in the duty will enable them to sell more vehicles in India as the cars will be cheaper.

Amazon, Alibaba help Indian SMEs go global

TNN | Jun 11, 2015, 01.29 AM IST

BENGALURU: Geetanjali Lokhande, 29, has been designing and selling women's ethnic-wear line on Indian e-commerce platforms for more than a year. Two months ago, Amazon offered the Pune-based seller an opportunity to list her products on the company's US and UK sites. Now, Lokhande nets 30% of her sales from overseas. Her margins on the overseas sales are 25% higher than that on her domestic sales.

"The competition is high in India. Now, I've got a big boost with the additional sales," said Lokhande, who does business worth Rs 4-5 lakh a month. Global e-commerce platforms are enabling small Indian sellers to reach customers around the world with ease and efficiency not possible earlier. It's more than easy for the sellers to showcase their products globally through the portal.

Amazon, for instance, takes care of the infrastructure and shipping needs, and ensures the products meet the stricter regulations in selling in developed markets.

The US-based firm started the project in India as a pilot early this year. Now, it is a full-fledged operation with more than 200 sellers selling overseas.

Amazon isn't the only one. Chinese e-commerce giant Alibaba has been facilitating small-time Indian merchants and small and medium enterprises to sell to their registered users globally since 2008. India is the largest supplier market outside mainland China for Alibaba.com, the international arm of the Alibaba Group that is valued at $220 billion.

There were more than 28 lakh registered buyers and sellers from India for Alibaba in mid-2012; this grew to 44.6 lakh by the end of 2014 (the company said it could not provide only the seller figure).

Alibaba has announced establishment of the India Trade Facilitation Centre, a first such initiative for the Jack Ma-led firm. "This will encourage greater participation in the global economy by Indian SMEs by offering efficient, direct access to key trading services," said Bhushan Patil, channel director for Alibaba.com in India. For the India initiative, Alibaba has teamed up with ICICI Bank, Indian logistics provider Mypacco.com, and inspection-and-certification company, SGS. Among the major products sold by Indian sellers on the platform are machinery, apparel, food and beverage, and health and medical products.

For Amazon, the initial focus is on yoga-related products, handicrafts, home furnishing, jewellery and ethnic wear. Amit Deshpande, director of seller services in Amazon India, told TOI, "We are expanding the scheme in terms of number of sellers and will take the programme to many other countries. There are a lot of Amazon customers in the US and UK who want to buy products like these, apart from the huge NRI population. This will also help accelerate the Make in India programme."

Gurgaon-based ShalinIndia's Sanjay Kumar said Amazon helps the sellers with warehouse facility and delivery even when they are selling on other e-commerce platforms like eBay. Kumar sells traditional Indian products like handicrafts, jewellery and sculptures. He said there is uncertainty when they are selling on their own, as the sellers are not sure about things like customs clearance, which also increases the landing cost.

"If we ship on our own, the courier companies charge a premium; Amazon can negotiate better rates with them," said Kumar, who is being helped by Amazon to sell in Japan. "It is a new country and we don't know anybody or the language," he noted.

Taiwan's Innolux looks to invest in India with Hon Hai

Reuters | Jun 8, 2015

Taiwanese panel display maker Innolux Corp is looking at investing in India to expand into the subcontinent with its biggest shareholder and key supply chain client Hon Hai Precision Industry Co Ltd, a senior executive said.

"Currently Hon Hai is talking with India about a bunch of things and we have participated in some of the talks," Innolux chairman H.C. Tuan told reporters on the sidelines of the company's annual shareholders meeting on Monday.

"We are very willing to go with Hon Hai." "If we go, it will not just be one location in India," Tuan said, tipping India's west, particularly its northwestern region. This area is more developed in terms of high technology and it is where Prime Minister Narendra Modi is from, he said.

Dept of Telecommunication Delegation visits Singapore

A three member delegation from Department of Telecommunications, Ministry of Communications & IT led by Shri Shashi Ranjan Kumar, JS (A) visited Singapore in connection with Communic Asia 2015, which was held in Singapore from 2-5 June 2015. Telecom Equipment & Services Export Promotion Council (TEPC) participated in Communic Asia 2015 along with 24 Indian Telecom Companies and set a TEPC Indian Pavilion. TEPC Indian Pavilion at Communic Asia 2015 was inaugurated by High Commissioner on 2nd June 2015.

India encourages Singapore enterprises for investment... *Cont from P. 1*

25 sectors, including automotive, pharma, chemicals and textile, said Indian high commissioner to Singapore, Vijay Thakur Singh. "As Singapore companies internationalise to build scale, access new markets and customers, India can be the new location for manufacturing for Singapore companies," said Singh at the opening of the "Make In India" Global Business Summit 2015.

"Singapore companies would find Indian small and medium enterprises (SMEs) eager and good partners. In fact time is right for the quantum jump in our economic relationship," she added. Elaborating on the strength of the Indian SMEs, Singh pointed out that the sector has generated growth of 10 per cent per annum in recent years. "You would see a lot happening in India in innovation," she said.

"This new wave of SMEs would therefore be creating an ecosystem that would be gear to delivery of right products, right quality, the right solutions and the right service at competitive prices for both in the domestic and international markets," Singh said.

Touching on the bilateral relationship between Singapore and India, she said Singapore is important destination for Indian businesses, trade as well as Indian students and tourists. "The 50 year milestone is an opportunity to celebrate and to build on the already strong base of our relationship to yet a further level," she said referring to the five decades of diplomatic relations between the two countries.The summit, organized by the Singapore-based Prospur Events Pte Ltd, was attended by about 200 businessmen with India represented by a delegation led by the National Small Industries Corporation Ltd, headed by chairman and managing director Ravindra Nath. Prospur Events chairman and managing director Pradeep Maithani said the summit has brought 40 MSMEs from India to hold one-to-one business venture discussions with SMEs from the South East Asian countries.

"This is beginning of our marketing programme for "Make In India", which includes tie-up and joint ventures between Indian and South East Asian enterprises," Pradeep Maithani, Prospur Events chairman and managing director, said.

"Our target is to have 10,000 SMEs from the region join Indian enterprises with a combined investment of USD 1 billion by December 2017," Maithani said.

TENDER NOTICES >>>> *INDIA*

Tender invitation for Acquisition of High Assurance Separation Kernel

Centre for Artificial Intelligence And Robotics, DRDO, URL: www.drdo.org

Closing Date : 17th June, 2015

Tender invitation for Supply of Choke & Kill Manifolds

ONGC, Baroda , URL: http://etender.ongc.co.in

Closing Date : 26th June, 2015

Tender invitation for EXPORT OF 371.753 MT "RED SANDERS".

The State Trading Corporation of India Ltd, URL: www.stc.gov.in

Closing Date : 29th June, 2015

Tender invitation for Supply of Steel Cord Conveyor Belt

Neyveli Lignite Corporation Limited , URL: www.nlcindia.com

Closing Date : 1st July, 2015

RBI cuts repo rate by 25 basis points, EMIs likely to go down .. Cont from P. 1

scope for further cuts if the monsoon was better than expected or if government took measures to offset impact of monsoon.

"Banks have started passing through some of the past rate cuts into their lending rates, headline inflation has evolved among the projected path, the impact of unseasonal rains has been moderate so far, administered price increases remain muted, and the timing of normalisation of US monetary policy seems to have been pushed back. With low domestic capacity utilisation, still mixed indicators of recovery, and sudu D investment and credit growth, there is a caw for a cut in the policy rate today" RBI governor Raghuram Rajan said.

The reduction showed policymakers recognised the need to put the economy on a sounder footing, regardless of data released on Friday that showed India outpaced China by growing 7.5 percent in the March quarter

FORTHCOMING EVENTS >>>> *INDIA*

I. Pharmexcil's International Business Meet

Date: 3-4 July, 2015

Venue: Chennai Trade Centre, Chennai, India

Organizer: Pharmexcil

Contact : Dr. P V Appaji (Director General-Pharmexcil) at dg@pharmexcil.com

Details: Pharmexcil is organizing an International Business Meet (ASEAN region) during 3-4 July, 2015 in Chennai. In this regard the Council proposes to invite representatives from Govt procurement agencies, drug regulatory authorities and about 2-3 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 meet.

II. 55th India International Garment Fair

Date: 13-15 July, 2015

Venue: New Delhi, India

Organizer: Apparel Export Promotion Council of India (AEPC)

Contact : www.indiaapparelfair.com

Details: Under Buyers Promotion Scheme of Ministry of Commerce & Industry, the Council is providing complimentary airfare and 3 night's hotel stay as per certain qualifying criteria subject to the approval of the Buyers Screening Committee for attending delegates.

III. 30th India Carpet Expo

Date: 11-14 October, 2015

Venue: Varanasi, India

Organizer: Carpet Export Promotion Council (CEPC)

Contact : www.indiancarpets.com

Details: CEPC would like to invite prominent buyers from Singapore to attend this event. Selected Buyers will be eligible for the following complimentary package:

- Reimbursement of US $ 550 towards airfare, as a subsidy, for attending India Carpet Expo.
- Complimentary hotel accommodation up to 2 nights (Room rent with breakfast) in Varanasi between 10th to 14th October, 2015.

Notifications

Securities and Exchange Board of India

Mechanism for acquisition of shares through Stock Exchange pursuant to Tender-Offers under Takeovers, Buy Back and Delisting

http://www.sebi.gov.in/cms/sebi_data/attachdocs/1428927142167.pdf

Change in investment conditions for FPI investments in Government Debt Securities

http://www.sebi.gov.in/cms/sebi_data/attachdocs/1423136829975.pdf

Facilitating transaction in Mutual Fund schemes through the Stock Exchange Infrastructure.

http://www.sebi.gov.in/cms/sebi_data/attachdocs/1418184464337.pdf

Ministry of Corporate Affairs

The Companies (Central Government's) General Rules and Forms Amendment Rules, 2014.

http://www.mca.gov.in/Ministry/notification/pdf/CCINotificationGSR815.pdf

Reserve Bank of India

Export of Goods and Services – Project Exports

https://www.rbi.org.in/scripts/NotificationUser.aspx?Id=9635&Mode=0

Foreign Exchange Management Act, 1999 – Import of Goods into India

http://www.rbi.org.in/scripts/NotificationUser.aspx?Id=9567&Mode=0

Overseas Investments by Alternative Investment Funds (AIF)

http://www.rbi.org.in/scripts/NotificationUser.aspx?Id=9396&Mode=0

Ministry of Finance

Auction for Sale (re-issue) of Government Stock Dated 15th December, 2014(295 KB)

http://finmin.nic.in/press_room/2014/AuctionSale15122014.pdf

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

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

Indian retail market to reach $1.3 trillion by 2020

PTI | Jun 1, 2015, 05.57PM IST

India's retail market is expected to expand and reach the market cap of $1.3 trillion by 2020. Also, the GDP is set to grow at 8 per cent over the next three years, making it the world's fastest-growing major developing market, a consultancy firm has forecast. The current retail sales in India is worth $925 billion and had grown at 5.8 per cent on compounded annual growth rate in 2010-2014, A T Kearney said in a report on the 2015 global retail development index. "Consumer and investor sentiment have seen an uptick, as the pro-reform government under Prime Minister Narendra Modi sets out on an ambitious goal of improving its Ease of Doing Business ranking from 142nd to 50th in the next two years," it said.

"India's retail market is expected to grow to $1.3 trillion by 2020, and GDP is expected to grow at 8 per cent over the next three years, making India the world's fastest-growing major developing market," the report said. India has risen five positions to rank 15th in the latest edition of the index, the London-based consultancy firm said.

FAQs on Foreign Investments In India

The fortnightly FAQs will broadly cover the following areas

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

I. Foreign Direct Investment (FDI)

Q. What will be the composition of 'indirect foreign investment'?

Ans: 'Indirect foreign investment' means entire investment in other Indian companies by an Indian company (IC), having foreign investment in it provided IC is not 'owned and controlled' by resident Indian citizens and/or Indian Companies which are owned and controlled by resident Indian citizens or where the IC is owned or controlled by non-residents. However, as an exception, the indirect foreign investment in the 100% owned subsidiaries of operating-cum-investing/ investing companies will be limited to the foreign investment in the operating-cum-investing/ investing company. Thus, if an Indian company A has 60% FDI/ Portfolio investment/FCCB/FVCI/ Depository Receipts (issued under Schedule 10 of Notification No. FEMA.20/2000-RB dated May 3, 2000 with equity shares or compulsorily and mandatorily convertible preference shares or compulsory and mandatorily convertible debentures or warrant or any other security in which foreign direct investment can be made in terms of Schedule1 of the Notification ibid, as underlying) in it, invests in 100% of the shareholding of another Indian company B, it will be taken as B has indirect foreign investment of 60%. But, foreign owned Indian company A, having foreign investment of more than 50% but less than 100%, invests in 20% of the shareholding of another Indian company B, it will be taken as B has indirect foreign investment of 20%.

Source: RBI

For Feedback & Comments, please contact:

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