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India Focus

this issue

SIDELINES

'Bajirao Mastani' opens 3rd Indian Film Festival in Singapore

3rd Indian Film Festival launched: Bajirao Mastani enthralls audience.

TOP NEWS

ADB forecasts 7.4% growth for India in 2017-18

https://www.thedollarbusiness.com/news/adb-forecasts-74-growth-for-india-in-201718/49897

In an annual report released by Asian Development Bank (ADB), India's GDP growth is predicted at 7.4% in FY 2017-18. The report states that the growth rate will continue to expand to 7.6% in the successive year (2018-19).
Quoting high growth projections for India due to an expected revival in consumption and investment post demonetisation, Asian Development Outlook 2017 (ADO), a study published by ADB, sees India as Asia's engine of growth in the coming years. Predicted to grow collectively at 7% in 2017 and 7.2% in 2018, South Asia is seen as the fastest growing among all sub-regions.
Meanwhile, China's growth forecast has receded from 6.7% in 2016 to 6.5% in 2017, further declining to 6.2% in 2018 as per the predictions by ADB.
ADB's Chief Economist added that tremendous growth in the second most populous South Asian economy will be spurred by a continued commitment to economic reform. Hiked pensions and salaries of government employees would supplement a boost in consumption.
“A continued commitment to reform — especially in the banking sector — will help India maintain its status as the world’s fastest growing major economy,” he said.
A deceleration of growth to 7.1% in the previous fiscal (2016-17) was attributed to slow growth in investment combined with the impact of note-ban. The temporary impact of demonetisation is expected to wane with the normalcy restored by speedy remonetisation.Due to strong FDI reform initiatives and opening up of new sectors that contributed to the ease of doing business, India's FDI numbers remained robust at $36.7 billion in FY 2016-17. The publication further noted that India's FY 2016-17 growth rested on agricultural growth and a fillip in government services. From 8.2% in FY 2015-16, industrial growth slowed down to 5.8% in FY 2016-17.
Exports are projected to achieve a 6% growth in the upcoming financial year. Investment is expected to be led by public sector banks, as they figure out ways to off-load stressed assets via innovative asset reconstruction methods. This calls for the government to execute expeditious solutions in the all-important banking sector, on which investment growth critically hinges.
Additionally, as the world economy recovers and commodity prices go up, inflation is forecasted at 5.2% in FY 2017-18 and 5.4% in FY 2018-19.

Services growth at 5-month high: PMI

Business Standard: April 07, 2017

New Delhi: The services sector expanded for a second consecutive month in March, indicating that the predominant sector of the economy has recovered from the demonetisation setback, a private survey released on Thursday has shown.

The widely tracked Nikkei Services Purchasing Managers' Index (PMI) for services rose to a five -month high of 51.5 points in March, compared to 50.3 in the previous month. A reading above 50 signifies expansion, while one below that shows contraction.

"India's private sector economy stayed on an upward trajectory during March, benefiting from an upswing in demand and output," Pollyanna De Lima, economist at IHS Markit and the author of the report, said.

"The country's rapid recovery from the demonetisation-related downturn was accompanied by job creation and softer inflationary pressures," De Lima added.

The sector had contracted for three consecutive months till January, with businesses failing to recover from demonetisation. The PMI averaged 49.3 points in the third quarter of the financial year (FY17). It was 49.5 points for the first two months of the fourth quarter of FY17. The sector experienced a back-to-back rise in new business inflows in March. New orders increased at the strongest rate since last October, the report, based on a survey of 400 private sector firms, pointed out. In order to cope with a higher workload, services providers hired people. While employment increased slightly, the job situation has been the best since July 2015, the survey shows.

"By historical standards, the increases in new work and activity remain relatively mild, though growth is likely to gather speed as we head into the new financial year. This is shown by firms' willingness to hire additional employees and reinforced by stronger confidence towards the 12-month outlook for output," De Lima said.

The Nikkei India Composite PMI Output Index, which maps the manufacturing and services sectors, increased to 52.3 in March over 50.7 in February, signalling a rise in private sector activity in the country. Indicating a brighter outlook for the sector, services companies indicated that there would be more activity in the coming 12 months, with the overall degree of optimism at a four-month high. Almost 24 per cent of the panellists signalled a positive sentiment, with better marketing campaigns, stronger demand conditions, and the hope that the goods and services tax regime would be favourable to businesses, the key factors supporting confidence. Input costs for services firms rose again in March, stretching the duration of inflation to seven months. However, despite accelerating to the fastest over this period, the rate of increase was moderate in the context of historical data, the survey said.

GST rollout on 1 July likely as Rajya Sabha clears bills

Livemint: April 07, 2017

New Delhi: The decks are cleared for the roll-out of the goods and services tax (GST) from 1 July after the Rajya Sabha signed off on all four supporting bills on Thursday without making any amendments.

The fact that they were passed without any changes is important as it reflects political consensus around this ambitious tax reform that aims to unite the country into a common market by removing existing tariff barriers.

The Rajya Sabha passed the four draft laws—the central GST Bill, the integrated GST Bill, the Union territory GST Bill and the GST (Compensation to states) Bill—after they were all tabled as money bills. With the Lok Sabha passing these bills last week, they will be enacted once they receive the President's assent.

The passage of these bills in Parliament brightens the prospects of a GST roll-out meeting the 1 July deadline—the only major task now left to be resolved is for the GST council to fit various goods and services into different tax slabs. The GST council is the representative body of the states and the central government and is schedule to meet in Srinagar on 18-19 May to resolve this task.

In a first since 1991, FDI flow takes care of current account deficit

ET Bureau | Updated: Apr 4, 2017

For the first time since the opening up of the economy in 1991, India's current account deficit - the excess of imports over exports - is being funded by foreign direct investment(FDI), a sign of rising confidence among long-term investors in Prime Minister Narendra Modi's ability to strengthen the country's economic foundation for sustained growth.

The deficit funding, which had historically been done through borrowings by companies in the overseas markets or remittances by non-resident Indians and portfolio inflows, is undergoing a shift. FDI, where the investment is typically towards establishing operations or acquiring business assets, is more stable: it stays in a country for years unlike the often-fickle portfolio inflows into the securities market.

In fact, the record surge in FDI inflows is being used by companies and the central bank to redeem past borrowings. Data from the RBI show that these categories witnessed net outflows in the April-January period. These include a near $26 billion outflow due to redemption of special dollar deposits India raised from NRIs in 2013 to prop up a free-falling rupee at the time.

Gross FDI from April 2016 to January 2017, the first 10 months of the fiscal year that just ended, had totalled $53.3 billion, compared with $47.2 billion in the same period a year earlier and $55.6 billion in the entire fiscal 2016.

"In times of volatile global market conditions, such durable flows preserve the resilience of external sector account," said Shubhada Rao, the chief economist at Yes Bank. "An outcome of liberal policy framework as well as an endorsement for India's rapidly improving business environment, FDI inflows in recent times have outpaced portfolio flows. FDI, in addition to being durable, also facilitates transfer of superior technology that brings efficiency gains." India is becoming an economy that offers stable growth in an environment where emerging markets like South Korea and Indonesia have been struggling with political and economic problems. India's ranking in global ease of doing business has risen to 130 in 2017 from 142 in 2015.

The government has been aggressive in pushing legislation such as on Goods and Services Tax, which is all set to become a reality more than a decade after the most important tax reform to create a single market was first thought about.

Government makes compliance of Labour Laws and Rules easy

Press Information Bureau: April 11, 2017

The Government has undertaken an exercise to promote ease of compliance of LabourLaws and Rules byvarious establishments. The "Rationalisation of Forms and Reports under Certain Labour Laws Rules, 2017" has reduced the number of forms and reports prescribed under 3 Acts and the Rules made thereunder from 36 to 12. The overall aim of the exercise is to make the forms and reports easy to understand for the users. This will save efforts, costs and lessen the compliance burden of various establishments.As per the sixth Economic Census of Central Statistical Office, conducted during 2013-2014,there are about 5.85 crore establishments in agriculture and non- agriculture sectors of the country.

While reviewing the requirement of filing forms under various Labour Lawsit was observed that 36 forms prescribed under 3 Acts and the Rules made thereunder had several overlapping/ redundant fields. Therefore, an exercise was undertaken by the Ministry of Labour and Employment to do away with overlapping fields and reduce the number of forms. An intention notification for reducing the number of forms and reports was placed in the public domain on 9th February, 2017 and objections and suggestions thereon were sought from all stake-holders.

The Labour Laws under which these forms are filed include:

(I) The Contract Labour (Regulation and Abolition) Act, 1970

(II) The Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979

(III) The Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996.

FRBM panel sets 2.5% fiscal deficit target by FY23

Business Standard: April 13, 2017

New Delhi: A Fiscal Responsibility and Budget Management (FRBM) panel has recommended a fiscal deficit target of 2.5 per cent of the gross domestic product (GDP), revenue deficit of 0.8 per cent and a combined Centre-state debt ceiling of 60 per cent for fiscal year 2022-23, the end point of its six-year medium-term fiscal road map.

These and other recommendations form part of the draft debt management and fiscal responsibility Bill, which, if accepted by the Narendra Modi government, will replace the existing FRBM Act.

With an aim to provide flexibility to policymakers within the fiscal framework, the panel, headed by former Member of Parliament and Revenue and Expenditure Secretary N K Singh, has suggested a steady target of three per cent from FY18 to FY10 and has also recommended certain strict 'escape clauses' which will allow the government deviate from the fiscal road map by 0.5 per cent for any given year.

The panel, whose rather comprehensive report was made public on Friday, also suggested the setting up of a 'fiscal council', an independent body which will be tasked with monitoring the government's fiscal announcements for any given year, providing its own forecasts and analysis for the same as well as advise the finance ministry on triggering the escape clauses.

"The maxim 'you cannot spend your way to prosperity' is now widely accepted. Fiscal policies must, therefore, be embedded in caution rather than exuberance; in restraint than profligacy," the committee stated in the opening lines of its report."The committee recommends a path of medium-term consolidation, where the fiscal deficit is envisaged to be on a glide path, to be reduced to 2.5 per cent of the GDP, consistent with reducing the Centre's debt to 40 per cent by FY23," the panel said. For the states, it envisages a combined debt at 20 per cent of the GDP.

Niti Aayog close to finalising 3-year action plan

IBEF: April 11, 2017

New Delhi: Niti Aayog has almost finalised the three-year action plan as well as the seven-year strategy document and 15-year vision document, stated Mr Rao Inderjit Singh, Minister of State (Independent Charge) of Planning, Government of India. The government has decided to put an end to preparation of annual budgets based on five-year plans, beginning FY 2017-18. He further stated that the government formulated the vision document with perspective up to 2030 in line with the National Development Agenda, the strategy document from 2017-18 up to 2023-2024 for achieving the Agenda and the action plan for India's overall development. For formulation of these plans, Niti Aayog consulted with economists, business experts, defence experts, among other stakeholders.

India to soon start auction process for commercial coal mines

IBEF: April 06, 2017

The Government of India plans to start the auction process of commercial coal mines in the near future. The Coal Ministry awaits the feedback on the discussion paper floated on this matter. These mines would be free from any restrictions on the end use of coal, and would also provide the freedom to manage production, pricing and marketing strategy to the private players. The auction would include both big and small blocks for commercial mining of coal. The technical qualifications for bidders should have a minimum net worth of Rs 1,500 crore (US$ 230.61 million). Furthermore, they should also have an experience of excavating or handling a minimum of 25 million cubic metre per annum during the previous three years.

Government exceeds 2016-17 tax target, highest in last 6 years

By IANS Feeds | Published: April 4, 2017

New Delhi, April 4 (IANS) The central government on Tuesday reported a total tax collection of Rs 17.10 lakh crore during 2016-17 — an increase of 18 per cent over 2015-16.

"Total net tax revenue grows at 18 per cent to Rs 17.10 lakh crore, highest in last six years," tweeted Hasmukh Adhia, Revenue Secretary in the Ministry of Finance.

"Direct tax growth rate is 14.2 per cent and indirect tax growth rate is 22 per cent. Net personal income tax growth at 21 per cent over last year."

According to the Ministry of Finance, the total tax revenue target of the revised estimates for 2016-17 for both direct and indirect taxes was pegged at Rs 16.97 lakh crore.

"As against the revised estimate, the provisional figure of tax collection is Rs 17.10 lakh crore, which is a growth of around 18 per cent compared to last year," the ministry said in a statement.

The ministry pointed out that direct tax collections till March, 2017 stood at Rs 8.47 lakh crore, representing a growth of 14.2 per cent from the net collections during the corresponding period of 2015-16.

"Net direct tax collections stand at Rs 8.47 lakh crore which shows 100 per cent achievement for FY 2016-17," the statement said.

Besides, the ministry reported higher collection under the Corporate Income Tax (CIT) and Personal Income Tax (PIT) categories. "In terms of gross revenue collections, the growth rate under CIT is 13.1 per cent, while that under PIT (including STT) is 18.4 per cent," the statement said. "However, after adjusting for refunds, the net growth in CIT collections is 6.7 per cent, while that in PIT collections is 21 per cent."

The ministry informed that refunds amounting to Rs 1.62 lakh crore have been issued during April 2016 – March 2017, which showed a rise of 32.6 per cent over the refunds issued during FY 2015-16.

In addition, the ministry disclosed that indirect tax collections, which include central excise, service tax and customs, rose by 22 per cent to Rs 8.63 lakh crore.

"Till March 2017, 101.35 per cent of the revised estimates (RE) of indirect taxes for Financial Year 2016-17 has been achieved," the statement said.

"As regards central excise, net tax collections stood at Rs 3.83 lakh crore during FY 2016-17 as compared to Rs 2.86 lakh crore in the previous financial year, thereby registering a growth of 33.9 per cent," the statement said.

Similarly, service tax collection during FY 2016-17 rose by 20.2 per cent to Rs 2.54 lakh crore as compared to Rs 2.11 lakh crore in the previous financial year.

"Net tax collections on account of customs during FY 2016-17 stood at Rs 2.26 lakh crore as compared to Rs 2.10 lakh crore in the previous financial year, thereby registering a growth of 7.4 per cent," the statement added.

Business confidence hits record high with firms upbeat on economy: CII

IBEF: April 10, 2017

New Delhi: The Confederation of Indian Industry (CII) business confidence index (BCI) reached an all-time high of 64.1 during the quarter of January-March 2017 as against 56.5 in the previous quarter, backed by companies being optimistic about the future economic activities and the hope that government reforms will open up various investment opportunities for companies going forward, as per CII. The rise in this index could also be due to a major improvement in the expectations index due to strong business sentiment. The BCI survey included a sample of 200 large, medium, small and micro firms, out of which 63 per cent expect increased sales, 60 per cent expect a rise in new orders, 61.8 per cent expect export orders status quo to be maintained and 65 per cent expect capacity utilisation levels to remain over 75 per cent during January-March 2017.

CBDT issues PAN and TAN within 1 day to improve Ease of Doing Business

Press Information Bureau: April 11, 2017

New Delhi: In order to improve the Ease of Doing Business for newly incorporated corporates, CBDT has tied up with Ministry of Corporate Affairs (MCA) to issue Permanent Account Number (PAN) and Tax Deduction Account Number (TAN) in 1 day.

Applicant companies submit a common application form SPICe (INC 32) on MCA portal and once the data of incorporation is sent to CBDT by MCA, the PAN and TAN are issued immediately without any further intervention of the applicant. The Certificate of Incorporation (COI) of newly incorporated companies includes the PAN in addition to the Corporate Identity Number (CIN). TAN is also allotted simultaneously and communicated to the Company.

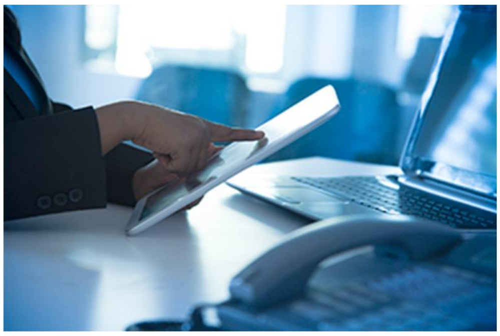
Till 31st March 2017, 19,704 newly incorporated Companies were allotted PAN in this manner. During March, 2017, of the 10,894 newly incorporated companies, PAN was allotted within 4 hrs in 95.63% cases and within 1 day in all cases. Similarly, TAN was allotted to all such companies within 4 hrs in 94.7 % cases and within 1 day in 99.73% cases.

CBDT's initiative in starting of a business is expected to significantly improve the ranking of India in the Ease of Doing Business Study conducted by World Bank by reducing the number of processes of registration before various authorities under law, reducing the time taken for allotment of the registration number (CIN, PAN, TAN) and making the entire registration process for new companies much simpler. CBDT has also introduced the Electronic PAN Card (E-PAN) which is sent by email, in addition to issue of the physical PAN Card, to all applicants including individuals where PAN is allotted. Applicant would be benefited by having a digitally signed E-PAN card which they can submit as proof of identity to other agency electronically directly or by storing in the Digital Locker (https://digilocker.gov.in).

One more step by GoI to improve ease of doing business

India Infoline News Service | Mumbai | April 16, 2017

To speed up the process, the government is planning to dissolve the Finance



Ministry Committee that is responsible to approve the public-private partnership (PPP) projects. The market experts said the move by the government is appreciable which would save much more time of Cabinet.

As per the current rules and regulations, PPP projects which are more than Rs 1000 cr in value are sent to the PPP Approval Committee and then to the Cabinet for final approval. The government has plans to hand over the PPP projects approval duty to the Niti Aayog. The move by the government may boost the ease of doing business. The Finance Minister, Arun Jaitley had announced the scraping of the Foreign Investment Promotion Board (FIPB) in his Union Budget speech.

It is seen from the data available with the government that the total project costs for the projects recommended by the PPP Approval Committee is in declining trend for past few years. From December 20, 2005 to February 14, 2017, there are 308 projects approved by the PPP Approval Committee which costs Rs 3,59,162.22 cr in total. Sector wise data shows that the Roads projects are highest in number at 253 projects costing Rs 2,94,536.22 cr. State wise data shows that Maharashtra has witnessed maximum number of projects approved from PPP Approval Committee which costs Rs 51,176 cr.

India favourably placed for foreign investments: DIPP Secy

PTI

India holds the edge on parameters like availability of skilled manpower, attractive consumer market, stable and decisive political establishment to attract foreign investments, a top official said today.

According to Department of Industrial Policy and Promotion (DIPP) Secretary Ramesh Abhishek, an enabling regulatory framework is imperative to make that happen. "Investment decisions are also to be seen in the larger context of performance of the host economy, availability of skilled manpower, attractive consumer market, and most importantly, stable and decisive political establishment. India is favourably placed on all these parameters and provides great place for foreign investment," said an official statement quoting Abhishek.

He was speaking at a workshop on Investment Policy and Investment Climate of India, jointly organised by DIPP and global think-tank Organisation for Economic Co-operation and Development (OECD) here today. In the last three years, the government carried out FDI policy reforms, the result being India has been recording the highest-ever foreign direct investment in recent years. Irene Hors, Head of OECD Strategic Partnerships and New Initiatives, stated that the workshop was aimed at throwing light on how the FDI policy reforms can be evaluated as per the benchmarking of the OECD and discussing related areas that impact investment such as trade, competition and tax policies and corporate governance.

The session looked at how to encourage linkages between multinational enterprises and local firms within global value chains. The workshop was attended by participants from various ministries and departments, including mining, textiles, labour and employment, economic affairs, and commerce. Regulatory bodies such as the RBI, Sebi, the Competition Commission of India and Irdai were also represented in the workshop, besides industry bodies such as FICCI and law firms.

India's economic influence in Asia Pacific to increase in next five years: survey

Livemint: April 05, 2017

Mumbai: India’s influence in the Asia-Pacific region will increase in the next five years as its economy expands and the government pursues pro-business policies, according to a survey released on Monday.Ninety-five percent of respondents in the survey by global law firm Baker McKenzie predicted that Indian economic influence in the region would grow in the coming five years, compared with 77% who saw China’s influence is continuing to expand. The US’ influence is on the decline with 16% seeing an increase in US’ sway over the region over the next five years, compared with 48% predicting a decline. "Growth rates aside, India's influence will also stem from its attractiveness as an investment destination and a jurisdiction where domestic businesses can grow and expand beyond their borders. The steps taken by Prime Minister Narendra Modi's pro-business government, among many other factors, have contributed to respondent sentiment that the Indian government is the most active in the region in terms of improving the ease of doing business in the country," according to the survey. The survey got responses from 150 business leaders based in the Asia Pacific who identified the key complexities facing companies across the region. Technology, through either disruption or the need for innovation, was picked as the biggest complexity, followed by cost pressures/shrinking margins, and technological disruption from competitors, the survey said Eighty-four percent of respondents predicted that the disruptors would likely challenge their businesses within just two years. A total of 94% of respondents see an increase in mergers and acquisitions (M&A) activity across the region, while litigation was also seen as being on the increase by two thirds of businesses.

Identifying where companies and industries see complexities emerging can help both governments and businesses themselves better prepare for this rapidly changing environment, said Gary Seib, chair, Asia Pacific, Baker McKenzie. "That technology is at the top of the list is probably not a surprise to many, but the number of companies that expect disruption by competitive technology in just the next two years should give pause to any corporates who see themselves as immune to these forces," Seib said. Ashok Lalwani, head of the India practice at Baker McKenzie, said that amid global uncertainty, the Asia-Pacific will play an increasingly significant role to fuel both international trade and investments. "This, combined with the government of India's progressive outlook, is accelerating India's favourable position to do business in and with, as well as strengthening the country's influence in the region, overall."

BANKING/FINANCE

RBI to allow banks to invest in REITs, InvITs

Livemint: April 07, 2017

New Delhi: Banks will be allowed to invest in real estate investment trusts (REITs) and infrastructure investment trusts (InvITs), attracting more institutional investors to such assets and expanding the investment scope of banks.

The Reserve Bank of India (RBI) on Thursday proposed to allow banks to invest in such investment trusts following a request from the markets regulator. The central bank will issue detailed guidelines by end May.

Banks, which are currently allowed to invest as much as 20% of their net-owned funds in equity-linked mutual funds, venture capital funds and stocks, may invest in these trusts within this limit. This will benefit real estate developers firming up plans to launch these trusts.

"The RBI's decision...is a huge positive. This step now has the potential to usher in a large number of REITs listing in India by offering a safe asset class to invest in and also provide competition to foreign institutions," said Rajeev Talwar, chief executive of India's largest real estate developer DLF Ltd. "For banks, it offers an additional important asset class for investing."

For real estate developers, a pick up in REITs will free up capital that can be used to lower costs, he said.

Markets regulator Securities and Exchange Board of India (Sebi) has been easing rules to make REITs and InvITs more attractive to investors. In January, the markets regulator permitted mutual funds to invest in REITs and InvITs. Mutual funds are permitted to invest only up to 5% of their net asset value in units of a single issuer of such trusts. On 14 March, the insurance regulator also amended guidelines for insurers to invest in these asset classes.

"It is a crucial move because including it will bring in more institutional investors into these trusts, who are looking at relatively stable assets with steady but slightly lower returns. REITs may not be as lucrative for retail investors which is why it is important that owners find more number of institutional investors to participate," said Abhishek Goenka, partner, PwC in India. REITs are listed entities that primarily invest in leased office and retail assets, allowing developers to raise funds by selling completedâ€Šbuildings to investors. InvITs are trusts that manage income-generating infrastructure assets, typically offering investors regular yield and a liquid method of investing in infrastructure projects. India's REIT market is just about opening up with a number of developer-investors partners acquiring and consolidating rental assets and firming up plans.

RBI increases FPI limits in govt bonds by Rs170 billion

IBEF: April 03, 2017

New Delhi: The Reserve Bank of India (RBI) has raised the limit on investment in government bonds by foreign portfolio investors (FPI) by an aggregate Rs 170 billion (US$ 2.62 billion) during the April-June 2017 period. The investment limit in central government securities have been increased by Rs 110 billion (US$ 1.7 billion), which takes the total increase in the investment caps in g-secs by FPIs up to Rs 2,310 billion (US$ 35.63 billion) from Rs 2,200 billion (US$ 35.32 billion) earlier. The limit for State development loans have been raised by Rs 60 billion (US$ 925 million), thereby increasing the total limit to Rs 270 billion (US$ 4.16 billion) from the earlier Rs 210 billion (US$ 3.24 billion). The cap on general category has been increased to Rs 1,565 billion (US$ 24.14 billion) from Rs 1,520 billion (US$ 23.45 billion), whereas the limit for long term investors have been raised to Rs 745 billion (US$ 11.49 billion) from Rs 680 billion (US$ 10.49 billion) earlier.

RBI clears proposal to introduce Rs200 notes

Livemint: April 05, 2017

New Delhi: The board of the Reserve Bank of India (RBI) has cleared a proposal to introduce banknotes of Rs200 denomination, two people aware of the development said.

The decision was taken at the RBI board meeting in March, these people said. They didn't want to be identified as they aren't authorized to speak to the media.

The process of printing the new Rs200 notes is likely to begin after June, once the government officially approves this new denomination, said one of the two people cited earlier.

An RBI spokesperson declined to comment.

MARKETS

Sebi may ease AIF regulations for start-up investments

Livemint: April 12, 2017

Mumbai: A committee set up by India's stock market regulator, the Securities and Exchange Board of India (Sebi), to encourage investments in so-called alternative investment funds (AIF), which invest in start-ups and other young companies, will likely recommend a lower investment threshold for accredited investors, said two people familiar with the discussions of the group.

The people, who asked not to be identified, said the committee would also recommend anonymized disclosure norms which, while providing adequate information to potential investors, do not involve sharing details of specific exits (the sale of an investment).

The committee, headed by former Infosys chairman N.R. Narayana Murthy, is to submit its third set of recommendations by the end of April.

Funds raised from institutional buyers touch 33-month high

Business Standard: April 06, 2017

Mumbai / New Delhi: Monthly fundraising through qualified institutional placements (QIPs) hit 33-month high in March, as companies acted to grab the opportunity in a rising market.

In March, Hindalco Industries (Rs 3,350 crore), Yes Bank (Rs 4,907 crore), Minda Industries (Rs 300 crore) and United Bank of India (Rs 127 crore) collectively raised Rs 8,684 crore via QIP, highest figure in 33 months.

Earlier in June 2014, five companies had raised Rs 9,625 crore through QIPs, according to Prime Database.

"QIPs have mostly been raised by mid-cap and small-cap companies that have done well in stock performance over the past two years. Given the market rally, a number of companies believed it was a good time to raise funds, especially for expansion and restructuring," explains Dhananjay Sinha, head of institutional research at Emkay Global Financial Services.

The boards of directors at Reliance Infrastructure (R-Infra), Apollo Tyres, and Delta Corp have also approved raising funds by QIP, hoping to raise a total of Rs 4,250 crore via this route. R-Infra, part of the Anil Ambani group, alone plans to raise up to Rs 2,000 crore. It says the money would be used for business opportunities in defence sector, for reduction of debt and for general corporate purposes.

BUSINESS

Sembcorp wins bid for new India wind power project

http://asia.nikkei.com/Business/AC/Sembcorp-wins-bid-for-new-India-wind-power-project

Singapore's Sembcorp Industries announced on Monday that it had won a bid for a new wind power project in India, as it seeks to strengthen its market share in the country's power market.
Sembcorp will own and develop the new Indian wind power project. It will also operate the plant once it is completed.
The wind power project will have close to 250 megawatts in capacity, with its entire output to be sold to India's Power Trading Corporation under a 25-year long-term power purchase agreement. It will be located in Tamil Nadu and connected to India's Central Transmission Utility.
Sunil Gupta, managing director and chief executive of Sembcorp Green Infra, said that the company is pleased with the successful bid and plans "to work closely with suppliers and contractors to deliver the project successfully."
The project cost is expected to be around 19 billion Indian rupees ($290 million) and be funded using a mix of internal funds and debt. It will be developed in phases and is set to be fully commissioned in the second half of the Indian financial year ending March 31, 2019.
Despite improvements in its marine sector, the company is focusing on building its renewable energy business as more countries are choosing to adopt more sustainable energy sources. Net profit in the marine segment rose to 48.2 million Singapore dollars ($34.1 million) in 2016 compared with a net loss of S$176.4 million a year earlier. The loss in 2015 was mainly due to write-downs of inventories and provisions for expected losses from rig-building projects.
Sembcorp is expanding its market share in India's power market as it taps into the country's growing demand for renewable energy. The Indian government forecast in a draft 10-year energy blueprint last year that by 2027, 57% of the country's total electricity capacity will come from non-fossil fuel sources. The company now has over 3,800 megawatts of power capacity in operation and under development in India, which include both thermal and renewable energy assets. In other countries, it has over 2000 megawatts of renewable energy and energy-from-waste capacity in Singapore, China, India and the U.K. Sembcorp's shares closed on Monday at S$3.15, unchanged from the previous closing price on Friday.

Ascendas of Singapore partners with Arshiya

India Infoline News Service | Mumbai | April 13, 2017

Arshiya Limited entered into a binding term sheet with Ascendas Property Fund Trustee Pte Ltd (“APFT”), whereby APFT, in its capacity as Trustee-Manager of Ascendas India Trust, has agreed, subject to satisfactory duediligence, agreement on definitive documentation and obtaining necessary Board approvals, to acquire 6 warehouses (totaling 8,32,000 sq.ft.) of Arshiya at its Free Trade & Warehousing Zone (FTWZ) located at Panvel, near Mumbai.

Amazon gets RBI nod for e-wallet in India

Livemint: April 13, 2017

Amazon India has received the Reserve Bank of India’s (RBI) approval to launch its own digital wallet in India, paving the way for the American online retail giant to gain a slice of India’s fast-growing digital payments business.
Amazon India, which had applied for what is called a Prepaid Payment Instrument (PPI) licence nearly a year ago, will now look to take on established rivals such as Paytm and Freecharge as it prepares to launch a prepaid wallet service that will be broader in scope than its Pay Balance service and will not be restricted to Amazon-based transactions. In December, Amazon had launched its Pay Balance service in order to boost cashless transactions. While Pay Balance works in a similar manner to other mobile wallet services, it was restricted to transactions on Amazon. Amazon confirmed the development, but did not comment on the broader scope of what its wallet service could look like and whether it

would cover areas such as bill payments.

Projects worth Rs 5.18 trillion completed in 2016-17, second highest in a decade

Livemint: April 12, 2017

New Delhi: E-commerce firm Flipkart on Wednesday said it proposes to invest major part of money raised from latest deals, including with Microsoft, in new businesses such as PhonePe and fintech considering opportunities in the online money transfer segment.

“A large part of the money raised from the latest deals struck with Tencent, Microsoft and eBay, will be invested in new businesses, especially PhonePe and fintech,” Flipkart co-founder and chief executive officer Binny Bansal said.

There was a huge opportunity on the payments side because a large chunk of business comes from people sending money to each other online, he told ET Now. “Yeah, opportunities are definitely there on the payment side becoming a business on its own. Even if you look at the business today, a large part of the business comes from people sending money to each other on phone pay, UPI platform,” he said.

In the biggest round of funding by an Indian internet company till date, Flipkart on 10 April raised $1.4 billion from blue-chip technology companies Microsoft, eBay and Tencent. Bansal said Flipkart was also going to invest ‘heavily’ in other new businesses like grocery, furniture and private labels. Asked whether forging a partnership with eBay was necessary at all, Bansal said they were very excited about it because it would provide a global platform for Indian sellers to sell their products.

“The eBay partnership and eBay funding has a very strategic lens to it. We are really excited about it. We see a big opportunity in global as well as domestic markets. This will allow lakhs of Indian sellers to sell their products globally. Flipkart has huge capability of adding sellers on to the market place,” he said.

On how difficult it will be to integrate operational, technological and cultural dots of the three entities, Bansal said, “For instance, we have not integrated Myntra. We have allowed it to grow independently and also let their culture thrive.” He replied in the affirmative when asked whether the ecosystem will witness stable leadership. “Yeah I think I feel we are now at a place where we can take a long-term view on business and organisation.” On whether Flipkart ever will be listed at the Nasdaq, Bansal said the company did not want to get distracted by anything. When asked whether this partnership will have a domino effect, Bansal said the ecosystem had seen it in the past and it was a key event because last four months’ narrative has been a bit negative and morale low. Bansal said the partnership does not bring just capital, but actually brings a lot of new opportunities with it.

Infrastructure sector sees deals worth US$ 3.49 billion in FY17

Livemint: April 07, 2017

The infrastructure sector raised a total of $3.49 billion across 33 transactions in FY17 compared with $2.98 billion raised in 31 transactions in FY16, highlighting the growing number of deals in the sector, according to data from investment bank Equirus Capital.

The majority of private market transactions in the fiscal ended 31 March were led by the power, roads and renewables sectors and, within those, about 88% of the transactions were through the mergers and acquisitions (M&A) route with the remaining 12% through private equity (PE) investments, the data showed. The value of private equity transactions in FY17 has fallen to $666 million compared with $1.11 billion in FY16, signalling that investors preferred buyouts over PE investments, according to the data.

India’s internet economy to double to $250 billion by 2020: report

Hindustan Times

For technology startups, its investors and other internet entrepreneurs, this can be a moment of cheer, after all the gloom and doom, funding crunch and closures in the start eco-system.

According to a report titled “The $250 billion digital volcano” put out by the US-headquartered Boston Consulting Group and The Indus Entrepreneurs (TIE), India’s internet economy will double to $250 billion by 2020.

India already has 391 million internet users and that number is expected to surge to 690 million by 2020, comparable to what China has at present. India has already crossed the number of internet users the US has, and according to Mary Meeker’s 2016 report showed India as the silver lining in global internet growth. According the BCG-TIE, high speed mobile internet adoption will be used by 550 million users by 2020, which is almost 85% of the total mobile internet users. Average data consumption is projected to reach 7 to 10 GB per user per month. Internet's contribution to the country's gross domestic product is also set to grow from 5% to 7.5%.

India nears second spot as world steel producer on record output

IBEF: April 11, 2017

Mumbai: India is expected to surpass Japan to become the second largest producer of steel in the world by the year 2019, as per the Government of Australia . The country's steel output rose 11 per cent to 101.3 million metric tons during the year 2016-17, and the nation was a net exporter for the first time in three years. The total number of steel shipments doubled to 8.2 million tons in 2016-17. The country's output is expected to rise from 103 million tons in 2017 to 110 million in 2018, and 118 million by 2019, according to projections from Australia's Department of Industry, Innovation and Science.

At 7% in 2016, India second fastest growing passenger vehicles market globally

IBEF: April 13, 2017

New Delhi: India was ranked as the second fastest growth market for passenger vehicles among top five global nations with a growth of 7 per cent during the year 2016. Passenger vehicle sales stood at 29,66,637 units during the year 2016, as compared to 27,72,270 units in 2015, according to the data by the Organisation Internationale des Constructeurs d'Automobiles (OICA). India maintained its position as the fifth largest market for passenger vehicles in the world in 2016. The largest market, China, posted a growth of 14.93 percent with 2,43,76,902 units sold in 2016 as against 2,12,10,339 units in 2015.

India climbs to fourth spot in 2016 global air traffic rankings

Livemint: April 11, 2017

New Delhi: India jumped four spots in as many years in global air traffic rankings, data from International Air Transport Association (IATA) shows.

"India has jumped...to #4 ranking with 131 million departures in 2016 and with stellar growth of 20.0% yoy (year on year), continues to close in fast on Japan," IATA said in reply to a query on Friday.

India was at the eighth spot in 2013 with 86 million departing passengers. It moved to number seven with 94 million passengers in 2014 and number six in 2015 with 109 million.

The 2016 growth was among the strongest in recent years on the back of lower fares, economic growth and expansion by local airlines that have a fleet of 450 planes and over 800 planes on order.

Domestic traffic grew at about 23% while international passenger traffic was at 10%, according to Directorate General of Civil Aviation (DGCA). There were an estimated 3.8 billion air passenger departures globally in 2016, IATA noted, and over 3.5 billion departures in 2015.

SIDELINES

Rep of Singapore Navy ship (RSS) Tenacious calls on Port Blair.

A Passage Exercise (PASSEX) was undertaken between INS Karmuk & RSS Tenacious off Port Blair.

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

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

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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

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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. IPHEX-2017, Fifth Edition

Date: 27-29 April, 2017

Venue: Hyderabad

Organizer: Pharmaceuticals Export Promotion Council of India

Contact : http://www.iphex-india.com/

Details: Promoting Brand India Pharma and enhancing export of pharmaceuticals and health care products from India are the major objectives of this initiative.

Pharmexcil with the support of Ministry of Commerce, Govt. of India, would be bearing the to and fro economy class airfare (part/full) and hospitality to select importers/business visitors and top drug regulators.

II. World Food India 2017

Date: 3-5 November, 2017

Venue: New Delhi

Organizer: The Ministry of Food Processing Industries, Government of India

Contact : http://nmfp.gov.in/mofpi_web/wfs1.aspx

Details: The main objective of the summit is to showcase the vast investment opportunities available in India for all food processing and food retail players including food processors, technology providers, equipment manufacturers & suppliers, logistics providers & cold chain operators as also the food retailers. It would provide a platform to connect and collaborate with potential investors, suppliers, purchasers and joint venture partners. The event will have seminars, B2B/B2G/G2G sessions, besides an exhibition wherein state pavilions, sectoral pavilions and company stalls would be put up.

III. International Crop-Science Conference & Exhibition

Date: 9-10 November

Venue: Jaipur, India

Organizer: The Pesticide Manufacturer & Formulators Association of India (PMFAI)

Contact : www.pmfai.org

Details: The event will provide an excellent opportunity to meet and network with leading Indian agrochemical companies. There will be 55 booths exclusively for agri inputs (agrochemicals, fertilizers, biological pesticides and ancillary units).

Notifications

Securities and Exchange Board of India

Investments by FPIs in Government Securities

http://www.sebi.gov.in/cms/sebi_data/attachdocs/1491222641815.pdf

Investments by FPIs in Corporate Debt Securities

http://www.sebi.gov.in/cms/sebi_data/attachdocs/1488277921324.pdf

Ministry of Corporate Affairs

Companies (Incorporation) Third Amendment Rules, 2016

http://www.mca.gov.in/Ministry/pdf/CompaniesThridAmendementRules_28072016.pdf

Reserve Bank of India

Auction of Government of India Dated Securities

https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=10907&Mode=0

Removal of limits on withdrawal of cash from Savings Bank Account

https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=10856&Mode=0

Establishment of Branch Office (BO)/ Liaison Office (LO)/ Project Office (PO) in India by foreign entities - procedural guidelines

https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=10398&Mode=0

Foreign Exchange Management (Manner of Receipt and Payment) Regulations, 2016

https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=10392&Mode=0

Ministry of Finance

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

Israel Signs $2 Billion Missile Deal, Will 'Make In India

PTI, April 07, 2017

Israel has signed a US $2 billion contract with India to supply it with missile defence systems, the state-owned Israel Aerospace Industries said on Thursday. They confirmed that they have been awarded their largest defence contract of almost US $2 billion for supplying advanced medium-range surface-to-air missile systems (MRSAM) to India. IAI said it would also supply additional long-range air and missile defence systems (LRSAM) for the first locally produced Indian aircraft carrier.

The contract is worth US $1.6 billion for IAI, with the rest going to another state-owned defence company Rafael, that will be providing components for the systems. "The current contracts represent an enormous expression of confidence by the government of India in IAI's capabilities and advanced technologies, which are being developed with our local partners as part of the Indian government's 'Make in India' policy," IAI Chief Executive Officer (CEO) Joseph Weiss said in a statement.

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 What is the concept of downstream investment and Indirect Foreign Investment?

Answer: Downstream investment is investment by one Indian company in another Indian company. If the investor company is not owned and not controlled by resident Indian citizens or owned or controlled by persons resident outside India then such investment shall be "Indirect Foreign Investment" for the investee company.

Q What will be the composition of 'direct foreign investment'?

Answer: The concept 'direct foreign investment' means foreign investment received by an Indian company from a person resident outside India in terms of Schedules 1, 2, 2A, 3, 6, 8 and 10 of the Notification No. FEMA.20/2000-RB dated May 3, 2000, as amended from time to time.

Source: RBI

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