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India Focus

this issue

BILATERAL

Visit of Hon'ble Chief Minister of Madhya Pradesh, Shri Shivraj Singh Chouhan to Singapore

Hon'ble Chief Minister of Madhya Pradesh, Shri Shivraj Singh Chouhan, accompanied by a six-member delegation, including Ms. Yashodhara Raje Scindia, Minister of Commerce, Industry and Employment of Madhya Pradesh and a business delegation visited Singapore from 12 to 15 January 2016.

Chief Minister called on Prime Minister Lee Hsien Loong; Emeritus Senior Minister Goh Chok Tong; and met Minister for Trade and Industry S. Iswaran.

CM gave a public address on the topic "Inclusive Growth in a Developmental Context" at Institute of South Asian Studies (ISAS), which was very much appreciated by the audience.

CM also addressed a business community on 14 January about Madhya Pradesh as an investment destination, followed by **..Cont on P. 11**

TOP NEWS

FM: Indian economy has emerged as one of the fastest growing economies in the world with its GDP growth accelerated at 7.3 percent in 2014-15; Economy is firmly on the path of economic revival

http://pib.nic.in/newsite/PrintRelease.aspx?relid=134282

The Union Finance Minister Shri Arun Jaitley said that Indian economy has emerged as one of the fastest growing economies in the world with its GDP growth accelerated at 7.3 percent in 2014-15 compared to 6.9 per cent growth in 2013-14 and 5.1 per cent in 2012-13, indicating that the economy is firmly on the path of economic revival. The Finance Minister Shri Jaitley was making the Opening Remarks during his fourth Pre-Budget Consultative Meeting with the representatives of IT (Hardware & Software) Sector today in New Delhi.

Highlighting the contribution and importance of IT Sector, the Finance Minister said that the Government's 'Make in India" programme has included the electronic systems and IT & BPM (Business Process Management) sectors among the 25 key sectors. He said that the Governments recognizes this Sector's potential and the Information Technology sector is a key pillar in various flagship initiatives like digital India, Make in India, Skill India as well as Start-up India among others.

The participants expressed their gratitude and congratulated the Government for the measures undertaken in the previous year which facilitated their market performance and enabled them to revive and improve their growth .They expressed full confidence in India being the next big player in the manufacturing field in the world. They further said that Manufacturing will be the major driving force of our economic growth and they will be able to achieve the committed target of creation of job opportunities.

Various suggestions were received during the aforesaid Consultative Meeting. Major recommendations were to continue with measures to facilitate the exports, facilitating ease of doing business, measures for simplifying and rationalizing tax procedures. Other suggestions included the provision of Place of Effective Management (POEM) to be deferred by couple of years as this short period can be a hurdle for industrial growth. There was also suggestion that the scope of POEM need to be rationalized and made applicable to overseas shell companies. It was suggested that GST be implemented at the earliest. On the proposal of sunset clause in case of SEZ companies, the tax relief to the eligible development activities and the sales

ECONOMY

Cont from P. 1..activities by a SEZ unit may be extended till March 2019, as it will be unfair to deny the tax benefits to such SEZ developers who have planned large investments in setting-up SEZ infrastructure. Other suggestions were reduction of corporate tax, specific time bound policy to revive the mobile industry, incentive to pollution free industries and vehicles, TRIPS Plus (Agreement on Trade-Related Aspects of Intellectual Property Rights) commitment need to be relooked, directive to make all State and Inter-State duties and procedures online among others. There is also need to create duty differential benefits for Indian (IT hardware) manufacturers especially in case of mobile and tablets.

It was also suggested to reduce Minimum Alternate Tax (MAT) and utilization period under MAT be increased from 10 years to 15 years.

India sees firming economic growth, says OECD

PTI Jan 11, 2016

LONDON: India is witnessing firming economic growth while most of the developed economies are seeing mixed trends, according to Paris-based think tank OECD.

The Organisation for Economic Cooperation and Development (OECD) said there is diverging patterns among the major emerging economies with tentative signs of stabilisation in China and Brazil.

The assessment is based on Composite Leading Indicators (CLIs) that are designed to anticipate turning points in economic activity relative to trend.

India's CLI inched up to 100.4 in November from 100.2 in October.

"Amongst the major emerging economies, the CLIs for China and Brazil confirm the tentative signs of stabilisation flagged in last month's assessment.

"In Russia, the CLI anticipates growth losing momentum while the CLI for India signals firming growth," OECD said in a statement today.

The think tank noted that CLIs continue to point to stable growth momentum in the OECD area as a whole but to diverging patterns across major emerging economies.

India had surpassed China as the world's fastest growing economy in 2015.

Earlier this month, India's Chief Economic Adviser Arvind Subramanian said India has emerged as the world's fastest growing economy notwithstanding global demand slowdown and four droughts.In its mid-year economic analysis released last month, Finance Ministry had lowered the GDP growth forecast to 7-7.5 per cent for the current fiscal ending March 2016, from 8.1-8.5 per cent projected in the Economic Survey released in February 2015.

Meanwhile, OECD said the outlook is for stable growth momentum in the euro area as a whole, particularly in Germany and Italy, as well as in Canada and Japan. In France, the CLI signals growth firming."In the United Kingdom and the United States, the CLIs point to easing growth, albeit from relative high levels," it added.

Credit guarantee fund for Mudra scheme gets cabinet approval

LiveMint

The Union cabinet on Wednesday gave its approval to a slew of proposals including one for the creation of a credit guarantee fund for the government’s flagship Mudra scheme.

Mudra or the Micro Units Development and Refinance Agency was set up last year to help ease funding problems faced by more than 57 million small businesses across India, granting loans of up to Rs.10 lakh without any collateral. It also has the objective of reducing borrowing costs by providing refinancing at a relatively low rate of interest.

The credit guarantee fund, with a corpus of Rs.3,000 crore, is aimed at protecting banks against possible defaults by borrowers and encouraging them to lend more to the segment without fearing a default.

In a post-cabinet briefing, finance minister Arun Jaitley said that the Mudra scheme has around 1.73 crore beneficiaries, with funds disbursed so far adding up to more than Rs.73,000 crore.

The guarantee will be provided on portfolio basis for a default of up to 50% of the total Mudra portfolio of banks.

“The fund is expected to guarantee more than Rs.1,00,000 crore worth of loans to micro and small units in the first instance,” the government said in a statement. The government also hinted that micro-finance institutions (MFIs) registered as non-banking financial companies (NBFCs)

will continue to be regulated by the Reserve Bank of India, putting to rest concerns over Mudra becoming the overarching regulator for all MFIs, including NBFC-MFIs and non-governmental organization MFIs as proposed last year by the department of financial services, under the finance ministry.

"Reserve Bank of India is already the regulatory body for NBFC-MFIs," said Anjuly Chib Duggal, secretary, department of financial services (DFS).

Signing of MoU between India and Singapore in the field of Civil Aviation

Press Information Bureau: January 07, 2016

New Delhi: The Union Cabinet, chaired by the Prime Minister Shri Narendra Modi, has given its ex-post facto approvalfor signing a Memorandum of Understanding (MoU), which was signed in November, 2015between Airports Authority of India (On behalf of Government of India) and Singapore Cooperation Enterprise (On behalf of Government of Singapore) in Civil Aviation during Prime Minister's visit to Singapore.

The objective of this MoU is to establish mutual cooperation in the field of civil aviation, which will cover, to begin with, the airports of Jaipur and Ahmedabad. This cooperation will be extended to other airports with mutual consent.

The salient features of the MoU include collaboration in Civil Aviation Sector in the areas of (a) Master-planning and design (b) Traffic development (c) Commercial development (d) Service quality improvement (e) Training and development (f) Cargo handling and Management (g) Maintenance, repair and overhaul (h) Operation and management and (i) any other areas with mutual consent.

Government of Singapore owns one of the best managed airports in the world, which has consistently maintained its ranking for last many years.

A need was felt that in order to ensure high standards of service at Ahmedabad and Jaipur airports, Airport Authority of India (AAI) may enter into operation and maintenance (O&M) contracts, either with or without the responsibility of maximization of non-aeronautical revenue in the terminal building (excluding land on city side and air side). The city side and airside will continue to be managed directly by AAI.

Globally, limited O&M contract models are prevalent for the entire airport operations. AAI has no previous experience in awarding O&M contract model of terminal buildings to other entities. In order to implement the decision, it was necessary to ensure that a suitable entity be engaged for undertaking the O&M contract at Ahmedabad and Jaipur airports.

Services PMI rises to a 10-month high of 53.6 in December

Business Standard: January 06, 2016

New Delhi: India's services sector rebounded from flat activity in November and showed an encouraging growth in December, with the Nikkei Services Purchasing Managers' Index (PMI) climbing to a ten-month high of 53.6, compared with 50.1 last month.

A reading above 50 shows a growth in activity, while a reading below it shows a contraction.

The data for December "was indicative of a solid expansion in output across the sector. Sub-sector data indicated that output rose in four of the six broad areas of the service economy, the exceptions being Hotels & Restaurants and Transport & Storage," said the statement released by Markit, a financial information services provider.

"The best-performing categories in December were 'Other Services' and Financial Intermediation. Leading services activity to increase was a solid rise in incoming new work, one that was faster than that seen in November. Anecdotal evidence highlighted strengthening demand conditions," the release said.

"The Indian private sector returned to expansion territory at the end of 2015, eking out modest output growth in December. A stronger rise in new business and an improvement in year-ahead expectations at service providers are positive developments, but the overall health of the economy remains fragile amid a weak manufacturing sector," said Pollyanna De Lima, economist with Markit.

The Nikkei Manufacturing PMI released on Monday fell to a 28-month low in December to 49.1 points from 50.3 in the previous month, as business conditions deteriorated on account of Chennai floods besides the persistently muted domestic demand.

NITI Aayog to soon draft Make in India Electronic Products Policy: Arvind Panagariya

Economic Times: January 04, 2016

New Delhi: NITI Aayog, government's premiere think tank, will soon come out with an electronics product policy that would focus on ways and incentives to manufacturers to produce in India, much in sync with Prime Minister Narendra Modi's Make in India initiative. This would also help significantly reduce India's electronic imports from China.

"We are poised to soon draft a Make in India Electronic Products Policy after wide consultations with think tanks and industry experts," says Aayog's vice chairman Arvind Panagariya in his blog.

Outlining the achievements of the Aayog in its first year of operation, Panagariya said the Aayog is feverishly working on the first draft of the National Energy Policy and has nearly completed the mid-term appraisal of the Twelfth Five Year Plan.

Admitting that the expectations from a high-profile institution, regardless of its age, are always high, Panagariya said "Our New Year's resolution is to build on the work we have begun this past year while also launching new initiatives to make the dream of the Prime Minister a reality." NITI Aayog was set up in January 2015 to replace the erstwhile Planning Commission.

The institution had inherited from the erstwhile Planning Commission about 1255 positions of which approximately 800 were actually occupied. However, in view of the mandates of the new institution to be a lean organization, over the last one year the institution has transferred a large number of staff members to other parts of the government with the number of positions in the institution trimmed to 500.

According to Panagariya, NITI Aayog is working with states to initiate reforms on the subjects under the state and concurrent lists of the Constitution. "An important initiative in this respect has been in the areas of land leasing," he said, adding that a committee appointed by the Aayog under the chairmanship of economist Tajmul Haque will soon be finalizing a model land-leasing act that interested states may use to create a better framework for land leasing.

Government adopts new model to implement PPP projects, to take up infrastructure projects on hybrid-annuity mode

Economic Times: January 13, 2016

New Delhi: The government has decided to take up infrastructure projects on the hybrid-annuity mode, a new model for implementing contracts under the PublicPrivate Partnership (PPP) projects in highways, Namami Gange and railway projects.

The decision to go in for this new model has been taken as there are few takers for projects under the traditional Build-Operate-Transfer (BOT-Toll) and BOT-Annuity modes. The government is keen to accelerate the pace of projects and is keen to experiment with new modes of financing which help fast track works and reduce the burden on developers and financial institutions.

Within a week of Prime Minister Narendra Modi launching the first such project in the highway sector -widening of NH-24 and construction of the Delhi-Meerut Expressway involving Rs 7,000 crore -last Wednesday the Cabinet approved implementation of the waste water and sewage treatment plants on the hybrid annuity mode under the Namami Gange programme.

Last week, a team of top railway ministry executives brainstormed with their counterparts in the road transport and highways ministry to understand the model and how it can be used for implementing projects in railways. Railways minister Suresh Prabhu is keen on using this route for the staterun transporter.

"Three ministries - road, rail and Ganga Rejuvenation - will take up more projects under this model," a Cabinet minister told TOI. On Wednesday the PMO tweeted, "Marking a paradigm shift, Hybrid Annuity based PPP model will now be adopted to ensure performance, efficiency , viability and sustainability."

Under this new model, government provides 40% of the project cost during the construction period and the release of funds is linked to the progress of construction.

The private player needs to raise the rest 60% in the form of equity and loan.Since the overall require ment is less, the private bidder needs to put less equity .Similarly , as the loan requirement is less in comparison to the other modes of PPP, banks will also be comfortable to lend. Government pays back the rest in installments during the entire contract period and it is linked to the

performance of the private player and the asset.
"The recovery of entire investment is assured as government takes all the risks including collecting user fee and thereby the rise or fall in the total collect doesn't im pact their return from the project. It brings greater comfort to the private player and banks to take up such projects. Even if the private developer defaults during construction, banks will get back their loan with a slight haircut. This provision is not there in the other two modes of PPP," said Rohit Kumar Singh, joint secretary (highways).
Under the traditional PPP models - BOT (Toll) and BOT (Annuity), private play ers need to put 30% of the project cost as their equity and the rest 70% comes in the form of debt. While in BOT (Toll) developers recover their investment from the collection of user fee in BOT (Annuity) government pay back the entire amount in installments.
Officials said hybrid annuity is also better in comparison to the government funded contracts known as EPC. "In case of EPC, you need to make the entire payment in less than three years (during construction). But since in hybrid annuity the pay out is staggered, government can take up more projects," said a government official.

Major reform: Modi government may legalise land leasing

Economic Times: January 08, 2016

New Delhi: In a major step towards liberalising land leasing in India, government could soon legalise leasing and allow it unrestricted to improve agricultural efficiency, after its repeated efforts to get the changes to the Land Acquisition Act, 2013 passed in Parliament failed.
Niti Aayog's expert committee on land leasing under T Haque has outlined seven land leasing reforms that also include the removal of adverse possession clause in the land laws of various states and enabling tenants to avail short term credit and other services based on a simple lease agreement.
Besides, it vouches for giving flexibility to the land owner and tenant to decide upon the term of lease, the rent besides automatic resumption of land on the expiry of agreed lease period and simplifying the procedure for lease termination within the lease agreement period.
In a first national consultation on land leasing on Friday, the Aayog sought comments from experts, states, farmers association and civil societies following which the expert committee would finalise its recommendations, paving way for a model agriculture land leasing act for states to emulate.
NITI Aayog had in September last year set up an expert committee under the chairmanship of T Haque, former chairman of the Commission for Agricultural Costs and Prices, to prepare a model agricultural land leasing act in consultation with states. The committee consisted of experts from Andhra Pradesh, Uttarakhand, Punjab, Maharashtra, Rajasthan, Assam and Meghalaya besides top officials from rural development ministry and NITI Aayog.
The expert committee is expected to submit its recommendations by March 7, 2016.
Aayog's vice chairman Arvind Panagariya had in his blog in July urged states to liberalise their land use policy to facilitate industrialistion, a move that he said would be a win-win situation for landowners as well as tenants.
"In the context of the difficulties in land acquisition under the 2013 land acquisition law, states wishing to facilitate industrialisation can further benefit from liberal land leasing if they simultaneously liberalise the use of agricultural land for non-agricultural purposes," Panagariya had said.
Currently, conversion of agricultural land for non -agricultural use requires permission from the appropriate authority, which takes a long time. "State governments can address this barrier by either an amendment of the law to permit non-agricultural use or by the introduction of time-bound clearances of applications for the conversion of agricultural land use in the implementing regulations," Panagariya had said.

Food regulator FSSAI issues new rules for ensuring quality imports

Economic Times: January 15, 2016

New Delhi: India's food regulator issued new rules for importing products, seeking to address concerns over the entry of sub-standard items and simplify the process by setting shelf-life norms and relaxing labelling guidelines.
No food article will be allowed unless it has 60% of its shelf life remaining when it is cleared from customs, according to the new rules.
Companies must register with the Directorate General of Foreign Trade and possess a valid import-export code, apart from an FBO licence to import food. This is a new clause in the regulations, which were uploaded on the website of the

Food Safety and Standards Authority of India. The Food Safety and Standards (Import) Regulations, 2016, will come into force when they are notified by publication in the Official Gazette, the FSSAI said.

The regulator addressed two key issues raised by the food industry by easing labelling requirements and introducing a redressal procedure. "Any food importer aggrieved by one or more of the following orders of the authorised officer may file a review application to the review officer against such order," according to the provisions uploaded on Thursday.

Importers will be allowed to affix a single, non-detachable sticker to rectify labelling errors related to the name and address of the importer, the FSSAI logo and licence number and the symbols for nonvegetarian and vegetarian food items. The earlier rules didn't allow such errors to be corrected.

The FSSAI, which banned Nestle's Maggi noodles in June, had blocked consignments of Starbucks and chocolate brands such as Mars, Godiva, Guylian and Lindt on the grounds that they did not have India-specific labelling.

According to the authority, the new regulations - except the packaging and labelling requirements - will also apply to export consignments from India that are rejected by foreign countries and returned.

BANKING/FINANCE

RBI tightens norms for banks lending to overseas subsidiary of Indian companies

ET Bureau Jan 1, 2016

The Reserve Bank of India has tightened norms for banks lending to overseas subsidiary of Indian companies by raising the provisions substantially against these loans. On Thursday, RBI said that banks can extend loan to overseas subsidiaries of Indian corporates but they have to make 2% of the loan amount as provision on such loans. For all other standard loans bank are required to set aside just 0.40% of the loan amount .

The higher provision is aimed at mitigating risk that may arise from complexity in the structure of the loan, location of different intermediary entities in different jurisdictions exposing the Indian company, and hence the bank, to greater political and regulatory risk. These higher provisions are in addition to country risk provision that is applicable to all overseas exposures.

According to Parag Jariwala, vice president institutional research -banking and financial services, Religare Capital "This is negative for banks having high overseas loan book. ICICI Bank (which is 20% of total loans) is most impacted. Among PSU banks, Bank of Baroda and Bank of India has highest overseas loans (around one-third of total loans)." On Thursday, the central bank said that banks may extend funded and non-funded credit facilities to the step-down subsidiaries of Indian companies including to those beyond the first level, to finance the projects undertaken abroad. However, RBI has said that overseas subsidiary should be directly controlled by the Indian parent company and it should hold at least 51% stake in the subsidiary

RBI has stipulated that all the step-down subsidiaries, including the intermediate ones, should be wholly owned subsidiary of the immediate parent company. The immediate parent, should be wholly or jointly, have control over the step-down subsidiary.

Strengthening Rupee swells India's foreign reserves

IANS

A strengthening Rupee on account of healthy buying activity buoyed India's foreign exchange reserves (Forex) kitty by $943.4 million, experts said on Saturday.

According to the Reserve Bank of India's (RBI) weekly statistical supplement, the overall Forex reserves stood at $352.04 billion for the week ended December 25.For the previous week ended December 18, the country's foreign reserves had plunged by $1.40 billion at $351.10 billion.

Market observers pointed-out that strengthening rupee on account of unwinding of long-positions of US Dollar prompted India's central bank to purchase greenbacks.

The Rupee has strengthened on the back of fresh demand in anticipation of healthy foreign capital influx into the central and the state governments' bonds from January 1 onwards.This led the Indian central bank to intervene in the open markets by purchasing greenbacks to keep the Rupee value competitive for domestic exporters.

On a weekly basis, the Rupee strengthened by 19 paise at 66.21 (December 23) to a US Dollar from

to from its previous close of 66.40 to a greenback (December 18).

"US Dollar purchases by the central bank post the FOMC (Federal Open Market Committee) has led to the rise in the overall reserves," Anindya Banerjee, associate vice president for currency derivatives with Kotak Securities, told IANS.

"The central bank bought greenbacks on account of strengthening rupee due to unwinding of (US Dollar's) long-positions in anticipation of rupee demand."

In another key decision, the central bank had set a separate limit for investment by such funds in state development loans, which are to be increased in phases to reach 2 percent of the outstanding stock by March 2018.

The RBI's decision is expected to usher in around $2.5 billion by this fiscal end.

Other analysts attributed to the rise in the reserves value on interest payments received by the RBI on foreign securities held by it.

"It is assumed that the RBI may have received year end interest payments on foreign securities it holds. This might be one of the reasons for the rise in overall reserves," an analyst told IANS.

In addition, the foreign currency assets (FCAs) which constitutes the largest component of India's Forex reserves gained by $922 million to $329.19 billion in the week under review.

Notwithstanding the gain in overall Forex kitty, the country's gold reserves remained stagnant at $17.54 billion.

FIPB clears 5 FDI proposals worth Rs 6,050 crore, Cadila gets nod

PTI Jan 14, 2016, 01.30PM IST

Government today approved five foreign investment proposals involving an inflow of Rs 6,050 crore including a Rs 5,000-crore plan of Cadila Healthcare for fresh equity infusion.

Cadila will infuse equity of up to Rs 5,000 crore through issue of shares to QIBs through Qualified Institutional Placement for expansion.

"Based on the recommendations of Foreign Investment Promotion Board (FIPB) in its meeting held on December 21, the government has approved five proposals of FDI amounting to Rs 6,050.10 crore," an official statement said here.

The other major proposal approved was of Recipharm Participation BV for incorporating a wholly-owned subsidiary (WoS) in India. The pharma firm's proposal worth Rs 1,050 crore also included the WoS buying out promoter stake in Nitin Lifesciences and increasing foreign equity to 74 per cent. Also approved was Buimerc Core Investments Pvt Ltd's proposal for transferring of 100 per cent equity shares of NRI investors and Resident Investors to Buimerc Corporation FZE. The proposal involves Rs 10 lakh of foreign direct investment. The government also approved Health Media Publishing Pvt Ltd's proposal to transfer its 99.90 per cent shares by NRI Ajit Patel to Wellness Technology and Media Ptv Ltd, UK.

MARKETS

Sebi permits ETFs to invest in Gold Monetisation Scheme

Business Standard: January 01, 2016

Mumbai: The Securities and Exchange Board of India (SEBI) today allowed gold exchange traded funds (ETFs) to invest in the recently-launched gold monetisation scheme.

However, the total exposure of the gold ETF towards the monetisation scheme should not exceed 20% of the assets under management (AUMs) of the scheme.

The Reserve Bank of India (RBI), in October, had issued a notification to the effect that the Gold Monetisation Scheme, 2015 will replace the Gold Deposit Scheme, 1999. However, the deposits outstanding under the GDS will be allowed to run till maturity unless these are withdrawn by the depositors prematurely.

BUSINESS

Singapore Will Develop 1000MW Wind Energy Project in Madhya Pradesh

http://www.indiawest.com/news/business/singapore-will-develop-mw-wind-energy-project-in-madhya-pradesh/article_f0d503e4-bb04-11e5-a865-7f59b8aa37e7.html

Madhya Pradesh and the Singapore government have signed four memorandums of understanding including one on clean energy providing for setting up a 1000 MW wind energy project in the western part of the central Indian state,

an official announcement said Jan. 13.
The MoUs, others which deal with the fields of urban planning, skill development, and food processing, were signed at a business seminar attended by Chief Minister Shivraj Singh Chouhan on the third day of his visit to Singapore, a state government release said.
The understanding for the wind energy project was signed by the state's department of new and renewable energy with Singapore's Sembcorp Green Infra Ltd.
The MoU on urban planning was signed between Madhya Pradesh's directorate of town and country Planning and the Singapore Cooperation Enterprise, on skill training between its department of technical education and skill development and Singapore's ITE Education Services, and one on food processing between India's LT Food Ltd and Singapore-based DSM Nutritional Products.
Chouhan said his state was moving ahead on its development roadmap, which had already given constructive results.

US-based defence major Lockheed Martin looks at increasing investment in India

By PTI | 11 Jan, 2016, 05.50PM IST

US-based defence major Lockheed Martin today said it is encouraged about the recent liberalisation of India's FDI policy in the sector and is looking at increasing investments in the country.
Phil Shaw, chief executive, Lockheed Martin India, said the 'Make in India' initiative of the government would help in boosting manufacturing in the country.
"I think the opening of FDI in defence is encouraging and I think we will be able to do a lot more... We started in Hyderabad, we are looking at other parts of the country as well to invest," Shaw said at the CII Partnership Summit.
During his visit to the US in September, Prime Minister Narendra Modi had met top Chief Executives including, Lockheed Martin Chairman and CEO Marillyn Hewson.
The company already has manufacturing facilities near Hyderabad.
Shaw said that the company would be working with local partners as "we move forward here in India".
"We are an defence and aerospace company based out of the US... We are in India for a number of years now and for the last few years we begun manufacturing here," he said.
Talking about 'Make in India', he said the programme focuses on what more foreign companies can do in India.
He said that although the company has manufacturing facility in India "but that is kind of scratching the surface of what we could do here".
Headquartered in US, Lockheed Martin is a global security and aerospace company that employs approximately 1.26 lakh people worldwide.

'Make in India' attracts mobile companies and aviation giants

PTI New Delhi Last Updated: January 12, 2016

The 'Make in India' campaign is attracting foreign investors, including mobile phone firms and aviation giants. Indian and Chinese mobile phone industry players, including Micromax and Foxconn, will participate in the 'Make in India' campaign and look for partnerships to set up mobile handset and component manufacturing facilities in the country. As many as 107 mobile phone industry players of India and China, including Micromax and Foxconn, will participate in the 'Make in India' campaign.
Deliberations will take place at the first China-India Mobile Phone and Component Manufacturing Summit on January 13, Deki Electronics Limited managing director Vinod Sharma, also a representative of Electronic Industries Association of India, told reporters in Bengaluru on Monday.
Major Chinese players like Techno, Gionee, Coolpad, Vivo, ZTE, Meizu and Huawei are expected to be part of the entourage, Sharma said.

CarTrade raises Rs 950 crore investment from Temasek and others

Livemint: January 14, 2016

Mumbai: Online auto classifieds company MXC solutions Pvt. Ltd that operates as Cartrade.com Wednesday said it has raised Rs.950 crore in a funding round led by Singapore-based investment firm Temasek and March Capital, with participation from existing investor Warburg Pincus. The company had raised $30 million in 2014 from a group of investors that included Tiger Global, Warburg and Canaan Partners.

The company that was founded in 2009 by Vinay Sanghi is looking to use the funds to expand its offerings for users and dealers. The company will be looking at a few more acquisitions to strengthen its position in the market. The company operated only on the space of used cars until in November 2015 it acquired Carwale to enter into the new cars segment.

"CarTrade has developed a unique and a world class platform for transacting in new and used vehicles. A leader in its segment, it has steadily expanded its offerings across India and today has an extremely strong network dealer partners with a rapidly growing user base," said Sumant Mandal, managing director, March Capital.

The company has partnered with over 10,000 new and used car dealer partners. It lists more than 225,000 used cars for sale and auctions over 250,000 vehicles to the wholesale market every year. The company competes with other private equity and venture capital-backed firms like Jaipur-based Cardekho.com (Girnar Software Solutions Pvt. Ltd), Droom Technology Pvt. Ltd and Truebil (Paix Technology Pvt Ltd).

Nissan plans to bring electric, hybrid technologies to India

Livemint: January 11, 2016

New Delhi: Nissan Motor Co. Ltd, maker of the electric car Leaf, on Friday said it plans to bring its electric and hybrid automobile technologies to India.

"We are in touch with the government and working on the possibilities of bringing this technology to India," Guillaume Sicard, president of Nissan's India operations, said at a press conference in Kanchipuram.

Nissan is also open to adopting any technology that will reduce emissions from its vehicles, Sicard said.

"This is the right time to venture into the electric cars segment in India. There are a lot of financial impacts, and this technology is expensive, which means the government needs to put some incentives in place to support this technology. We are in discussions and the government is very proactive on this," he said.

Nissan's move is likely to be followed by other auto firms as the Indian government looks to crack the whip on vehicular pollution and recent policy interventions point towards limiting the use of diesel vehicles in the country.

Auto makers will look to bring in new vehicles and technologies in hybrid and alternative fuel categories as the Indian government looks to fulfil its promise to cut pollution.

There is growing concern over vehicular emissions polluting the nation's air and adding to its respiratory disease burden.

Delhi's air has been ranked the world's dirtiest by the World Health Organization.

From 1 January, the Delhi government has started implementing a policy of allowing cars with odd and even licence plates to ply on alternate days, in a 15-day experiment.

Nissan also said that it will look to slow exports from the country."This is a plant that is made for India. The strategy was to make sure we could reach high volume from scratch having the support of exports," Colin MacDonald, managing director, Renault-Nissan Alliance India Pvt. Ltd, said, indicating that as domestic demand picks up, it will cut its dependence on exports.

The Chennai manufacturing unit caters to both the domestic as well as international markets.

It is the second largest car exporter in India with more than 600,000 units shipped to 106 countries since 2010.

As much as 65% of the units from the Chennai facility are targeted at export markets.

The company will also introduce a third model this year under the Datsun brand, its ultra-low cost offering in emerging markets.

The Datsun product is expected to hit the market before the summer.

Meanwhile, Nissan's new generation X-trail, a sport utility vehicle, or SUV, will be showcased during the upcoming auto show in Delhi.

Nissan, which has an around 1.3% share of the Indian market (according to its own estimates), is aiming for 5% market share by 2020.

Indian retail seen doubling by 2020: CII-BCG study

Livemint: January 15, 2016

New Delhi: India's retail sector will double to $1.1-1.2 trillion by 2020 from $630 billion in 2015, riding on income growth, rapid urbanisation and more nuclear families leading to higher per capita consumption, says a new study.

The overall growth will be driven by key demographic changes. By 2020, there will be a 70% rise in the income level and 100 million more youths will enter the workforce, says the study titled 'Retail transformation: Changing Your Performance Trajectory' conducted by industry lobby Confederation of Indian Industry (CII) and consulting firm The Boston Consulting Group.

Nearly 35% of Indians will be living in urban areas and there will be a rapid rise in the number of nuclear families by 2020, says the report which will be officially launched on Friday.

While the overall retail market is likely to grow at an annual rate of about 12%, organized retail is projected to grow at 20% and e-commerce at 40-50%, the study said. Organized retail will account for about 12% of the retail market and e-commerce will constitute about 5% by 2020, it said.

An earlier BCG report, released in February 2015, said that average household income will increase three times to $18,448 by 2020 from $6393 in 2010.

Also, urbanization will increase to 40% in 2020 from 31% in 2015 and more than 200 million households will be nuclear, representing a 25-50% higher consumption per capita spend, the February report said.

By 2020, according to the latest report, about 650 million consumers will be online, of which 350-400 million would be "digitally influenced", helping e-commerce to grow to $45-50 billion from $8-12 billion in 2015.

The study says that smaller towns will play a key role in the growth of e-commerce. In tier-II towns, the relevance of variety would increase, driven by lack of options in organized retail, it added.

Retailer will have to adapt to changes to integrate digitally influenced consumers in a better way, says the report adding that companies will have to build capabilities in omnichannel retailing, big data and analytics, information technology and supply chain. The study calls upon Indian retailers to take a strategic view of their opportunities and be clear about their aspirations. "With organized retail having potential to be close to 12-15% of the retail opportunity and e-commerce being $45-50 billion and potentially higher, Indian retailers would need to transform themselves to capture the massive opportunity," said Abheek Singhi, senior partner and director at BCG India.

In the past few quarters, most brick and mortar retailers, such as Croma, Future Group, which runs chains like Central and Big Bazaar, and brands such as Nike, Puma, Catwalk, Mango and Vero Moda have gone online through marketplaces like Flipkart, Amazon India and Snapdeal. At present, most brick-and-mortar retailers don't have a good multichannel offering.

"With the expected exponential increase in digitally savvy consumers over the next decade, technology will play a key role in the development of the Indian retail sector. Retailers will have to adopt technology in both back-end and front-end, to bring the digitally savvy consumer into the mainstream retail fold," said Shashwat Goenka, sector head, Spencer's Retail Ltd, RP Sanjiv Goenka Group.

With more disposable income, Indians are also likely to spend more on premium products, says Shailesh Chaturvedi, chief executive and managing director at Tommy Hilfiger Apparels India. "While e-commerce may be a ready answer, premiumization and upgradation of consumption may also be a very strong force going forward. With growth of the Indian economy, discretionary spends will rise faster and premium product will gain share, as seen in other emerging markets of Russia and China. Indian consumers will become more sophisticated, discerning and demanding and will be ready to pay bit more for their choices," he said.

The report also talks about the challenges ahead for brick and mortar retail. They include price sensitiveness of online consumers, steep competition with e-commerce, and lower bargaining power against suppliers and regulatory barriers. These factors may lead to lower profitability and return on capital for such retailers when compared with other sectors and global retailers, it added.

BCG, in its February 2015 report, had said that sales per square foot at Indian retail stores at Rs.1,500-2,000 per square foot is much lower than the international average of Rs.8,000-12,000 per sq.ft Even the gross margins are lower in India by 7-8% than the international standards.

Visit of Hon'ble Chief Minister of Madhya Pradesh, Shri Shivraj Singh Chouhan to Singapore .. *Cont from P. 1*

a CEO Roundtable attended by leading Singapore companies. Following four MOUs were concluded:

(i) MOU between Directorate of Town & Country Planning, Government of Madhya Pradesh and Singapore Cooperation Enterprise. This provides for collaborative agreements to enhance knowledge, skills, attitudes and awareness among the faculty of relevant agencies and institutions in their respective fields.

(ii) MOU between Department of Technical Education and Skill Development, Government of Madhya Pradesh and ITE Education Services, Singapore, which seeks to establish a framework for collaboration and cooperation for the purpose of upgrading the existing technical education capability in Madhya Pradesh.

(iii) MOU between New and Renewable Energy Department, Government of Madhya Pradesh and SembCorp Green Infra Limited to develop cooperation in setting up a total of 1000 MW of wind power projects in the state by SGIL.

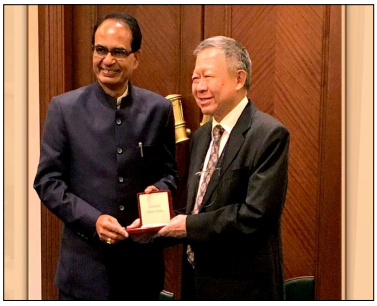
(iv) Business to Business MOU between DSM Nutritional Products, Singapore and LT Foods Ltd, India.

CM was also conferred the LKY Fellowship by Mr. Eddie Teo, Chairman of Lee Kuan Yew Exchange Fellowship (LKYEF). This is given to leading personalities across the region and the world. So far, 50 persons have been given this Fellowship, including Prime Minister of Thailand, Prime Minister of Vietnam and President of Senate of Philippines, among others. From India, CM is the 4th person to receive this Fellowship.







FORTHCOMING EVENTS >>>> *INDIA*

I. Global Partnership Summit Smart Cities-Smart India

Date: 10 February, 2016

Venue: Hotel Le Meridian, New Delhi, India

Organizer: The Associated Chambers of Commerce and Industry

Contact : www.assocham.org

Details: This will be the first of its kind forum in the country where focused deliberations will take place for the development of a smart city. The Summit will be inaugurated by Shri M Venkaiah Naidu, Hon'ble Union Minister for Urban Development, Housing and Urban Poverty.

II. Make in India Week

MAKE IN INDIA WEEK, MUMBAI

Showcasing the potential of design, innovation and sustainability across India's manufacturing sectors in the coming decade.

Date: 13-18 February 2016

Venue: Mumbai, India

Contact : www.makeinindia.com/mumbai-week

Details: The Government of India is organizing a landmark event **"Make in India Week"** It would showcase the people, policies and partnerships that are driving India's new manufacturing revolution. The event is slated to offer unprecedented access, insights and opportunities to connect and collaborate with India and global Industry leaders/ visionaries, academicians, central and state administrations. **"Make in India Week"** would have spotlights on the following:

- **Make in India Center** would be the platform for exhibiting innovative products and manufacturing processes developed in India.
- **Asia Business Forum** would comprise of a series of seminars, CXO meets, roundtables and networking events on economic challenges, investment opportunities, design and innovation.
- **Hackathon** would be a 24 hour marathon event where coders, engineers and designers collaborate intensively for 24 hours to come up with ideas to solve urban design problems.

Notifications

Securities and Exchange Board of India

Introduction of system-driven disclosures in Securities Market

http://www.sebi.gov.in/cms/sebi_data/attachdocs/1448970446882.pdf

Schemes of Arrangement by Listed Entities and (ii) Relaxation under Sub-rule (7) of rule 19 of the Securities Contracts (Regulation) Rules, 1957

http://www.sebi.gov.in/cms/sebi_data/attachdocs/1449125028827.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

Guidelines on trading of Currency Futures and Exchange Traded Currency Options in Recognized Stock Exchanges – Introduction of Cross-Currency Futures and Exchange Traded Option Contracts

https://rbi.org.in/Scripts/NotificationUser.aspx?Id=10172&Mode=0

Foreign Exchange Management (Manner of Receipt and Payment) (Amendment) Regulations, 2015

https://rbi.org.in/Scripts/NotificationUser.aspx?Id=10173&Mode=0

Foreign Exchange Management (Borrowing or Lending in Foreign Exchange) (Amendment) Regulations, 2015

https://rbi.org.in/Scripts/NotificationUser.aspx?Id=10157&Mode=0

Investment by Foreign Portfolio Investors (FPI) in Corporate Bonds

https://rbi.org.in/Scripts/NotificationUser.aspx?Id=10147&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

India to build its heaviest rocket to carry 10-tonne satellites

Business Standard: Jan 05, 2016

Mysuru: Indian Space Research Organisation (Isro) plans to build its heaviest rocket, which can carry satellites weighing 10 tonnes into space. Currently, the space agency's geosynchronous satellite launch vehicle (GSLV MK-2) can carry satellites weighing only two tonnes.

The proposed rocket would be powered by a semi-cryogenic engine — that runs on kerosene and liquid oxygen, which the space agency is currently developing. Semi-cryogenic engines are environment-friendly and bring down the cost of launches significantly. The design process for the semi-cryogenic engine has been completed and it is being built by Godrej Aerospace, which also makes the Vikas engines for Isro's rockets.

"Once we have this engine, we will have different levels of launch vehicles possible. Currently, the GSLV MK-3 uses the CE20 engine and once we put the semi cryogenic engine in such a combination, we will have a much bigger rating, which will have a payload capability of 10 tonnes," said S Somanath, project director of the GSLV MK-3 at Isro. He, however, did not set a time-frame for the rocket development.

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***

III. Foreign Portfolio Investment

Q. Under FERA 1973, in terms of para. 2 of the A.D.(M.A. Series) Cir. No. 32 dated November 1, 1999, powers were delegated to the ADs, to grant permissions to the NRIs/OCBs who made portfolio investments through a designated branch of an AD, on repatriation or non-repatriation basis. The investment could be made in shares, debentures, Govt. securities (other than bearer securities), treasury bills, units of MFs, etc. Hence, the prescribed format for permission letter for investment on repatriation basis viz. 'RBI-RPC- on repatriation basis' [available at page nos. 37 to 40 of the A.P. (DIR Series) Circular No. 29, dated August 20, 2013 on RBI website] includes a reference to all such investments besides equity shares and convertible debentures. Whether the same format is applicable under FEMA also?

Ans. Under FEMA, the PIS includes investment only in equity shares and convertible debentures of Indian companies, on repatriation or non-repatriation basis. Hence, while issuing the approval letter to their NRI clients for undertaking investments under PIS, the relevant paragraphs in the format of permission letter viz. 'RBI-RPC- on repatriation basis', will be required to be suitably modified by the ADs. In this connection, attention of the AD is also invited to para. 2(iii) of the A.P. (DIR Series) Circular No. 29, dated August 20, 2013.

Source: RBI

For Feedback & Comments, please contact:

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