

15 November 2015

## BILATERAL

### India-Singapore to elevate ties to strategic level

Nov 10, 2015, DHNS:

India plans to elevate its relations with Singapore to the strategic level by signing an agreement to this effect even as the island nation plans to showcase its strides in urban planning and skill development during Prime Minister Narendra Modi's forthcoming visit.

Modi will visit the city-state – which is celebrating its 50th year of independence – on November 23 and 24 and is likely to deliver two addresses there. One address will be at an economic convention comprising top business leaders from both countries and the other, a San Jose-type address to the Indian community at the Singapore Expo stadium, which has a capacity of 17,000. The two countries have strong, traditional ties. Ethnic Indians there number around four lakh or nearly 10 per cent of the country's total population. About 70 per cent of the community is of Tamil origin and Tamil is one of the four official languages there. The two countries have major trade ties – Singapore is India's 10th largest trading partner. It accounted for second largest source of FDI amounting to \$31.9 billion during 2000-2015 which is 13% of ... **Cont on P. 10**



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## TOP NEWS

### Govt eases FDI norms in 15 major sectors

Livemint: November 12, 2015

The National Democratic Alliance (NDA) government eased foreign direct investment (FDI) norms across 15 sectors, including defence, civil aviation and broadcasting, to attract overseas funds and boost economic growth, signalling that the ruling coalition will not allow the electoral debacle in Bihar to come in the way of economic reform.

The steps include allowing foreign investment under the automatic route subject to caps in key sectors including defence and removing restrictions in sectors such as construction and single-brand retail. The Narendra Modi government is banking on the measures to improve India's ranking in the World Bank's ease of doing business index and, coupled with measures introduced in recent months, help accelerate job creation—a key electoral promise of the NDA. India ranked 130 out of 189 countries in the index released last month.

It's also seeking to allay concerns that the Bharatiya Janata Party's debacle in the Bihar assembly election may set back the government's economic reforms agenda. On Monday, the government awarded two key railway projects to be built in Bihar to General Electric Co. and Alstom SA.

"FDI is an additionality of resource. This is required if the cycle of economic activity has to go on," said finance minister Arun Jaitley. "Reforms are an ongoing process. There is no finishing line. As and when sectoral requirements so warrant, we will look into it," he said when asked about which sectors will see such changes in the future. In a move that could help foreign single-brand retailers such as Ikea and Hennes & Mauritz AB, the government said the mandatory 30% domestic sourcing condition will come into force at the time of opening of the first store rather .. **Cont on P. 2**

### Modi is world's 9th most powerful person: Forbes

PTI

Prime Minister Narendra Modi has been ranked as the world's ninth most powerful person by Forbes magazine in a 2015 list which is topped by Russian President Vladimir Putin.

Mr. Modi was placed 14th in the 2014 Forbes list of world's powerful people. German Chancellor Angela Merkel is at the second spot followed by US President Barack Obama (third) and Pope Francis (fourth) and Chinese President Xi Jinping (fifth). About Mr. Modi, the magazine said that India's "populist" Prime Minister presided over 7.4 per cent GDP growth in his first year in office, and "raised his profile" as a global leader during official visits with Barack Obama and Xi Jinping.

*Cont from P. 1.* than at the time of receipt of FDI. It also permitted these entities to undertake e-commerce. The government has also relaxed sourcing norms for single-brand entities that require state-of-the-art technology, a move that could potentially help companies such as Apple Inc. to manufacture in India. The government also raised the FDI limit in news and current affairs television channels and FM radio to 49% from 26% under the government approval route. In the defence sector, the government allowed foreign investment up to 49% under the automatic route. Also, the cap on foreign portfolio investment and venture capital investments in this sector has been raised to 49%, from 24%, again under the automatic route. Any foreign investment more than 49% or an investment that results in change of ownership will need government approval.

To boost manufacturing, companies will also be permitted to sell their products through the wholesale channel and retail routes including the e-commerce channel without needing any government approval.

For foreign investments in private banks, the government has allowed so-called full fungibility. This means that foreign institutional investors or foreign portfolio investors or qualified foreign investors can invest up to the sectoral cap of 74%, provided that there is no change in management and control.

To encourage investments in limited liability partnerships (LLPs), 100% FDI has been allowed under the automatic route in LLPs in sectors where 100% overseas investment is allowed.

"The crux of these reforms is to further ease, rationalize and simplify the process of foreign investments in the country and to put more and more FDI proposals on automatic route instead of the government route where time and energy of the investors is wasted," the department of industrial policy and promotion said in a statement.

Further, only foreign investments of more than Rs.5,000 crore in specified sectors need to approach the foreign investment promotion board for approval. That is higher than the previous cap of Rs.3,000 crore. It has also relaxed the requirement for seeking government approvals in case of transfer of ownership and control of Indian companies. "An extremely welcome step which will go a long way in reviving the investment cycle which is the real need of the hour if India has to be placed firmly back on the high growth path.

Some of the changes could go a very long way in promoting ease of doing business and creating an environment to support job creation," said Pranav Sayta, tax partner, EY India.

The government has also brought in some large-scale changes in the construction sector, making it easier for foreign investors to enter and exit. It has removed the restriction of a minimum floor area of 20,000 sq. m in construction development projects and minimum capitalization of \$5 million to be brought in within the period of six months of the commencement of business.

A foreign investor will be permitted to exit and repatriate foreign investment before the completion of a project, subject to a lock-in period of three years. However, the lock-in period condition will not apply to hotels, hospitals, special economic zones, educational institutions, and investment by non-resident Indians.

The government has also permitted 100% FDI under the automatic route in completed projects. Further, each phase of the construction development project would be considered a separate project for the purposes of FDI policy.

It has also clarified that leasing and rental activities will not come under the definition of real estate. Companies owned and controlled by non-resident Indians will enjoy the special dispensation of being treated as domestic investment.

"There has been a slowdown in the construction sector. Now that interest rates have started falling, we hope that with these measures this sector will see a revival," Jaitley said.

"It may not open the floodgates of investments immediately, but it helps in creating a significant macro impact on the ease of investing in Indian real estate," said Shashank Jain, partner, transaction services, and real estate deal leader, PwC.

Anuj Puri, chairman and country head of real estate consultant JLL India, said the government has done away with both the restrictions with regards to size and minimum capitalization to enable FDI to come into the construction sector in any amount and for any size of project. "This will have a huge positive impact on the housing sector as a whole, but much more so on the affordable housing segment, which was so far not been a beneficiary of FDI in any significant manner," he said.

Other sectors where FDI has been increased to 100% from 74% include non-scheduled air transport service, ground handling services and credit information companies. FDI in regional air transport service will also come under the

automatic route. The government has allowed 100% foreign investment under the automatic route for the plantation sector, allowing foreign investment in coffee, rubber, cardamom, palm oil and olive oil. Only tea plantations are allowed foreign investment as of now.

## Indian economy will grow around 7.5% in FY16: Moody's

<http://www.hellenicshippingnews.com/indian-economy-will-grow-around-7-5-in-fy16-moodys/>

Growth has been supported by low inflation and the gradual implementation of structural reforms. Moody's points out that an accommodative monetary policy should support the growth environment.

India will record GDP growth of around 7.5% in 2015 and 2016, according to the latest report by Moody's. Growth has been supported by low inflation and the gradual implementation of structural reforms. Moody's points out that an accommodative monetary policy should support the growth environment. Moody's Investors Service says that it has changed its outlook for India's banking system to stable from negative because of the gradual improvement in the operating environment for Indian banks.

"The stable outlook on India's banking system over the next 12-18 months reflects our expectation that the banks' gradually improving operating environment will result in a slower pace of additions to problem loans, leading to more stable impaired loan ratios," says Srikanth Vadlamani, a Moody's Vice President and Senior Credit Officer. In relation to government support, Moody's says the Indian government will continue to provide a high level of support to the banks. For the PSU banks in particular, Moody's expects that the government will not make any changes that could suggest the possibility of reduced support to or differentiation among the banks, because doing so could entail significant systemic risks.

## India to be world's fastest growing economy by 2017: UK confederation

TNN | 13 November 2015, 12:02 PM IST

The Confederation for British Industry's latest quarterly economic forecast released on the eve of PM Narendra Modi's visit has predicted that India will be the fastest growing economy among

the G20 by 2017 (7.6%). The UK is already the single largest G20 investor into India and has invested \$22.2 billion between 2000 and 2015 -9% of all FDI in the country.

The confederation said that slower economic growth in China will weigh further on emerging markets, but it is "India which remains a bright spot among more downbeat emerging markets".

In total, G20 nations invested \$73.9 billion in India between 2000-2015 with the UK followed by Japan (\$18.3 billion), US (\$13.7 billion), Germany (\$7.6 billion) and France (\$ 4.5 billion).

As India's largest employer, UK companies currently employ around 691,000 people across the country -counting for 5.5% of the total organised private sector jobs.

Between 2000 and 2015, the UK FDI generated around 138,000 direct jobs, 7% of the total 1.96 million jobs generated by FDI in India.

India's massive talent pool was the main reason for 63% of the British firms to be keen in India's potential while India's recent growth story made 86% of them turn towards the Asian giant. English being an official language has helped too with 53% of the companies relying on it while 40% said it was the country's stable government.

## Single-window clearance for urban projects by November 30, says Venkaiah Naidu

*Economic Times: November 05, 2015*

**New Delhi:** The government will soon provide a single-window clearance for urban development projects, Union minister M Venkaiah Naidu said, a move that will help address the issue of delays in approvals. "By November 30, we will be bringing out a notification about easy approvals...like a single-window clearance is in the offing by November end," the urban development minister said at the 'National Strategy Day on India' organised by the World Economic Forum and industry body CII.

Once that framework is operational the delays in approvals will be addressed, Naidu said. The government has announced 100 smart cities and housing for all by 2022, targets that are likely to get easier to achieve with this initiative. Naidu said extensive discussions have been held with the ministries of environment, civil aviation, defence, culture and consumer affairs. India is ranked a dismal 183 out of 189 countries on the World Bank's ease of doing business for 2016

on the parameter of 'dealing with construction permits', which underscores the urgency of reforms in this respect.

"The government is serious about improving the ease of doing business... Things will improve," Naidu said. The government is also mulling city-wise special purpose vehicles for each project to fix the shortcomings of the public-private partnership or PPP projects. Naidu said the government is working on a policy for converting waste to energy and waste to compost.

## **NRIs can now bring in FDI through companies, trusts and LLPs**

*By ET Bureau | 11 Nov, 2015, 04.00AM IST*

The government has extended the benefits enjoyed by individual NRI investors to companies, trusts and other incorporated entities owned by nonresident Indians (NRIs) as part of the liberalised FDI norms announced on Tuesday.

Giving more flexibility to NRIs to decide the structure of their investments in the country, the government said investment by companies, trusts, partnerships owned and controlled by NRIs on non-repatriation basis will now be treated as domestic investment.

NRIs are allowed 100 per cent FDI in the civil aviation sector while in the construction sector, they are exempt from complying with minimum area requirement, exit norms and minimum FDI limit of \$5 million.

With the revised norms, NRIs don't have to comply with construction sector norms of a lock-in period nor take government approval for transfer of stake from one non-resident to another without repatriation of investment. Since, NRIs have special dispensation for investment in construction development and civil aviation sectors, "in order to attract larger investments, which are possible through incorporated entities only, the special dispensation of NRIs has now been also extended to companies, trusts and partnership firms, which are incorporated outside India and are owned and controlled by NRIs," a government statement said. "Now it is not mandatory that 100% control has to be with an NRI when investing here. The NRI can have majority ownership in a firm and raise money to invest here. Thus, it is easier for them to invest here," said Akash Gupt, partner, regulatory, at advisory firm PwC. This relaxation follows the Union Cabinet's approval of an amendment to Schedule 4 of the Foreign Ex-

change Management Act (FEMA) Regulations in May this year that NRI investments would be deemed to be domestic investment made by residents.

### **LIMITED LIABILITY PARTNERSHIPS**

Under the liberalised FDI policy, investments in LLPs will not require government approval in sectors fully opened to investments. As much as 100% FDI is now permitted under the automatic route in LLPs operating in sectors where 100% FDI is allowed through the automatic route and there are no FDI-linked performance conditions. "The FDI policy has been harmonised for LLPs. This will promote FDI as LLP as an entity is easier to operate. This is a big milestone as LLPs will now be treated on par with companies. If companies don't need government approval, why should LLPs," Gupt said.

Further, the terms 'ownership and 'control' with reference to LLPs have also been defined. It has been decided that in line with companies, an LLP having foreign investment will be permitted to make downstream investment in another company or LLP in sectors in which 100% FDI is allowed under the automatic route and there are no FDI-linked performance conditions. This is a change from the earlier stance of LLPs with FDI when they were not eligible to make any downstream investments.

Further, for the purposes of FDI policy, the term 'internal accruals' has also been defined even though they haven't been made public. "Some of these measures are lowhanging fruit and, therefore, bringing them on is a welcome measure," said Somasekhar Sundaresan, partner at J Sagar Associates.

Bringing LLPs on a par with companies has also been long overdue, he said, adding that the form of the Indian entity should not matter so long as the principles underlying ownership and control are similar to companies.

## **IMF supports India's current economic reforms**

*IANS Nov 13, 2015, 04.49PM IST*

The International Monetary Fund (IMF) has said it broadly supports the direction of India's economic reforms undertaken by the government led by Prime Minister Narendra Modi. "We have been broadly supportive of the reforms being undertaken by Modi's government," IMF spokesman Gerry Rice told media persons here late Thursday. "We have been broadly supportive

that those reforms are in the right direction," he added.

In a report released earlier in the day, the IMF said that in a global "environment of increased uncertainty", India's growth will benefit from recent policy reforms, a consequent pickup in investment, and lower commodity prices.

"Strong domestic demand in India should also be a positive factor in 2016," the IMF said in its latest report on global prospects and policy - "IMF Developments, Outlooks, Risks".

In a noting relevant for India, the report said: "In many net commodity importers, lower commodity prices have alleviated inflation pressure and reduced external vulnerabilities."

"Emerging-economy growth is projected to rebound in 2016, reflecting mostly a less deep recession or an improvement of conditions in countries in economic distress (eg., Brazil, Russia, and some countries in Latin America and the Middle East)," it said.

"However, growth remains fragile and could be derailed if transitions are not successfully navigated. In an environment of declining commodity prices, reduced capital flows to emerging markets, and higher financial market volatility, downside risks to the outlook remain elevated, particularly for emerging economies," it added.

The IMF forecast last month that overtaking China, India is expected to grow at 7.3 percent in 2015, rising to 7.5 percent in 2016.

At this rate, India will grow faster than China where the economy is expected to slow down from 7.3 percent to 6.8 percent in 2015 and 6.3 percent in 2016.

## **FDI into India up 40 per cent, says PM Narendra Modi**

*IANS Nov 14, 2015, 01.07AM IST*

LONDON: Prime Minister Narendra Modi on Friday said that the fact that the world's confidence in India is increasing is proved by the fact that foreign direct investment into India has increased by 40 per cent.

"FDI into India has increased by 40 per cent. It shows the increasing international confidence in India," Modi said in Hindi in his much-awaited address to 60,000 wildly cheering British Indians at the iconic Wembley Stadium here. "Two dreams that we are working towards -- a clean India and India with 24/7 electricity," he said. Earlier, British Prime Cameron and his wife Samantha, dressed in a sari, welcomed Modi as

he arrived at Wembley Stadium.

## **India once again tops Nielsen's global confidence index**

*Livemint: November 04, 2015*

**New Delhi:** India continues to top the global confidence index but its citizens are actually saving more than before in a continuing trend of caution, and their spending habits haven't changed much over the past two quarters.

Respondents polled online by market researcher Nielsen said they saved primarily on gas and electricity (54%), new clothes (48%) and telephone expenses (37%), compared with last year.

Over two in 10 (23%) respondents indicated they will cut down on smoking to control spending, even when conditions improve.

However, the country's confidence level was unchanged from the preceding quarter at 131 points.

India was followed by the US (119), Philippines (117) and Indonesia (116), according to the Nielsen Global Survey of Consumer Confidence and Spending Intentions.

Even though this is the sixth quarter in a row that India has topped the survey, the number of respondents who felt the economy was still weak increased over the year. More than half the respondents (54%) felt the economy is still in a recession, an increase of 4 percentage points over the preceding quarter.

However, this quarter, 67% indicated that India will be out of the recession over the next 12 months, as against 61% last quarter.

Consumer confidence above 100 indicates optimism. An increase in consumer confidence index is a sign of brighter prospects for an economic recovery. The latest survey was conducted between 10 August and 4 September and had 30,000 global participants with Internet access across 60 countries.

The survey results are in line with the earnings of consumer goods manufacturers and retailers.

## FII investment in October touches 8-month high

By: ENS Economic Bureau , November 2, 2015



The Indian equity and debt markets witnessed strong inflows from foreign institutional investors aggregating to an eight-month high of Rs 22,350 crore in October. The inflows came as the government offered relief to the FIIs on minimum alternate tax, investor concerns around an interest rate hike in the US diminished and the Reserve Bank of India announced a 50 basis point cut in the repo rate (at which RBI lends to commercial banks) in September 2015.

While the FIIs invested a net of Rs 6,649 crore in the Indian equities (a five-month high), they pumped in a net of Rs 15,700 crore in the domestic debt (a nine-month high) in the month of October taking the aggregate at Rs 22,350 crore.

While US Federal Reserve's decision to defer rate hike in the US and Indian government's decision to not impose MAT on FIIs lifted investor sentiment, the investment into equities in October was also a result of the strong participation by FIIs in the two large IPOs — Coffee Day Enterprises (Rs 1,150 crore) and Interglobe Aviation (around Rs 3,000 crore) — which opened for subscription in October.

As for the debt markets, a cut in repo rate by RBI along with expectation of low inflation have raised the hopes of a further rate cut and that has resulted into an increased FII investment in domestic debt.

The FIIs, which invested heavily into Indian equities ever since the hopes of a BJP-led government taking the helm at the centre strengthened in early 2014, started selling their holdings after tax authorities sent notices to foreign investors in April demanding MAT on capital gains arising out of book profits at the rate of 20 per cent. This led them to pull out their investments in May and June this year as they sold holdings worth a net of

Rs 9,112 crore.

The sell-off continued from the Indian equities in August and September as concerns of slowdown in China rattled the markets worldwide.

The FII participation in domestic debt also remained subdued in the period between July and September 2015 as the market was expecting a rate hike in the US by the Federal Reserve. However, as the US decided to defer its rate hike following slowdown in China and growth concerns across the world, the FIIs came into Indian debt market seeking high return on their investment.

## No in-person verification for small MF investments

Business Standard: November 12, 2015

**Mumbai:** The Know Your Customer (KYC) norms for small-ticket mutual fund investments are likely to be relaxed. According to sources, the Securities and Exchange Board of India (Sebi) is planning to do away with the in-person verification (IPV) requirement for those who invest less than Rs 2 lakh. This move is to enable first-time customers to transact online and buy mutual fund offerings through e-commerce platforms. Sebi is likely to go to its board with these changes when it meets on November 30.

"We are mulling to make it non-mandatory for retail customers who have a ticket size below the threshold of Rs 2 lakh to undergo in-person verification of information provided in the KYC forms," said a person in the know.

However, the distributor or agent would have the discretion to conduct the in-person verification if the transaction raises any suspicion, sources said. One reason why distributors of financial products insist on verifying the information entered by customers in-person is because the Prevention of Money Laundering Act lays the responsibility with the intermediary. To avoid inadvertently being on the wrong side of the law, intermediaries and asset management companies have been playing cautious and are insisting on an IPV from January 2016.

"We're having discussions with fund houses highlighting that this is not required in each and every case, especially for transactions below a certain size," said another regulatory source.

While Sebi's move is aimed at making it simpler for retail investors, not all are looking at it that way. Industry players are of the view that Sebi should have uniform set of requirements across for all investors. "With this move,

we are regressing back to different KYC requirements for different sets of investors when the need of the hour is a homogenous process. The talks were to have a uniform KYC across financial products, but a layer is likely to be added with this change in mutual fund space itself. The regulator needs to push for similar processes for all ticket sizes. Because the biggest problem that deters investors is not the IPV, but the complicated processes," said Manoj Nagpal, CEO of Outlook Asia Capital.



## Adidas gets govt nod to open 100% foreign owned stores in India

*Livemint: November 04, 2015*

**New Delhi:** Germany's Adidas AG, which sells Adidas and Reebok sports shoes and clothes in India through local distributors, will open its first company-owned outlets in the country in the second half of 2016.

It has received government approval to open 100% foreign-owned stores in India, Dave Thomas, managing director, Adidas Group India, said in a statement on Tuesday.

Adidas had submitted its application in July to the department of industrial policy and promotion (DIPP) seeking approval for foreign investment of up to 100% for retail trading of Adidas-branded products and its variants. It plans to open large stores in India like it has in other major markets.

Over a period, Adidas will introduce its own large stores in India, Thomas said, adding that the company would continue to operate franchisee-owned outlets. "Own retail channel plus e-commerce channel complemented by our franchise network will drive growth for our brands and our business in India," he added.

Adidas, among the first foreign sports brands to enter India in 1995, operates 760 stores through franchisees. Of this, nearly 500 outlets sell only Adidas. "We would like to take this number up to 1,000 stores by 2020," Thomas said, adding the company would focus on profitability in India.

"We strongly believe own retail will enable us to take our market leadership position to an even higher level. It will give us additional flexibility to bring in global concepts across all categories in larger stores, thereby enabling us to further enhance the premium experience for our consum-

ers," Thomas said.

According to its filings with Registrar of Companies (RoC), Adidas had sales of Rs.737.5 crore and Reebok Rs.324.2 crore in the year ended March 2014.

In 2013-14, the company had shut down the majority of its Reebok stores following an alleged Rs.870 crore fraud by Reebok India's former managing director Subhinder Singh Prem and chief operating officer Vishnu Bhagat.

India permitted 100% FDI in single-brand retail with riders in September 2012, including a mandatory 30% local sourcing requirement.

Adidas is the first sports shoe company to get DIPP permission for 100% FDI. Rival Nike had submitted a similar application on 29 August last year, but it was rejected.

Several single-brand retailers, including furniture maker Ikea AB and clothing brand Hennes and Mauritz have since applied to enter India.

In India, Adidas competes with Nike, which entered the market in 1996 (it set up its Indian subsidiary only in 2004), and Puma that came to India in 2005.

The active sportswear market in India, including sports footwear, apparel and accessories, is estimated at Rs.6,000 crore, growing at 13% year-on-year, according to a report titled Sportswear market in India 2015 by retail consulting firm IM-AGES F&R Research.

## Cabinet approves Mylan's \$750-million FDI proposal

<http://www.thehindubusinessline.com/economy/policy/cabinet-approves-mylans-750million-fdi-proposal/article7847201.ece>

The Cabinet approved a proposal by Mylan Luxembourg and Mylan Group BV Netherlands to invest up to \$750 million in its Indian arm Mylan Laboratories Ltd (MLL) through subscription of equity shares or compulsorily convertible debentures.

This will be used by MLL for the acquisition of the entire shareholding of Jai Pharma Ltd, "post the demerger from its then shareholders". "With this approval, FDI of \$750 million will be received in the country," an official statement said. It added that the approval is subject to various conditions to be followed at the time of induction of FDI. This includes that the production and supply level of consumables and NLEM (National List of Essential Medicines) drugs

to the domestic market should be maintained over the next five years.

It added that the R&D expenses should also be maintained in value terms for five years. "The company receiving FDI will continue to produce medicines under the NLEM for the domestic tariff areas at the level which would be the highest quantity of production in the previous three financial years for the next five years," the statement added.

## GE wins \$2.6 billion contract to make trains in India

By *Afp* , 9 November 2015

The Indian government has awarded a \$2.6 billion contract to General Electric to develop and supply Indian Railways with 1,000 diesel locomotives over a period of 11 years, a company statement said on Monday.

In accordance with the contract, GE is set to invest \$200 million to build a factory and maintenance sheds in the country, in what is being touted as the company's largest deal in their 100-year history in India.

"It is a major advancement and milestone for India and for GE, a symbol of our commitment and support of the 'Make in India' initiative," GE Chairman and CEO Jeff Immelt said in a statement.



India's vast but crumbling railway network has received special attention under Modi's government, with Railways Minister Suresh Prabhu pledging to spend around \$137 billion to modernise it over the next five years ©Noah Seelam (AFP/File)

The "Make in India" initiative is one of Indian Prime Minister Narendra Modi's flagship policies, aimed at seeking larger amounts of foreign direct investment (FDI) in the country to spur growth in domestic manufacturing.

Modi, who won a landslide election last year with

the promise of creating jobs by fostering a business friendly environment, has touted India's policy reforms and faster project clearances to seek investment in the country.

India's vast but crumbling railway network has received special attention under Modi's government, with Railways Minister Suresh Prabhu pledging to spend around \$137 billion to modernise it over the next five years.

As a part of this effort, the Indian government last year also allowed 100 percent foreign direct investment (FDI) in the railway sector.

"(The) diesel locomotive project marks one of the first major initiatives of FDI in enhancing India's rail locomotive capacity," GE said in the statement.

## Make in India: After GE, Alstom bags FDI contract with Indian Railways in Bihar

Tuesday, 10 November 2015,PTI

Indian Railways on Monday awarded contracts to global giants General Electric and Alstom for setting electric and diesel locomotive factories in Marhora and Madhepura in Bihar, marking the first major FDI in rail projects after the limit was raised by the government in select railways sectors.

The plants will be set up with an investment of nearly Rs 40,000 crore. Dubbed as the first big ticket project under the 'Make in India' initiative in the public transporter, GE and Alstom were issued the letters of award for the high value contract acceptance letters, according to a senior Railway Ministry official.

The mega projects approved since 2007 by the then Railway Minister Lalu Prasad, got mired in controversies, years of red tape and indecision by successive ministers, finally saw the light of the day during Suresh Prabhu regime.

While it will cost Rs 2,052 crore for setting up the diesel locomotive factory at Marhora, the electric one will cost Rs 1,293.57 crore at Madhepura. The contract agreements with both GE and Alstom will be signed in a month, the official said. The projects, closely monitored by the PMO, involve manufacturing of 1,000 diesel locomotives and 800 electric locomotives over next 10 years and is worth about Rs 40,000 crore.

US-based multinational GE, the lowest bidder for the Marhora diesel locomotive factory, is expected to manufacture the 1,000 locomotives over 10 years. While 100 will be imported, rest will be

manufactured at Marhora as part of the Make in India initiative. There will be two types of diesel locos --- 4500 horse power and 6000 HP - manufactured by GE in Marhora.

There will be two loco sheds at Gandhidham and Bhatinda for maintenance of the modern diesel locomotives.

French major Alstom, the lowest bidder for the Madhepura electric locomotive factory, will manufacture 800 high power electric locomotives locos in the next 10 years. It will manufacture 12,000 HP electric locomotives to be used for heavy haulage.

According to the contract, while 5 diesel locos will be imported, the rest 795 will be manufactured at Madhepura as part of the project. Maintenance of the locos will also be the responsibility of the company and for this it will set up two maintenance sheds at Nagpur and Sharanpur.

Of the 1,000 diesel locomotives to be manufactured by GE, 700 will be of 4,500 horse power (HP) and 300 of 6,000 HP

With the government allowing 100% FDI in Railways, the setting up of the two locomotive plants in joint venture mode is crucial for the public transporter in order to boost its infrastructure.

Railways will have 26% equity and also provide land while the global players will have 74% equity in each of the plant.

## France pledges over 2 billion euros for Smart Cities project in India

*ET Bureau Nov 4, 2015, 02.36PM IST*

France has committed to invest over 2 billion euros for Smart City projects in India with special focus on Chandigarh, Nagpur and Puducherry, French ambassador in India, Francois Richier, said.

Richier said there is also an investment of 200 million euros for the extension of Bangalore Metro. He was speaking at a seminar on 'Towards Smart and Sustainable Cities' organised by FICCI, Embassy of France in India and the Ministry of Urban Development.

Richier said that when Prime Minister Narendra Modi had visited France in April, France had committed 600 million euros for 'Smart Cities' and projects related to sustainability, including in renewable energy and energy efficiency. Besides developing the smart cities, France was keen to develop heritage sites and tourism for the smart cities.

Durga Shanker Mishra, additional secretary, ministry of urban development said that France was actively partnering with India in its initiatives of developing 100 Smart Cities and AMRUT. The government was moving ahead on both the projects by engaging with the state governments and local bodies as their involvement would give an impetus to the projects.

## India retains top slot in air traffic growth

*Business Standard: November 06, 2015*

India retained the top slot as the fastest growing domestic air traffic market in September with a demand growth of 13.2% over same month last year.

Data from International Air Transport Association shows that demand growth in India was the highest amongst countries including Australia, Brazil, China, Japan, Russia and the US. Between January-September passenger demand in India grew 19.3% over the corresponding period of last year.

Passenger traffic in India has been growing due to 15-20% drop in fares and increase in capacity. Increase in discretionary travel and rise in foreign tourist arrivals too has contributed to passenger growth in India.

In capacity addition and load factor India showed the second highest growth in the world in September.

At a global level domestic travel demand rose 7.8% in September compared to September 2014. All markets except Brazil showed growth with the strongest increases occurring in India, China and Russia. Domestic capacity climbed 6.1% and load factor improved 1.3 percentage points to 81%, IATA said.

## India to become aircraft maintenance hub

*New Delhi, Nov 2, 2015, DHNS:*

With the bulk of maintenance, repair and overhaul (MRO) expenses of Indian carriers spent outside the country, the government is now planning to reverse the trend and develop India as an MRO hub through tax benefits and easing security norms.

The government is mulling over exemptions like customs duty, zero-rate service tax, simplification of clearance and easy access for foreign pilots

and technicians to help the MRO sector grow. According to the government, the MRO business of Indian carriers stood at Rs 5,000 crore, 90 per cent of which is currently being spent outside India in Sri Lanka, Singapore, Malaysia and the UAE among others. "Given our technology base, the government is keen to develop India as an MRO hub in Asia, attracting business from foreign airlines," according to the recently released Revised Draft Civil Aviation Policy. Analysts believe that given the right environment, MRO industry in India has the potential to achieve an annual growth rate of 10 per cent for the next 10 years.

The Indian MRO sector is around 1.5 per cent of the global \$50 billion industry. As per the draft policy, the government proposes to make service tax on output services of MRO zero-rated while exempting customs duty for aircraft maintenance tools and tool-kits. To enable economies of scale, it is also proposed, the period for which the spare parts imported by MROs can be stored tax-free shall be extended to three years.

### **Temasek Seeks Cloud Startups in India as E-Commerce `Overheated`**

[http://www.bloomberg.com/news/articles/2015-11-04/temasek-seeks-cloud-startups-in-india-as-e-commerce-overheated-](http://www.bloomberg.com/news/articles/2015-11-04/temasek-seeks-cloud-startups-in-india-as-e-commerce-overheated)

The venture capital arm of Singapore's Temasek Holdings Pte. is shifting its focus in India to software makers that service small and medium businesses, as it sees the e-commerce sector becoming "overheated" with funds rushing to invest in unprofitable companies.

Vertex Venture Holdings Ltd., a unit of the Singapore state investment company, is hunting for startups making cheap software for the nation's hordes of small businesses that could range from a supply chain app to a payroll processing system, said Ben Mathias, its managing director for India.

In the rush to fund mobile phone-based startups that target consumers, investors have "largely ignored" enterprise software, Bengaluru-based Mathias, who was appointed Vertex's first managing director of India in October, said in a telephone interview. "Hundreds of millions of Indians are getting on the Internet, and with them, tens of millions of Indian enterprises are also getting on the Internet."

"As small and medium enterprises use the mobile Internet more and more to drive their business,

they will need to adopt cloud-based enterprise solutions," he said, referring to the model of Internet-based computing where software and data resources are typically shared and accessed on-demand.

### **Enterprise Software**

Over the next 12 months, Vertex plans to invest between \$5 million and \$6 million each in three to four Indian companies, and will direct about half of its investments into enterprise software makers in the coming years, Mathias said. Three out of Vertex's four investments in India so far have been in consumer-facing companies, including children's apparel site FirstCry.com and travel booking site Yatra.com.

The Indian investments were from Vertex's \$200 million fund that focuses on Southeast Asia and India companies, according to Mathias. Vertex has received an additional \$600 million from Temasek to invest in U.S., Israel, China start ups in "innovation and technological disruption," Singapore's Straits Times newspaper reported last month.

Temasek Holdings Pte has been shaking up its asset mix with a push into biotechnology and consumer companies that stand to benefit from aging populations and increasing disposable incomes, and in the fiscal year ended March 31 added stakes including in U.S. pharmaceutical firm Gilead Sciences Inc and Indian drugmaker Intas Pharmaceuticals Ltd.

### **India-Singapore to elevate ties to strategic level.. Cont from P. 1**

13 per cent of India's FDI flow. Singapore was the largest source of FDI into India for 2013-14 overtaking Mauritius. India is the 12th largest trade partner of the global commerce, financial and transportation hub. It is also India's second largest trade partner among ASEAN countries accounting for 25.9 per cent of New Delhi's trade with the group.

Singapore is increasing its ties with India steadily. A senior Indian official explained to a group of visiting Indian journalists: "The two countries have identified five thrust areas – increasing investment and trade, speeding up air and maritime connectivity, smart city development and urban rejuvenation, skills development and capacity building and engagement with states to strengthen business and cultural links. In the recent past, four chief ministers visited Singapore and their

## FORTHCOMING EVENTS >>>> INDIA

### II. Bio Asia 2016

**Date:** 8-10 February, 2016

**Venue:** Hyderabad International Convention Center (HICC), Hyderabad, India

**Organizer:** The Federation of Asian Biotech Associations [FABA], Government of Telangana and Pharmaceuticals Export Promotion Council (Pharmexcil)

**Contact :** [www.2016.bioasia.in](http://www.2016.bioasia.in)

**Details:** BioAsia, over the years, has built a formidable reputation with the key stakeholders and is now considered one of the pre-eminent meetings in Asia witnessing participation of about 1700 delegates and 2000 visitors from over 50 Countries every year.

### III. Make in India Week

**Date:** 13-18 February 2016

**Venue:** Mumbai, India

**Contact :** [www.makeinindia.com/mumbai-week](http://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.

**Cont from P. 10**...Maharashtra and Madhya Pradesh counterparts are coming shortly”. Discussion between the two countries are at an advanced stage now that Modi will be visiting. He is likely to visit the Institute of Technical Education (ITE), billed as a premier global centre that provides pre-employment training to secondary school dropouts and continuing education and training to working adults.

The ITE, which already has a tie-up with Delhi and Rajasthan governments, the latter in the field of tourism, wants to extend its partnership with other states.

Water and waste management is another area where the tiny country of 5.5 million people wants to have a closer cooperation. The two countries have already signed a defence treaty. Singapore occupies a key place in India’s Look East and Act East policies because of its strategic location on the major sea route between India and China.

## Notifications

### Securities and Exchange Board of India

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

[http://www.sebi.gov.in/cms/sebi\\_data/attachdocs/1428927142167.pdf](http://www.sebi.gov.in/cms/sebi_data/attachdocs/1428927142167.pdf)

*Change in investment conditions for FPI investments in Government Debt Securities*

[http://www.sebi.gov.in/cms/sebi\\_data/attachdocs/1423136829975.pdf](http://www.sebi.gov.in/cms/sebi_data/attachdocs/1423136829975.pdf)

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

[http://www.sebi.gov.in/cms/sebi\\_data/attachdocs/1418184464337.pdf](http://www.sebi.gov.in/cms/sebi_data/attachdocs/1418184464337.pdf)

### Ministry of Corporate Affairs

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

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

### Reserve Bank of India

*Export of Goods and Services – Project Exports*

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

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

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

*Overseas Investments by Alternative Investment Funds (AIF)*

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

### Ministry of Finance

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

[http://finmin.nic.in/press\\_room/2014/AuctionSale15122014.pdf](http://finmin.nic.in/press_room/2014/AuctionSale15122014.pdf)

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

[http://finmin.nic.in/press\\_room/2014/clarification\\_Acquist\\_Transfer\\_Property\\_foreignnationals.pdf](http://finmin.nic.in/press_room/2014/clarification_Acquist_Transfer_Property_foreignnationals.pdf)

## India's GSAT-15 Communication Satellite Launched Successfully

PIB, November 12, 2015

**New Delhi:** GSAT-15, India's latest communications satellite, was launched successfully by the European Ariane 5 VA-227 launch Vehicle in the early morning hours of today (November 11, 2015). The 3164 kg GSAT-15 carries communication transponders in Ku-band as well as a GPS Aided GEO Augmented Navigation (GAGAN) payload operating in L1 and L5 bands.

After a smooth countdown lasting 11 hours and 30 minutes, the Ariane 5 launch vehicle lifted off right on schedule at 0304 hrs (3:04 am) IST today. After a flight of 43 minutes and 24 seconds, GSAT-15 separated from the Ariane 5 upper stage in an elliptical Geosynchronous Transfer Orbit (GTO) with a perigee (nearest point to Earth) of 250 km and an apogee (farthest point to Earth) of 35,819 km, inclined at an angle of 3.9 degree to the equator. The achieved orbit was very close to the intended one. After the successful completion of all the in-orbit tests, GSAT-15 will be ready for operational use.

## 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.** Is an Indian Investee Company eligible to raise the aggregate cap of 24% for RFPI?

**Ans.** An Indian company can raise the 24 per cent ceiling to the sectoral cap / statutory ceiling, as applicable, by passing a resolution by its Board of Directors followed by passing a Special Resolution to that effect by their General Body. Indian company raising the aggregate RFPI investment limit of 24 per cent to the sectoral cap/ statutory limit, as applicable to the respective Indian company, should necessarily intimate the same to the Reserve Bank of India, immediately, as hitherto, along with a Certificate from the Company Secretary stating that all the relevant provisions of the extant Foreign Exchange Management Act, 1999 regulations and the Foreign Direct Policy, as amended from time to time, have been complied with.

The Indian Company thus raising the aggregate cap for RFPI investment should inform Reserve Bank of India, Foreign Exchange Department, Central Office, Shahid Bhagat Singh Marg, Fort, and Mumbai 400001. The intimation should necessarily be accompanied by (a) a resolution passed by Board of Directors of the Company enhancing the FII aggregate cap, (b) A special Resolution to the effect passed by the shareholders of the Company (c) a certificate from the Company Secretary stating that all the relevant provisions of the extant Foreign Exchange Management Act, 1999 regulations and the Foreign Direct Policy, as amended from time to time, have been complied with, (d) a certificate from the Company Secretary stating that all the resident shareholders of the investee company are 'owned and controlled' by residents.

To avoid inconvenience to the RFPI investors/Indian company, such intimation should be well in advance else RBI shall caution list the company on FII investment in the company reaching 22% of paid up capital or paid up capital of each series of convertible debentures issued by the company.

*Source: RBI*

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

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