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India Focus

'Asian of the Year 2014' award to PM Modi

this issue

BILATERAL

On PM Modi's behalf, Indian High Commissioner to Singapore receives 'Asian of the Year' award

Friday, 21 August 2015 , PTI

India's High Commissioner to Singapore, Vijay Singh Thakur, received 'Asian of the Year 2014' award by leading Singapore daily The Straits Times, on behalf of Prime Minister Narendra Modi in Singapore.
PM Modi was given the award in December last year for putting focus on India's development and getting the world "excited" about the prospects of the country again. "In picking Mr Modi, ST editors recognised not only his track record as an administrator who propelled his home state Gujarat to global recognition but also for the promise he holds to re-energise India," Straits Times editor Warren Fernandez said.

The inaugural award went to Myanmar president Thein Sein while Chinese President Xi Jinping and Japanese Prime Minister Shinzo Abe share the 2013 award.

TOP NEWS

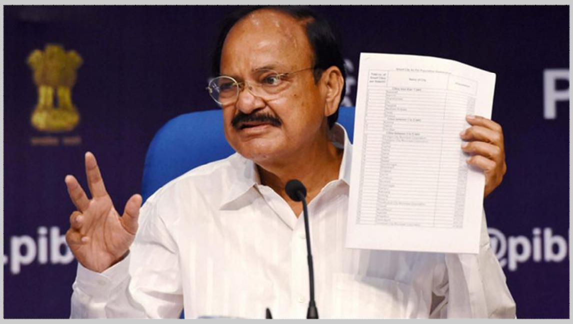
India to remain fastest growing major economy for second straight quarter

IBEF: August 31, 2015

India's gross domestic product (GDP) data for April-June quarter is estimated to be 7.4 per cent, as per median estimate from a Reuters poll of economists, thus making India the fastest growing major economy for a second quarter in a row. The expectations for faster growth is led by favourable demographics, a huge cost-effective workforce and a large domestic market and. As a result, many companies like Foxconn, Sony Corp. and General Motors have announced huge investments in India in coming years. Foreign direct investments (FDI) are up 30 per cent from a year earlier. There has been a robust growth in indirect tax receipts which indicates revival in manufacturing sector. According to analysts, key structural reforms remain crucial for a sustained pickup in economic growth of India.

Central govt announces 98 Smart Cities, Venkaiah Naidu terms them 'safe investments for pvt firms'

The Indian Express, August 27, 2015



Union Urban Development Minister M Venkaiah Naidu showing the list of cities chosen for the 'Smart Cities project' at a press conference in New Delhi

The union government on Thursday released the list of 98 cities that will be developed under the Smart Cities mission. These cities together have a population of 13 crore, accounting for 35 per cent of India's urban population.
Names of two cities — one from Jammu and Kashmir and Uttar Pradesh each — are yet to be revealed.
The metros with a population of over 50 lakh each on Smart Cities list include Chennai, Greater Hyderabad, Ahmedabad and Greater Mumbai. Some of the other important urban local bodies that have been included in the list are the New Delhi Municipal Council, Vishakhapatnam, Chandigarh, Surat, Kochi, Bhopal, Navi Mumbai, Thane, Bhubaneswar*...* ***Cont on P. 2***

ECONOMY

Central govt announces 98 Smart Cities, Venkaiah Naidu terms them 'safe investments for pvt firms'..

Cont from P. 1

Amritsar, Jaipur, Allahabad and Lucknow.
The Smart Cities mission, launched by PM Narendra Modi in June this year, will provide central funding of Rs 48,000 crore to the selected cities for improving their infrastructure and service delivery through application of better technology and e-governance. Explaining the meaning of Smart Cities in an Indian context, Venkaiah Naidu, Minister for Urban Development, said that it would ensure robust IT connectivity and digitization as also core
infrastructure such as water supply, electricity supply, sanitation, public transport, solid waste management and affordable housing. "We are not just aiming at making our urban landscape fanciful and flashy but the prime objective is to enhance quality of urban life," he said.
He added that central government will immediately release Rs 2 crore to each of the cities for preparation of their smart city plans. The state and urban local bodies have to provide a matching contribution of Rs 48,000 crore to each city for the five year mission. This is in addition to thousands of crores worth investments from the private sector which they will be allowed to recover through levy of user charges on say water supply or urban transport. "In a situation such as the recent financial crisis, when private firms are looking for safe investments, I assure them that Smart Cities are safe investment. The land is going to be readily available and the returns are assured," he said.

According to the union government, twenty four cities on the list are industrial or business centres, 18 are cultural or tourism hubs, five are port cities and three are educational and heath care hubs and capital cities account for a quarter of total Smart Cities. However, nine state capitals have been left out of mission. These include Patna, Bengaluru, Trivandrum, Kolkata, Puducherry, Gangtok, Shimla, Daman, Itnanagar. All states and union territories were to send in their nominations according to the quota allotted to them by the centre by July 31st. The quota was assigned based on the the number of statutory cities and towns in the state and its total population. Accordingly, UP had the highest allotment at 13 followed by Tamil Nadu at 12 and Maharashtra at 10. The smaller states, North eastern states and union territories mostly have only one smart city slot each.
The J&K government has asked for more time to decide on whether the winter capital of Jammu or the summer capital of Srinagar should be their smart city candidate. The conflict-ridden state is allowed only one nomination to the mission after demands by the state government to allow for two was turned down by the Centre. According to the ministry, both Jammu and Srinagar have similar scores in the grading system. The same is the case with Rae Bareli and Meerut both of which had a tie for the 13th position in Uttar Pradesh.

India's GDP improving; 7.6% growth likely: RBI Guv Rajan

Aug 28, 2015, 08.57 AM | Source: CNBC-TV18

The Reserve Bank of India today released its Annual Report 2014-2015 and for the first time, it comes with an overview from the Governor, Raghuram Rajan, himself.
The annual report informs what the RBI intended to accomplish during the past year and what was actually done. Furthermore, it also lays out proposals for the coming year.
According to the report, the central bank believes India's growth outlook is improving gradually and says the real activity indicators are backing its 7.6 percent gross domestic product (GDP) projection.
"Business confidence remains robust, and as the initiatives announced in the Union Budget to boost investment in infrastructure roll out, they should crowd in private investment and revive consumer sentiment, especially as inflation ebbs," states the report.
The RBI had, in June, lowered the growth forecast for the current fiscal to 7.6 percent from 7.8 percent projected in April, citing various risks, including poor monsoon and rising crude oil prices. According to Guv Rajan, these are the short-term macroeconomic priorities of the central bank: focus on bringing down inflation in line with the proposed glide path; work with the Government and banks on speeding up the resolution of distressed projects and cleaning up bank balance sheets; ensure banks have the capital to make provisions, support new lending, and thus ***..Cont on P. 3***

India's GDP improving; 7.6% growth likely: RBI Guv Rajan *.. Cont from P. 2*

pass on future possible rate cuts.
In his overview, Dr Rajan said the central bank's actions are influenced both by the current macro-economic environment as well as our broad medium-term framework for the development of the financial sector. While the country is expected to grow on projected lines, he opines it is still below levels that the country is capable of.

RBI on Inflation

While the progress of monsoons has allayed initial fears, the uncertainity surrounding it continues ot remain a risk, adds the central bank in its annual report. But RBI believes fears of a poor monsoon has been offset by the steep fall in global crude prices.
While the central bank expects the fall in crude to soften inflation, it hopes to see it below 6 percent by January 2016.

Fiscal Deficit

The RBI is confident of logging a fiscal deficit of 3.9 percent GDP by 2015-16, buoyed by robust indirect tax collections.
"Furthermore, plans for disinvestment need to be front-loaded to take advantage of supportive market conditions, and also to forestall cutbacks in capital expenditure to meet deficit targets," highlights the report.

Current Account Deficit (CAD)

The central bank says the Indian economy is vulnerable to external shocks as merchandise exports have contracted through the first four months of 2015-16.
While imports have remained subdued, primarily reflecting softening of crude and gold prices, the RBI expects the FY16 CAD to stand at 1.5 percent of the GDP.

Rate cuts

The Governor also highlighted the fact that despite its cut in repo rates, banks have been unwilling in paring their deposit rates. The RBI has cut repo rates by 75 basis points (bps) since January 2015.

Finance Minister, deputy maintain that Indian economy strongest in the world

ANI | New Delhi

Finance Minister Arun Jaitley and his Minister of State Jayant Sinha on Monday said that they were bullish about the prospects and performance of the Indian economy, despite the nation's top bourse registering sharp falls because of what they described as external factors.
Talking to ANI here, Sinha said a short while ago that, " Let the adjustment process move in an orderly way. The rupee continues to be a favored and a strong currency."
"India remains one of strongest economies in world and we have embarked on ambitious reform agenda which is demonstrating good results. It is market forces that set the level of rupee, and our goal is to ensure that it is done in an orderly way," Sinha told ANI further.
"Whether it is currency or asset prices, all of these are going to settle down as they adjust to changes in evaluation across markets, whether it is the Chinese economy slowing down, the possibility of the U.S. Fed raising rates or what we're seeing in terms of commodity prices," said Sinha.
"Volatility is part and parcel of operating these capital markets. We just have to work on these factors. We are in agreement with the finance minister (Arun Jaitley) that it is really external factors that are causing this volatility and turbulence that we are seeing across asset markets, whether it is in fixed incomes, currency or equity markets," the Minister of State for Finance said.
"We are monitoring the situation very carefully, whether it is in our domestic or global markets," he added. Earlier, after inaugurating a two-day annual conference of chief commissioners and director generals of Central Board of Excise and Customs here, Finance Minister Arun Jaitley said that India is facing multiple challenges emanating from global developments, but continues to stand by its growth projections made at the beginning of2015.
Jaitley told the participants and later the media outside the venue of the event that he was still hopeful about demand and economic activity increasing in the coming months on back of a reasonable monsoon. Jaitley said, "India should emerge as one of the fastest growing economies in the world. Now, we have embarked on a path for the past one and a quarter years, that too, even in the midst of a global slow down. The markets will settle down. All concerned authorities,

the Government of India and the Reserve Bank of India are watching the situation very closely."

About the top bourses of the country registering sharp falls and the rupee exhibiting unusual volatility against the dollar, Jaitley said, "These are caused by external factors. I have not the least doubt that this turbulence is transient and temporary in nature. There is not a single domestic factor in India which has contributed to this or added to it."

"For the last few days, there has been a great amount of turbulence, which has been caused the global markets to behave differently. Obviously, being a part of globally integrated economy, this would also leave at least some transient impact on India as far as we are concerned," he said.

Jaitley and Sinha were commenting on the after effects of the stock markets going into a free fall across the globe, led by China.

The 30-share Sensex at the Bombay Stock Exchange plummeted a huge 1,077 points, to 26,289 in afternoon trade. At one stage, the Sensex had crashed over 1,200 points, for its biggest intraday fall in seven-and-a-half years.

Similarly, the National Stock Exchange (Nifty) slumped 339 points, to 7,961 in afternoon trade.

The massive market sell-off wiped-out more than three lakh crore rupees worth of investor wealth. The markets were battered down on intense, across-the-board selling by investors, amid a global sell-off, on worries that the Chinese economy was slowing more than expected.

Rs 22,000 crore mobilised under Jan Dhan Yojana: Government

By PTI | 29 Aug, 2015, 01.21AM IST

Government today said Rs 22,000 crore have been deposited in over 17.5 crore bank accounts within a year of the launch of the Pradhan Mantri Jan Dhan Yojana, the largest financial inclusion scheme in the world.

"At present, more than 17.5 crore bank accounts have been opened under the Pradhan Mantri Jan Dhan Yojana (PMJDY). More than Rs 22,000 crore have been deposited by the people in their bank accounts opened under the PMJDY," the Finance Ministry said.

Prime Minister Narendra Modi had launched this ambitious scheme of financial inclusion on August 28, 2014.

The Finance Ministry in series of tweets said the target of opening one account per household was achieved by January 26, 2015, barring few areas of Jammu & Kashmir and left wing extremism affected districts.

"PMJDY, the biggest financial inclusion initiative of the world launched by Prime Minister Narendra Modi on August 28, 2014, completed its first year today," the Ministry said.

Listing milestone achieved under the PMJDY, the Finance Ministry in a statement said that Aadhaar has been seeded in 41.82 per cent account opened under PMJDY.

"More than 10 lakhs accounts have been found eligible for overdraft facility. Out of these, overdraft facility has been availed by 1,64,962 account holders," the Ministry said.

The Ministry further said 847 claims of life cover of Rs 30,000 and 389 claims of accident insurance cover of Rs 1 lakh have been successfully paid.

More than Rs 4,273 crore has been routed through Jan Dhan accounts towards payment of wages under MNREGA till June 2015.

Further, the government has transferred subsidy of more than Rs 17,446 crore through Jan Dhan accounts from November 2014 to July 31, 2015.

As on August 22, 2015, 8.17 crore beneficiaries have been enrolled under the Pradhan Mantri Suraksha Bima Yojana and 2.76 crore have been enrolled under Pradhan Mantri Jeevan Jyoti Bima Yojana, the Finance Ministry said.

About 6.83 lakh account holders have been enrolled under Atal Pension Yojana, it added.

Govt initiatives help revive FDI inflow after 3-year slump, up 54% in FY15

The Indian Express

While manufacturing has seen a revival, the financial services has witnessed the maximum jump among the major sectors and the FDI in the sector rose 200 per cent from $1.02 billion in FY14 to $3.07 billion in FY15.

Bucking a three-year declining trend, the manufacturing sector in India witnessed a sharp jump of 50 per cent in foreign direct investment (FDI) in the year 2014-15, thereby reflecting the traction received by the government's 'Make in India' initiative.

According to data released by the Reserve Bank of India (RBI) in its annual report for the financial year 2014-15, the aggregate FDI received in rose 54 per cent to $24.7 billion from $16 billion in the previous year ended March 2014.

This is also the highest FDI received in at least five years. The data relates to FDI received through Foreign Investment Promotion Board (FIPB) and RBI routes only.

The manufacturing sector continued to be the largest beneficiary and accounted for 38 per cent of the total FDI received and rose to $9.6 billion. Interestingly, it is the first time in 3 years that FDI in manufacturing has witnessed an expansion. While it stood at $9.3 billion in 2011-12, it declined in the following two years to $6.5 billion and $6.3 billion in FY13 and FY14, respectively. However, as a result of the government's push on manufacturing in India and ease of doing business initiative, the FDI in manufacturing has witnessed a boost.

While manufacturing has seen a revival, the financial services has witnessed the maximum jump among the major sectors and the FDI in the sector rose 200 per cent from $1.02 billion in FY14 to $3.07 billion in FY15.

The other major gainer was the computer services industry which saw FDI rise by1 30 per cent from $934 million to

COUNTRY-WISE AND SECTOR-WISE FDI FLOWS

TOP 5 CONTRIBUTORS	2012-13	2013-14	2014-15 P*	Change (%)**
COUNTRY				
Mauritius	8,059	3,695	5,878	59.1
Singapore	1,605	4,415	5,137	16.4
Netherlands	1,700	1,157	2,154	86.2
Japan	1,340	1,795	2,019	12.5
USA	478	617	1,981	221.1
United Kingdom	1,022	111	1,891	1603.6
TOTAL FDI	**18,286**	**16,054**	**24,748**	**54.2**
SECTOR				
Manufacturing	6,528	6,381	9,613	50.7
Financial services	2,760	1,026	3,075	199.7
Retail & wholesale trade	551	1,139	2,551	124.0
Computer services	247	934	2,154	130.6
Construction	1,319	1,276	1,640	28.5

*Provisional: Includes FDI through SIA/FIPB and RBI routes only. All figures in $ million unless specified, **Change in FY15 over FY14

$2.15 billion in the same period. Even the retail and wholesale trade segment saw a 124 per cent rise in FDI from $1.1 billion to $2.55 billion.

Having lost its numero uno position to Singapore in FY14, Mauritius regained its position in the year ended March 2015 and accounted for the maximum FDI flow in India. While Mauritius was the destination that accounted for almost 45 per cent of the FDI received in the financial year 2012-13 amounting to over $8 billion, it declined sharply in the year 2013-14 to 3.7 billion.

In FY14 Singapore accounted for FDI flow worth $4.4 billion to India and thereby overtook Mauritius. But in FY15, the FDI from Mauritius jumped 60 per cent and stood at $5.87 billion. That from Singapore stood at 5.1 billion for the year ended March 2015.

FDI from UK has jumped from $111 million in FY14 to 1.89 billion in FY15. FDI from US also rose 221 per cent to $1.98 billion.

Investment experts say that FDI from Mauritius had declined on account of the fears related to General Anti-Avoidance Rule (GAAR) and a decision to defer it by two years has improved the investment sentiment.

GAAR ,that was considered controversial as it sought to seek taxes on a retrospective basis was introduced by the then finance minister Pranab Mukherjee in 2012. However, in his budget speech in 2015 the finance minister Arun Jaitley announced to defer its implementation by two years.

FDI in manufacturing sector goes up 50% in 2014-15

The Dollar Business Bureau

India attracted Foreign Direct Investment worth $24.74 billion in the last fiscal, up 54% from previous year's $16.05 billion and the highest since 2010

India's manufacturing sector received Foreign Direct Investment (FDI) worth $9.61billion during the last financial year, registering an increase of more than 50% from previous year's total inflow of $6.38 billion.

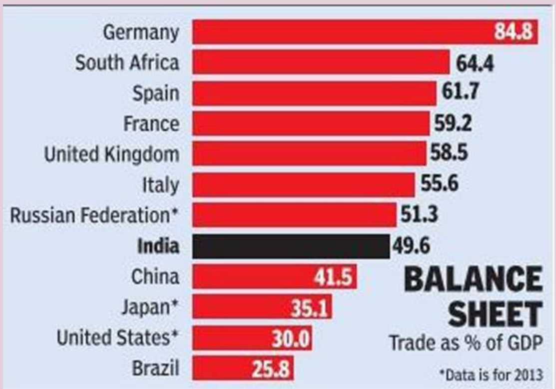
According to the annual report released by the Reserve Bank of India (RBI), the country attracted whopping $24.74 billion FDI in the last fiscal, up 54% from previous year's $16.05 billion and the highest since 2010. And the manufacturing sector accounted for more than one-third of the total overseas investment.

Experts attribute this sharp rise in foreign investments to the "Make in India" initiative launched by the government and several other measures

India's trade-GDP ratio higher than US, China's

TNN | Aug 30, 2015, 02.38AM IST

Historically, India has been viewed as being far less vulnerable to global financial crises than other large economies because it was much less integrated with the global economy than countries like, say, the US or China. Today, however, at least as far as trade goes, the opposite is true. World Bank data shows that in 2014 India's total trade (exports plus imports) was equivalent to about 50% of its GDP. This was higher than the trade to GDP ratio of the US, Japan or China. During the 1997 Asian financial crisis, which India escaped relatively unscathed, total foreign trade was equivalent to only 22.2% of the country's GDP.
One way to measure the extent to which an economy is globally linked is by comparing its international trade with its GDP. By this yardstick, India's aggregate exports and imports of goods and services was 49.6% of the country's GDP in 2014, compared to China's trade to GDP ratio of 41.5% for the same year.



In 2013, the year till when bank data is available for the US and Japan, international trade was about 30% of GDP for US and 35.5% for the Japanese economy. Of course, the US, China and Japan are far larger economies than India at the nominal exchange rate and hence a lower trade ratio doesn't mean their trade volumes are lower than India.
The data shows that among major economies, countries of Western Europe have the highest degree of integration with the global economy. For instance, the ratio was 84.8% for Germany, Europe's largest economy. For the UK, Italy, Spain and France, trade was about 60% of GDP.
Three decades ago, in 1984, China and India had a similar degree of globalization with the trade to GDP ratio 16.6% for China and 13.8% for India. The Chinese economy experienced exponential growth thereafter and it was reflected in the growth of its international trade as well. The trade to GDP ratio steadily increased to a peak of 64.8% in 2006. Since then it has been decreasing as China's domestic market has expanded with increased per capita incomes.
India, on the other hand, continues to be in a phase where its global trade expands at a faster pace than its economy, resulting in a steadily climbing trade to GDP ratio.

to ease the business process.
"FDI mainly flowed into the manufacturing sector responding to the government's 'Make in India' initiative, followed by financial services, retail and wholesale trade. Within the manufacturing sector, transport equipment and chemical sectors were the major recipients and accounted for about 50% of the total FDI in 2014-15," said RBI analyzing the report.
The flow of FDI in financial services sector grew by almost 200%, attracting $3.07 billion during last year as against $1.02 billion received a year ago, the data showed.
Liberalizing foreign investment norms in various sectors has also turned the country as a preferred destination for overseas investors who poured in funds even in stock markets.
"Foreign portfolio investors brought in about $41 billion to Indian equity and debt markets, making India the most attractive destination among emerging markets," the RBI said, adding, "Policy measures have been undertaken with regard to easing of norms for FDI in certain sectors, allocation of natural resources, the subsidy regime,

financial inclusion, employment and job creation for the youth and an improved and non-adversarial tax administration.”

Other top FDI gainers in the last financial year included computer services and retail and wholesale trade industries. FDI in computer services rose from $934 million to $2.15 billion, while retail and wholesale trade attracted $2.55 billion investment, up 124% from $1.1 billion received during previous fiscal.

FDI reporting module to promote ease of doing business: RBI

PTI

Reserve Bank today said the launch of a module for reporting Foreign Currency Transfer of Shares (FCTRS) is a step forward in the direction of promoting ease of doing business in India. RBI, last week had launched a module for reporting Foreign Currency Transfer of Shares (FCTRS) on eBiz portal of the Ministry of Commerce & Industry.

"This initiative is a step forward in the direction of promoting the ease of doing business in India," it said in a statement.

The FCTRS service on eBiz portal will facilitate reporting of transactions relating to transfer of shares and other instruments of foreign direct investments (FDI) between a resident and a non-resident, currently being done in FCTRS form. The online reporting facility on eBiz portal of the Ministry will be available in parallel with the physical filing of returns.

Physical filing of returns will be discontinued in next three months, RBI said.

Government clears FDI proposals worth Rs 10,379 crore

PTI Aug 13, 2015, 09.39PM IST

The government today said it has cleared 23 foreign investment proposals, including that of Catholic Syrian Bank and Bandhan Financial Services, amounting to Rs 10,378.92 crore.

The investment proposals were approved following the recommendation for the same by the Foreign Investment Promotion Board (FIPB), headed by Finance Secretary Rajiv Mehrishi.

"The government has approved 23 proposals of foreign direct investment amounting to Rs 10,378.92 crore," the Finance Ministry said.

The FIPB has also cleared an investment proposal of Mylan Laboratories. As it entails investments of Rs 4,960 crore, the Board recommended the proposal for approval of the Cabinet Committee on Economic Affairs.

Mylan Laboratories is an Indian arm of US-based Mylan Inc.

The Board has also deferred decision on 13 proposals, including of Volkswagen Finance, Amar Ujala Publications, Eros International and Reliance Globalcom.

Kolkata-based Bandhan Financial Services, which has got licence to operate as a full-fledged bank, has got government approval for conversion of pre-existing FDI of 33.14 per cent from an NBFC MFI into core investment company.

The proposals entail investment worth Rs 1,049 crore.

Besides, private sector Catholic Syrian Bank has got clearance for raising foreign investment limit in the bank from 49 per cent to 74 per cent. The proposal is worth Rs 1,200 crore. The bank has recently got nod for IPO.

Other proposals that have been cleared include that of GlaxoSmithKline, Alpha Pharma Healthcare India, Natco Pharma, and Den Networks.

The Ministry further said six FDI proposals have been rejected. These include that of Centurion Laboratories, Jasper Infotech, Diabu Diamond Tools and BTL India.

India received USD 7.45 billion worth of FDI during April-May of 2015-16 fiscal, up 40 per cent from USD 5.3 billion in the corresponding period of last fiscal.

Government considering two-rate structure; key services to be taxed at lower rate in GST regime

***Economic Times**: August 20, 2015*

New Delhi: Worried about a steep rise in service tax when the goods and services tax (GST) is rolled out, the government is considering a two-rate structure to minimize the impact on consumers.

Key services may be taxed at a lower rate to give relief to consumers who saw the levy increase to 14% this year from 12.36%. "There is a thinking that some essential services be taxed at a lower rate," a finance ministry official said, adding that a sudden, steep rise could pinch the common people. There could be a standard rate and a threshold rate for select services.

The government is said to be looking at calling a short session to get the crucial legislation passed in time to roll out the new tax regime from April 1, 2016. While the service tax rate will increase under the GST regime - likely to 18% or more — there will be a substantial reduction in taxation on goods as the new regime will eliminate the so-called cascading of tax, or tax on tax.

A panel headed by chief economic advisor Arvind Subramanian is looking at possible revenue-neutral tax rates under GST that would be consistent with the present level of revenue collection of the Centre and the states.

The panel is expected to give its report in 2-3 weeks.

Some sections in the government feel there should be a mechanism to lower the burden of a jump in service tax, such as the two-rate option. This will also ensure that the negative and exempted list of services under the new regime is kept minimal to widen the tax base.

The single-rate GST will replace a series of levies including central excise, service tax, state value-added tax, entertainment tax, octroi, entry tax, luxury tax and purchase tax and is projected to add as much as 2% to the country's gross domestic product. Some experts don't favour a two-rate structure for service tax.

"Having two rates of GST for services will create issues of classification and disputes in case of bundled and mixed supplies. It will further add to the multitude of rates prescribed in GST and further move it away from an efficient design. There will be enhanced litigation and further increase in cost of compliance," said Bipin Sapra, a partner at EY.

BANKING/FINANCE

Banking revolution on cards: RBI clears 11 payments banks

TNN | Aug 20, 2015, 01.27AM IS

MUMBAI: Banking, as we have known it, appears headed for an upheaval. The Reserve Bank of India on Wednesday 'in principle' cleared 11 entities - including department of posts, top conglomerates such as Reliance Industries and Aditya Birla Group, telecom giants like Airtel and Vodafone, and a number of tech and finance companies - to set up 'payments banks'. Unlike 'universal banks' - as the regular banks are called - payments banks can accept deposits up to only Rs 1 lakh and cannot grant loans. They can only deposit their money in government bonds. They can issue debit cards but not credit cards. Other than this they can provide all the services of a universal bank.

Ever since the first round of bank nationalization in 1969, only two private business groups have been allowed to promote a bank. Although most corporate houses had applied for a universal bank licence, they all drew a blank, with only IDFC and Bandhan Microfinance being granted licences earlier this year.

Payments banks will largely depend on mobile and ATM infrastructure to provide transaction banking services. Opening an account is expected to be like acquiring a pre-paid mobile number. Analysts expect intense competition, which should drive down charges for remittances, fund transfers and other banking transactions. Customers who do not have the means to maintain minimum balance will be welcomed into these banks as revenue will be earned through transaction charges and not on the spread of interest between deposits and loans.

What makes this round of licensing disruptive is that it brings together giants from across industries. For instance, the new payments bank to be set up by the department of posts will have access to the 1.55 lakh post offices across the country. State Bank of India will pick up a 30% stake in RIL's bank which will use Reliance Jio's 4G network to provide banking services. Airtel has the backing of Kotak Bank, which will hold a 19.9% stake in the proposed bank.

Announcing the list of successful applicants, RBI said that at this stage it would be difficult to predict which model will be successful in the emerging business of payments. The committee of the central board, which decided the final shortlist from among 41 applicants, chose entities with experience in different sectors and with different capabilities so that different models could be tried.

Besides the five named earlier, the successful applicants are National Securities Depository, Tech Mahindra, Sun Pharma promoter Dilip Shanghvi, Paytm founder Vijay Shekhar Sharma, Cholamandalam Distribution Services, and Fino PayTech. The unsuccessful 30 include Videocon and Kishore Biyani, Vakrangee Software and a host of digital payment companies. RBI has however said that it will use the learnings of this round of licensing and in future grant permissions 'on tap'.

"The in-principle approval granted will be valid for a period of 18 months, during which time the applicants have to comply with the requirements under the guidelines and fulfil the other conditions as may be stipulated by RBI," the central bank said in a statement. On being satisfied that the applicants have complied with the requisite conditions laid down by it as part of in-principle approval, RBI would grant a banking licence.

Bandhan first MFI to turn into universal bank

TNN | Aug 24, 2015, 06.18AM IST

KOLKATA: The country's youngest lender Bandhan Bank kicked off operations on Sunday with a loan book of Rs 10,500 crore, 501 branches and 1.43 crore account holders. The bank has started business with a paid-up capital of Rs 2,750 crore, against the minimum prescription of Rs 500 crore, and plans to raise an additional Rs 480 crore by issuing shares to the International Finance Corporation (IFC) and the Government of Singapore Investment Corporation (GIC).

Bandhan, which started as an NGO in 2001 and later turned into a microfinance institute, is the first MFI to become a universal bank. Its operations will be divided into two sectors: microbanking and general banking, offering complete retail financial solutions with different types of savings and loan products. The interest rate for the savings bank account has been fixed at 4.25 per cent for a balance up to Rs 1 lakh and 5 per cent for balance above Rs 1 lakh. For term deposits, the maximum interest rate has been fixed at 8.5 per cent for one to three years, with an additional 0.5 per cent for senior citizens. Chandra Shekhar Ghosh, founder-MD and CEO, Bandhan Bank, said, "Our business philosophy is 'customer first'. We are a universal bank and we will have equal respect for all our customers - big and small. Bandhan has opened 60,000 accounts after it started its operations. In the first day of its banking operations, Bandhan received about Rs 80 crore deposits."

Bandhan is the first private lender launched in Bengal in six decades since bank nationalization, started offering zero-balance savings accounts from day one. Praising Bandhan's financial inclusion initiative, finance minister Finance minister Arun Jaitley, who inaugurated the bank in Kolkata on Sunday, said Bengalis are known for intellectual qualities but Ghosh has proved that they can be good entrepreneurs as well. "I hope this will lay the foundation stone for Bengali entrepreneurship."

Among others present at the launch were West Bengal finance minister Amit Mitra, Kotak Mahindra Bank vice-chairman and MD Uday Kotak, World Bank country director (India) Onno Ruhl, GIC, Singapore MD and Asia head Maverick Wong, IFC South Asia director Alemayehu Mengistu and Bangladesh central bank governor Atiur Rehman, among others.

Jaitley also advised people to stay away from unscrupulous financial institutions. "With banks like Bandhan around, people should now save money with banks," he said, appreciating Bandhan's focus on small and medium industry financing. Bandhan, which has 2,022 service centres, plans to expand its network from 50 ATMs to 250 and raise its branch count to 632 branches in 27 states by the end of 2015-16. The bank's base rate for the time being would be 12 per cent. The high base rate is owing to its dependence on bank funds so far.

The bank currently has 71 per cent branches in rural India, of which 35 per cent are in unbanked rural pockets. The bank, which is based out of Bengal, has 220 branches in the state, followed by Bihar (67), Assam (60), Maharashtra (21), Uttar Pradesh (20) and Tripura (20), and Jharkhand (15).

Ghosh said Bandhan, which received RBI's final nod to commence its banking operations in June this year, would initially stay away from corporate lending and only concentrate on rural unbanked areas and offer regular banking services to low and middle income households, especially in the eastern India.

Country set for a start-up revolution: Arun Jaitley

The Hindu, MUMBAI, August 18, 2015

The Union Finance Minister Arun Jaitley on Tuesday said that the country was witnessing a start-up revolution and to harness the potential of India's innovators and entrepreneurs, a vibrant financial ecosystem was essential. "The Government is trying to bridge the gap between policy and implementation," said Mr. Jaitley, while inaugurating the India Aspiration Fund and SIDBI 'Make in India' Loan for Enterprises (SMILE) of SIDBI here.

There are millions of people who will no longer have to rely on passbook, and cheque will become outdated due to mobile wallet, says Arun Jaitley (centre), Union Minister of Finance. Jayant Sinha (right), Minister of State for Finance and Arundhati Bhattacharya, Chairman, SBI, are also seen.

"India Aspiration Fund is intended to play a vital role in this financial ecosystem," he added.
He mentioned that the Fund is expected to catalyse tens of thousands of crore of equity investment in start-ups and MSMEs, creating employment for lakhs of persons, mostly educated youth, over the next 4-5 years.

India Aspiration Fund, is a fund-of-fund managed by Small Industries development Bank of India (SIDBI) which is India's principal financial institution for the promotion, financing and development of the Micro, Small and Medium Enterprises (MSME) sector.

Mr. Jaitley also launched two funds by Small Industries Development Bank of India (SIDBI), a fund of funds with total corpus of Rs.12,000 crore. The funds are Rs.2,000-crore India Aspiration Fund (IAF) and SIDBI Make In India Loan For Enterprises (SMILE) scheme with an investment size of Rs.10,000 crore.
Fund amounting to R. 20,000 crore has been sanctioned by the MUDRA Bank and we are targeting to take it to Rs.1 trillion," Mr. Jaitley said.
The idea behind the launch of SMILE scheme is to provide soft loans in the nature of quasi-equity and term loans on relatively soft terms to MSMEs to meet the required debt-equity ratio norm as also for pursuing opportunities of growth by existing MSMEs, a SIBDI release said
LIC has also agreed to be a partner and co-investor in the India Aspriation Fund.

While speaking on the occasion, Jayant Sinha, Minister of State for Finance mentioned the importance of the start-up ecosystem and India's stellar position at number three in terms of start-ups launched.

He said very soon, India was expected to take over the U.K. in terms of start-ups launched and would be behind only to the U.S. "India is an inspirational country and the entrepreneurs are doing a wonderful job. With the launching of these schemes, we are adding fuel to that."

India's foreign reserves grows by $1.8 billion, after two weeks of fall

IANS | Aug 22, 2015, 06.18PM IST

MUMBAI: After two weeks of consecutive falls due to plunging gold prices and international currency devaluations, India's foreign exchange (forex) reserves gained $1.08 billion in the week ended August 14.
The reserves for the week under review stood at $354.43 billion after falling by $321.1 million since July 31.
For the week ended August 7, the reserves had declined by $113.5 million to $353.34 billion.
The data furnished by the Reserve Bank of India (RBI), in its weekly statistical supplement showed that the foreign currency assets (FCAs) rose by $1.03 billion to $330.83 billion.
The FCA which constitutes the largest component of forex reserves includes nearly 20-25 per cent of non-dollar currencies, securities and bonds bought abroad.
The major catalyst for the earlier FCA losses was the devaluation of yuan, intended to boost Chinese exports.
China's central bank devalued yuan by two percent on August 11. This was the biggest devaluation in the Chinese currency since 1994.
The currency fell again by another two percent on August 12 panicking the world economy.
The move strengthened the dollar value, which has negatively impacted major world currencies including the Indian rupee which has touched new 2-year lows recently.
The yuan has fallen by 4.6 percent till now since August 11.
At the same time, the country's gold reserves were stagnant at $18.25 billion in the week under review. The reserves had plunged by $824.2 million in the week ended July 31.
The plunge in bullion reserve value came about after the international prices steadily declined as a result of dollar gaining strength.

Kellogg plans first R&D unit in India

Times of India: August 17, 2015

Chennai: World's largest cereal maker, the $14.6-billion Kellogg Company, wants to triple the size of its Indian business. Kellogg India is a roughly Rs 800-crore company, contributing 10% to the parent's Asia-Pacific revenues, making the country its fastest growing market in the region. The plan is to take this contribution to 20% in five years.

Considering that Kellogg India is growing in double-digits, the Michigan-based parent is making large investments in manufacturing and also plans to set up its first R&D facility in the country at Taloja, near Mumbai. Emerging markets like India are key to Kellogg Company, whose second quarter earnings fell 24% from a year ago, with persistent weakness in its core US cereal market.

After making an investment of $60 million in its second manufacturing plant at Sri City (Andhra Pradesh), Kellogg Company is already planning to set up a third cereal facility in India in 3-4 years. The company expects the demand to grow in the wake of changing breakfast habits in India.

In an exclusive interview to TOI, John Bryant, chairman & CEO, Kellogg Company, said: "In the last 12-18 months, we invested about $100 million in India, which gives the potential size of opportunity here."

Bryant said the cereal category in India is at an inflection point with consumers looking for healthier and convenient alternatives. "We had one cereal facility for the last 20 years and we have opened a second one, and expect that in three or four years, we should be opening our third one to accelerate our growth. In the next several years, we should triple the size of the business in India," he said.

With an R&D facility in India, Kellogg Company is looking to improve upon its technical capability to make products specifically for India. The idea behind promoting Indian innovations follows the success of flavoured oats, which hinged on the insight that Indian consumers have different taste preferences, which veer towards a savoury breakfast.

Kellogg India is often critiqued for the long time it took to reach the current size since it started operations in 1994. Over the last few years, however, the pace of growth has accelerated. India got noticed as an important market when Kellogg's global board met in Mumbai — the fourth venue after the US, the UK and Canada — two years back.

Bryant, who also interacted with consumers here — and learnt how their aspirations were largely pivoted around their children — said breakfast was the hardest part to change a habit. "Once you break into the habit, you have a wonderful opportunity to drive consumption."

Besides cereal, Kellogg is also keen on bringing its snacking brands, such as Pringles, to India, a market which currently does not truly reflect the global portfolio. Globally, Kellogg is the second largest maker of cookies, crackers and snacks. "In the next several years, we could have a big footprint in snack as well as cereal. We could be much bigger in India across the entire portfolio," said Bryant.

Bryant's visit coincided with Nestle India being slapped with Rs 640-crore damages suit by the government. When asked whether Kellogg Company was worried about the turn of events around Maggi, which faced a ban in India, Bryant said: "We would never like to see a situation like this. We have a very strong programme and processes in place to absolutely safeguard on food."

Although he did not specifically comment on Maggi, Bryant said safety was a top priority for Kellogg Company globally, given that "every time our board of directors meets, I present on food safety".

Australia's FAL Food and Beverages to enter India

Livemint: August 18, 2015

Australia’s FAL Food and Beverages, which makes the Coco Joy, Juiced Up and Aqua Hero beverages, on Monday said it would set up its first Indian factory within three years, which will serve several countries.

“We’ll start with Coco Joy coconut water and the entire Coco Joy range will be introduced in India over next four to six months. Eventually, we’ll bring our entire portfolio of brands,” Tim Xenos, chief executive, FAL Food and Beverages, said in a phone interview.

The products will be priced upmarket, but below the premium segment.The firm is likely to spend $9-10 million in India to set up its distribution and retail presence, said Xenos. “The manufacturing facility will require more than $5 million,” said Xenos. The company hopes to have an initial production capacity of 12,000-15,000 units per hour and may double it over a period of time. It will require about five acres for a production unit. “India will be the hub for manufacturing. Besides meeting the captive demand, we would export to the US, Australia, neighbouring countries like Bangladesh and Sri Lanka and nations that have free trade agreements with India,” Xenos said.

At present, FAL has three manufacturing units across Malaysia and Saudi Arabia. The maker of low-calorie, low-sugar and fat-free food and beverages sells in Australia, New Zealand, Malaysia, the US and China. FAL Food and Beverages is a part of FAL Holdings, which has a presence in 17 countries across West Asia, Australia, the US, Europe and China.

“India is the most important market for us. Though we are entering India today, we see revenue from India reaching $100 million in a few years,” said Xenos.

The firm will operate through a fully-owned subsidiary and set up its own distribution network. FAL Food and Beverages hopes to close the next fiscal year with $100 million sales, from $35 million at present.

The nutraceuticals market, including nutritional food and beverages, in India is estimated at around $2.8 billion at present and is projected to cross $6.1 billion by 2020, according to a study released on Monday, jointly conducted by the Associated Chambers of Commerce and Industry of India and market research firm RNCOS.

FAL will start with modern trade retail and grocers across metro markets in India, besides online marketplaces as an alternative route, said FAL’s India business head Jasmeet Khanna.

For brand promotion, FAL will leverage its global co-branding alliance with Disney in India as well. Former cricketer Vivian Richards endorses Coco Joy. FAL’s other global co-branding alliances include Manchester City Football Club, Melbourne City Football Club and New York City Football Club. “Once we set up our presence, we’ll look at developing branding properties in India as well,” said Khanna.

Germany's Linde Group to invest $200 million in Andhra Pradesh

IANS | Aug 22, 2015, 06.45PM IST

Germany's Linde Group plans to invest $200 million in freezing of sea food and adding value to exports in Andhra Pradesh, which tops in fisheries production in India.

The Linde Group officials, who met chief minister Chandrababu Naidu in Vijayawada on Friday, said that the company also has a base in Gujarat and is looking for a strong base in Andhra Pradesh.

"Andhra Pradesh has a long coast and has strong production of sea food. We want to support you in freezing of sea food and add value to exports. We are looking to invest over $200 million," said Linde Group's CEO Wolfgang Buchele.

According to a statement from the chief minister's office, Buchele explained Linde Group's expertise in cryogenic freezing of food, international gases market and engineering expertise in supporting olefin plants, natural gas plants and air separation plants, as well as hydrogen and synthesis gas plants.

Linde's executive board member Sanjiv Lamba said that the group is also interested in petroleum, chemical and petrochemicals investment region (PCPIR) and auto components.

Lamba said that the company is also interested to set up an air-circulation plant, a lab and an academy that will train the personnel required for supporting food processing.

Explaining the advantages of Andhra Pradesh, Naidu said that the government is planning to make it the logistics hub of southeast Asia. He advised the company officials to send their team to study the agriculture and allied activities in the state and identify business opportunities.

The chief minister said that the Linde Group can also work on cold storage facilities in 13 food parks that are coming up across the state.

World Bank arm International Finance Corporation (IFC) is looking to invest over $20 Mn in Singapore-based early stage venture capital fund, Jungle Ventures.

http://inc42.com/flash-feed/ifc-to-invest-20-mn-in-jungle-ventures/

Jungle Ventures had announced its plans to raise $80 Mn for its second VC fund last week to invest heavily across startups in India, Singapore and other Asian countries.

According to ET, the $20 Mn investment by IFC will be fragmented such that, $10 Mn will be invested in Jungle Ventures’ second VC fund

and another $10 Mn will be reserved for co-investment.
Launched in 2012, Jungle Ventures' new fund will invest in Series A and Series B stages in startups working in internet mobile, analytics, health technologies, financial technologies.
However, spokesperson of Jungle Ventures, in an emailed response said, "Jungle has not made any such announcement and neither do they want to comment."
According to industry experts, with top investors like Accel Partners, Kalaari Capital and SAIF Partners raising new funds, venture capital investors will raise around $3 Bn to bet on next generation of emerging businesses.
Early stage venture capital firm, Jungle Ventures, has been very active this year in India. The fund appointed David Gowdey, as a Managing Partner to support high growth ventures in consumer internet and enterprise technology. Jungle Ventures also roped in Ratan Tata, Chairman Emeritus of the Indian Conglomerate, earlier as a Special Advisor to back more startups across Asia with its second fund.
The International Finance Corporation (IFC) is an international financial institution that offers investment, advisory and asset management services to encourage private sector development in developing countries. Observing the trend of how startups are attracting bigger funds with their disruptive ideas, overseas VC firms have become hyperactive in their investments.

Make in India: US offers to jointly manufacture fighter jets with India

By ET Bureau | 15 Aug, 2015, 01.57AM IST

The US can help India fill a key gap in its defence architecture by collaborating with it to build the planes that are needed to safeguard the country's airspace, ambassador Richard Verma said. He also said that the two countries had taken joint action against a "high-profile hacking group" operating in India.
"India faces a critical shortage of frontline fighter aircraft to patrol its skies and keep its airspace safe," the US ambassador to India said at an Observer Research Foundation event in Delhi on Friday. "Expanding our bilateral defence cooperation could help address that challenge. I see no reason why the United States and India cannot build fighter aircraft together, right here in India."
Prime Minister Narendra Modi may meet President Barack Obama for the second time this year during his trip to the US in September. ET reported August 10 that this may take place on Modi's way back from San Francisco as the two leaders seek to enlarge bilateral ties that have gained significant momentum since the Obama's trip to India in January.
If it happens, this meeting will take place ahead of the first Indo-US Strategic and Commercial Dialogue in Washington. External affairs minister Sushma Swaraj and commerce minister Nirmala Sitharaman will lead India at the dialogue, which was upgraded to a strategic and commercial dialogue from a bilateral strategic dialogue at January's Obama-Modi meeting.
Verma said Friday that the US and India have been pioneers in the digital domain and should continue to work together to combat threats through information sharing. "For example, we recently provided information on a high-profile hacking group operating from India, enabling our two countries to take concerted action against these threats," Verma said.

Global electronic companies line up Rs 90K cr for India plants

PTI, New Delhi

The government has received Rs 90,000-crore investment proposals in the last two months for electronics manufacturing in India, with both local and foreign firms showing significant interest in making mobile phones.
"About Rs 90,000 crore worth of proposals were received in the last two months. There is hardly any company, which has not shown interest to manufacture in India," said Ajay Kumar, additional secretary in the communications ministry.
India is already the fastest-growing

smartphone market and is now becoming the manufacturing hotspot for mobile phones, he added.

About Rs 1.10 lakh-crore worth of proposals have been received in the last 1 year from various companies for electronics manufacturing under the modified special incentive package scheme. Of this, over 80% have materialised in the last two months.

“There is significant interest in mobile phones. Now we are seeing a lot of players are coming in, both Indian companies and foreign ones. They are increasing their presence here,” Kumar said.

Global companies, including Airbus, Phillips, Thomson, Samsung, LG and Flextronics, have shown interest to make in India. According to CyberMedia Research, 24.8% of smartphones sold in the country during the April-June quarter were made locally, up 19.9% from the preceding quarter.

In the past few weeks, Xiaomi and Motorola, along with Lenovo, have commenced assembling smartphones in the country through contract manufacturing by Foxconn and Flextronics, respectively.

Bosch to make more products in India

Business Standard: August 26, 2015

New Delhi: Munich-headquartered home appliances major Bosch & Siemens is considering manufacturing more products in India in the next three years, as the demand for premium home and kitchen appliances surges. On Tuesday, said it was increasing its presence in the country by introducing new global range of products.

Gunjan Srivastava, managing director and chief executive of Bosch & Siemens Household Appliances Manufacturing, said, "In the past one year, we have grown 70 per cent compared with the industry's 20 per cent growth." This growth had lead us to consider local manufacturing, Srivastava said.

"The plan is to consolidate our position in both built-in and stand-alone home appliances," said Srivastava.

"People who are upgrading their lifestyle and want their kitchen to be a part of their living room are the target customers. Siemens has been the driver in this segment across the world and that is what we are trying to replicate here," Srivastava said. The $ 13.2 billion company has 43 manufacturing units across Europe, the US, Latin Americas and Asia.

Fitbit sees India as one of its top five markets globally

Livemint: August 26, 2015

New Delhi: Fitness-tracking device maker Fitbit Inc. expects India to be among its top five markets in the next 12-24 months on back of a strong demand for health monitoring devices in the country.

San Francisco-based Fitbit, which was valued at about $6.5 billion in its public market debut in June on the New York Stock Exchange, launched on Tuesday its fitness wristbands in India across 300 towns as part of a strategy to grow beyond the home market.

“The US is currently three quarters of our total revenues but the international segment is growing much faster,” Fitbit’s chief revenue officer Woody Scal said on Tuesday. He did not say what his expectations of Indian revenues are. “The market here is still in its infancy,” he said.

Important markets for Fitbit include western Europe, Canada, Hong Kong and Japan, among the 50 countries it is present in.

Fitbit, which was made available online in India through Amazon India in June, will now be available progressively through September at offline stores, such as Reliance Digital, Croma and Helios.

According to Scal, lifestyle changes and increase in chronic diseases are making health and fitness trackers more relevant around the world.

Singapore’s GIC May Acquire Stake In Indian Renewable Energy Developer Greenko

http://cleantechnica.com/2015/08/17/singapores-gic-may-acquire-stake-indian-renewable-energy-developer-greenko/

Another Indian renewable energy project developer may be on the acquisition radar of international investors. Singapore government’s investment arm, GIC, is reported to have entered into an agreement with Greenko Group Plc for the $253 million acquisition of Greenko Mauritius, believed to be the direct owner and developer of several renewable energy and power assets in India. Greenko owns several power plants in India based on wind, hydro, biomass, and natural gas power technologies, with its largest footprint in the wind energy sector. The company operates over 800 MW power capacity, including 5 wind energy projects across multiple states in India.

The company is reportedly looking to expand its presence in the Indian renewable energy and clean energy market through inorganic growth in the hydropower sector and is looking to acquire assets in that market segment. Last year, the company had acquired a 70 MW hydro power project and two small-hydro power projects of 5 MW capacity each. In India, hydro power projects up to 25 MW capacity are only categorised as renewable energy projects.

In the medium to long-term the company is also planning to aggressively expand its own power generation capacity. Greenko has pledged to add 9.9 GW of renewable energy capacity over the next 5-7 years. This would include 3 GW of solar power capacity, 5.9 GW of wind energy capacity, and 1.09 GW of small hydro and biomass power capacity.

Over the last few months several international companies have either completed acquisitions or announced plans to do so in India. SunEdison acquired Continuum Wind Energy for an estimated price of $600 million; French renewable energy company ENGIE (formerly GDF Suez) had announced plans to acquire majority stake in Kiran Energy Solar Power (a solar power developer) for about $180 million; and Enel Green Power is also planning to invest $140 million in another renewable energy project developer – Bharat Light & Power

DBS to Soft Launch Mobile Banking in India

Press Trust of India | Last Updated: August 24, 2015

Singapore: Singapore's DBS bank which has branches in major cities of India will soft launch its digital/mobile online banking in the country this week, a top official of the bank said on Monday.

"We want to do a soft launch this week for digital/mobile online banking in India. The first launch will be with some of our clients," DBS group chief executive officer (CEO) Piyush Gupta told PTI on the sidelines of "CEO Roundtable on Manufacturing Opportunities in 'New' India" in Singapore.

"We wanted to do (the mobile banking) in one of the big countries. We chose India for its enabling eco-system for electronic payments. The (Indian) enabling architect is so friendly for such launch," he said, adding that India was chosen after evaluating it along with China and Indonesia.

The phase by phase soft launch will be spread across DBS's locations in 12 Indian cities, including Mumbai, Delhi, Kolkata, Chennai, Bangalore and Pune, from end of next month.

The offline launch will be done in a few months of time. He said DBS network expansion in India will also include 60-70 new branches on getting approval for setting up wholly-owned subsidiaries from the Reserve Bank of India.

"We hope to get the approval in the coming months. Our agenda is that India should be a bigger part of our business. It is still under less than five per cent of our total group business," he said.

Mr Gupta stressed that DBS's strategy is to spend the next couple of years focusing on digital space, especially pointing to the surge in e-commerce among other electronic systems in India.

"Once the wholly-owned subsidiary approval comes, we will start expanding our branch network to about 60-70 branches," said Mr Gupta.

Indian executives presented industry and business prospects at the roundtable, organised by the Singapore-based strategy consultant services company Apex Avalon Consulting.

"China has made India a key market," said Avalon Consulting India's executive director Sridhar Venkiteswaran who gave an insight into the Indian auto component industry and the "strong Chinese interests" in establishing businesses and manufacturing in India.

"The logistics business in India is prospering at 13-15 per cent a year as the country industrializes," said Ravi Chandran, executive director of TVS Logistics Services Ltd.

Vinod Sharma, managing director of Deki Electronics, called on the businesses executives at the roundtable to manufacture and assemble mobile phones in India and enjoy lower tariff rates than to import for local marketing and face higher duties.

"Look at India from the demand perspective," said Mr Sharma as the speakers assured delegates at the roundtable of improving business environment in the Indian market with the government driven business-friendly reforms being implemented.

'Spore's Chinese entrepreneurs could lead investment in India'

Press Trust of India | Singapore Aug 26, 2015

There is a need to change the perception of India being a "difficult market" for Singaporean Chinese entrepreneurs who could lead the next wave of the city-state's investments in India, a top executive of India's leading asset management firm has said.

"We need a genuine Singaporean Chinese entrepreneur to come and succeed in India and be a role model for Singapore's private sector investors including the small and medium enterprises," Managing Director of UTI Asset Management Company Ltd Leo Puri told PTI yesterday.

He cited the example of major private sector corporations from China and Taiwan having ventured into the Indian market.

"Historically, the Chinese family-owned businesses have not found it that easy to understand India. But I think that perception has to change," he said, adding that there seems to be a cultural misunderstanding.

Puri stressed that a Chinese family-owned heavyweight corporation, being an industry champion in the city-state, should lead the next wave of Singapore investment into India.

So far, it has been state-owned and -linked groups, led by Temasek Holdings, Singapore Airlines and banking heavyweight DBS. He appreciated that DBS is stepping up its presence in India which can act as a "very big catalyst" for others to be in the Indian market.

Puri, who addressed the first CEO Roundtable on Manufacturing opportunities in 'New' India on Monday, pointed out that India was not that different market from Indonesia, saying there was a need to change the perception of India being a difficult market for Singapore Chinese entrepreneurs.

"Once that perception has changed, we would see the Chinese family-owned businesses, which are very important in Singapore, venturing into India. We need a champion from the Singapore Chinese businesses," he continued.

A powerful message from a champion of Singapore Chinese businesses, as a role model, will lead the city-state's small and medium-sized enterprises to India, Puri said.

"Our government would welcome such financial propositions," Puri said, who leads UTI Mutual Fund in a wide range of fund raising programmes to support India's massive infrastructure development.

UTI Group, which is celebrating its 50th anniversary, has USD 36 billion worth of Assets Under Management. Out of this, the UTI International business presently manages USD 3.9 billion. It has two Ireland domiciled UCITS funds, one each for Indian fixed income and Indian equities. These UCITS funds are distributed by most of the leading private banks in Singapore.

MARKETS

Sebi to ease rules for infrastructure investment trusts

Livemint: August 21, 2015

Mumbai: The Securities and Exchange Board of India (Sebi), on Thursday proposed to ease norms for infrastructure investment trusts (InvITs) as a way to encourage firms to unlock capital.

In September 2014, the capital markets regulator had allowed firms to launch real estate investment trusts (REITs) and InvITs to help cash-strapped developers get easier access to funds while creating a new investment avenue for institutions and wealthy individuals. However, infrastructure companies have been slow to respond as they sought a relaxation in rules and clarity on taxation.

Some of these concerns have been addressed in the proposed amendments put out by Sebi on Thursday.

Under the new rules, the minimum commitment amount by sponsors in InvITs has been reduced from 25% to 10%. In other words, the company that promotes a trust can hold as little as 10% of the units issued by the trust.

Explaining the relaxation, Sebi said a minimum 25% sponsor commitment may limit monetization and reduce release of capital. “Further, in certain circumstances, this may lead to sponsor putting money, out of its own pocket, in the InvIT so as to maintain the required 25% stake. This would be very onerous at the part of the sponsor,” Sebi said in the paper.

FORTHCOMING EVENTS >>>> *INDIA*

I. Kids India 2015

Date: 24-26 September, 2015

Venue: Bombay Convention & Exhibition Centre (BCEC), Mumbai (India)

Organizer: The Sports Goods Export Promotion Council (SGEPC)

Contact : Mr. Atul Kumar **(**Officer- Trade Operations) Tel:+91-11-23516183 Fax: +91-11-23632147 ;www.sportsgoodsindia.org ;www.toysindia.in

Details: The Sports Goods Export Promotion Council (SGEPC) offers a reimbursement programme for International buyers who visit 'Kids India 2015' . Under this scheme, the cost of economy class return airfare will be reimbursed by SGEPC to the visiting buyer. In addition, complementary hotel stay for two nights can also be offered, depending on the cost of ticket reimbursed.

II. 30th India Carpet Expo

Date: 11-14 October, 2015

Venue: Varanasi, India

Organizer: Carpet Export Promotion Council (CEPC)

Contact : www.indiancarpets.com

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

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

III. INDIASOFT 2016

Date: 10-11 March 2016

Venue: Mumbai, India

Organizer: Electronics and Computer Software Export Promotion Council (ESC)

Contact : www.indiasoft.org

Details: There will be around 150 Indian IT companies displaying a world of innovations in various verticals of IT including Software Development, Software products Embedded Systems, Information Security, Web & Mobile Marketing, Cloud Computing, IoT/ M2M, etc. Under the "Focus ASEAN" Programme of the Department of Commerce, Government of India, the Export Promotion Council would bear economy class excursion air fare of selected software companies provided the selected companies are genuine software companies who have not participated in earlier INDIASOFT events .The visiting delegate will have to make his/her stay arrangements.

FORTHCOMING EVENTS >>>> *INDIA*

IV. India Engineering Sourcing Show (IESS 2015)

Date: 24-26 November, 2015

Venue: Bombay Convention & Exhibition Centre (BCEC), Mumbai (India)

Organizer: Ministry of Commerce & Industry, Government of India & EEPC India

Contact : Mr. D. D. Roy (EEPC India) Tel : + 91 33 2289 0651/52/53 , Email: droy@eepcindia.net , URL : www.iesshow.in

Details: salient features of IESS 2015 are as follows: 400 Exhibitors / 500 Overseas Buyers / 10000 Trade Buyers ; Overseas Delegations; Dedicated B2b Sessions With Overseas Buyers; Dedicated Vendor Development Programmes; Global Sourcing Seminars; Display Of New Age Technologies; EEPC India is offering an attractive package to the participating delegates . Participants are required to register online at the earliest. Please refer to www.iesshow.in for further details.

TENDER NOTICES >>>> *INDIA*

Tender invitation for supply of Microprocessor Controlled Land Gravimeter and Microprocessor Controlled Proton Precession Magnetometer

Mineral Exploration Corporation Limited , URL: www.mecl.gov.in

Closing Date : 14th September, 2015

Tender invitation for supply of appx.1,00,000 Kits (Subject to upward/downward variations) of Components for Behind the Ear (Digital) Hearing Aid consisting of "Amplifier Assembly, Receiver Assembly, Microphone Assembly and Housing Pair Assembly"

Artificial Limbs Manufacturing Corporation of India , URL: www.artlimbs.com

Closing Date : 14th September, 2015

Tender invitation for Supply of following equipments :

- **SITC of New Captive Earth Station at AIR Silchar, Dehradoon, Tiruchirapalli, Darwad & Madurai/Vijaywada**
- **SITC of TDM Based Audio Router at AIR, Delhi**

All India Radio , URL: www.allindiaradio.gov.in

Closing Date : 7th September, 2015

Notifications

Securities and Exchange Board of India

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

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

Change in investment conditions for FPI investments in Government Debt Securities

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

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

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

Ministry of Corporate Affairs

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

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

Reserve Bank of India

Export of Goods and Services – Project Exports

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

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

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

Overseas Investments by Alternative Investment Funds (AIF)

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

Ministry of Finance

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

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

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

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

GSLV Successfully Launches India's Latest Communication Satellite GSAT-6

http://www.isro.gov.in/update/27-aug-2015/gslv-successfully-launches-india%E2%80%99s-latest-communication-satellite-gsat-6

In its ninth flight (GSLV-D6), India's Geosynchronous Satellite Launch Vehicle, equipped with the indigenous Cryogenic Upper Stage (CUS), successfully launched GSAT-6, the country's latest communication satellite, into a Geosynchronous Transfer Orbit (GTO). The achieved orbit is very close to the intended one. The launch took place from the Second Launch Pad at the Satish Dhawan Space Centre SHAR (SDSC SHAR), Sriharikota, the spaceport of India. This was the fifth developmental flight of GSLV and the third to carry the indigenous CUS. GSLV-D6 was intended to further test and qualify the CUS developed by ISRO.

FAQs on Foreign Investments In India

The fortnightly FAQs will broadly cover the following areas

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

I. Foreign Direct Investment (FDI)

Q.What will be the role of Regional Office of RBI?
Ans: Where the statutory auditor has given qualified report about the downstream investment, RO shall take action to ensure compliance in consultation with the Central Office.

Q.Since the instructions were issued by RBI in 2013 for the period commencing from February 13, 2009, how to ensure compliance retrospectively?
Ans: As regards investments made between February 13, 2009 and the date of publication of the FEMA notification i.e. June 21, 2013, Indian companies shall be required to intimate, within 90 days from the date of this circular, through an AD Category I bank to the concerned Regional Office of the Reserve Bank, in whose jurisdiction the Registered Office of the company is located, detailed position where the issue/transfer of shares or downstream investment is not in conformity with the regulatory framework now being prescribed. Reserve Bank shall consider treating such cases as compliant with these guidelines within a period of six months or such extended time as considered appropriate by RBI in consultation with Government of India.
ROs shall forward such consolidated statement to the Central Office with their comments for ensuring compliance with the instructions.

Source: RBI

For Feedback & Comments, please contact:
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