SIDELINES

Air Chief Marshal RKS Bhadauria visits Singapore

Air Chief Marshal RKS Bhadauria met Dr Ng Eng Hen, Minister for Defence, Singapore on the sidelines of Singapore Airshow 2020.

High Commissioner joined Minister Chan Chun Sing and MP Melvyn Yong at the annual Thaipusam festival in Singapore

TOP NEWS

Key Policy Announcements

Manufacturing

• Electronics and medical devices: It is proposed to announce a scheme to boost the manufacture of mobile phones, electronic equipment and semi-conductor packaging. With suitable modifications, this scheme can be adapted for the manufacture of medical devices as well. • It is proposed that all Ministries, issue technical quality standard orders to promote “Zero Defect-Zero Effect” manufacturing. • Textiles: A National Technical Textile Mission is proposed with an outlay of INR 14.80bn over four years to cut down imports of technical textiles to India.

Infrastructure

Transport

The budget aims to improve overall transport infrastructure such as railways, inland waterways, roads, highways and airports and provide huge impetus to connectivity while bridging the gap between remote and urban areas. Some announcements include the following:

• To redevelop four railway station projects under PPP. • To set up a Kisan Rail through PPP model, with refrigerated coaches in express and freight trains. • To develop 100 more airports to support the UDAN scheme. • To monetise 10 lots of highway bundles of over 6000 km before 2024. • In the proposed 148km Bengaluru Suburban transport project, the Central Government would provide 20% of equity and facilitate external assistance up to 60% of the project cost.

Logistics
• It is proposed to introduce a new National Logistics Policy in order to augment the competitiveness of the domestic movement of goods. • It is proposed to create warehousing, in line with the Warehouse Development and Regulatory Authority norms. VGF will also be provided for setting up efficient warehouses at the block/ taluk level. • It is proposed to corporatise and list at least one major port on stock exchanges.

Power

• It is proposed to set-up large solar power capacity alongside rail tracks on railway land. • It is proposed to allocate INR 220bn for power and renewable energy sector and the Government has urged State Governments to implement smart meters. • It is proposed to operationalise a scheme to enable farmers to set-up solar power generation capacity on their fallow/ barren lands and to sell it to the grid. • It is proposed to close power plants that are old and exceeding carbon emission norms. The land could be used for alternative purposes.

Corporate law

• To ensure contract enforcement, it is proposed to strengthen the Contracts Act. • It is proposed that laws, including the Companies Act, be examined to remove criminal liability for acts that are civil in nature.

MSME empowerment

• To provide impetus, the RBI proposes to extend the debt restructuring window for MSMEs by a year to 31 March 2021. • It is proposed to launch an app-based invoice financing loans product. This will obviate the problem of delayed payments and consequential cash flow mismatches for the MSMEs. • It is proposed to make amendments to the Factor Regulation Act, 2011 to enable NBFCs to extend invoice financing to the MSMEs. • It is proposed to introduce a scheme to provide subordinate debt for entrepreneurs of MSMEs. This subordinate debt to be provided by banks would count as quasi equity and would be fully guaranteed through the Credit Guarantee Trust for the Medium and Small Entrepreneurs. • Restructuring of debt by MSME may extend till 31 March 2021. • Turnover threshold for audit is proposed to be increased from INR 0.01bn to INR 0.05bn for MSME. The increased limit shall apply only to those businesses that carry out less than 5% of their business transactions in cash, thus giving a boost to digital transactions.

Technology sector

• Data Infrastructure: It is proposed that a policy will soon be announced to enable the private sector to build data centre parks across the country. • It is proposed to promote knowledge-driven enterprises for the creation and better protection of IP through a digital platform. • It is proposed to set-up knowledge translation clusters across different technology sectors including new and emerging areas. For designing, fabrication and validation of proof of concept and further scaling up of technology clusters, harbouring such test beds and smallscale manufacturing facilities would also be established. • The Government recognises the potential of quantum technologies in computing, communications and cyber security with widespread applications. It is thus proposed to introduce a National mission on Quantum Technology and Computing with an allocated budget of INR 80bn for five years.

Financial Services

Foreign investments

• To promote greater participation by FPIs, the Government proposes to increase the investment limit for FPI to 15% (currently 9%) of the outstanding stock of corporate bonds. • To enable sourcing ECB and FDI to deliver higher quality education. • Certain specified categories of investment in Government securities to be fully opened for NR investors.

Financial markets

• To formulate legislation to establish a mechanism for netting of financial contracts to expand the scope of credit default swaps. • A new Debt-ETF consisting primarily of Government securities to be floated, given its recent experience of floating debt-based ETF. • The Government proposes to sell a part of its holding in LIC through an IPO. • The Government proposes to sell balance holding of the Government of India in IDBI Bank to private/ retail/ institutional investors through the stock exchange.

Banking/ NBFC

• To permit the DICGC to increase Deposit Insurance Coverage for depositors for a deposit up to 0.5 m (currently, 0.1m). • Reduce the limit for
NBFCs to be eligible for debt recovery under SARFAESI Act, 2002, to asset size of INR 1bn (currently, INR 5bn) or loan size of INR 5m (currently, INR 10m). • NABARD re-finance scheme to be expanded for NBFCs active in the agricultural credit space. All eligible beneficiaries of PM-KISAN will covered under the KCC scheme. • Proposed to amend the Banking Regulation Act to strengthen Cooperative Banks (increase professionalism, enable access to capital and improve governance and oversight for sound banking through the RBI). • The Government proposes to devise a mechanism to support the liquidity constraints faced by NBFCs/ HFCs under the Partial Credit Guarantee Scheme formulated for NBFCs. • The Government to take appropriate measures to increase transparency and professionalism in public sector banks. • New scheme of INR 10bn to be anchored by EXIM Bank together with SIDBI to boost exports by mid-size companies in certain sectors.

Others
• Currently, only specified categories of investors such as NRIs and OCI can purchase Government securities among other instruments. It is proposed to allow non-resident investors to invest in specified categories of Government securities. This proposal is made to deepen the bond market through an improved flow of capital in the financial system. • Currently, the limit for FPI in corporate bonds is fixed at 9% of the outstanding stock of corporate bonds. It is proposed to increase this limit to 15% of the outstanding stock of corporate bonds. • Leveraging on the success of the Bharat Bond ETF (launched in December 2019), it is proposed to float a new debt-based ETF, primarily, for trading in Government securities. • To expand the scope of credit default swaps, it is proposed that a new legislation be formulated to lay down the mechanism for the netting of financial contracts. • To strengthen PFRDAI, it is proposed to carry out necessary amendments in the PFRDAI Act, which will also facilitate the separation of NPS trust for Government employees from the PFRDAI. This would also enable the establishment of a Pension Trust by employees other than the Government.

GIFT city
• International Bullion exchange(s) proposed to set up in in GIFT City, as an additional option for trade by global market participants. • Rupee derivatives have been permitted by the Government and the RBI to be traded in the IFSC at GIFT City. • Government has indicated that GIFT City has the potential to serve as a centre for high-end data processing.

MSME
• Amendments proposed to the Factor Regulation Act, 2011, to enable NBFCs to extend invoice financing to MSMEs through the TReDS platform. • The RBI has been asked to consider extending the restructuring window available to MSMEs until 31 March 2021 (currently expiring on 31 March 2020). • App-based invoice financing loans product to be launched to obviate the problem of delayed payments and consequential cash flows mismatches for MSMEs. • To resolve working capital challenges, it is proposed to introduce a scheme to provide subordinate debt for entrepreneurs of MSMEs. This subordinate debt would be treated as quasi-equity and would be fully guaranteed through CGTMSE.

India Inc's foreign investment jumps 40 per cent to US$ 2.10 billion in January

According to the data by the RBI, the investments made by Indian firms in foreign countries in January 2020 increased by nearly 40 per cent to US$ 2.10 billion on a yearly basis.

Investment made by the Indian companies in their overseas ventures in same month a year ago stood at US$ 1.47 billion. January investments were higher than US$ 1.99 billion in December 2019, showed the RBI data on ‘Outward Foreign Direct Investment (OFDI)’ Out of the total capital invested by the India Inc in January 2020, US$ 793.82 million was in the form of equity capital, US$ 368.55 came in as debt capital, whereas the rest US$ 890.75 million was through the issuance of guarantee.

Among the major investors were Bharti Airtel Ltd which invested in US$ 247.5 million in its wholly owned subsidiary (WoS) in Mauritius, Serum Institute of India also invested US$ 226.07 million in a WoS in the Netherlands and Allcargo Logistics US$ 88.08 million in a wholly owned unit in Belgium.
Restoring inclusive and sustainable growth in India

The Business Times, Fri, Feb 14, 2020 - 5:50 am by Jawed Ashraf, High Commissioner of India to Singapore

INDIA’S annual federal budget, presented on Feb 1, was watched with interest – not just as a fiscal instrument for steering Asia’s third largest economy but also for economic reforms measures amid a slowdown in economic growth.

The budget addresses twin objectives: It reinforces the ongoing process of economic transformation and inclusive development launched in 2014. It also seeks to revive economic growth in a manner that is fiscally sustainable and addresses the underlying causes. The Reserve Bank of India’s monetary policies are also supportive of growth, while keeping an eye on inflation.

The context bears mentioning. Over the five years to 2019, India’s economic growth averaged 7.4 per cent a year. Inflation, fiscal deficit and external current account deficit declined. Foreign direct investment (FDI) reached record levels of US$284 billion.

There has been unprecedented progress on empowerment and inclusion that has given tens to hundreds of millions access to bank accounts, insurance, pension, micro-credit, homes, sanitation, electricity and affordable health care. Major reforms for the industry have been accompanied by the evolution of the world’s largest public digital infrastructure. These are transforming the economy and changing lives in myriad ways.

Prime Minister Narendra Modi led the government’s return to office with a larger mandate in May 2019. Since then, policy attention has turned to reviving economic growth. This budget builds on measures announced over the year to boost consumer demand, lift investment, expand infrastructure, ease credit and restore the health of the financial sector, as we aim for a US$5 trillion economy in the next few years.

Government capital spending will grow 21 per cent this year, mostly on expanding infrastructure. Beyond that, the government is investing US$3 billion in two infrastructure vehicles to generate additional US$15 billion for infrastructure.

Consumer spending will benefit from reduction in personal income tax rates, cheaper loans, a special stress fund to revive stalled housing projects and extension in tax benefits to buyers and developers of affordable homes.

Corporate tax rates have been slashed to 22 per cent, and to 15 per cent for new domestic companies. The Dividend Distribution Tax has been removed. The Goods and Services Tax has been rationalised and reduced, resulting in a 10 per cent reduction in overall tax incidence. “Make in India” will benefit from the rationalisation of customs duties that addresses the tariff inversion problem and an open FDI regime. The Insolvency and Bankruptcy Code is contributing to the recovery of loans, unlocking productive assets back into the economy and improving corporate environment.

The budget emphasised wealth creation as a fundamental objective, but not just from the big corporates and cities. It seeks to generate enterprise and innovation in each of the over 700 districts and the rural sector, key to both inclusion and employment.

RANGE OF SCHEMES

There is also a range of schemes as measures to improve access to credit and working capit-
tal. This is in addition to special schemes for the micro, medium and small-scale sectors. The tax regime has been made more generous for the world’s third largest startup ecosystem. With an eye to the future, the government has allocated US$1.2 billion for five years for a National Mission on Quantum Computing and Applications.

The financial sector has been under stress. It has, therefore, received the maximum attention in the past year. Around US$50 billion has been injected into the public sector banks (PSBs) in recent years, including US$10 billion early in the second term. PSBs have been consolidated. The budget builds on a slew of recent measures to restore the health and liquidity of non-bank finance companies.

New measures for deepening the bond market will increase access to finance. Some of the measures will benefit foreign investors, such as eligibility to invest in certain government securities and the increase in limit of Foreign Portfolio Investment (FPI) in corporate bonds from 9 to 15 per cent of total. Last year, overall FPI investment limits in companies were substantially raised, and the range of investment avenues expanded. This budget further extends concessional withholding tax rates on interest income for foreign investors. A new measure introduces 100 per cent tax exemption on dividends, interest and capital gains for sovereign wealth funds for investments infrastructure and certain other sectors up to 2024.

Indeed, this budget reinforces the broader trend of enhancing the role of private sector and foreign investors. This year, high profile disinvestments have been announced – in line with the bold vision presented in the budget of 2019 on disinvestment in Central Public Sector Enterprises. Disinvestment is not principally motivated by fiscal needs. It is part of a vision of a more efficient and productive economy. Furthermore, this budget signals Public Private Partnership not just in infrastructure, but also in areas such as hospitals and agriculture logistics.

The focus on reviving growth is accompanied by undiminished emphasis on inclusion and empowerment, with a new national US$50 billion mission of bringing potable water to all, record outlay on affordable health care, a comprehensive 16-point agenda for agriculture, a more ambitious target for affordable rural homes and sharp increase in allocations for programmes for religious minorities. Taking India’s digital revolution further into the villages, Fibre to the Home connections will link 100,000 village councils. Higher education has received significantly higher outlays, and the sector has also been opened for foreign investments and external borrowings.

**TEMTATION TO SPEND**

As growth slowed, there is temptation to spend our way to growth. But that has its perils, as the past decade showed us. Fiscal prudence remains a touchstone. With a generous scheme to settle old direct tax disputes, we expect to maintain fiscal deficit within target range.

Growth will return. The underlying determinants – demography, size, scale, governance, policy, human resources, innovation and enterprise – point to that. The disruptions of path breaking reforms are behind us.

But, our objective is equally to fundamentally change its direction – clean up the economy, make it healthy, resilient, innovative, efficient, more integrated and digitalised, more inclusive and sustainable. The Centre cannot do it alone. States will be partners in this endeavour. And – above all – industry, farmers and workers are equal stakeholders.

More needs to be done and will follow. This Budget, however, keeps India on course to achieve our long-term vision as we head into the 75th year of Independence in 2022.
Services PMI rises to 7-year high at 55.5 in January

IBEF: February 06, 2020

The IHS Markit India Services Business Activity Index stood at 55.5 in January 2020, up from 53.3 in December 2019, denoting a strong start for service sector. This also signalled the strongest upturn in output for seven years. The fastest growth in new orders and output in seven years was boosted by the increase in demand. Thus, as a result, job creation was sustained and business optimism maintained, as per the latest IHS Markit Services PMI report. The Composite PMI Output Index increased from 53.7 in December to a seven-year high of 56.3 in January. January data showed that growth of private sector activity moved up a gear, along with the broad-based accelerations across manufacturing and services. A sudden wave of new businesses was the main factor that accelerated the growth. According to IHS Markit, aggregate sales increased at the sharpest pace since January 2013, with quicker increases evident at goods producers and service providers. 

Reuters added, "The Indian service sector sprung to life at the start of 2020, defying expectations of fragility and building on to the momentum gained at the end of 2019," Ms Pollyanna De Lima, principal economist at IHS Markit, said, "With business revenues rising, service providers continued to increase capacity to meet further strong growth in sales. This is good news for jobseekers, particularly when we consider the results from the manufacturing industry which showed the steepest upturn in employment since August 2012." The encouragement to the firms to maintain a strong hiring rate was also provided by a sub-index that keeps a track of new business. This sub-index also reached to its highest since January 2013.

Though, the new export business, an indicator of foreign demand, declined last month, falling to its lowest since May 2018 on weaker demand from China, the United States and Europe. This pressure could increase further amid growing global risks from China’s coronavirus epidemic which has rapidly spread to other countries and claimed nearly 500 lives, nearly all in mainland China. Furthermore, prices charged by service firms increased at the fastest pace in nearly two years after a sharper rise in input costs forced businesses to transfer some of the inflationary pressure to consumers. This suggests overall inflation could remain above the Reserve Bank of India’s medium-term target of 4 per cent, making it difficult for the central bank to ease monetary policy further.

"One worrying development, however, was the trend for inflation. This may translate into quicker increases in selling prices in months to come, which may curb sales," Ms De Lima said. "Firms could also choose to restrict hiring in order to protect profit margins."

Though, the index remained well below the expected long-term average, service providers are optimistic about growth in the year ahead. Another survey on Monday showed factory activity accelerated at the fastest pace in eight years last month which, along with the strong expansion in services activity, pushed a composite index to 56.3, its highest since January 2013.

Ease of Living Index and Municipal Performance Index 2019 Launched

IBEF: February 10, 2020

To help assess the progress made in cities through various initiatives and empower them to use evidence to plan, implement & monitor their performance, two Assessment Frameworks, viz. Ease of Living Index (EoLI) and Municipal Performance Index (MPI) 2019 have been launched by the Ministry of Housing & Urban Affairs. Both these indices are designed to assess quality of life of citizens in 100 Smart Cities and 14 other Million Plus Cities. With the Municipal Performance Index 2019, the Ministry has sought to assess the performance of municipalities based on five enablers namely Service, Finance, Planning, Technology and Governance which have been further divided into 20 sectors which will be evaluated across 100 indicators. This will help Municipalities in better planning and management, filling the gaps in city administration, and improving the liveability of cities for its citizens. 

Ease of Living Index is aimed at providing a holistic view of Indian cities - beginning from the services provided by local bodies, the effectiveness of the administration, the outcomes generated through these services in terms of the liveability within cities and, finally, the citizen perception of these outcomes. The key objectives of the Ease of Living Index are four-folds, viz. a) generate information to guide evidence-based policy making; b) catalyse action to achieve broader
developmental outcomes including the SDG; c) assess and compare the outcomes achieved from various urban policies and schemes; and d) obtain the perception of citizens about their view of the services provided by the city administration. EoLI 2019 will facilitate the assessment of ease of living of citizens across three pillars: Quality of Life, Economic Ability and Sustainability which are further divided into 14 categories across 50 indicators.

All participating cities have appointed nodal officers whose responsibility is to collect and collate the relevant data points from various departments both within and outside of the ULB and upload the same along with supporting documents in the exclusive web portal designed for this purpose. This portal was formally launched by Shri Durga Shanker Mishra, Secretary, Ministry of Housing and Urban Affairs, Government of India, on the 19th of December 2019.

The Ministry has made several provisions for providing assistance to cities in this process of collection, collation and uploading of data. There is a central helpdesk which is used by nodal officers to seek process - specific and indicator specific clarifications and assistance as and when required. There are also 50+ assessors who have been posted on the ground to work with the nodal officers to collect and collate information from various departments, as well as to assist in uploading data and documents to the specifications of the assessment protocol.

For the first time, as part of the Ease of Living Index Assessment, a Citizen Perception Survey is being conducted on behalf of the Ministry (which carries 30 per cent of the marks of the Ease of Living Index). This is a very important component of the assessment exercise as it will help in directly capturing perception of citizens with respect to quality of life in their cities. This survey, which is being administered both online and offline, has commenced from 1st February 2020 and will continue till 29th February 2020. The offline version involving face-to-face interviews will commence on the 1st of February and will run parallel to the on-line versions. The same is being promoted through bulk SMS push as well as extensive coverage in social media.

The Union Minister for Finance & Corporate Affairs, Smt Nirmala Sitharaman, has said that entrepreneurship has always been the strength of India and our young men and women have been contributing to India’s growth with their entrepreneurial skills. She was presenting the Union Budget 2020-21, in Parliament, today. We recognise the knowledge, skills and risk-taking capabilities of our youth and they are no longer job seekers, but they are job creators, she added.

The Finance Minister proposed setting up of an Investment Clearance Cell that will provide “end to end” facilitation and support to create more opportunities to youth and remove roadblocks. She also proposed to develop five new smart cities in collaboration with States in PPP mode and such sites would be chosen that offer the best choices in terms of aforementioned principles.

In order to incentivise the investment by the Sovereign Wealth Fund of foreign governments in the priority sectors, Nirmala Sitharaman proposed to grant 100 per cent tax exemption to their interest, dividend and capital gains income in respect of investment made in infrastructure and other notified sectors before 31st March, 2024 and with a minimum lock-in period of 3 years. To make available foreign funds at a lower cost, she also proposed to extend the period of concessional withholding rate of 5 per cent under section 194LC for interest payment to non-residents in respect of moneys borrowed and bonds issued up to 30th June, 2023. The Finance Minister proposed to extend the period up to 30th June, 2023 for lower rate of withholding of 5 per cent under section 194LD for interest payment to Foreign Portfolio Investors (FPIs) and Qualified Foreign Investors (QFIs) in respect of bonds issued by Indian companies and government securities.

The Finance Minister proposed to further consolidate the gains in order to make India more attractive Foreign Direct Investment (FDI), destination. She said the Government will examine suggestions of further opening up of FDI in aviation, media and insurance sectors in consultation with all stakeholders. 100 per cent FDI will be permitted for insurance intermediaries and local sourcing norms will be eased for FDI in single brand
Growing inflows of FDI rebounding of portfolio flows from net outflow to net inflow and receipt of robust remittances, all showing up in higher accretion of foreign exchange reserves, which as on end December 2019 stood at US$ 457.5 billion. Net FDI inflows have continued to be buoyant in 2019-20 (April - November) attracting US$ 24.4 billion as against US$ 21.2 billion, which is a reflection of a global sentiment that increasingly believes in India's growth story and reform measure being undertaken by the Government.

Ms Nirmala Sitharaman said that India needs to manufacture networked products that will make it apart of global value chains. This in turn gets more investment and generates more employment for youth. She further said that electronics manufacturing industry is very competitive and the potential in job creation is immense. She further said that India needs to boost domestic manufacturing and attract large investments in the electronics value chain. She proposed a scheme to encourage manufacture of mobile phones, electronic equipment and semi-conductor packaging.

In order to support footwear and furniture manufacturing which come under the MSME sector the Union Minister for Finance & Corporate Affairs, Ms Nirmala Sitharaman announced that customs duty is being raised on items like footwear (from 25 per cent to 35 per cent on footwear and from 15 per cent to 20 per cent on parts of footwear) and furniture (from 20 per cent to 25 per cent). She said that special attention has been given to put measured restraint on import of those items which are being produced by our MSMEs with better quality. She stressed that labour intensive sectors in MSME are critical for employment generation. Cheap and low-quality imports are an impediment to their growth, the Finance Minister said.

To achieve the twin objectives of giving impetus to the domestic medical equipment industry and also to generate resource for health services, the Finance Minister proposed to impose a nominal health cess (at the rate of 5 per cent), by way of a duty of customs, on the imports of medical equipment keeping in view that these goods are now being significantly made in India. The proceeds from this cess shall be used for creating infrastructure for health services in the aspirational districts, Ms Sitharaman said.

She referred the Prime Minister's call from Red Fort about quality and standards when he spoke of "Zero Defect-Zero Effect" manufacturing. All Ministries, during the course of this year, would be issuing quality standard orders, she added. It is the vision of the Prime Minister that each District should develop as an export hub. Efforts of the Centre and State governments are being synergised and institutional mechanisms are being created.

**39 Mega Food Parks and 298 Integrated Cold Chain Projects sanctioned under Pradhan Mantri Kisan Sampada Yojana (PMKSY)**

The Ministry of Food Processing Industries (MoFPI) has sanctioned 39 Mega Food Parks and 298 Integrated Cold Chain Projects throughout the country to fill in the gaps across the value chain and establishing the Cold Chain Grid. The MoFPI is focusing on building cold chain infrastructure across the country, for seamless transfer of perishables from production to consumption areas, through the Pradhan Mantri Kisan Sampada Yojana (PMKSY), which comprises of component schemes namely (i) Integrated Cold Chain and Value Addition Infrastructure, (ii) Mega Food Park, (iii) Creation of Backward & Forward Linkages, (iv) Creation/ Expansion of Food Processing and Preservation Capacities (v) Agro Processing Clusters and (vi) Operation Greens. These schemes aim at arresting post-harvest losses of horticulture and non-horticulture produce by encouraging the creation of cold storages/ primary processing/ and transportation facilities across the country.

**India's Organic Food Business expected to reach; Rs75,000 Crores by 2025**

With an aim to empower women and promote organic produce, Ministry of Food Processing Industries (MoFPI) is organizing a National Organic Festival with a special focus on women entrepreneurs, said Smt Harsimrat Kaur Badal, Union Minister for Food Processing Industries (FPI). Announcing the 3-day long Food festival, during a press meet in New Delhi today, FPI
Minister shared that more than 150 women Entrepreneurs and Self Help groups (SHG’s) from all over the country will be exhibiting their organic products in various segments such as fruit & vegetables, ready to eat Products, Spices and condiments, Honey, cereals, dry fruits etc. Smt Pushpa Subrahmanyam, Secretary in the Ministry was also present.

In order to boost the organic products and promote women entrepreneurship in the area of production and processing of organic products, the MoFPI and Ministry of Women and Child Development (MoWCD) have joined hands for organizing a three-day festival from February 21-23, 2020 at Jawaharlal Nehru Stadium, New Delhi.

The festival cum exhibition that is being held under the theme “Unleashing India’s Organic Market Potential” will be inaugurated by Smt Harsimrat Kaur Badal, Minister of Food Processing Industries. Women entrepreneurs and SHGs from all over the country will be exhibiting their organic products in various segments such as fruit & vegetable, ready-to-eat products, spices and condiments, honey, cereals, dry fruits, beverages, medicinal plants, oil and value-added products like jam, jelly, murabba, chutney etc. Entrepreneurs and SHGs from 24 states are participating in the festival.

Apart from showcasing the organic products, the event will focus on facilitating business linkages and empowering women entrepreneurs through pre-arranged B2B and B2G meetings. Other softer elements of the exhibition will include, organic food quiz, live culinary sessions, Chef speaks, cultural events, nukkad natak etc.

Smt Harsimrat Kaur Badal shared that the Ministry of Food Processing Industries (MoFPI) and Ministry of Women and Child Development (MoWCD) have recently signed an MoU to help women entrepreneurs get connected with Government financial schemes like MUDRA (Micro Units Development and Refinance Agency), Startup India and also meet the compliance needed for being competitive in the global market.

Skill development capacity building training programs for women entrepreneurs and SHGs will be organized to facilitate post-harvest management, value addition and new innovations towards enhancing production efficiency as well to impart comprehensive knowledge about various aspects of the supply chain of organic products. Training on packaging, marketing and innovations on renewable energy will also be imparted to help the producers cater to a broader consumer base. Training on organic certification and FSSAI regulations will be organized as well to familiarize producers with the regulatory processes.

Awareness sessions for consumers on benefits of incorporating organic in daily diet will be held. Also, success stories of entrepreneurs will be highlighted in an exclusive segment. For facilitating business linkages and empowering women entrepreneurs through financial inclusion pre-arranged B2B and B2G meeting will be organized during the exhibition, said the Union Minister.

Talking about the benefits of the Organic food, Smt Harsimrat Kaur Badal said: “How your food is grown or raised can have a major impact on your mental and emotional health as well as the environment. Organic foods often have much more beneficial nutrients, such as antioxidants, than their conventionally grown counterparts”

**India’s Organic Market Potential**

With ninth largest World’s Organic Agricultural land and largest number of producers India is fast growing in the organic food segment. India produced around 1.70 million MT (2017-18) of certified organic products which includes all varieties of food products namely Oil Seeds, Sugar cane, Cereals & Millets, Cotton, Pulses, Medicinal Plants, Tea, Fruits, Spices, Dry Fruits, Vegetables, Coffee etc.

On the demand side, increasing disposable incomes, increasing awareness around health and wellness and increasing acceptability are driving the growth in the organic food segment which is expected to grow at a CAGR of 10 per cent during the period 2016-21.

At the same time the demand for Indian organic food products is on constant increase worldwide with India exporting organic products worth US$ 515 million in 2017-18 with organic products being exported to USA, European Union, Canada, Switzerland, Australia, Israel, South Korea, Vietnam, New Zealand, Japan etc. The major demands under the organic product category are for oil seeds, cereals & millets, sugar, fruit juice concentrates, tea, spices, pulses, dry fruits, medicinal plant products etc.

As per the Indian Organic Sector – Vision 2025 report, India’s organic business has immense potential to reach the Rs 75,000 crore (US$ 10.73 billion) mark by 2025 from Rs 2,700 crore (US$ 386.32 million) (in 2015).
ONGC, IOC, other oil PSUs to invest Rs 98,521 crore in FY21

IBEF: February 03, 2020

ONGC, IOC and other oil PSUs plans to invest over Rs 98,521 crore (US$ 14.10 billion) in the coming fiscal starting from April 1. This investment will be focused in exploring for oil and gas, refineries, petrochemicals and laying pipelines to meet needs of the world's fastest-growing energy consuming nation.

According to Budget 2020-21 documents, this investment proposed in 2020-21 is around four per cent higher than Rs 94,974 crore (US$ 13.59 billion) spending by the state-owned oil firms in the current fiscal year ended on March 31st.

The Oil and Natural Gas Corp (ONGC) leads the pack with a 19 per cent rise in its capital spending at Rs 32,501 crore (US$ 4.65 billion). This investment is focused in finding new reserves of oil and gas and bringing to production discoveries it has already made. It is developing discoveries on both east and west coast of the country.

ONGC Videsh Ltd (OVL), which is the top oil producer's overseas arm, intend to invest almost 10 per cent more at Rs 7,235 crore (US$ 1.04 billion) in oil and gas operations abroad. Indian Oil Corp (IOC), which is the country's top oil refiner, will increase its spending to a 17.4 per cent reaching Rs 26,233 crore (US$ 3.75 billion) with the bulk of it in expansion and upgrade of its seven refineries that produce fuel.

The company also plans to double the investment in its petrochemical business to Rs 3,387.5 crore (US$ 484.69 million) while its exploration spends quadruples to Rs 2,150 crore (US$ 307.63 million). The privatisation-bound Bharat Petroleum Corp Ltd (BPCL) has proposed a 14 per cent increase in its capital spending at Rs 9,000 crore (US$ 1.29 billion), out of which two-third will be in its core refining business.

Since most of its pipeline grid expansion projects are nearing completion, Gas utility GAIL India Ltd will not witness any major increase in its investments at Rs 5,412 crore (US$ 774.36 million). The investment by Hindustan Petroleum Corp Ltd (HPCL), a subsidiary of ONGC, will be same as previous year at Rs 11,500 crore (US$ 1.65 billion) in FY21.

The nation's second-largest oil producer, Oil India Ltd, will invest Rs 3,877 crore (US$ 554.73 million) next year as compared to Rs 3,675 crore (US$ 525.83 million) in current fiscal. The expansion plans of national natural gas pipeline network to 27,000 km from the present 16,200 km was laid down by Finance Minister Nirmala Sitharaman in her second budget along with the pricing reforms as the government is looking at providing boost to the use of environment-friendly fuel.

A target of raising the share of natural gas in primary energy basket to 15 per cent by 2030 from current 6.2 per cent has been set by the government. The key to achieving this target is connecting the gas sources to consumption hubs. Currently, most of the gas pipelines are concentrated in the western and northern part of the country with a few lines in the east and south.

"To deepen gas markets in India, further reforms will be undertaken to facilitate transparent price discovery and ease of transactions," Ms Sitharaman had said. Presently, the price of natural gas produced domestically is fixed by a formula that averages out rates in gas surplus nations such as Russia and the US.

She added without giving an exact timeline, "Further, it is proposed to expand the national gas grid from the present 16,200 km to 27,000 km".

Govt targeting US$ 80-billion exports in next five years: Official

IBEF: January 31, 2020

In the next five years, the Government of India is targeting at US$ 80 billion of jewellery exports from the present level of US$ 40 billion, as per the statement by a senior official.

The jeweller industry is expected to generate additional employment of 2 million, said Ms Rupa Dutta, Economic Advisor, Ministry of Commerce.

At present, sector provides employment to around five million people.

She added, "Jewellery exports is targeted to touch US$ 80 billion in the next five years. In the 2018-19 fiscal, the country exported US$ 40 billion worth of jewellery".

Ms Dutta said that this fiscal year, jewellery exports growth witnessed a decline due to the global slowdown.

"We hope to maintain the level of exports at US$ 40 billion in 2019-20, if not more," she said, speaking at the ground-breaking ceremony of eastern India's first Common Facility Centre (CFC) here.

According to Ms Dutta, CFCs for jewellery trade
Mr Maier said the cars from the new platform will carry a high degree of location, approximately more than 90 per cent helping the company to remain competitive.

To take on the SUV segment, company plans to launch Taigun whereas on the other hand, Skoda's car from the same platform presently offers the code name Vision IN. This will mark the company's entry into the smaller-sized SUV segment, which has been one of the most popular categories in the market.

Though, the Indian market provides opportunities for global car manufacturers, policy certainty is required from the side of the government. The company also plans to introduce electric cars in line with government policy. Though, Mr Maier added that first issue of charging infrastructure and buyer subsidies need to be addressed then the company will enter the market.

**Volkswagen to invest Rs 8,000 crore in 2nd bet on India**

*IBEF: February 05, 2020*

Volkswagen (VW) plans to invest Rs 7,900 crore (US$ 1.13 billion) despite the present slowdown in the Indian market. This will be companies second investment in the country focused on taking a market pie, which is considered as one of the bright spots in the global automotive world.

The company plans to launch SUVs, sedans, electric vehicles and mini cars in the next few years to succeed in India this time after many failed attempts. VW plans to beat the competition by becoming completely local, said, Mr Bernhard Maier, the global CEO of VW. Currently, Skoda is the leader in the segment.

Mr Maier added, "India is one of the most promising markets in the world, but it is also one of the most competitive. We want to be hyperlocal here this time and get the right products at the right prices to win our share here". The company launched two new SUVs in India.

Skoda, which arrived in the country in 1999, has been the oldest company in the group, while, the parent company VW matrix arrived around 2010 with an investment of US$ 1 billion.

Although, the company achieved a low single-digit number against its 20 per cent target. The partnership along with other companies like first with Japan's Suzuki (who owns Maruti) and then with the local player Tata Motors didn’t led to any positive result leading the company to go solo for its second start.

Mr Maier said the cars from the new platform will carry a high degree of location, approximately more than 90 per cent helping the company to remain competitive.

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**Ford unveils innovation centre in Chennai**

*IBEF: February 07, 2020*

Ford inaugurated its technology and innovation centre at Ford's Global Technology and Business Centre (GTBC) campus in SIPCOT SEZ. This centre was inaugurated by Tamil Nadu Chief Minister Mr Edappadi K Palaniswami in the presence of Mr Michael Brielmaier, President and MD, Ford India.

The centre is spread across 15,000 sq. ft. and has a capacity to house around 10,000 employees. According to the company's press release, this centre highlights the importance of Tamil Nadu to Ford and reaffirms the company's commitment to India by providing job opportunities to people here.

There are many facilities available for the automotive sector at the centre such as simulation labs for virtual models and testing; extended/virtual reality labs to aid in advancement of manufacturing simulations; artificial intelligence and machine learning capabilities; and a component and vehicle lab for design, development and testing, says the press release.

Mobility Experience Lab is one of the features of the innovation facility. The lab consists of simulations for Ford's Office Ride, an app-based shared mobility solution for corporate employees, which reached over five million rides since its launch in mid-2018.
Ford's mobility team, which leads the company's work in connectivity, mobility and autonomous vehicles, also has a presence at Chennai's GTBC.

START UP SNIPPETS

Start up Funding

- **Firstcry**
  In one of the biggest funding rounds, Pune-based baby products marketplace Firstcry has raised $296 Mn (INR 2120 Cr) in Series E funding from Softbank’s Vision Fund. The recent investment is the first tranche of the total $400 Mn funding which has been committed by SoftBank, according to the filings. The additional INR 703 Cr ($100 Mn) has been reserved by SoftBank to be invested on the second anniversary of the transaction in January 2021. With this funding, Firstcry has entered the unicorn club.

- **Innovaccer**
  Noida and San Francisco-based healthcare data analytics startup, Innovaccer, has raised $70 Mn in Series C funding round from Steadview Capital, Tiger Global, Dragoneer, Westbridge, Mubadala and Microsoft’s venture fund M12. Innovaccer plans to use the latest funds to strengthen its Data Activation Platform. The company believes that this will facilitate improvement in the processes that digitise healthcare for providers, payers and patients.

- **Pepperfry**
  Mumbai-based online furniture and home products marketplace Pepperfry has raised $40 Mn in a funding round led by Pidilite Industries, which makes the Fevicol lineup of products. As per media reports, the round is still not closed and Pepperfry could add more investors before closing the round.

- **MoEngage**
  Bengaluru-based online tutoring startup Vedantu has raised $24 Mn in a Series C funding round led by global investment firm GGV Capital. The edtech startup’s existing investors also participated in the round. Vedantu plans to use this funding to invest in “brand leadership” and also expand into new categories such as tutoring for students studying in kindergarten to fifth grade. The company believes that it can influence the experiences of young learners from metros and small-town India by bringing them fun and engaging courses.

- **Chaayos**
  Food chain Chaayos has raised $21.5 Mn in a mix of equity and debt in its Series B funding round. Chaayos founder and CEO Nitin Saluja said that the company will invest the funds to expand the store network. “We’ll hire a few more senior people, and invest more in technology,” Saluja added.

- **SimSim**
  New Delhi-based video commerce platform SimSim has raised $8 Mn in Series B round from Accel Partners and Shunwei Capital. The seven month old startup will utilise the funds to invest in technology, improving network, and adding more users.

- **CYFIRMA**
  Singapore-headquartered cybersecurity startup CYFIRMA, which has operations in Bengaluru, has raised Series A funding round from early-growth private equity fund Z3 Partners. While the company has not disclosed the funding amount, sources close to the development told *Inc42* that CYFIRMA has raised $3 Mn in this round. The funds will be used for the development of CYFIRMA’s cyber-intelligence analytics platform, adding functionalities, that will improve its predictive capabilities.
Transforming India: All Sectors

INDIA NOW TOP DEFENCE EXPORTER
Defence Exports Up 7-Fold In Last 3 Years

Value of Export

<table>
<thead>
<tr>
<th>Year</th>
<th>2016-17</th>
<th>2017-18</th>
<th>2018-19</th>
<th>2019-20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Crore</td>
<td>1521.91</td>
<td>4682.36</td>
<td>10745.77</td>
<td>21287.45</td>
</tr>
</tbody>
</table>

India now exports defence products to 42 countries.

ENSURING HEALTHY MOTHER AND CHILD
Scaling Up Vaccination with Mission Indradhanush

3.61 crore children
and 91.45 lakh pregnant
women vaccinated

Implemented across 690
districts in 36 State and UTs

Immunization coverage
in the country is now
92.2%

FAST-TRACKING RESOLUTION PROCESS WITH INSOLVENCY AND BANKRUPTCY CODE

<table>
<thead>
<tr>
<th>Year</th>
<th>Recovery rate</th>
<th>Time taken in recovery</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>26.5%</td>
<td>4.3 Years</td>
</tr>
<tr>
<td>2019</td>
<td>71.6%</td>
<td>1.6 Years</td>
</tr>
</tbody>
</table>

SECURING LIVES OF ANNADATAS

PM KISAN extended to all eligible families irrespective of size of land holdings

8.46 Cr farmers have benefitted till now

4 instalments of Rs 2000 transferred totalling 223.85 Cr as on 22/12/2019

TOWARDS DOUBLING FARMERS’ INCOME
Multi-faced Support to Farmers During FY 2019-20

PM Kisan Mothi Dhen Yojana launched
10,10,832 beneficiaries registered

Hike in MSP of crops for 2019-20 Season
Local equals 50% for rice, 65% for wheat.

421 new mandals approved for integration under the e-NAM

PM Kisan Samman Nabh Rojgar Yojana launched
248,857 Cr released
Benefitting 83.2 Cr farmer families

Hike in MSP of crops for 2019-20 Season
50%-65% for krishna crops, 50% for jowar crops.

421 new mandals approved for integration under the e-NAM
FORTHCOMING EVENTS >>>> INDIA

I. INTERNATIONAL ENGINEERING SOURCING SHOW

**Date:** 4-6 March, 2020

**Venue:** Coimbatore, India

**Organizer:** Engineering Exports Promotion Council

**Contact:** [https://www.iesshow.in/overseas-buyer/](https://www.iesshow.in/overseas-buyer/)

**Details:** IESS is home to one of the biggest hosted buyer seller meets in India with over 700 focused B2B meetings held consistently over the last 8 editions. The event will have opportunities for global co-operation in buying from India, exploring Technology Transfer opportunities with Indian companies, Explore business alliances with Indian companies for joint ventures, Explore “Investment Opportunities” from India.

II. IMC India Calling 2020

**Date:** 5th to 7th March 2020

**Venue:** Taj Lands End, Mumbai.

**Organizer:** Contact: [https://www.imcnet.org/events-568](https://www.imcnet.org/events-568)

**Contact:** [http://www.iotindiaexpo.com/](http://www.iotindiaexpo.com/)

**Details:** The IMC India Calling 2020 Conference will provide comprehensive understanding of opportunities, projects and policies in India for investment and collaboration in the areas of Smart Infrastructure (opportunities in key component of smart cities in digital era like securing cities, smart mobility, smart parking, intelligent transport networks for urban transport, best practices from across India, solid and water waste management, Smart health and sanitation and others) and Green Technology (renewable energy, electric vehicles and batteries, green building and lighting, green composting, and others). The participation will also provide a great platform to network with executives and decision makers of Indian Companies and of government authorities relevant to the focus areas of the Conference.

III. J&K GLOBAL INVESTORS’ SUMMIT

**Date:** 26-27 May, 2020

**Venue:** Srinagar and Jammu, India

**Organizer:** Jammu Kashmir Trade Promotion Organization (a Government of J&K Undertaking)

**Contact:** [http://www.jktpo.in/activitiesdet.aspx?id=6](http://www.jktpo.in/activitiesdet.aspx?id=6)

**Details:** The Summit is being held with an aim to exhibit investment opportunities available in the newly formed UT of J&K in tourism, film tourism, horticulture, post harvest management, agro and food processing, mulberry production for silk, health and pharmaceuticals, manufacturing, IT/ ITes, renewable energy, infrastructure and real estate.
Notifications

Securities and Exchange Board of India

Circular on investments by AIFs incorporated in IFSC

Guidelines for Liquidity Enhancement Scheme (LES) in Commodity Derivatives Contracts

Ministry of Corporate Affairs

Companies Amendment Rules, 2018
http://www.mca.gov.in/Ministry/pdf/CompaniesXBRL0803rule_15032018.pdf

Reserve Bank of India

Change in Bank Rate

Priority Sector Lending (PSL) – Classification of Exports under priority Sector

Expanding and Deepening of Digital Payments Ecosystem

Department of Industrial Policy & Promotion

Industrial Policy Statement 1991

Consolidated FDI Policy Circular of 2017
DRDO Signs Technology Development Contract with Rosoboronexport Russia

IBEF: February 10, 2020

High Energy Materials Research Laboratory (HEMRL) is the DRDO laboratory working in the development of spectrum of high energy materials required for missiles, rockets and guns.

During DefExpo 2020, HEMRL, Pune signed technology development contract with Rosoboronexport, Russia for development of Advanced Pyrotechnic Ignition Systems. Director HEMRL Shri KPS Murthy informed that this would enable advancement in the field of energetic materials and pyrotechnic technology leading to the development of advanced ignition systems. This technology development will facilitate design and development of state of art solid rocket motors for upcoming products. These products will be based on compact and energy efficient propulsion systems.

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: What is meant by Foreign Investment, Foreign Direct Investment and Foreign Portfolio Investment?

Answer: Foreign Investment means any investment made by a person resident outside India on a repatriable basis in capital instruments of an Indian company or to the capital of an LLP. Foreign Direct Investment (FDI) is the investment through capital instruments by a person resident outside India (a) in an unlisted Indian company; or (b) in 10 percent or more of the post issue paid-up equity capital on a fully diluted basis of a listed Indian company. Foreign Portfolio Investment is any investment made by a person resident outside India in capital instruments where such investment is (a) less than 10 percent of the post issue paid-up equity capital on a fully diluted basis of a listed Indian company or (b) less than 10 percent of the paid up value of each series of capital instruments of a listed Indian company.

Source: RBI

For Feedback & Comments, please contact:
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URL : www.hcisingapore.gov.in