ISSUE
155
30 November 2014
FORTNIGHTLY
BIZ E– NEWSLETTER

India Focus

this issue

Swachh Bharat Kosh P.2
FPI inflows hit $4 billion ...P.2-3
E-visa for 43 nations...P.3
Gold import curbs eased, 80:20 scheme P.3
Goldilocks year for India....P.7
RBI issues norms for small finance banks P.8
Notifications P.18

Govt. aims at 10 crore bank accounts

New Delhi, November 28, 2014

Of the 7.64 crore bank accounts opened under the Pradhan Mantri Jan Dhan Yojana (PMJDY) so far, 5.74 crore have no deposits. A total of Rs. 6,015 crore is held in the remaining 1.9 crore accounts. Thus, the average deposit in each of these is Rs. 3165.78.

Finance Minister Arun Jaitley has raised the target for opening of PMJDY bank accounts by the next Republic Day to 10 crore, according to an official release issued here on Thursday.
The new target will amount to opening of one account for each household in the country. The target was originally set at 7.5 crore bank accounts.
The Finance Minister also asked the officers that Aadhar card numbers may be seeded with bank accounts so that the subsidies payments can be made into them through the Direct Benefit Transfer scheme, the release said.
Keywords: PMJDY bank accounts, Finance ministry

TOP NEWS » ECONOMY

India can grow at 9%, become $10 trillion economy: PwC

PTI | Nov 24, 2014, 06.49PM IST

NEW DELHI: India has the potential to achieve 9 per cent growth rate and become a $10 trillion economy by 2034 on the back of concerted efforts by the corporate sector and a constructive role played by the government, a PwC report said on Monday. "India is on the cusp of major change ... For India to take the winning leap and grow its GDP by 9 per cent per annum to become a $10 trillion economy, a concerted effort from corporate India, supported by a vibrant entrepreneurial ecosystem and a constructive partnership with the government will play a critical role," said the PwC report, 'Future of India — The Winning Leap'.
Up to 40 per cent of India's $10 trillion economy of 2034 could be derived from new solutions, it said. "The world economic picture is pretty challenging in the next 12-18 months. Having said that we are talking about all the opportunities that are here in India and they are significant," PricewaterhouseCoopers (PwC) International Ltd chairman Dennis Nally said after releasing the report. "I think with the right type of collaboration between government and private sector, the potential of this economy is much bigger than 5 per cent that is currently forecasting," he added.
The report said that each of the key areas — education, healthcare, agriculture, retail, power, manufacturing, financial services, urbanization and the enabling sectors such as India's digital and physical connectivity — face challenges and their resolution will need new and scalable solutions that are resource efficient and environmentally sustainable.
It emphasized upon the need to tap into the vast human resource capital available in the country and the Human Development Index (HDI) needs radical improvements over the next two decades.
"A young demographic, paired with a burgeoning middle class that is digitally enabled, is a once in a lifetime opportunity for India to develop economically and socially. India can only build shared prosperity for its 1.25 billion people by transforming the way the economy creates value," Nally said. For the shorter term, Nally expects Indian economy to grow at about 5.5-6 per cent.

"However he added that 9 per cent is most definitely achievable if the things suggested by PWC report are put in place. The report categorically suggests that anything less than $10 trillion would not secure India's future.

"The nation needs to create 10-12 million jobs every year in the coming decades to provide quality of life for its growing population ... The recent electoral mandate for development is a more immediate signal for Indians' desire for growth and for the benefits of growth to be extended to all members of the society," it said. A 9 per cent GDP growth rate with a per capita income rising from $1,500 to just under $7,000 per year will boost quality of life for more than 1.25 billion citizen, it added.

About organisations, it said they should focus on serving informed and empowered customers, create flexible and adaptive operating models, draw on non-traditional resources and partnership as well as adapt a growth and innovation mindset. They should also focus on accountability, integrity and sustainability to form basis of their capability building measures and investment, it added.

PwC chairman Deepak Kapoor said: "Corporations alone can't fuel growth and innovation needed to power India's winning leap. Hence, the entrepreneurial sector must also play a major role and they possess qualities critical for developing innovative solutions, the willingness to take risks and aptitude for fast decision-making, and bold leadership."

Central Government launches 'Swachh Bharat Kosh' fund

25 Nov 2014, 1644 hrs IST, AGENCIES

The government on Tuesday (November 25) launched the 'Swachh Bharat Kosh', a fund that will be utilised to build toilets in schools, rural and urban areas to achieve the objective of cleanliness across the country. The fund would seek "channelisation of philanthropic contributions and Corporate Social Responsibility (CSR) funds", according to the guidelines issued by the government.

"The Kosh will be used to achieve the objective of improving cleanliness levels in rural and urban areas, including in schools. It may also be enabled to bring out innovative/ unique projects and girl toilets will be the priority area to start with," the guidelines said. It said the Prime Minister himself will acknowledge contributions of over Rs 1 crore made by individuals and of over Rs 20 crore by corporates.

The Kosh will be set up by the Ministry of Finance and will be managed by a Governing Council headed by Expenditure Secretary. Its functioning will be monitored on quarterly basis by the Finance Minister and by the Prime Minister from time-to-time. The implementation of the projects/activities would be carried out by the existing institutions at the state, district, and sub district level and no new institutions would be created. On October 2, Prime Minister Narendra Modi had launched the country's biggest-ever cleanliness drive that is expected to cost over Rs 62,000 crore. The objective of the drive is to achieve a Clean India by the year 2019, the 150th year of the birth anniversary of Mahatma Gandhi. The guidelines said specific suggestions regarding creation of assets, coming from donors making contributions of more than Rs 10 crore, may also be considered by the ministries.

FPI inflows hit $4 billion in November

PTI | Nov 30, 2014, 11.01AM IST

NEW DELHI: Overseas investors have poured in over $4 billion in the Indian capital markets this month taking total inflows to over $40 billion since January.

The net investment by foreign investors into equities was Rs 13,753 crore ($2.23 billion) last month, while they infused Rs 11,723 crore ($1.9 billion) in the debt market, taking the total to $4.1 billion, as per latest data.

The net infusion in October was $2.8 billion. Market analysts maintain that Foreign Portfolio Investors have been betting on the Indian market mainly on account of the reforms agenda of the new government at the Centre.

They are pouring funds into Indian markets on the hopes of speedy economic growth and cut in interest rates as oil prices have dropped and inflation has declined.

Moreover, foreign investors are pumping funds into debt in order to take advantage of the higher yields.

The net investment by overseas investors into the equity market has reached Rs 96,020 crore ($16 billion) so far this year, while in the debt markets it is at Rs 1.48 lakh crore ($24.4 billion), taking the total to Rs 2.44 lakh crore ($40.36 billion).

The strong inflows have helped push the BSE index Sensex by about 36 per cent so far this year.

Since the beginning of June, Foreign Institutional Investors (FIIs) along with sub-accounts and qualified foreign investors have been clubbed together by market regulator Sebi to create a new investor category called Foreign Portfolio Investors (FPIs).

E-visa for 43 nations, big boost for tourism

TNN | Nov 28, 2014, 12.26 AM IST

NEW DELHI: Giving the tourism sector a significant push, the government on Thursday launched the much-touted online visa facility for 43 countries including the US, Australia, Japan, Israel, Germany and Singapore. Travelers can apply for a visa from the comfort of their homes and receive a visa within 72 hours.

The electronic travel authorization (ETA) will be valid for 30 days and the visa fee has been fixed at $62. Those traveling on leisure, short duration medical treatment, casual business visit or to meet friends and relatives will be eligible to apply. The facility will be made available at nine airports including Delhi, Mumbai, Bengaluru, Chennai, Kochi, Goa, Hyderabad, Kolkata and Thiruvanathapuram.

Assuring safe and secure tourism for foreign tourists, home minister Rajnath Singh said, "We want to promote tourism in the country in a big way. The contribution of tourism in GDP is approximately 7% and we want to double it."

Other countries included in the first phase are Russia, Ukraine, Brazil, UAE, Jordan, Kenya, Fiji, Finland, South Korea, Singapore, Mauritius, Mexico, Norway, Oman and the Philippines among others. "Currently, we have included 43 countries in the first phase. Barring those who are 'high-risk' countries, we will extend this facility to almost every country in the world phase-wise," Singh said

Gold import curbs eased, 80:20 scheme

TNN | Nov 29, 2014, 01.47AM IST

NEW DELHI: The government on Friday removed restrictions on gold imports, scrapping the controversial 80:20 scheme amid allegation of misuse by half a dozen companies.

Bowing to pressure from jewellers, the previous UPA government had eased some of the curbs and private agencies were allowed to import gold under the scheme that mandated traders to export 20% of all gold imported while retaining 80% for domestic use.

The move is expected to cut smuggling and raise legal shipments into the world's second-biggest consumer of the metal after China

Moving Towards Tax Friendly Regime: Finance Minister Arun Jaitley

Press Trust of India | Updated On: November 27, 2014 19:51 (IST)

New Delhi: With an aim of improving the environment for investments, India is moving towards a tax friendly regime to correct the image which had become "bad" over the years, Finance Minister Arun Jaitley said today. "Our tax system has to be friendly with tax payers and that is what we are trying to do step by step," he said, replying to a debate on black money in the Lok Sabha.

Advocating a tax structure which discourages evasion, he said there was a misconception that high tax rates lead to the higher revenues. "High tax rates do not necessarily mean more revenue collection... The direct and indirect tax rates have to be brought to reasonable level so that the basket increases and

there is no incentive for evasion," Mr Jaitley said. The government, he said, should not lose out of revenues. "Those who have to pay taxes must pay taxes. Those who do not have to pay taxes, merely by raising demands does not serve purpose as they get stuck up in courts... We cannot allow tax evasion or avoidance,"Mr Jaitley said. He further said there was a time when India had very high tax rates and the country's growth rate was mocked at as "Hindu rate of growth". Referring to the steps being taken by the government to unearth black money, Mr Jaitley said government has identified 427 account holders associated with the HSBC list and efforts are on to complete the tax assessment by March 31, 2015. He also said the prosecution has already been launched in several cases, cases would be filed every week, and names would become public. "When media comes to know it will note that there are influential people in the list (of foreign account holders)," Mr Jaitley said.

Best Time for India to Become Superpower: KPMG

Press Trust of India | Updated On: November 28, 2014 22:11 (IST)

Ahmedabad: Global consultancy KPMG India's CEO, Richard Rekhy, on Friday said economic slowdown in many countries has provided a great opportunity for India to be at the centre stage of the world. Addressing management students at the 'Confluence-2014' held at Indian Institute of Management, Ahmedabad (IIM-A) here, Mr Rekhy also listed several challenges which the country needs to overcome to become the superpower. "Chinese economy is slowing down, while US economy is fluctuating. This is the best opportunity for India to get the centre stage. The new government (Centre) came into power at the time when we are having $300 billion in foreign reserves. There can't be a better time than this," he said. He also pointed out several challenges, which he termed as 'global mega-trends' that India needs to face in the coming years. "By 2030, 60 per cent of world's population will be middle class. Thus we need to build new cities and create infrastructure for this population. We also need a plan to address issues like education, health-care and water crisis," he emphasised. He said that rising dependence of automation in manufacturing sector will affect new job creation. "Indian economy cannot grow without manufacturing base. Though we are now focusing on 'Make In India' mission, we should understand that jobs will not be created by manufacturing sector but by service sector," he added. Instead of becoming economic superpower, he stressed on how India can rise as a 'responsible superpower' by helping other nations. "Recently, India ranked 142nd in 'Ease of Doing Business' criteria in the world. India needs to bring changes in regulatory framework. Government also needs to cut Income Tax rates." "Instead of earning revenues from taxes, government should generate revenue by providing services to people," Mr Rekhy added.

Apr-Sep FDI inflows into India: Mauritius tops at $4.19bn

Nov 30, 2014, 04.21 PM IST | Source: PTI

Mauritius is again emerging as the largest source of foreign direct investment (FDI) in India, accounting for an inflow of USD 4.19 billion in the April-September period. According to official data, the inflow of foreign investment from Singapore amounted to USD 2.41 billion, followed by the Netherlands at USD 1.95 billion and USA (USD 1.19 billion) during the six-month period. Investments from United Kingdom was USD 842 million till September. In 2013-14, Singapore had pipped Mauritius as the largest source of FDI in India, accounting for about 25 percent of total FDI inflows in the fiscal. During the last financial year, India attracted USD 5.98 billion in FDI from Singapore, whereas it was USD 4.85 billion from Mauritius. The third country from where FDI inflow was high was United Kingdom at USD 3.21 billion, followed by the Netherlands at USD 2.27 billion.

'Make in India' campaign will become a catalyst for change: Amitabh Kant, DIPP

ET Bureau Nov 16, 2014, 05.19AM IST

(The Make in India campaign…)

Amitabh Kant, secretary, department of industrial policy and promotion (DIPP), the nodal agency executing Make in India, says one of the main objectives of the campaign is to reach out to global CEOs. In his first exclusive interview on the initiative, Kant tells ET Magazine that the Centre's next move is to roll out the campaign in various states. Excerpts

On how different will the Make in India campaign be from the UPA's thrust on manufacturing

The Make in India campaign has a number of components. First, the government has taken several radical measures to make doing business in India easier. It has initiated the process of use of technology, convergence and integration of departments across sectors. Such measures will make India a much better place to invest, create jobs and wealth, and enhance production and productivity. Second, the government has opened up a vast range of sectors for foreign direct investment (FDI). It has opened up railways for 100% FDI; has deregulated the defence sector to the extent that 55% of the items now do not require licensing. It has enhanced FDI in defence manufacturing and has liberalized the construction sector in a major way. Third, there is a focus on 25 sectors where India can be a world champion. The government has decided to aggressively market these sectors across the world. Fourth, we are working in partnership with states. They must become the change agents. Fifth, there is a focus on improving and enhancing infrastructure — industrial corridors, manufacturing cities and industrial clusters. And then Make in India also stands for cutting-edge innovation.

On some of the sectors in which the Make in India initiative will be undertaken

The 25 sectors include automobiles, auto components, space, biotechnology, foodprocessing and a vast number of labour-intensive sectors like textiles and leather where India has the core competency and competitive advantage to become a world leader. We are working with the ministries concerned to converge and integrate Make in India, Digital India and Skill India

On making that convergence happen

India has to create jobs for a young population. The key challenge today is that the labour intensity of manufacturing is falling. We need to focus on areas like food-processing, gems and jewellery, leather and textiles. These are sectors where we need to create skills on a large scale. Make in India will work closely with the newly created department of skill development and entrepreneurship.

On the origins of Make in India campaign

Make in India was announced by the prime minister from the ramparts of the Red Fort on Independence Day. The DIPP was given the challenge of launching this initiative. The idea of using our national emblem came from the PM. He wanted to use cogs to demonstrate progress and the lion for tenacity and courage. The challenge before us was to give it a contemporary interpretation. Whereas the cog is a strong element in the symbol, we have played with the lion with bright, bold colours for different sectors.

In automobiles we are saying 'fasten your seat belts', in aviation 'high altitude', in biotechnology 'healthy and wealthy'. Similarly for the construction sector we are saying 'ground breaking', in defence we are saying 'manufacture bullet proof', and for the food processing it is 'can do'.

A lot of creative work has gone behind this. Several creative ideas came from the [commerce and industry] minister Nirmala Sitharaman. Our creative agency W+K has done a brilliant job. We wanted a cuttingedge campaign which could penetrate global markets, motivate and inspire people. It's a campaign that is essentially driven digitally, but aims to touch CEOs and companies across the world. We expect the campaign to become a catalyst for change not merely at the Centre but also in states.

On undoing jugaad

As the prime minister has mentioned, we are aiming at zero defect and zero effect [on the environment].

There has been a huge emphasis on quality and sustainability. While India has been a reluctant manufacturing nation and a late urbanizer, there are huge advantages. We can today learn from the rest of the world, use the latest technology and leapfrog.

On what's next for Make in India

This is just the beginning. We need to work with the states. We need to work with the private sector. We need to make India a manufacturing nation. That is the only way to create jobs. A huge challenge lies ahead

FDI inflows in India to remain buoyant in coming quarters, says Moody's

PTI New Delhi Last Updated: November 26, 2014 | 16:00 IST

Inflows of foreign direct investment **(FDI) into India** have increased significantly in the current financial year and the trend will continue in the coming quarters on account the country's pro-growth policy agenda, a Moody's report has said.

"We believe that FDI will continue to perform well for the remainder of fiscal 2015 and beyond," the report by the global credit rating agency said.

"Firstly, the government's pro-growth policies are likely to support direct capital inflows. Moreover, India's sanguine growth outlook is likely to encourage inbound FDI. We expect India's economic growth to pick up materially next year. In contrast, China's economic slowdown is set to continue while the growth outlooks for Brazil and Russia remain precarious," Moody's said.

Rising FDI inflows will help to plug **India's current account shortfall,** and such inflows are typically less volatile than portfolio capital. This in turn should help reinforce the economy's resilience to external headwinds, such as monetary policy normalisation in the US and deflationary risks in the euro area.

"Greater FDI inflows will, in turn, provide more stable funding for India's current account deficit, thereby improving the economy's exposure to external headwinds," Moody's said in a research note.

Net FDI inflows into India totalled $14.1 billion in the **first five months of 2014-15,** representing a 33.5 per cent year-on-year increase from the same period in the last fiscal.

A sector wise analysis shows that of the top 10 sectors in 2014-15 to date, telecom accounted for almost one fifth of total inflows. Services and pharmaceuticals have also been major beneficiaries of FDI during the fiscal year.

Goldilocks year for India; GDP to grow 6.4% in 2015: Nomura

PTI | Nov 25, 2014, 01.21PM IST

NEW DELHI: Indian economy is set for a 'goldilocks' period — used to describe a time-frame of high growth and low inflation — while it can become Asia's fastest growing economy in 2016, Japanese financial major Nomura said.

The global financial services major is also optimistic about "productivity-enhancing reforms" in the country and estimated the GDP growth for 2015 at 6.4 per cent.

"We are positive on India's economic outlook in 2015. The key downside risks to our view are weaker global growth, higher commodity prices, a slower pick up in domestic capex cycle and a sharp reversal of capital inflows, especially debt inflows," Nomura chief economist Rob Subbaraman said.

We expect India's real GDP growth to rise to 6.4 per cent in 2015, from 5.2 per cent in 2014, and further to 6.8 per cent in 2016," Nomura said.

Nomura's composite leading index for India suggests that the economy has already hit its trough and is in the early stages of a business cycle recovery.

"A Goldilocks period of lower inflation and higher growth lies ahead, in our view," Sonal Varma India economist at Nomura said adding "risks to India's outlook are more global than domestic."

On reforms, the global financial services major said there would be a continued and steady rollout of reforms but in a "piecemeal" fashion and not big bang.

"We expect reforms to focus on creating the groundwork for implementing a goods and services tax by April 2016; changes to the Land Acquisition Act; a reduction in government stake in public sector banks; a framework for auctions of natural resources; fiscal reforms and a longer-term strategy to improve railways and urban infrastructure," Nomura said.

""As productivity and capex improve and reforms forge ahead, we expect India's potential growth to gradually rise again to above 6.5 per cent in the next three to four years," Nomura said.

Despite our forecast of a solid economic recovery, the CPI inflation is likely to average around 5.5 per cent year-on -year in 2015, down from 7.2 per cent in 2014.

On rate cuts, the Japanese brokerage firm said that lower inflation would provide some room for policy easing in 2015. It expects 25 basis points rate cut in June and August 2015.

"We forecast 25 bps rate cut in only Q2 and Q3 2015, and then the Reserve Bank of India stays on hold until 2017," Nomura said.

Reserve Bank Governor Raghuram Rajan in its September policy review left all key rates unchanged citing continued risks to inflation and difficult external situation especially on the geopolitical front.

RBI's next policy review meet is on December 2.

BANKING/FINANCE

NBFCs rally; RBI issues norms for small finance banks

Nov 28, 2014, 02.56 PM IST | Source: Moneycontrol.com

Shares in non-banking finance companies (NBFCs) gained ground Friday after the Raghuram Rajan-led Reserve Bank of India (RBI) last evening issued final guidelines for allowing the set up of "payment banks" and "small finance banks" in the country.

Shares in non-banking finance companies (NBFCs) gained ground Friday after the Raghuram Rajan-led Reserve Bank of India (RBI) last evening issued final guidelines for allowing the set up of "payment banks" and "small finance banks" in the country.

The central bank defines a payment bank as one that will be allowed to take deposits, issue debit cards, offer remittances up to a small limit (Rs 1 lakh currently) and distribute financial products such as insurance and mutual funds to its customers but cannot lend money. Most deposits will have to kept in government securities.

A small finance bank will operate in a similar fashion to a normal bank (by taking deposits, offering withdrawals as well as offering loans) but with a focus on small, underserved areas of the country.

A typical candidate for a payments bank is a telecom company or a retail chain that can tap into its existing captive customers and provide them technology-based financial services such as payments and withdrawals.

While the issue of guidelines pertaining to small banks is expected to pave the way for several non-banking finance companies (NBFCs) to convert into one, a move that would also bring them closer to becoming a universal bank in future.

In trade today, shares in Shriram Transport Finance , Sundaram Finance , SREI Infra Finance , Manappuram Finance and Muthoot Finance surged 3.9 percent to 4.3 percent amid hopes the companies would have a shot at turning themselves into small banks.

"The obvious beneficiaries of this regulation will be Shriram Group (Shriram Transport and Shriram City Union Finance), Sundaram Finance, micro finance institutions and possibly other small NBFCs such as Manappuram, Muthoot or SREI should they choose to convert and RBI under its "fit and proper" guideline decides to give them a license," a note by brokerage firm JPMorgan said.

" Mahindra Finance , L&T Finance Holdings , LIC Housing Finance , Indiabulls Housing Finance and Dewan Housing Finance are likely ruled out given their promoters run industrial houses or are state-owned entities both of which are not eligible," it added.

Payment and small finance banks are important initiatives to bring under-banked people into the organised financial system by increasing the convenience of bank accounts, a note by CLSA said.

"Both these formats are expected to intensely leverage on digital platforms to offer low-cost and convenient services. We believe this will also drive digitisation of India's banking sector," it added.

Bhartiya Mahila Bank eyes Rs 1,000 -crore deposits, Rs 800-crore loan book by March-end

By PTI | 29 Nov, 2014, 03.16PM IST

MUMBAI: Bhartiya Mahila Bank (BMB), the country's first all-women bank, today said it is targeting a deposit base of Rs 1,000 crore and advances of Rs 800 crore by March-end this fiscal.

At present, the bank's deposit stands at over Rs 300 crore and loans at Rs 500 crore.

"As of today our total business is at Rs 825 crore. For this year, we are aiming advances of Rs 800 crore and deposits at Rs 1,000 crore," BMB's Chairman & Managing Director Usha Ananthasubramanian told reporters today after inaugurating its 35th branch here.

The branch, which was opened in Ghatkopar, Mumbai, is the third in Maharasthra. The bank would shortly open branches in Nagpur, Pune and Haridwar.

The bank is looking to increase its branch network to 80 by March 2015, which will also include 20 rural branches.

Ananthasubramanian said the bank's focus would be on opening branches in tier II to tier III cities.

"We are also planning to roll out 50 offsite ATMs across the country by the end of this year," she said.

The country's first all-women bank was launched in November last year and is wholly owned by the government which had initially infused Rs 1,000 crore in it.

Ananthasubramanian said the bank does not plan to raise any fund as the capital which it received from the government is sufficient to take care of its business currently.

Total employee strength of the bank is 300 and it will add another 120 by the end of this fiscal. It has one lakh customers, out of which 81 per cent are women.

Infrastructure bonds: Bank can lend up to Rs 10 lakh

By Agencies | 28 Nov, 2014, 11.27AM IST

MUMBAI: The RBI on Thursday allowed banks to extend loans up to Rs 10 lakh to individuals against long-term infrastructure bonds issued by them, thus easing loan norms for low-cost housing.

"In order to provide liquidity to retail investors in such bonds, it has been decided that banks can extend loans to individuals against long-term bonds issued by them," RBI said in a notification. Such loans, the RBI said should be subject to "a ceiling, say , Rs 10 lakh per borrower, and tenure of loan should be within the maturity period of the bonds". However, banks are not permitted to lend against such bonds issued by other banks.

Earlier, the RBI had exempted long-term bonds raised by banks from mandatory regulatory norms like CRR and SLR if the money raised is used for funding of such projects.

The RBI said boards of the banks should lay down a policy in this regard prescribing suitable margins, purpose of the loan and other safeguards.

Banks collect Rs 6,000 crore in deposits from 7.9 crore accounts under Jan Dhan Yojana

By PTI | 25 Nov, 2014, 03.24PM IST

NEW DELHI: Banks have collected over Rs 6,000 crore by opening 7.9 crore accounts under the Pradhan Mantri Jan Dhan Yojana, said a senior Finance Ministry official.

"PMJDY is for the people, and especially for the women. The objective of the scheme is to bring the people to the financial world. The people of the country have deposited Rs 6,000 crore under PMJDY," Additional Secretary, Department of Financial Services, Snehlata Shrivastava has said.

The money deposited by the people is given by the bank for various works and businesses thus providing development of the country, she has said at a mega camp organised by Corporation Bank in Mangalore.

There are various benefits through PMJDY like RuPay Debit Cards with Rs 1 lakh accidental insurance to all the account holders, she said in an official statement.

Overdraft of Rs 5,000 to one member of family, preferably a woman, will also be provided after observing satisfactory transactions in the account for six months, she added.

Besides these, other need-based credit facilities, micro insurance and so on will also be available to the customers.

Corporation Bank Chairman and Managing Director S R Bansal said the bank has opened 12.83 lakh savings bank accounts under PMJDY so far.

Out of 12.83 lakh accounts 9.13 lakh account holders have been issued with RuPay Debit Cards, he added.

RBI Issues Clarification on Credit Cards

NDTV | Written By: Devika Singh | Updated On: November 22, 2014 17:55 (IST)

Credit cards issued by the Reserve Bank of India! Yes, that's the latest trick fraudsters are using to dupe hapless people, the central bank has found recently. "The gullible member of the public is sent a credit card which allows withdrawal of money up to a certain limit, albeit a small sum, from a bank account," RBI stated explaining the modus operandi in its notice. "Having gained the confidence of the victim thus, the fraudster gets him to deposit a huge sum of money in the same bank account. Once the money is deposited, the card stops working and that would also be the last time the holder of the card (victim) would hear from the fraudster," the central bank added. The Reserve Bank was forced to issue a notice on Friday after the fraud came to light. It reiterated that India's central bank does not carry out any business with an individual, whether through savings bank account, current bank account, credit card, debit card, online banking services or receiving and holding funds in foreign exchange or any other form of banking services.

The Reserve Bank also asked public to be cautious about such fictitious offers being made in name of International Monetary Fund (IMF), income tax authorities, customs authorities or public figures like Governor, Dr. Raghuram Rajan or other senior RBI officials. In recent years, the Reserve Bank has been target of many such scams. Last November, emails circulating in the name of Governor Rajan asked recipients for "fund release order fee charges" of Rs 9,500. Such mails also solicited other personal information like residential address, mobile phone number, bank account and PAN card details. Earlier this year, Dr Rajan exhorted members of the public to use social media in identifying such frauds

"Can we enlist social media in enabling the public to identify fraud and can we as regulators filter that information in careful and responsible way so that we can collect information about what is happening and react to it?" he had said at the annual Nasscom leadership conference in Mumbai.

With inputs from PTI)

Market

Ceat Raises Rs 400 Croe via QIP, to Use Funds for Expansion

Press Trust of India | Updated On: November 27, 2014 23:45 (IST)

New Delhi: Tyre maker Ceat on Thursday said it has raised Rs 400 crore through a qualified institutional placement and the funds would be utilised for expansion. The company will issue 44,94,382 equity shares at a price of Rs 890.00 per share, the company said in a statement. The issue price translates to a discount of approximately 0.8 per cent on closing price on November 26, 2014, it added. Ceat managing director Anant Goenka said: "The proceeds from the QIP is proposed to be used, inter alia, for capacity expansion at the Halol plant, two-wheeler tyres project etc. The projects are proposed to be funded through a mix of net proceeds from the issue, internal accruals and debt. The exact mix of the same is under evaluation." The book running lead managers to the QIP are JM Financial Institutional Securities Ltd and Standard Chartered Securities (India) Ltd. Khaitan & Co has acted as domestic legal counsel to the issue and Dorsey & Whitney LLP acted at international legal counsel to the book running lead managers, the company said. Ceat on November 24 opened its QIP and fixed the floor price at Rs 930.53 per equity share. "The floor price in respect of the aforesaid QIP, based on the pricing formula as prescribed under Regulation 85(1) of the SEBI ICDR Regulations is Rs 930.53 per equity share," Ceat said in BSE filing. Last month, the company said its Board of Directors have approved an investment of Rs 420 crore for setting up a plant for manufacture of 2-3 wheeler tyres with a capacity of 120 metric tonnes per day. In same month, company has approved an investment of Rs 50 crore for implementing a project for manufacture of speciality tyres (which includes off- the-road tyres) through a subsidiary company. Shares of Ceat closed at Rs 905.60 apiece, up 0.73 per cent from their previous close on BSE.

IREDA & US-Exim Bank Signs MoU with Respect to Cooperation on Clean Energy Investment

18-November-2014 10:28 IST

A Memorandum of Understanding (MOU) has been signed between Indian Renewable Energy Development Agency Ltd (IREDA) and US Exim Bank with respect to cooperation on clean energy investment. The MoU was signed by Mr K.S. Popli, Chairman & Managing Director IREDA, and Mr Fred P Hochberg, Chairman and President, Export-Import Bank of the United States here today in the presence of Shri Upendra Tripathi, Secretary, Ministry of New and Renewable Energy (MNRE), and other senior officials from MNRE, IREDA and US-Exim Bank

This MoU is intended to establish a framework for cooperation in the financing of credit-worthy entities for renewable energy projects and to facilitate the export of goods and services of U.S. origin or manufacture in India and various forms of collaboration between the IREDA & US-Exim Bank.

US Exim Bank shall provide US $ 1 Billion medium and long-term guaranteed and/or direct dollar loans to finance U.S. technologies, products and services utilized during commercial development activities within the clean energy sector by IREDA.

The proposed credit facility carries no specific commitment on the part of IREDA and will depend on the import of US equipment to India and attractiveness of credit facility to the project developers in India. This US Exim Bank facility will be available for financing of imported US equipment, and in addition to financing of 30% of domestic component.

With the above proposed facility, IREDA will be providing a new window of credit facility to developers who would like to avail this facility to meet their specific requirement. The credit facility will be available for a repayment period of 18 years with the same fixed rate of interest. The other detailed terms and conditions shall be decided upon signing of MoU.

The following sectors have identified as priority areas of clean energy investment cooperation under this MoU:

- Solar (utility scale PV and CSP including solar tower);
- Wind;
- Hydro and any other Renewable Energy projects;
- Waste-to-Energy;
- Other areas of cooperation as agreed.

Mauritius inks Rs 100 crore deal with HAL for Dornier aircraft

PTI | Nov 28, 2014, 05.26PM IST

BENGALURU: The Mauritius government has signed a contract worth nearly Rs 100 crore with aerospace major Hindustan Aeronautics Limited (HAL) here to acquire its Dornier aircraft for maritime surveillance.

The contract was signed in Mauritius capital Port Louis on Thursday by Kan Oye Fong Weng Poorun, senior chief executive, Prime Minister's Office (Mauritius) and S Subrahmanyan, managing director, HAL (MiG Complex and Accessories), the company said in a statement on Friday. The inclusion of Dornier in the National Coast Guard, Mauritius Police Force, would result in an extensive enhancement of the present search and rescue capability and provide strategic depth to policing the extensive Exclusive Economic Zone (EEZ), it said.

HAL has supplied helicopters like Cheetah, Chetak and Dhruv, and two Dornier aircraft in maritime version to Mauritius in the past. "Thanks to the support of the Ministry of Defence (MoD), External Affairs, our Coast Guard, and Government of Mauritius, this contract worth nearly Rupees 100 crores ($16 million) gives boost to our export efforts", HAL chairman RK Tyagi said. Several role-specific equipment had been fitted on the aircraft to meet the specialised requirement of the customer, he added.

HAL said the maritime aircraft was equipped with combination of 360 degree Surveillance Radar, Forward Looking Infra-Red System, Traffic Collision and Avoidance System, Weather Radar and host of other customer specified sensors.

HAL will make continuous efforts through its strong research and design base to develop and integrate new modifications on such aircraft, it added.

Uttar Pradesh gets investment proposals worth Rs 8,900 crore

8:40pm IST | Place: Lucknow | Agency: PTI

Uttar Pradesh has received nine investment proposals worth Rs 8,900 crore from companies, including Reliance Cement and Samsung, and the Cabinet will take a call on providing incentives to them, state chief secretary Alok Ranjan said on Saturday. These proposals would now be put before the Cabinet for providing them incentive packages, he added.

Claiming that an atmosphere conducive to industrialisation is being created in the state with single window system being put into place for providing mainly 18 clearances online, Ranjan said that during the present government till September 2014, 96,041 units specially in the medium and small sector have been set up at an investment of Rs 14,602 crore.

These provide direct employment opportunities to over seven lakh, he added. The chief secretary said an industrial township on the lines of NOIDA is being developed in Kanpur named the "Trans-Ganga Industrial Township". Its foundation stone would be laid by Chief Minister Akhilesh Yadav on December 11.

"This township on 1,270 acres would be developed on international standards. As it would be on the banks of Ganga, only pollution free industries would be allowed," he said.

A similar township will also come up in Naini, Allahabad, the foundation of which is likely to be laid in February 2015. As no bids had come for setting up Kushinagar international airport in Kushinagar district, Ranjan said, it has been decided to get it done through Airports Authority of India.

INVESTMENT RELATED DEVELOPMENTS-NOVEMBER 2014

RBI Actions:

- **Routing of funds raised abroad to India**
  http://www.rbi.org.in/scripts/NotificationUser.aspx?Id=9357&Mode=0

- **Import of Gold (under 20: 80 Scheme) by Nominated Banks / Agencies / Entities**
  http://rbi.org.in/scripts/NotificationUser.aspx?Id=9370&Mode=0

- **Anti-Money Laundering (AML)/ Combating of Financing of Terrorism (CFT) Standards**
  http://rbi.org.in/scripts/NotificationUser.aspx?Id=9363&Mode=0

- **External Commercial Borrowings (ECB) Policy – Parking of ECB proceeds**
  http://rbi.org.in/scripts/NotificationUser.aspx?Id=9346&Mode=0

I. IHGF Spring Fair 2015

Date: 20-23 February, 2015

Venue: India Expo Centre & Mart, Greater Noida-Delhi-NCR.

Organizer: The Export Promotion Council for Handicrafts (EPCH)

Contact : www.epch.in or contact the following:

(i) Mr. Sushil Agrawal (ihgf@epch.com)

Details: IHGF is amongst Asia's largest gifts & handicrafts fair, held biannually (Spring & Autumn edition) and is organised by Export Promotion Council for Handicrafts (EPCH). EPCH, India's premier export promotion organisation with 7200 member exporters is engaged in trade promotion of handicrafts exports from India. IHGF Spring Fair has been the hallmark for growth of the Indian handicrafts sector for over 20 years. The most significant and distinct sourcing platform in Asia –(IHGF Spring 2015), now gets bigger & bolder, bringing you much more of everything – more space, more exhibitors, more sectors, more enhanced facilities, more days and of course, bringing you a thoughtfully re-conceptualized & renewed IHGF Spring Fair with 17 clear product categories in enriched display spaces. The five power packed days with over 2400 exhibitors, spread over 150,000 sq. Metres area, brings you an entire range of Home, Lifestyle & fashion, with traditional artistic finish in perfect harmony with modern designs & contemporary colours. IHGF Spring Fair is a distinctive business platform for importers, wholesalers, distributors, retailers, fashion designers, potential franchises, mail order companies and a few more to source an unparalleled variety of handicrafts, gifts & lifestyle products, from a cross section of handmade manufacturers from India. IHGF has carved out its presence in the world market, by offering huge sourcing opportunities to international buyers, agents etc. IHGF Delhi Fair has now become Asia's "one stop sourcing event", since its inception in 1994 while providing extended business platform to small & medium exporters. The hallmark of a successful trade event is its ability to bring a platform wherein markets and people come together in an efficient and highly professional manner. IHGF's organizers – EPCH, strives to better this ability with each successive edition and IHGF Spring Fair 2015 is a bolder step in this direction.

II. India International Leather Fair (IILF) 2015

Date: 1-3 February 2015

Venue: Chennai Trade Centre, Nandambakkam, Chennai

Organizer: India Trade Promotion Organization.

Contact: www.indiatradefair.com

Details: ITPO will organise India International Leather Fair (IILF) 2015, 29th in the annual series, from February 01-03, 2015 at Chennai Trade Centre, Nandambakkam, Chennai. The fair will be inaugurated on 31st Jan., 2015 at 6:00 pm and will open to business visitors from 01 Feb to 03 Feb 2015 (10 am to 6 pm).

Cont.

IILF will have on display the entire range of products relating to leather industry from raw material to finished products and auxiliary products such as finished leather; shoes; shoe components - uppers, soles, heels, counters, lasts; leather garments, fashion accessories, leather goods - wallets, belts, gloves, portfolios, hand bags; saddlery and harness; machinery and equipment and chemicals

IILF has all along been a vivid presentation of the leather industry. Latest expressions of the trends, styles, designs and colours in world fashion are shown. The business visitors will surely be attracted to exhibits displayed by more than 400 companies, including over 100 from more than 20 foreign countries.

As per feedback from exhibitors, the business generated during IILF Chennai 2014 was about US$ USD 239.87 million or INR 14898.3 million.
About 98% of the exhibitors have shown interest to participate again in the 30th edition of the fair About 95 % of the participants indicatedthat their participation in IILF Chennai 2014 was cost effective. This indicates the high level of satisfaction with the business, visitor turn-over and facilities at the fair.

III. "Vibrant India First" 2 Day Trade Summit, BSM & Exhibition

Dates: 12th & 13th January, 2015

Venue: Mahatma Mandir Convention cum Exhibition Centre – Gandhinagar, Gujarat , INDIA

Organizer: FIEO in association with Government of Gujarat,

Contacts: dhawalupadhyay@fieo.org; siddeshsahani@fieo.org / www. Vibrantgujarat.com / www.vibrantindiafirst.com
Details: FIEO in association with Government of Gujarat, is organizing **"Vibrant India First – Trade Summit, Exhibition & B2B meeting"** on the product category as mentioned below to assist enterprises active in the sector for establishing new business contacts.
1. Engineering (Auto Parts, Brass items, Machinery – Pharma Textiles, Diesel Engines, Oil Mills, and equipments, Dairy Machinery &Equipments).
2. Cotton / Textile / Garments / Apparel / Manmade Textiles & Made up
3. Electrical & Electronic equipment
4. Plastics and articles
5. Chemicals / Dyes & Dyestuff / Pigments / Agro Chemicals
6. Power Equipments and Machinery (Gen Sets)
7. Pharmaceutical products
8. Medical Equipments/ Hospital Furniture

VIBRANT INDIA FIRST B2B TRADE SUMMIT
The Summit will gather top leaders, 100 foreign delegates/ Buyer/ Importers who will be invited from more than 15 counties of AFRICAN & ASEAN Region. Over 2 days, the summit will offer various networking opportunities which will include plenary, panel discussions, exhibition, B2B meetings.

The summit invites AFRICAN & ASEAN during the summit. economies to seize this opportunity to promote their respective region.

Cont On P.17

Cont. from P.16
PROPOSED FORMAT
Prefixed One to one meeting between Indian manufacturer exporters and their foreign counterparts based on Prescheduled with 30 minutes meeting time slot for each participating company giving ample Networking & connecting opportunities.
SIDELINE EVENTS
Display of Products/ Technology/ Machinery/ Services by Exhibitiors in designated areas .
Panel discussions, Presentations and Seminars by Government Departments, International Trade Promotion Boards of the AFRICAN and ASEAN countries on promotion of Trade, Investment, Bilateral Trade opportunities & FTA's .

IV. "Vibrant Gujarat 2015"

Dates: 11th to 13th January, 2015

Venue: Mahatma Mandir, Gandhinagar, Gujarat , INDIA

Organizer: The Government of Gujarat,

Contacts: http://www.vibrantgujarat.com/vg-2015.htm/ www.vibrantgujarat.com

Details: The preparation of 7th Vibrant Gujarat Summit, which is planned during 11th to 13th January 2015 at Mahatma Mandir, Gandhinagar, Gujarat, India have began well ahead by the Government of Gujarat after the Vibrant Gujarat 2013 Summit resounding success.Last summit has given an example of a visionary approach of the Government of Gujarat towards inclusive and sustainable development. The sixth edition of the summit provided enormous prospects to the State to display its strengths, progressive stand, initiatives taken to improve governance, investor friendly climate and art & culture of Gujarat.

Six summits held so far have been a resounding success that immensely contributed to transformation of Gujarat into a "Global Business Hub". The brand "Vibrant Gujarat" began as an "investors' summit" has now evolved into an ideal platform for knowledge sharing, social and business transformation. The Summit gradually evolved into a round-the-year investment promotion exercise with events scheduled well in advance of the main Summit planned in 2015.

The prime focus of Government of Gujarat is Inclusive development and the key areas for development identified included: Innovation, Sustainability, Youth & Skill Development, Knowledge Sharing and Networking. Also, this Summit is an ideal convergence for other states and other countries to showcase their strengths, highlight business opportunities, facilitate knowledge dissemination etc. It also provides an attractive opportunity to its participants to understand the potential of Gujarat in various sectors. Besides, it provides platform to interact with policy makers, industry leaders, and renowned academicians from all over the world

Notifications

Securities and Exchange Board of India

Conditions for issuance of Offshore Derivative Instruments under SEBI (Foreign Portfolio Investor) Regulations, 2014

http://www.sebi.gov.in/cms/sebi_data/attachdocs/1416827082538.pdf

Sub: Expanding the framework of Offer for Sale (OFS) of Shares through stock exchange mechanism

http://www.divest.nic.in/Sebi_circular_2014.pdf

Ministry of Corporate Affairs

Issue of Foreign Currency Convertible Bonds (FCCBs) and Foreign Currency Bonds (FCBs) – Clarification regarding applicability of provisions of Chapter III of the Companies Act 2013

http://www.mca.gov.in/Ministry/pdf/General_Circular_43-2014.pdf

Foreign Direct Investment – Reporting under FDI Scheme

Reserve Bank of India

http://rbi.org.in/Scripts/NotificationUser.aspx?Mode=0&Id=9111

Foreign Direct Investment (FDI) in India - Issue of equity shares under the FDI Scheme against legitimate dues

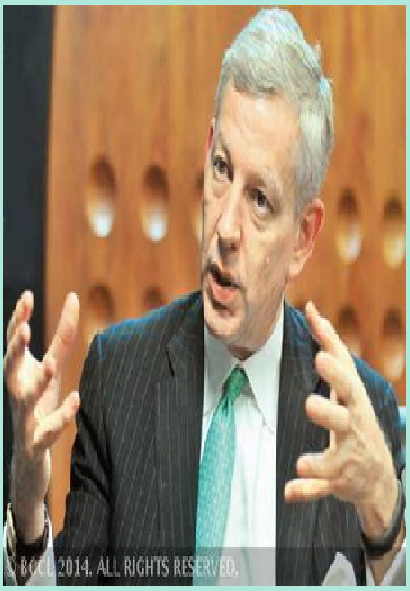
http://rbi.org.in/Scripts/NotificationUser.aspx?Mode=0&Id=9242

Master Circular on Compounding of Contraventions under FEMA, 1999
http://rbi.org.in/Scripts/NotificationUser.aspx?Mode=0&Id=9075

Ministry of Finance

Narendra Modi has turned India into a magnet: McKinsey CEO Dominic Barton

ET Bureau Nov 26, 2014, 08.37AM IST



MUMBAI: Dominic Barton, the CEO of the world's largest whiteshoe consulting firm, McKinsey, says that India is back on the priority list of CEOs after Narendra Modi's ascension to power. "People had given up on India. They felt India is too complicated and it was difficult to get anything done. It had dropped in the last five years on people's priority (list). I think it has gone right back up, people are interested, obviously people are going to want to see action but I think the feeling is they will, because this government seems serious," says Barton.

FAQs on Foreign Investments In India

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*

The fortnightly FAQs will broadly cover the following areas

I. Foreign Direct Investment (FDI)

Q. What are the regulations pertaining to issue of ADRs/ GDRs by Indian companies?

Ans. Indian companies can raise foreign currency resources abroad through the issue of ADRs/ GDRs, in accordance with the Scheme for issue of Foreign Currency Convertible Bonds and Ordinary Shares (Through Depository Receipt Mechanism) Scheme, 1993 and guidelines issued by the Government of India thereunder from time to time.

A company can issue ADRs / GDRs, if it is eligible to issue shares to persons resident outside India under the FDI Scheme. However, an Indian listed company, which is not eligible to raise funds from the Indian Capital Market including a company which has been restrained from accessing the securities market by the Securities and Exchange Board of India (SEBI) will not be eligible to issue ADRs/GDRs.

After the issue of ADRs/GDRs, the company has to file a return in Form DR as indicated in the RBI Notification No. FEMA.20/ 2000-RB dated May 3, 2000, as amended from time to time. The company is also required to file a quarterly return in Form DR- Quarterly as indicated in the RBI Notification ibid.

Unlisted companies incorporated in India to raise capital abroad, without the requirement of prior or subsequent listing in India, initially for a period of two years, subject to conditions mentioned below. This scheme will be implemented from the date of the Government Notification of the scheme, subject to review after a period of two years. The investment shall be subject to the following conditions:

(a) Unlisted Indian companies shall list abroad only on exchanges in IOSCO/ FATF compliant jurisdictions or those jurisdictions with which SEBI has signed bilateral agreements;

(b) The ADRs/ GDRs shall be issued subject to sectoral cap, entry route, minimum capitalisation norms, pricing norms, etc. as applicable as per FDI regulations notified by the Reserve Bank from time to time;

(c) The pricing of such ADRs/GDRs to be issued to a person resident outside India shall be determined in accordance with the captioned scheme as prescribed under paragraph 6 of Schedule 1 of Notification No. FEMA. 20 dated May 3, 2000, as amended from time to time;

(d) The number of underlying equity shares offered for issuance of ADRs/ GDRs to be kept with the local custodian shall be determined upfront and

ratio of ADRs/GDRs to equity shares shall be decided upfront based on applicable FDI pricing norms of equity shares of unlisted company;

(e) The unlisted Indian company shall comply with the instructions on downstream investment as notified by the Reserve Bank from time to time;

(f) The criteria of eligibility of unlisted company raising funds through ADRs/GDRs shall be as prescribed by Government of India;

(g) The capital raised abroad may be utilised for retiring outstanding overseas debt or for bona fide operations abroad including for acquisitions;

(h) In case the funds raised are not utilised abroad as stipulated above, the company shall repatriate the funds to India within 15 days and such money shall be parked only with AD Category-1 banks recognised by RBI and shall be used for eligible purposes;

(i) The unlisted company shall report to the Reserve Bank as prescribed under sub-paragraphs (2) and (3) of Paragraph 4 of Schedule 1 to FEMA Notification No. 20.

Erstwhile OCBs which are not eligible to invest in India and entities prohibited to buy, sell or deal in securities by SEBI will not be eligible to subscribe to ADRs / GDRs issued by Indian companies.

The pricing of ADR / GDR issues including sponsored ADRs / GDRs should be made at a price determined under the provisions of the Scheme of issue of Foreign Currency Convertible Bonds and Ordinary Shares (Through Depository Receipt Mechanism) Scheme, 1993 and guidelines issued by the Government of India and directions issued by the Reserve Bank, from time to time.

Q. What is meant by Sponsored ADR & Two-way fungibility Scheme of ADR/ GDR?

Ans. Sponsored ADR/GDR: An Indian company may sponsor an issue of ADR/ GDR with an overseas depository against shares held by its shareholders at a price to be determined by the Lead Manager. The operative guidelines for the same have been issued vide A.P. (DIR Series) Circular No.52 dated November 23, 2002.

Two-way fungibility Scheme: Under the limited Two-way fungibility Scheme, a registered broker in India can purchase shares of an Indian company on behalf of a person resident outside India for the purpose of converting the shares so purchased into ADRs/ GDRs. The operative guidelines for the same have been issued vide A.P. (DIR Series) Circular No.21 dated February 13, 2002. The Scheme provides for purchase and re-conversion of only as many shares into ADRs/ GDRs which are equal to or less than the number of shares emerging on surrender of ADRs/ GDRs which have been actually sold in the market. Thus, it is only a limited two-way fungibility wherein the headroom available for fresh purchase of shares from domestic market is restricted to the number of converted shares sold in the domestic market by non-resident investors. So long the ADRs/ GDRs are quoted at discount to the value of shares in domestic market, an investor will gain by converting the ADRs/ GDRs into underlying shares and selling them in the domestic market. In case of ADRs/ GDRs being quoted at premium, there will be demand for reverse fungibility, i.e. purchase of shares in domestic market for re-conversion into ADRs/ GDRs. The scheme is operationalised through the Custodians of securities and stock brokers under SEBI.

Source:RBI

For Feedback & Comments, please contact:

Mr. Pradyumn Tripathi, First Secretary (Commerce),
High Commission of India,
31 Grange Road, Singapore- 239702.
Email : me@hcisingapore.org ; fscom@hcisingapore.org; hcoffice@hcisingapore.org