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India Focus


Finance Minister, Shri Arun Jaitley

this issue

BUSINESS

Singapore's GOVIN Capital to incubate 100 startups in Vizag

PTI | Feb 21, 2015, 08.05PM IST

HYDERABAD: Singapore-based GOVIN Capital intends to incubate 100 startup companies at an Andhra Pradesh government-constructed centre in Visakhapatnam and nurture 1,000 students as first generation entrepreneurs over the next five years.

The state government on Saturday entered into an MoU with GOVIN Capital, which had expressed interest to associate with it as a pilot incubator at the 50,000 sq ft Sunrise Startup TRIP incubation tower in the port city, where it would now set up a facility in this regard.

The tower had been constructed as part of the State's innovation and startup policy "2014-2020".

"The objective of the government is to establish 100 incubators/accelerators. It also aims to incubate 5,000 companies/startups and nurture 1,000 students as first generation entrepreneurs over the next five years," an official release said.

TOP NEWS » ECONOMY

Key Features of Budget 2015-2016

Fiscal Roadmap

- Government firm on journey to achieve fiscal target of 3% of GDP.
- Accordingly, journey for fiscal deficit target of 3% will be achieved in 3 years rather than 2 years. The fiscal deficit targets are 3.9%, 3.5% and 3.0% in FY 2015-16, 2016-17 & 2017-18 respectively.
- Additional fiscal space will go to funding infrastructure investment.
- Disinvestment to include both disinvestment in loss making units, and some strategic disinvestment.

Funding the Unfunded

- Micro Units Development Refinance Agency (MUDRA) Bank, with a corpus of `20,000 crores, and credit guarantee corpus of `3,000 crores to be created.
- In lending, priority will be given to SC/ST enterprises.
- MUDRA Bank will be responsible for refinancing all Micro-finance Institutions which are in the business of lending to such small entities of business through a Pradhan Mantri Mudra Yojana.
- A Trade Receivables discounting System (TReDS) which will be an electronic platform for facilitating financing of trade receivables of MSMEs to be established.
- Comprehensive Bankruptcy Code of global standards to be brought in fiscal 2015-16 towards ease of doing business.
- Postal network with 1,54,000 points of presence spread across villages to be used for increasing access of the people to the formal financial system.
- NBFCs registered with RBI and having asset size of `500 crore and above may be considered for notifications as 'Financial Institution' in terms of the SARFAESI Act, 2002.

Infrastructure

- Sharp increase in outlays of roads and railways. Capital expenditure of public sector units to also go up.
- National Investment and Infrastructure Fund (NIIF), to be established with an annual flow of `20,000 crores to it.
- Tax free infrastructure bonds for the projects in the rail, road and irrigation sectors.
- PPP mode of infrastructure development to be revisited and revitalised.
- Atal Innovation Mission (AIM) to be established in NITI to provide Innovation Promotion Platform involving academicians, and drawing upon national and international experiences to foster a culture of innovation , research and development. A sum of `150 crore will be earmarked.
- Concerns of IT industries for a more liberal system of raising global capital, incubation facilities in our Centres of Excellence, funding for seed capital and growth, and ease of Doing Business etc. would be addressed for creating hundreds of billion dollars in value.
- (SETU) Self-Employment and Talent Utilization) to be established as Techno-financial, incubation and facilitation programme to support all aspects of start-up business. `1000 crore to be set aside as initial amount in NITI.
- Ports in public sector will be encouraged, to corporatize, and become companies under the Companies Act to attract investment and leverage the huge land resources.
- An expert committee to examine the possibility and prepare a draft legislation wherethe need for multiple prior permission can be replaced by a pre-existing regulatory mechanism. This will facilitate India becoming an investment destination.
- 5 new Ultra Mega Power Projects, each of 4000 MW, in the Plug-and-Play mode.

Financial Market

- Public Debt Management Agency (PDMA) bringing both external and domestic borrowings under one roof to be set up this year.
- Enabling legislation, amending the Government Securities Act and the RBI Act included in the Finance Bill, 2015.
- Forward Markets commission to be merged with SEBI.
- Section-6 of FEMA to be amended through Finance Bill to provide control on capital flows as equity will be exercised by Government in consultation with RBI.
- Proposal to create a Task Force to establish sector-neutral financial redressal agency that will address grievance against all financial service providers.
- India Financial Code to be introduced soon in Parliament for consideration.
- Vision of putting in place a direct tax regime, which is internationally competitive onrates, without exemptions.
- Government to bring enabling legislation to allow employee to opt for EPF or New Pension Scheme. For employee's below a certain threshold of monthly income, contribution to EPF to be option, without affecting employees' contribution.

Monetising Gold

- Gold monetisation scheme to allow the depositors of gold to earn interest in their metal accounts and the jewellers to obtain loans in their metal account to be introduced.
- Sovereign Gold Bond, as an alternative to purchasing metal gold scheme to be developed. Commence work on developing an Indian gold coin, which will carry the Ashok Chakra on its face.

Investment

- Foreign investments in Alternate Investment Funds to be allowed.
- Distinction between different types of foreign investments, especially between foreign portfolio investments and foreign direct investments to be done away with. Replacement with composite caps.
- A project development company to facilitate setting up manufacturing hubs in CMLV countries, namely, Cambodia, Myanmar, Laos and Vietnam.

Ease of doing business – Minimum Government Maximum Governance

- Simplification of tax procedures.
- Monetary limit for a case to be heard by a single member bench of ITAT increase from` 5 lakh to `15 lakh.
- Penalty provision in indirect taxes are being rationalised to encourage compliance andearly dispute resolution. Central excise/Service tax assesses to be allowed to use digitally signed invoices and maintain record electronically.
- Wealth-tax replaced with additional surcharge of 2 per cent on super rich with a taxable income of over `1 crore annually.
- Provision of indirect transfers in the Income-tax Act suitably cleaned up. Applicability of indirect transfer provisions to dividends paid by foreign companies to their shareholders to be addressed through a clarificatory circular.
- Domestic transfer pricing threshold limit increased from `5 crore to ` 20 crore.
- MAT rationalised for FIIs and members of an AOP.
- Tax Administration Reform Commission (TARC) recommendations to be appropriately implemented during the course of the year.
- Education cess and the Secondary and Higher education cess to be subsumed in Central Excise Duty.
- Specific rates of central excise duty in case of certain other commodities revised.
- Excise levy on cigarettes and the compounded levy scheme applicable to pan masala, gutkha and other tobacco products also changed. Excise duty on footwear with leather uppers and having retail price of more than `1000 per pair reduced to 6%.
- Online central excise and service tax registration to be done in two working days.
- Time limit for taking CENVAT credit on inputs and input services increased from 6 months to 1 year.
- Service-tax plus education cesses increased from 12.36% to 14% to facilitate transition to GST.
- Donation made to National Fund for Control of Drug Abuse (NFCDA) to be eligiblefor 100% deduction u/s 80G of Income-tax Act.
- Seized cash can be adjusted towards assessees tax liability.

Make in India

- Revival of growth and investment and promotion of domestic manufacturing for job creation.
- Tax “pass through” to be allowed to both category I and category II alternative investment funds.
- Rationalisation of capital gains regime for the sponsors exiting at the time of listing of the units of REITs and InvITs.
- Rental income of REITs from their own assets to have pass through facility.

- Permanent Establishment (PE) norm to be modified to encourage fund managers to relocate to India.
- General Anti Avoidance Rule (GAAR) to be deferred by two years.
- GAAR to apply to investments made on or after 01.04.2017, when implemented.
- Additional investment allowance (@ 15%) and additional depreciation (@35%) to new manufacturing units set up during the period 01-04-2015 to 31-03-2020 in notified backward areas of Andhra Pradesh and Telangana.
- Rate of Income-tax on royalty and fees for technical services reduced from 25% to 10% to facilitate technology inflow.
- Benefit of deduction for employment of new regular workmen to all business entities and eligibility threshold reduced.
- Basic Custom duty on certain inputs, raw materials, inter mediates and components in 22 items, reduced to minimise the impact of duty inversion.
- All goods, except populated printed circuit boards for use in manufacture of ITA bound items, exempted from SAD. SAD reduced on import of certain inputs and raw materials.
- Excise duty on chassis for ambulance reduced from 24% to 12.5%.
- Balance of 50% of additional depreciation @ 20% for new plant and machinery installed and used for less than six months by a manufacturing unit or a unit engaged in generation and distribution of power is to be allowed immediately in the next year.

TAX PROPOSAL

- Objective of stable taxation policy and a non-adversarial tax administration.
- Fight against the scourge of black money to be taken forward.
- Efforts on various fronts to implement GST from next year.
- No change in rate of personal income tax.
- Proposal to reduce corporate tax from 30% to 25% over the next four years, starting from next financial year.
- Rationalisation and removal of various tax exemptions and incentives to reduce tax disputes and improve administration.
- Exemption to individual tax payers to continue to facilitate savings.
- Broad themes :
    - Measures to curb black money;
    - Job creation through revival of growth and investment and promotion of domestic manufacturing – “Make in India” ;
    - Improve ease of doing business - Minimum Government and maximum Governance.
- Improve quality of life and public health – Swachh Bharat;
    - Benefit to middle class tax-payers; and
    - Stand alone proposals to maximise benefit to the economy.

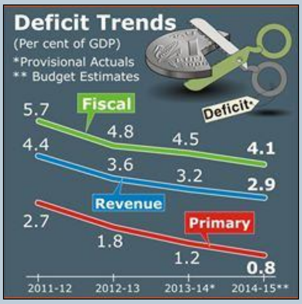
Swachh Bharat

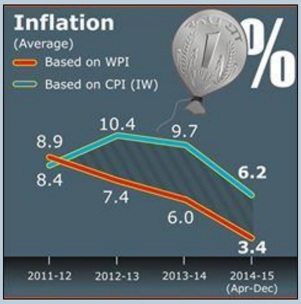
- 100% deduction for contributions, other than by way of CSR contribution, to Swachh Bharat Kosh and Clean Ganga Fund.
- Clean energy cess increased from `100 to `200 per metric tonne of coal, etc. to finance clean environment initiatives.

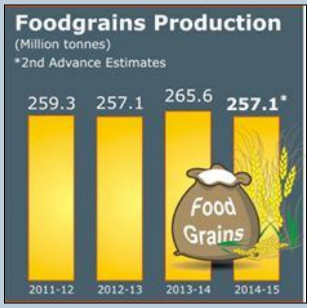
(Source: Please refer to http://www.indiabudget.nic.in/ub2015-16/bh/bh1.pdf for details)

Economic Survey 2014-15 highlights

(PTI)







Following are the highlights of Economic Survey 2014-15 presented by Finance Minister Arun Jaitley in the Parliament

- GDP growth seen at 8.1–8.5 per cent in 2015-16
- Double digit growth trajectory; 8–10 per cent GDP in coming years
- Inflation shows declining trend during April-December
- Current Account Deficit (CAD) to decline to about 1 per cent in 2015-16
- To adhere to fiscal deficit target of 4.1 per cent of GDP; to aim for 3 per cent
- Committed to fiscal consolidation; to enhance revenue generation
- More reforms on anvil; GST, expanding direct benefit transfers to be game-changers
- Foodgrains production for 2014-15 estimated at 257.07 million tonnes; will exceed last 5-year average by 8.5 million tonnes
- NITI Aayog, 14th Finance Commission to enhance fiscal federalism
- External Sector returning to strength, resilience
- Need balance between ‘Make in India’ and ‘Skilling India’
- Services sector negotiations at WTO crucial for India in removing many market access barriers
- Revitalise PPP model to revive investment
- Manufacturing and services equally important for growth
- Consumer inflation in 2015-16 to be between 5-5.5%
- Lower inflation opens up space for more monetary easing
- There is scope for big bang reforms
- Labour, capital, land, market reform and skills to be engines of growth
- JAM Trinity — Jan Dhan Yojana, Aadhaar, Mobile — to help transfer of funds to poor without leakage
- Shield domestic industry to promote ‘Make In India’
- Borrowings to fund investment, not for meeting expenses
- Food subsidy bill in April-Jan up 20% to Rs. 1.08 lakh cr
- Reform Railway’s structure, commercial practices, overhaul of technology
- Public investment key growth engine in short-run for Railways, but not a substitute for private investment
- More disinvestments on the anvil in current fiscal
- Under-recoveries on petroleum products to come down to Rs. 74,664 crore in 2014-15, from Rs. 1.39 lakh crore in FY14
- 4Ds — Deregulation, Differentiation, Diversification, Disinter (better bankruptcy laws) — to push financial sector growth
- Implementation of GST to boost GDP, exports
- Suggests medium to long term fiscal policy to target deficit, expenditure
- Ecommerce sector to witness 50% growth in 5 years

India aims to invest $137 billion in railways in next 5 years

***Reuters**, Feb 26, 2015 4:00pm IST*

The government unveiled plans on Thursday to invest $137 billion in its decrepit rail network over the next five years, heralding Prime Minister Narendra Modi's aggressive approach to building infrastructure needed to unlock faster economic growth.

Over the next year, India will increase investment by about a half to 1 trillion rupees ($16.15 billion) including funds raised by market borrowing.

To meet the five year target, investment will have to speed up even more after that, leaving economists questioning where the money would come from as the government has to rein in its fiscal deficit.

Presenting the rail budget two days before the Union Budget - also expected to hike infrastructure spending - Railway Minister Suresh Prabhu shied away from hiking passenger fares to finance the upgrades, but raised freight rates.

He said the budget "set the direction of a long and difficult road of reform."

Modi, who called the rail budget "a paradigm shift" is expected to use Saturday's Union Budget to lay out an economic vision focused on building the roads, power and technology needed to make India a leading global economy.

Prabhu, one of Modi's trusted economic aides, said he would raise funds from multi-lateral lenders, infrastructure and pension funds, as well as "monetizing" railway assets. He said the railway would not be privatized.

"Over the next five years, the railways have to undergo a transformation," Prabhu said in a speech that was short on details.

While India has the world's fourth largest rail network, it has been outstripped by China, which now has more than six times as much track following an intensive expansion and modernisation of its network over the past two decades.

S&P raises India's GDP forecasts, says it's a bright spot in Asia

***Reuters, MUMBAI** Thu Feb 26, 2015 1:15pm IST*

Standard & Poor's sharply raised India's growth forecasts for the next several years to reflect a recent change in how gross domestic product is calculated by the government, and said the economy should be a "bright spot" in Asia. The ratings agency S&P raised its India GDP growth forecast to 7.9 percent from 6.2 percent for the year ending March 2016, citing as well rising investment and low oil prices.

The agency also raised its growth forecast for 2016/17 to 8.2 percent from 6.6 percent previously.

The revisions come after India this month changed the way it measures Asia's third-largest economy.

"India should be the Asia-Pacific region's bright spot," S&P said in a statement.

At the same time, the ratings agency lowered growth forecasts for a slew of Asian countries, including China and Japan.

S&P currently rates India at "BBB-" with a "stable" outlook.

The agency earlier this week said India must boost growth, cut its fiscal deficit and fulfil promises of financial and fiscal reforms to justify an upgrade in a credit rating.

Make in India: PM Modi vows to double output of defence manufacturing

ET Bureau Feb 19, 2015

BENGALURU: Prime Minister Narendra Modi has opened a window for majority foreign ownership in defence companies, pointing to an important policy shift just months after India raised the FDI limit in the sector to 49%.

Modi, for whom domestic manufacturing is a key strategic goal, tied any increase in the FDI limit to another important goal, the acquisition of the latest technology that in the long run will help India become a self-sufficient arms producer in the most crucial areas. "We have raised the permitted level of FDI to 49%. This can go higher, if the project brings state-of the art technology," the PM said on Wednesday at Asia's largest air show, Aero India, in Bengaluru.

In August, the FDI limit in defence was increased from 26% to lure foreign defence suppliers to set up manufacturing facilities in a country that is the world's largest arms importer.

For much of its history, India has had a friendly relationship with Russia, the top supplier of weapons and other defence platforms, but local production and innovation have not lived up to promises.

"We have the reputation as the largest importer of defence equipment in the world," he said.

"That may be music to the ears of some of you here. But this is one area where we would not like to be No. 1," Modi said. "It will be no longer enough to buy equipment and simply assemble them here." In the past five years, India has imported capital equipment worth more than Rs 1 lakh crore for the armed forces, making the country a lucrative market for foreign defence companies. Modi, who is pursuing a close partnership with the US, is aiming for India to quickly imbibe advanced western technologies while opening up the vast Indian market to their defence firms.

Govt to divest ONGC after crude settles around $70

TNN | Feb 26, 2015, 01.33AM IST

The government would wait till crude prices stabilize at around $70 a barrel before selling 5% in ONGC, moving disinvestment in the country's most profitable company to the 2015-16 fiscal starting April 1. Government sources on Wednesday said the "time was not ripe" for offloading stake in refiner-marketer IndianOil, though the matter was "in discussion" within the government.

The ONGC selloff was initially supposed to have happened in November 2014 and was estimated to fetch some Rs 14,000 crore. But falling crude prices changed the valuation template and took a toll on the company's financial health. ONGC reported a 50% decline in net profit for the December quarter as low oil prices pulled down its income and forced exploration costs to be written off. Net profit for the quarter stood at Rs 3,571 crore against Rs 7,126 crore during the same period of the previous year. Total income for the quarter declined 14% to Rs 18,715 crore. The company wrote off Rs 2,475 crore towards exploration costs, compared to a write-off of Rs 1,810 crore during the same period in the previous year. Crude prices dropped to $46 a barrel early last month from a level of $111-115 in June 2014, after Opec swing producer Saudi Arabia initiated a price war to guard its market share against rising supplies from new players such as the US shale industry and Russia. The prices have shown a mild uptick recently, climbing past $59 a barrel on Wednesday after Chinese manufacturing expanded and the Saudi oil minister said demand was growing. Analysts generally expect oil prices to stabilize at $70-80 by end of the year. At a price level of $60 or below, ONGC is left with very little after bearing its share of fuel subsidy. The company does this by giving discount on crude to state-run refiners. Then it has to pay royalty and cess, besides tax and dividend. Under the burden-sharing arrangement, ONGC paid a discount of $56 a barrel. Besides, it paid $10 a barrel as cess, $7 per barrel as royalty and state levies. No wonder, ONGC had found itself in a situation where it was actually losing money for producing oil.

The deregulation of diesel pricing in October was considered a positive contribution towards ONGC selloff since it was expected to reduce the subsidy burden. But clearly, even this proved inadequate as oil prices fell further. Since then the government has put in place a new dispensation, according to which the government would take 85% of the crude price above $60 and till $100 a barrel. Beyond $90 a barrel crude price, ONGC would have to give up 90% to the government.

India offers wider duty cuts at Regional Comprehensive Economic Partnership

ET Bureau | 18 Feb, 2015, 04.32AM IST

India, backed by South Korea and China, has made a two-tier proposal at the Regional Comprehensive Economic Partnership (RCEP), offering wider duty eliminations to the 10 Asean countries in the trade bloc and a lower market access to the five non-Asean members. In negotiations that concluded late last week in Thailand, New Delhi made an initial offer to give duty free access to 70% of product categories from the Asean countries versus just 40% from the rest, which includes China, Japan, Korea, Australia and New Zealand. Its previous offer was to eliminate duty on 40% items from all 15 countries. "We are comfortable in giving 70% to Asean with whom we already have a free trade pact, but at present it will not be possible to open up so much in the initial offer for the rest," said a government official.

"While we do have an FTA (free trade agreement) with Japan and Korea as well, making a further distinction will only complicate matters. Korea and China are on the same page as us on the matter."

The exact categories that will be given duty-free status will be decided in further deliberations in April, with an end-2015 deadline to conclude negotiations. RCEP is a proposed comprehensive free trade pact among the 10 Asean members of Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam and their six partners, Australia, China, India, Japan, Korea and New Zealand, with whom they have FTAs. The plan is to include goods, services, investments, competition and intellectual property under the pact.

India is moving with extreme caution in the regional trade deal, as it faces huge import risk from China, with which it already has a trade deficit of $36 billion even without having any FTAs. India will keep the items which pose a risk to the domestic market out of the pact. In the initial offer, at least New Delhi will not oblige to duty concessions in dairy, textiles, automobiles, machinery, rubber, spices and steel. Lower India access to manufacturing powerhouses of Asia will help protect domestic industry as the government goes about implementing the 'Make in India' programme.

Asean has proposed a formula of three layers of duty elimination for Asean, the FTA partners and non-FTA countries. India has already opened up 79% product lines for Asean under the free trade pact. Its concerns are more about some other members.

"We will not be comfortable giving more than 40% to China, Australia and New Zealand. The real test will be battling the high ambition of Australia and New Zealand. India also argued that with the tier approach, RCEP will no longer be a common consensus agreement," the official added. India has so far signed FTAs with Asean, Korea, Japan, Singapore and Malaysia, and it is negotiating for similar agreements with New Zealand and Australia. "The problem is that we are talking about differential tariffs for different countries with different rules of origin. We do not know how that will take off," said Arpita Mukherjee, professor at the Indian Council for Research on International Economic Relations. "The ambition is so low. Who opens 40% in a free trade agreement?"

Clean energy share will be at 15% of basket in 7 years: President

PTI | Feb 23, 2015, 03.11PM IST

Stressing the need to boost clean energy generation, President Pranab Mukherjee today said that the share of renewable power generation will be enhanced to 15 per cent of the total energy mix in the next seven years.

Addressing the joint sitting of Parliament, Mukherjee said, "The share of renewable energy in electricity generation is being significantly enhanced from 6 per cent to 15 per cent of the energy mix in the next seven years." The scheme for setting up 25 mega solar parks has been approved. The implementation of the Green Energy Corridor Scheme has also been accelerated.

Setting up solar generation capacities along the international borders will be a key area, he said, adding the government has made successful efforts in attracting global investors in this sector. Mukherjee said that similar attention is being paid to bio-mass and hydro energy. The Power sector has achieved 76 per cent capacity addition by January 2015 against the 2014-15 target of 17,830MW.

"In order to provide 24x7 quality power in rural and urban areas, the Deendayal Upadhyaya Gram Jyoti Yojana with an outlay of more than Rs 43,000 crore and the Integrated Power Development Scheme with an outlay of Rs 32,600 crore have been launched," Mukherjee said. Major projects for improving the transmission and distribution system in the north-eastern states have been started. President added, "To deepen the reforms in the electricity sector,the Electricity (Amendment) Bill 2014 has been introduced."

FDI Doubles to $2.16 Billion in December

Press Trust of India | February 22, 2015 11:15 (IST)

Foreign direct investment (FDI) in India almost doubled to $2.16 billion in December 2014, compared to $1.10 billion in the same month of 2013. During the April-December period of current fiscal, FDI rose by 27 per cent to $21.04 billion as against $16.56 billion in the same period last fiscal, the data by Department of Industrial Policy and Promotion showed.

Amongst the top 10 sectors, telecom received the maximum FDI of $2.67 billion in the nine-month period, followed by services ($2.29 billion), automobile ($1.58 billion), pharmaceuticals ($1.21 billion) and computer software and hardware ($971 million).

During the period, India received maximum FDI from Mauritius at $5.89 billion, followed by Singapore ($4.31 billion), the Netherlands ($2.57 billion), the US ($1.48 billion) and Japan ($1.42 billion).

In 2013-14, FDI stood at $24.29 billion as against $22.42 billion in 2012-13.

Healthy inflow of foreign investments into the country help in balancing the country's balance of payments and stabilise the value of rupee. India is estimated to require around $1 trillion over five years to overhaul its infrastructure sector, including ports, airports and highways to boost growth. The government is taking steps to boost FDI in the country. It has relaxed FDI norms in sectors including insurance, railways and medical devices.

Companies seeking FDI approval can now e-file a single copy of application for FIPB approval

By PTI | 17 Feb, 2015

Companies seeking approval for foreign direct investment (FDI) can now e-file a single copy application with the FIPB, a move aimed at ease of doing business in the country.

The Finance Ministry today launched an upgraded and secure portal for e-filing of FDI applications. "With the introduction of the new website, applicants will have to submit only a single copy of the application for records with the FIPB Secretariat instead of 15-18 copies being filed earlier," a Finance Ministry statement said.

The Foreign Investment Promotion Board (FIPB), headed by Economic Affairs Secretary, clears FDI investments which requires government approval.

"The initiative is part of the Government's ongoing efforts for Good Governance by enhancing transparency and accountability in its procedures and is a step towards Minimum Government and Maximum Governance," the statement added.

The applicants would also get SMS/email alerts related to the queries raised by the administrative ministries, inclusion of the proposal in the scheduled FIPB meeting and decisions.

"All the correspondence including updates/ decisions are communicated through SMS/emails and thus eliminating physical delivery and loss of time due to postal delays," it added.

Since the communication between the applicant, FIPB and other departments are online, any queries raised by the user would be replied through online mode. The Commerce and Industry Ministry has already taken several measures and has proposed series of steps, including drastically reducing the time for registration of business to one day, single registration of all labour laws and cut in number of taxes to improve ease of doing business in India.

Government approves eleven proposals of foreign direct investment (FDI) amounting to about Rs 1,075.91 crore

PIB, February 20, 2015

Based on the recommendations of Foreign Investment Promotion Board (FIPB) in its meeting held on 4th February 2015, Government has approved Eleven proposals of Foreign Direct Investment amounting to Rs. 1075.91 crore approximately. In addition, two proposals relating to M/s Aurobindo Pharma Limited, Hyderabad and M/s Glenmark Pharmaceuticals Limited, Mumbai have been recommended for consideration of Cabinet Committee on Economic Affairs.

BANKING/FINANCE

RBI lifts ban on import of gold coins, medallions by banks

PTI Feb 18, 2015, 09.22PM IST

The Reserve Bank of India (RBI) today lifted the ban on imports of gold coins and medallions by banks and trading houses.

The RBI in a notification also said banks are permitted to import gold on consignment basis. Domestic sales will be, however, permitted against upfront payment only.

"While the import of gold coins and medallions will no longer be prohibited, pending further review, the restrictions on banks in selling gold coins and medallions are not being removed," it said. The RBI and the government have been receiving requests for clarification on some of operational aspects of guidelines on import of gold after withdrawal of restrictions on import of the metal on November 28 last year, the notification said.

Aiming to tame the then widening current account deficit (CAD), the central bank in August 2013 had prohibited imports of gold coins and medallions besides restricting inbound shipments of the metal.

Under the 80:20 scheme, which was withdrawn on November 28 last year, gold imports were linked with its exports.

The notification further said the obligation to export under the scheme will continue to apply in respect of unutilised gold imported before November 28, 2014.

"Banks are free to grant gold metal loans," it said, adding that Star and Premier Trading Houses (STH/PTH) can import the metal as per entitlement without any end use restrictions.

Gold imports surged by 8.13 per cent year-on-year to $1.55 billion in January on easing of restrictions by the RBI. India is the largest importer of gold, which is mainly utilised to meet the demand of jewellery industry.

RBI eases rules to re-enter foreign currency-rupee swaps

Reuters

The Reserve Bank of India (RBI) allowed domestic investors to re-enter into a foreign currency-rupee swap deal if the underlying exposure of the original swap contract remained valid after the contract's expiration.

The RBI also said the relaxation would provide flexibility to eligible domestic individuals who enter into foreign currency-rupee swap contracts to hedge exchange rate or interest rate risk exposure.

RBI eases some restrictions on shadow bank lending

Reuters

The Reserve Bank of India (RBI) on Friday eased lending regulations governing the country's shadow banking industry, removing investor limits and the need for collateral guarantees on standard debt transactions.

The RBI said shadow banks would henceforth be able to conduct non-convertible transactions valued at 10 million rupees ($160,000) or more unsecured, and such issuance would no longer be limited to 200 investors.

Restrictions would remain on debt of less than that value that is not convertible into equity, and on all convertible debt, the RBI said.

India's shadow banks, known as non-banking financial firms (NBFCs), are widespread and include housing finance companies and consumer finance firms that lend small sums to individuals.

The central bank also said NBFCs would not be permitted to transfer the proceeds of non-convertible debt issues to affiliates.

India's NBFCs provide essential financial services in a country where only one household in two has access to formal banking. But there are concerns that, given the relatively loose regulatory environment they operate in, the bigger they grow, the greater the risk their activities may pose to the broader financial system.

Shadow banks are lending heavily to sectors like infrastructure without full banking licences and without being subject to the tougher rules imposed on commercial banks - even as the country's regular banks struggle with a pile-up of bad loans after years of reckless lending.

MARKETS

FIIs pump Rs 16,500 crore in Indian capital markets in February

PTI Feb 22, 2015, 11.47AM IST

Foreign investors have poured in a little over

Rs 16,500 crore in Indian capital markets in this month so far on hopes of a pro-growth Budget and rising expectations that government will accelerate reforms.

The latest inflows take the total investment to Rs 50,205 crore ($8.2 billion) since the beginning of 2015.

In January, overseas investors had pumped in Rs 33,688 crore in Indian debt and equities.

Foreign institutional investors (FIIs) have bought shares worth Rs 6,850 crore in February so far.

In the debt segment, they invested funds to the tune of Rs 9,667 crore, taking the total investment to Rs 16,516 crore, the Central Depository Services' data showed.

FIIs were rechristened as foreign portfolio investors or FPIs last year under a new regulatory regime that promises to make it easier for them to invest in India.

Market participants attributed the robust inflows to positive investor sentiment driven by the government's announcement of several reform measures in recent months and expectation of more announcements in the Union Budget, to be presented on February 28.

Investors are keenly focused on the new government's first full-year Budget, looking at it as a gauge to measure the government's reform momentum.

"The upcoming Budget could be the most important one for the stock market after the early 1990s, when India launched economic liberalisation," Morgan Stanley said in a report.

Of the total inflows, a lion's share came into debt markets, which analysts attributed to measures taken by Reserve Bank of India (RBI) and the Securities and Exchange Board of India (Sebi) to attract long-term overseas investors. In 2014, the net investment by overseas investors in debt markets was Rs 1.59 lakh crore, while the figure for equities stood at Rs 97,054 crore. Overall net investment by foreign investors stood at Rs 2.56 lakh crore last year.

BUSINESS

Snapdeal buys luxury fashion portal Exclusively; expands presence in high-end fashion segment

PTI

Expanding its presence in the high-end fashion segment, online marketplace Snapdeal has acquired luxury fashion portal Exclusively.com for anundisclosed amount.

With this acquisition, the city-based firm that gets a little over $1 billion in gross merchandise value (GMV)from its fashion business expects this figure to touch $2 billion by the end of the current calendar year.

According to industry insiders, Snapdeal's total GMV - total value of goods sold - is around $ 2 billion at present and fashion business accounts for over 60 per cent of the total volume.

Indian companies becoming single source suppliers to global OEMs

***Livemint**: February 19, 2015*

If a truck break downs between our Belgaum manufacturing facility and Bengaluru International Airport, there will be an impact on a final product of a plane made in Europe," says Walt Sirmans, president at the aerospace unit of Aequs Pvt. Ltd, a Karnataka-based aerospace components manufacturer.

Sirmans is right as Aequs' aerospace unit has become the sole source for several machining material for Premium Aerotech GmbH, an aerospace manufacturing business, headquartered in Augsburg in Germany. Premium Aerotech is a subsidiary of Airbus Group.

Aequs is one among many Indian companies becoming single sources for global original equipment manufacturers, or OEMs, such as Airbus SAS of Toulouse and Boeing Co. of the US.

Tata Advance Systems Ltd (TASL), Dynamatic Technologies Ltd, Jupiter Aviation and Logistics Pvt. Ltd are among many companies that are becoming single source suppliers to OEMs.

The Narendra Modi government, after coming to power, has launched an ambitious programme to make India a manufacturing powerhouse and has advocated boosting exports and substituting imports with products manufactured domestically.

Aequs' Sirmans said the company secured a multi-year deal worth more than $50 million from Premium Aerotech to supply materials including aluminium machining for Airbus planes such as the popular narrow body A320s, widebodied A330s and A380s, the world's largest civilian planes.

"We will be single source manufacturers to Premium Aerotech. The deal is for seven years. It will give a revenue visibility of $8 million every year starting 2016. This project will also create 200 more jobs in India," said Aequs chairman and chief executive Aravind Melligeri.

Melligeri said there are more Indian companies turning themselves into single source suppliers to big OEMs.

Aequs is also in process of acquiring a French company with a $4 million revenue and a US company that has revenue of $10 million.

"We will be closing both deals by the end of this financial year. These acquisitions will compliment Indian capabilities. The French company is focusing on landing gear components while the US company is into aerostructures," Melligeri added.

On Monday, Airbus said it has signed an agreement with Bengaluru-based Dynamatic Technologies to be the single source supplier of flap-track beams for the wide body A330 family aircraft. The agreement is the largest manufacturing contract between Airbus and a private sector company in India and elevates Dynamatic to a global tier-1 supplier.

Dynamatic has manufactured flap-track beam assemblies for Airbus' single-aisle A320 family on a global single source basis as a Tier-2 supplier, since 2010.

The flaps on the wings, which are instrumental in controlling the speed, direction and balance of the aircraft, move along high-tech guide rails known as flap track beams.

These flap track beams are so-called Class 1 flight critical assemblies that are connected to the wings. Dynamatic will supply four out of five flap track beams used on every A330 aircraft wing.

Tata Group controlled TASL is the global single source for assembly of helicopter fuselage for Sikorsky S-92 helicopters and wire harness installation.

Sikorsky Corp is a US-based helicopter manufacturer. TASL will deliver the 95th cabin to Sikorsky by March, 2015.

TASL is also a global single source designated for assembly of Empennage for military transport aircraft (Lockheed Martin C 130J) and assembly of center wing box structures.

Others are also ramping up their supportive facilities as more Indian companies are turning single source suppliers to OEMs.

On Tuesday, aerospace materials and logistics provider ThyssenKrupp Aerospace, part of ThyssenKrupp AG, will set up a storage facility in Bengaluru, according to Jurgen Funke, chief executive officer of the company.

The facility will have processing capabilities and offer supply chain management to tier I and tier 2 suppliers of OEMs besides offering cut-to-size and machine-ready material that is shipped to the customer just in time.

"The lead time, that is time taken to place the order for materials and receiving the same, is six months for aerospace materials in certain cases. And the cost of keeping such material accounts to 30-40% for a Tier 1 or Tier 2 supplier. This proposed facility will cut the time and cost," Gopi Hanumanthappa, managing director at ThyssenKrupp Aerospace India Pvt. Ltd had said on Tuesday.

He said content produced in India in terms of aerospace is growing.

Plane maker Boeing Co. is also tying up with Indian companies to source components from India. General Electric Co. (GE) of the US is also setting up a multi-modular manufacturing facility in Pune envisaging an investment of $200 million. Key parts of all types of aircraft engines are going to be built from this facility.

RBI Actions:

- RBI allows Alternative Investments Funds to purchase foreign securities-(http://www.rbi.org.in/scripts/NotificationUser.aspx?Id=9386&Mode=0) & (http://www.rbi.org.in/scripts/NotificationUser.aspx)
- RBI further liberalizes Overseas Direct Investments by Indian Party. The details can be seen from the following link-(http://www.rbi.org.in/scripts/NotificationUser.aspx?Id=9432&Mode=0)
- RBI issues norms for trading platform for MSME receivables: The Reserve Bank of India (RBI) has permitted setting up of an exchange-based trading platform to facilitate financing of bills raised by Micro, Small and Medium Enterprises (MSMEs) to corporate and other buyers, including government departments and PSUs. The platform, Trade Receivables Discounting System (TReDS) should have a minimum paid up equity capital of USD 4.04 million and non-promoters would not hold over 10% of the equity capital of TReDS.

DIPP, FDI Changes:

- Review of FDI policy in the Construction Development Sector. The details can be seen from the following link-**(http://dipp.nic.in/English/acts_rules/Press_Notes/pn10_2014.pdf)**
- DIPP abolishes licensing for Ammonium Nitrate Fuel Oil-(http://dipp.nic.in/English/acts_rules/Press_Release/PressRelease_20November2014.pdf)
- Report on ease of doing business initiative of DIPP, Ministry of Commerce & Industry-(http://dipp.nic.in/English/Investor/Doing_BusinessInitiative.pdf)

Some of State Government Initiatives:

- **Telangana unveils industrial policy:** The Telangana state government has unveiled its new industrial policy framework encompassing 14 thrust areas. It focusses on developing six industrial corridors and common infrastructure for various industries among other things. The policy framework also listed out sector-specific incentives and steps for a hassle-free and transparent environment for the units to set up and operate. The government expects a growth of 4%-5% over and above the national average in the manufacturing sector on the back of the new policy. It has also promised a conducive taxation structure besides taking steps against tax evasion by undertaking tax rationalization on industrial inputs and outputs with neighbouring states like Karnataka, Maharashtra, Gujarat and Tamil Nadu.
- **Gujarat announces IT policy:** Government of Gujarat has announced two more policies in the areas of information technology (IT) and e-governance for 2014-2019. The policy looks to encourage new units, create one million jobs and aim at USD 12.13 billion worth of turnover by 2020. Gujarat will not only look to encourage new IT units, projects as well as parks but also provide incentives for creating quality workforce in the industry. The benefits under the IT policy include 100% waiver in the stamp duty and registration fees over purchase/lease or transfer of land for new units and 25% subsidy for lease/rentals for new units coming up in IT parks, among others.
- **Uttarakhand approves new MSME policy:** The Uttarakhand Cabinet has put its seal of approval on the draft of the new micro, small and medium enterprises (MSME)

policy. The decision was taken at a meeting at the secretariat here on Wednesday, government officials said. In the policy, areas for incentives have been divided into categories A and B in the state. Backward districts such as Pithoragarh, Uttarakashi, Chamoli, Champawat, Rudraprayag and Bageshwar have been kept in the category A where the capital subsidy will be 40 per cent. In the category B, districts such as Tehri, Pauri and Almora have been included, and the capital subsidy will be 30 per cent. The interest subsidy in the category A will be 12 per cent while it will be 10 per cent for B.

- **Madhya Pradesh clears investment policy for defence equipment production**: MADHYA Pradesh has approved a policy aimed at helping firms willing to USD 81.60 billion or more for setting up public and private sector defence production units in the vicinity of the towns of Katni, Itarsi, and Jabalpur where ordnance factories already exist. Under the policy, a 50-acre undeveloped government land will be provided. Also, land belonging to the closed down and sick units would be purchased for setting up defence equipment manufacturing units. The policy also has a provision for providing subsidy for transporting goods and raw material to and fro the ports.

Central Government Initiatives:

- **Railways allows 100% FDI in setting up of bio-toilets, laundry facility:** Railways has identified toilets as one of the 17 special areas where 100 per cent foreign and private investment can bring about major investments. According to the guidelines approved by the government under its FDI policy, 100 per cent FDI can be utilised in facilities like cleaning up trains and installation of bio-toilets in passenger coaches and setting up of mechanised laundry facilities.

- **India agrees with US on food stockpiling, clears way for WTO deal:** India has reached an agreement with the United States on public stockpiling of food on Thursday, paving the way for the implementation of a global trade facilitation deal that has been stalled for months. "India and the United States have resolved their differences on public stockholding of food," Nirmala Sitharaman said. "This opens the way for implementation of the WTO trade facilitation deal."
- **Australia and India sign agreement to enhance skill development:** AUSTRALIA and India will further strengthen bilateral cooperation on skill development. India has also decided to expand the capacities of 12,000 industrial training institutes. A Memorandum of Understanding has been signed between the National Skill Development Corporation, India and TAFE Directors, Australia, on technical and vocational education and training cooperation. The purpose is to further strengthen cooperation to enhance and extend bilateral cooperation. The aim is to contribute positively to the development of technical and vocational education and training related linkages between India and Australia.

- **FinMin revises duty drawback rates:** The Finance Ministry has come up with revised all-industry rates (AIR) of duty drawback, effective Saturday. The Central Board of Excise and Customs (CBEC) said under the revised rates, drawback caps will continue on most tariff items, with AIR above 2 per cent. Duty drawback payments are made to exporters to compensate them for the customs and excise duties paid on the inputs used in the manufacture of exportable products.

- **New duty drawback rates notified for exporters:** GOVERNMENT has notified new duty drawback rates to exporters on the duties they pay on imports. While there are no major changes in the new rates, small tweaks have been made in rates pertaining to sectors such as engineering goods, textiles, carpets and certain stationery items. This comes at a time when merchandise exports contracted 5% to USD 26 billion while imports grew 3.6% to USD 39 billion.
- **Government of India sets up USD 2.42 billion fund to boost shipbuilding industry:** GOVERNMENT of India (GoI) would support the shipbuilding industry with a dedicated fund of USD 2.4 billion, that will be handled by Exim Bank. The fund will be utilized for financing the construction, and refitting and repair of ships. The shipbuilding sector has a tremendous potential to emerge as a strong foreign currency earner for the country. Recently the government had also announced that it will be acquiring three liquefied natural gas (LNG) carriers locally, as part of a programme to acquire 11 such ships.
- **IREDA & US-Exim Bank Sign MoU :** A Memorandum of Understanding (MOU) has been signed between Indian Renewable Energy Development Agency Ltd (IREDA) and US Exim Bank for cooperation on clean energy investment. This MoU will establish a framework for cooperation in the financing of creditworthy entities for renewable energy projects and to facilitate the export of goods and services of U.S. origin or manufactured in India and various forms of collaboration between the IREDA & US-Exim Bank. US Exim Bank shall provide USD 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.
- **Railways unveil policy allowing private parcel trains:** INDIAN Railways will allow privately owned and run parcel trains. The policy aims at boosting investment in this vital infrastructure sector through public-private partnership (PPP) mode. The ministry of railways issued the new policy to meet the future demand of traffic and thereby increase market share. As per the scheme comprising different categories, Category I would include general service parcel vans of minimum 20 wagons and maximum 24 and Category II would have special purpose vehicles like refrigerated vans, milk tankers etc of 15 or 24 wagons. A rake with mix of both categories will also be allowed to operate.
- **Framework for Security Cooperation between India and Australia:** INDIA and Australia have agreed on a framework for security cooperation to reaffirm the bilateral strategic partnership according to which both sides would strengthen defence cooperation and also cooperate on civil nuclear energy and maritime security. Both sides would cooperate in counter-terrorism and other transnational crimes, through cooperation in training and exchange of experts, exchanges on counter-radicalization, cooperation on extradition and mutual legal assistance requests and exchanges on cyber policy. Both would also cooperate on border protection, coast guard, and customs through exchanges and cooperation between the Indian Coast Guard and Australian border protection authorities.
- **India and USA sign infra development agreement:** INDIA and the US have signed a Memorandum of Understanding (MoU) for putting in place an infrastructure

collaboration platform that will help the US industry to participate in projects in India. This MoU establishes a United States-India Infrastructure Collaboration Platform, under which both the governments intend to coordinate and cooperate with the goal of facilitating U.S. industry participation in Indian infrastructure projects to improve the bilateral commercial relationship.

- **Indian Railways and Republic of Korea Sign MoU:** A Memorandum of Understanding (MoU) has been signed between the Ministry of Railways, Government of India and the Ministry of Land Infrastructure and Transport of the Government of Republic of Korea. The MoU would enable technical assistance and cooperation between the Railways of the two countries on areas such as high speed rail, modernization of rolling stock, railway operations, modernization of signaling, construction & maintenance technologies and in development of logistics parks/terminals.
- **Government initiatives for investment in hydro power development:** GOVERNMENT has taken a number of initiatives to boost hydro power development and hydro-power projects in order to meet the country's power requirements. Policy initiatives like National Electricity Policy, Hydro Power Policy, National Rehabilitation & Resettlement Policies and National Tariff Policy have been announced. At present there are 188 hydro stations with a total installed capacity of about 40,800 MW under operation. The total hydro capacity in India at the end of 12th Plan is likely to be around 50,000 MW.
- **Ministry of Textiles approve usage of geotechnical textiles in north east region:** MINISTRY of Textiles has approved a scheme for promoting usage of geotechnical textiles in the north east region. The scheme has a financial outlay of USD 67 million for five years from 2014-15. The use of this modern and globally proven technology will help in creating roads and infrastructure in North East, which will require less maintenance and shall have longer life. The scheme will be driven by Textile Ministry's Centers of Excellence and will also provide technological support, capacity building, training, market development support and create awareness about geotextiles by supporting the entire supply chain.
- **India and Russia sign two agreements for Kudankulam project:** INDIA and Russia have signed two agreements which for starting units 3 and 4 of the Kudankulam nuclear power project. A strategic vision for strengthening cooperation on uses of atomic energy between the two countries which envisages a roadmap of bilateral cooperation in the civil nuclear energy sector for the next two decades has also been signed. This also includes the construction of additional Russian-designed nuclear power units in India, cooperation in research and development of innovative nuclear power plants and localisation of manufacturing of equipment and fuel assemblies in India. Russia and India will also explore opportunities for sourcing materials, equipment and services from Indian industry for the construction of Russian-designed nuclear power plants in third countries.

FORTHCOMING EVENTS >>>> *INDIA*

I. India International Hand woven Fair

Date: 11-13 March, 2015

Venue: Chennai, India

Organizer: Handloom Export Promotion Council (HEPC) under the aegis of Development Commissioner for Handlooms, Ministry of Textiles, Government of India

Contact : www.iihfchennai.com

Details: Handloom Export Promotion Council (HEPC) under the aegis of Development Commissioner for Handlooms, Ministry of Textiles, Government of India is organizing the 5th Edition of India International Handwoven Fair (IIHF), from 11th to 13th March, 2015, at Chennai Trade Centre, Chennai, India. In this regard the Council would like to invite prominent buyers of the above mentioned products in Singapore to attend this event. Selected Buyers will be eligible for the following complimentary package:

- Economy class onward and return airfare.
- Hotel accommodation for three nights during the fair

II. 29th India Carpet Expo

Date: 27-30 March, 2015

Venue: New Delhi, India

Organizer: Carpet Export Promotion Council (CEPC)

Contact : www.indiancarpets.com

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

- Reimbursement of US $ 550 towards airfare, as a subsidy, for attending India Carpet Expo.
- Complimentary hotel accommodation up to 2 nights (Room rent with breakfast) in Delhi between 26th to 30th March, 2015.

III. First Global Exhibition on Services (GES) - 2015

Date: 23-25 April, 2015

Venue: New Delhi, India

Organizer: Ministry of Commerce and Industry, Government of India, Services Promotion Council (SEPC) and Confederation of Indian Industry (CII)

Contact : www.gesdelhi.in

Details: The main objective of the event is to enhance strategic cooperation between the countries of the Rest of the World and India for promoting services trade. The focus sector for the first GES are : Education, Energy and Environment, Healthcare, IT and Telecom, Tourism, Logistics, Media & Entertainment, Professional Services, Energy and Environment, Space and Satellite, R&D.

FORTHCOMING EVENTS >>>> *INDIA*

IV. 10th North East Business Summit

Date: 13-14 March, 2015

Venue: New Delhi, India

Organizer: Indian Chamber of Commerce in association with the Ministry of Development of North Eastern Region (DoNER), Government of India

Details: The Indian Chamber of Commerce in association with the Ministry of Development of North Eastern Region (DoNER), Government of India, is organizing the "10th North East Business Summit" from 13-14 March, 2015, in New Delhi, India.

V. 8th MP Exportech 2015

Date: 26-28 March, 2015

Venue: Bhopal, Madhya Pradesh, India

Organizer: Madhya Pradesh Laghu Udyog Nigam (MPLUN) along with Confederation of Indian Industry (CII)

Contact : Mr. Sudhanshu Johri (Tel: 919691945671 Email: sudhanshu.johri@cii.in

Details: The upcoming event will showcase the following sectors :

- Plastic & Packaging Materials
- Processed & Un-Processed Food
- Textile-Yarn & Fabric
- Engineering & Machine Tools-Electrical Equipments, Fabrications, Casting, Fixtures & Fittings, Power & Transformer Equipments, Switch Gear & Controlgearequipments, Insulations, Condenser & Heat Exchanger
- Spices & Organic Products
- Herbal & Pharmaceuticals

In this regard the organizers would like to extend a warm invite to interested Singaporean companies to attend this event. Please note that the organizers would provide return economy airfare and complimentary hotel stay for participating delegates.

Notifications

Securities and Exchange Board of India

Change in investment conditions for FPI investments in Government Debt Securities

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

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

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

Modification to Offer for Sale (OFS) of Shares through stock exchange mechanism

http://www.sebi.gov.in/cms/sebi_data/attachdocs/1417587496337.pdf

Ministry of Corporate Affairs

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

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

Reserve Bank of India

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

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

Overseas Investments by Alternative Investment Funds (AIF)

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

Ministry of Finance

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

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

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

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

Four Indian companies in top global start-up list

Business Standard: *Feb 23, 2015*

The US continues to be ahead of others in breeding start-ups but India seems to be racing past Europe in terms of the number of highly valued new-age companies.

Four Indian companies have entered a list of the 73 most-valued billion dollar club of start-ups across the world, based on a survey by The Wall Street Journal and Dow Jones VentureSource. Powa and Shazam from the UK, valued at $2.7 billion and $1 billion, respectively, made it to the list. The list includes Flipkart, Snapdeal, Ola Cabs and InMobi.

City-based Snapdeal is ranked 30th, with a valuation of $2 billion, while InMobi is valued at $2.5 billion, making it the fifth most valued Asian start-up.

While India is being seen as the next major breeding ground for start-ups, it lags China. Of the 73 companies on the list, eight were Chinese, with Xiaomi figuring at the top (valuation of $46 billion).

FAQs on Foreign Investments In India

The fortnightly FAQs will broadly cover the following areas

I. Foreign Direct Investment

II. Foreign Technology Collaboration Agreement

III. Foreign Portfolio Investment

IV. Investment in Government Securities and Corporate debt

V. Foreign Venture Capital Investment

VI. Investment by QFIs

I. Foreign Direct Investment (FDI)

Q. What are the other modes of issues of shares for which general permission is available under RBI Notification No. FEMA 20 dated May 3, 2000?

Ans. Issue of shares under ESOP by Indian companies to its employees or employees of its joint venture or wholly owned subsidiary abroad who are resident outside India directly or through a Trust up to 5% of the paid up capital of the company.

- Issue and acquisition of shares by non-residents after merger or demerger or amalgamation of Indian companies.
- Issue shares or preference shares or convertible debentures on rights basis by an Indian company to a person resident outside India.

Q. Can a foreign investor invest in shares issued by an unlisted company in India?

Ans. Yes. As per the regulations/guidelines issued by the Reserve Bank of India/ Government of India, investment can be made in shares issued by an unlisted Indian company subject to compliance with FEMA provisions such as pricing, reporting, etc.

Q. Can a foreigner set up a partnership/ proprietorship concern in India?

Ans. No. Only NRIs/PIOs are allowed to set up partnership/proprietorship concerns in India on non-repatriation basis.

Source: RBI

For Feedback & Comments, please contact:

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