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India Focus

this issue

Finance Minister, Shri Arun Jaitley

WISHING ALL OUR READERS A HAPPY & SUCCESSFUL NEW YEAR 2015

BUSINESS

Singapore's sovereign wealth fund to buy 70% in Nirlon

***Business Standard**: December 24, 2014*

Mumbai: GIC, Singapore's sovereign wealth fund, is buying about 70 per cent stake in BSE-listed Nirlon for Rs 1,392.6 crore. Nirlon owns an information technology park in the western suburbs of Mumbai.

GIC said it had signed agreements to buy 39.2 per cent in Nirlon from its promoters, including the Sagar family, for Rs 784.3 crore (Rs 222 a share). It will make an open offer for 28.4 per cent stake from public shareholders at the same price.

GIC is also in discussions with other shareholders to buy two per cent, or 1.8 million shares, in the company.

Kunal Sagar will continue to hold the post of executive vice-chairman, Nirlon, while Rahul Sagar will remain executive director.

Kotak Mahindra Capital Company Ltd, HSBC Securities and Capital Markets (India) Private Ltd are joint managers of the open offer. Amarchand & Mangaldas & Suresh A Shroff & Co are the legal advisors to the acquirer.On Tuesday, the Nirlon stock closed at Rs 193 on BSE, down 1.88 per cent.

TOP NEWS » ECONOMY

Govt tables GST Bill in Lok Sabha

IANS | Dec 19, 2014, 06.42PM IST

The government initiated legislation for the much awaited reform of the indirect tax system by tabling the Goods and Services Tax (GST) Bill in the Lok Sabha. Finance minister Arun Jaitley introduced the constitutional amendment bill for implementing GST contending that the object of the legislation is "the seamless transfer of goods and services across the country". The GST proposes a national sales tax that will replace a range of overlapping state duties that deter investment.

Emphasizing that he wanted the bill to be debated so that suggestions can be taken into account, the finance minister said he had achieved a "near consensus" with the empowered committee (EC) of state finance ministers on GST in a meeting here. "This is not a partisan legislation. We will ensure that the interest of every state is taken care of, that no state will lose a rupee of revenue," Jaitley said.

The previous United Progressive Alliance (UPA) government had in 2011 introduced a Constitution Amendment Bill in the Lok Sabha towards the introduction of the GST. States sought a five-year compensation package and asked for its inclusion in the bill. Jaitley told the house that the states will receive Rs 11,000 crore this fiscal towards partial compensation of the losses suffered by them for reduction in central sales tax (CST). While the CST is levied by the Centre on interstate movement of goods and collected by states, the issue of compensation arose because the central government cut the CST from 4 per cent to 2 per cent in phases, after state-level VAT was introduced from April 1, 2005. The Cabinet committee on economic affairs Wednesday approved the Goods and Services Tax (GST) Bill paving the way for its tabling.

Earlier, finance ministers of seven states in a meeting here Thursday rejected the draft Goods and Services Tax (GST) Bill, saying that it does not address their concerns on the issues of compensation, entry tax, and the tax on petroleum products. States also want petroleum, alcohol and tobacco to be kept out of the purview of the GST.

Seen as a key to facilitating industrial growth and improving the business climate in the country, the GST bill needs to be passed by a two-thirds majority in both houses of parliament and by the legislatures of half of the 29 states to become law. By subsuming most indirect taxes levied by the central and state governments such as excise duty ...*Cont on P.2*

service tax, VAT and sales tax, GST proposes to facilitate a common market across the country, leading to economies of scale and reducing inflation through an efficient supply chain.

Full implementation of GST could lift India's gross domestic product (GDP) growth by 0.9-1.7 percentage points, according to a study by the National Council of Applied Economic Research (NCAER).

Narendra Modi govt fastracks reforms in insurance, coal, pharma sectors

By: PTI | New Delhi | December 24, 2014

Moving at rapid pace, the Union Cabinet today approved key insurance and coal sector reforms which were stuck in Parliament logjam and also liberalised foreign investment policy in the medical devices sector.

A day after the conclusion of the Winter session of Parliament, the Cabinet approved promulgation of the Ordinance on Insurance Bill, re-promulgation of the Coal Ordinance and allowing up to 100 per cent FDI in medical devices in the pharmaceutical sector under the automatic route.

Briefing reporters, Finance Minister Arun Jaitley expressed the hope that hiking of the foreign investment cap in the insurance sector to 49 per cent, which has been pending since 2008, will result in capital inflow of USD 6-8 billion.

"The Ordinance demonstrates the firm commitment and determination of this government to reforms. It also announces to the rest of the world including investors that this country can no longer wait even if one of the houses of Parliament waits indefinitely to take up its agenda," he said.

The Insurance Laws Amendment Bill, 2008 could not be taken up for discussion in Parliament despite being approved by the Select Committee of the Upper House because of the uproar over the conversion and other issues.

The Coal Mines (Special Provisions) Bill, 2014 has already been approved by the Lok Sabha during the session but could make no progress in the upper House.

The re-promulgation of ordinance on coal will facilitate e-auction of coal blocks for private companies for captive use and allot mines directly to state and central PSUs.

Liberalising of the FDI policy for the medical device segment in the pharmaceutical sector is expected to help attract more investments and boost the domestic manufacturing.

Jaitley said the insurance amendment Bill has been pending in Parliament for a "very long time" although it was approved by the Standing Committee as well as the Select Committee of the Rajya Sabha.

"Even though the Select committee by majority has recommended the Bill for adoption, the same was not permitted to be taken up for discussions because of disturbances in the Rajya Sabha.

"The government therefore decided to recommend to the President the promulgation of the insurance amendment laws. The Ordinance is exactly and verbatim of the recommendations of Select Committee," the Minister said.

There are 52 insurance companies, of which 24 are in the life insurance business and 28 in general insurance segment. The total capital deployed in the private life insurance sector is close to Rs 35,000 crore. With FDI at 26 per cent, foreign equity is close to Rs 8,700 crore.

Talking about re-issuance of coal ordinance, the Finance Minister said the Lok Sabha has cleared the bill, but the Rajya Sabha could not take it up for discussion.

"Along with the methodology for coal block auction for power sector and other sectors, the guidelines too have been cleared by the Cabinet. With the re-promulgation, the unfinished process of allocation of coal blocks will resume again," he said.

The move came against the backdrop of the Supreme Court in September quashing allocation of 204 coal blocks to various companies since 1993.

The re-promulgation of the Ordinance will enable the Coal Ministry to go ahead with its decision to give a total 101 mines, including 65 through auction, in the first phase.

On FDI policy liberalisation in the pharma sector where 100 per cent foreign investment is permitted, Jaitley said within the same category, a distinct new sub category has been carved out with regard to medical devices.

"In this age of super specialisation, if medicines and pharma are one aspect, in which India has attained a certain amount of core competence, we still have not achieved that in medical devices, particularly, which are to be installed in human body for the purpose of treatment," he added.

Medical devices include instrument, apparatus, appliance, implant, material or other article.

India clears order to ease land acquisitions in reforms push

*Reuters, **NEW DELHI** Mon Dec 29, 2014 6:17pm IST*

India passed an urgent executive order on Monday to ease land-acquisition rules in sectors like power, housing and defence to kick-start hundreds of billions of dollars in stalled projects, though investments are unlikely to flow in immediately.

Restrictions on buying land, under a law championed by the last Congress government, are among barriers holding up projects worth almost $300 billion. Several states had asked Prime Minister Narendra Modi to overhaul the law enacted in January. Finance Minister Arun Jaitley said projects in defence, rural electrification, rural housing and industrial corridors would not need to seek the consent of 80 percent of the affected landowners as mandated.

They will also be exempt from holding a social impact study involving public hearings - procedures that industry executives say can drag out the acquisition process for years. Compensation to landholders, however, will stay at four times the market price.

An ordinance is an emergency measure that has to be passed by the next parliamentary session. Modi has already resorted to using it three times in his six months in office due to a lack of majority in the upper house of parliament.

After the last parliament session ended in a legislative logjam on Dec. 23, Modi passed two orders to let foreign firms raise their stakes in insurance ventures and allow commercial mining of coal.

Parliament, which reconvenes in February, did not ratify the November ordinance on coal, forcing Modi to pass another ordinance to let the government auction coal mines and allow private companies to mine and sell the fuel. "Governments must act with determination. The government must have the desire to implement its decisions," said Jaitley, a key lieutenant to Modi, responding to opposition parties' criticism that such ordinances undermine the parliamentary system in a democracy.

Modi is also considering changes to the Mines and Minerals Development and Regulation Act to auction minerals like iron ore and bauxite. But the government has yet to take a decision on an ordinance for it, Jaitley said. Analysts reckon reform through ordinances has its risks. "While ordinances can be reissued once they lapse, they may not be perceived as a stable solution by investors wanting secure property rights," HSBC Securities analysts wrote in a note. "We, however, believe it is an important step to signal the government is serious on reforms."

Eyeing big-billions in 2015, government rolls out FDI red carpet

PTI | Dec 28, 2014, 07.29PM IST

NEW DELHI: With an estimated $25 billion worth FDI in its kitty during 2014, the government is eyeing a quantum jump in the foreign capital hitting Indian shores in the new year as it hopes to reap the fruits of further opening up of defence, railways and insurance sectors among others. The ambitious 'Make in India' programme, launched by Prime Minister Narendra Modi with much fanfare in 2014, is another big-ticket ride that the government expects the foreign investors to take to bring billions worth dollars of FDI into the country.

Showing its commitment to fast-track the reform process, the government has taken ordinance route to increase foreign investment limit in the insurance sector to 49 per cent, from 26 per cent currently. Besides, it has also liberalised foreign direct investment (FDI) policy for medical devices. However, a lot will depend on the government's efforts to improve ease of doing business, where India ranks poorly at 142nd position and the Prime Minister has set a target to bring this rank to top-50.

Experts and government officials are optimistic that the various initiatives taken by the government would yield results in 2015. "Government's initiatives to improve ease of doing business and opening up of FDI in defence, railways and construction would boost FDI in 2015," a senior official said.

Experts also say that the global sentiment has turned very positive for India. "Global sentiments towards India is extremely positive. Foreign firms are looking at India very keenly. The measures announced in 2014 and the proposed steps will help in attracting more FDI In 2015," Head of Tax and expert on FDI with corporate law firm Amarchand & Mangaldas Krishan Malhotra said.

However, no big-ticket investment has been announced by any foreign company as yet. Seeking to streamline the foreign investment regime, the commerce and industry ministry has also proposed to introduce a composite cap which will include FDI, FII and other instruments in various sectors.

In terms of foreign inflows, FDI is estimated to have grown to over $23 billion till October this year, as against about $22 billion in the same period last year and over $26 billion in the entire 2013.

Govt okays 100% FDI in medical devices via automatic route

Dec 24, 2014, 08.11 PM IST | Source: CNBC-TV18

The government on Wednesday approved 100 percent foreign direct investment (FDI) in medical devices via the automatic route. Currently FDI in pharma exists, albeit with certain riders.

This comes as a major positive for Indian companies as India currently imports over 70 percent of medical devices.

"Easing of norms for medical devices industry by creating special carve out in the extant FDI policy on pharma sector will encourage FDI inflows in this area," said an official statement issued after the Union Cabinet meeting.

The 100 percent FDI, it added, will be permitted under the automatic route, meaning a foreign investor will not have to seek the permission of Foreign Investment Promotion Board (FIPB) to acquire an existing company or set up a new manufacturing unit in the medical devices sector. Himanshu Baid, managing director, Poly Medicure says this is a significant move as approvals for FDI used to be delayed by months and years earlier.

"Companies had to go through the Foreign Investment Promotion Board (FIPB) earlier as medical devices came under the drug category. This automotive route will help companies receive approval way faster than earlier, he adds.

The condition of 'non-compete clause' would also not be applicable to greenfield (new project) as well as brownfield projects (existing units) of this industry. Earlier FDI up to 100 per cent was permitted, subject to certain conditions.

While FDI in new projects is under automatic route, brownfield projects are placed under the government approval route.

Commenting on the development, tax and business consultancy firm, Grant Thornton India LLP Director Vrinda Mathur said: "This move should give the medical devices industry much required impetus and capital to focus on capacity building and product development, and set the foundation for India to become a significant player in the global medical devices market just like pharmaceuticals."

FDI in India jumps 25% in Apr-Oct FY'14: Nirmala

PTI, December 29, 2014

Inflows of foreign direct investment into India rose by about 25 per cent to USD 17.35 billion in the April-October period of the current fiscal, Commerce and Industry Minister Nirmala Sitharaman said on Monday.

Improvement in the macroeconomic situation and investor sentiment on account of a series of steps taken by the new government helped attract higher FDI, she said.

In April-October 2013, the country had received USD 13.82 billion foreign inflows. "Still there are number of challenges to make India a global manufacturing hub. (Those challenges)

need to be identified and action plan has to be (formulated) to overcome this," Ms. Sitharaman said.
She was speaking at the inaugural session of the day-long workshop on 'Make in India.'
"We recognise that manufacturing requires infrastructure ... 'Make in India' aims to boost entrepreneurship in India," she added.
She also said that the government has taken several steps to cut red tape and rationalise existing rules and increased use of IT to make governance "effective and user friendly".
"A strong manufacturing sector has the potential to take our economic growth to a higher trajectory, provide jobs to our youth and fulfil their aspirations," Ms. Sitharaman said.
Speaking at the occasion, Cabinet Secretary Ajit Seth said that e-Biz portal has been launched to provide single window platform for clearances and approvals for the industry.
He said several central and state government services have been integrated with the portal and eight more central government services will be integrated within a month.
Eighteen sessions are being held as part of the one-day workshop in which 25 ministries and all the states have come to chart a roadmap for short and medium term to make 'Make in India' initiative a success, said an official statement.
The sessions will be held on different sectors including chemicals and petrochemicals, oil and gas, capital goods, pharmaceutical and skill development.
The minister the national workshop is aimed at getting industry and government on the same platform.
Discussions would be held on the results of the recent initiatives and also for the new initiatives that need to be undertaken to strengthen the 'Make in India' initiatives, she said.

Govt approves 8 FDI proposals worth Rs. 35 crore

PTI, *December 30, 2014*

Government has cleared eight foreign investment proposals worth about Rs.34.77 crore including that of CSC Computer Sciences International Operations and Life Positive Private Ltd.
"Based on the recommendations of Foreign Investment Promotion Board (FIPB)...government has approved eight proposals of Foreign Direct Investment amounting to Rs.34.77 crore approximately," an official release said.
The UK-based CSC Computer Sciences International Operations had sought permission for setting up a LLP with an investment of about Rs.30 crore, while, Life Positive seeks to increase foreign equity participation from existing 96 per cent to 99 per cent and induction of further FDI of about Rs.4.61 crore by foreign collaborators.
Among others, government cleared proposals of Mahanagar Gas Limited, Medicamen Biotech Ltd, TutorVista Global Private Ltd, Ventura (India) Pvt Ltd, Syssmart Services LLP and Mahindra CIE Automotive Ltd.
In the FIPB meeting, a proposal relating to Lupin Ltd was recommended for consideration of Cabinet Committee on Economic Affairs (CCEA) as the investment involved was above Rs.1,200 crore, said the release.
Lupin seeks to increase the aggregate limit of investment by FIIs under the Portfolio Investment Scheme to 49 per cent.

India attracts $259 mn FDI in single brand-retail since April 2010

PTI Dec 23, 2014, 04.36PM IST

India has received $259 million foreign direct investment in the single brand-retail sector since April 2010, Parliament was informed on Tuesday.
Government permits 100 per cent foreign direct investment (FDI) in single brand retail and 51 per cent in multi-brand retail trading.
During April-September 2014, the country received $167.52 million FDI in single brand retail sector, minister of state for consumer affairs, food and public distribution, Raosaheb Patil Danve, said in a written reply to the Lok Sabha.

Indian Railways' Initiatives to Encourage Foreign Investors for Making Investment Under 'Make In India' Programme

***Press Information Bureau**: December 23, 2014*

New Delhi: The Ministry of Railways in November, 2014 have issued Sectoral Guidelines for permitting Domestic/Foreign Direct Investment (FDI) in construction, operation and maintenance in the following identified areas:-
i) Suburban corridors through Public Private Partnership (PPP), ii) High Speed train projects, iii) Dedicated freight lines iv) Rolling stock including trains sets and locomotive/coaches manufacturing and maintenance facilities v) Railway electrification vi) Signalling system vii) Freight terminals viii) Passenger terminals ix) Testing facilities and laboratories x) Non-Conventional Sources of Energy xi) Railways Technical Training Institutes xii) Concessioning of standalone passenger corridors (branch lines, hill railways etc.) xiii) Mechanized laundry, xiv) Rolling stock procurement, xv) Bio-toilets, xvi) Technological solution for manned and unmanned level crossings, xvii) Technological solutions to improve Safety and reduce accidents.
The guidelines will encourage foreign investors for making investment under 'Make in India' programme. An 'Investors Meet' was also held on 5th December 2014 to encourage foreign investors in making investment.

GDP growth to be much better in 2015-16: Arun Jaitley

PTI | Dec 29, 2014, 02.53PM IST

India's economic growth is expected to pick up in the current fiscal and will be "much better" in 2015-16, finance minister Arun Jaitley said on Monday.
"The last two years witnessed an economic slowdown. This year may be somewhat better, and next year will be much better," he said here.

Indian economy was growing at over 9 per cent for three years before it was impacted by the global financial crisis of 2008. The growth rate fell to sub-5 per cent in the last two consecutive fiscals — 2012-13 and 2013-14. In the first half of the current fiscal, it improved to 5.5 per cent, up from 4.9 per cent recorded in 2013-14 fiscal. The government expects the GDP growth to be 5.5 per cent in 2014-15, up from 4.7 per cent recorded last year.
Minister of commerce and industry Nirmala Sitharaman said India is among the few countries for which IMF has upgraded its growth outlook. IMF in October has projected India's GDP expansion at 5.6 per cent in 2014-15. The mid-year economic review of the government has projected that the economy has potential to grow at a much faster pace, she added.

Telangana Government launches India's first dedicated healthcare app for the Ministry of Health & Family Welfare, powered by Mahindra Comviva

http://www.mhealthnews.com/press-release/telangana-government-launches-india%E2%80%99s-first-dedicated-healthcare-app-ministry-health-f

In a significant step to empower citizens with convenient access to healthcare, the Telangana Government today announced the launch of India's first dedicated health care app for the Ministry of Health & Family Welfare, powered by Mahindra Comviva, the global leader in providing mobility solutions. The application was conceptualized by the Healthcare Innovation Cell (HIC) of the Ministry of Health. This is the first dedicated app for any Ministry of Health & Family Welfare in India and is positioned to bring a paradigm shift in the healthcare industry by making health care facilities more accessible and amply reflects Government's commitment to fulfill the Digital India Initiative. There are more than 800 Government Healthcare Centers comprising of Primary Health Centers, Community Health Centers, Area Hospital, District Hospitals and Specialized Centers in the Cities listed by the app. Currently available for Android users, starting today the application will be available in both Telugu and English and can be downloaded for free through the Google play store. The App will help the Ministry to facilitate access to its initiatives, provide public health information, locate health centers and also empower the citizens to track and record their health data through the health tools.

The application has been developed and managed end to end by Mahindra Comviva. Based on Mahindra Comviva's WebAxn platform, a client/server solution that provided a rapid cross platform development and deployment of the mobile applications. The solution enhances mobile health-care experience by empowering users to manage their own account directly through a client on their handsets.

"The Ministry of Health, Medical & Family Welfare is pleased to announce the launch of a dedicated App to facilitate access to its initiatives, provide public health information, locate health centers and utilize intelligent health tools. The Government believes in the best use of technology to enable the delivery of healthcare services to all in need," said Dr. Rajaiah Thatikonda, Deputy Chief Minister and Health Minister, Government of Telangana.

"One of the most important aspects is to empower the individuals to be able to track their health and encourage a positive health seeking behavior in the long run. We have designed tools for helping individuals monitor their health information that also benefits their healthcare providers as they can review the trends," said Dr. Anthony Vipin Das, Chief Advisor & Strategy, Healthcare Innovation Cell (HIC), Ministry of Health, Medical & family Welfare.

Commenting on the association, Manoranjan Mohapatra, CEO,Mahindra Comviva said "It is a moment of great pride for us to be associated with this prestigious initiative. We are committed towards working with the Telangana government in providing technological support in bringing convenient healthcare access to the users."

About Healthcare Innovation Cell

The Healthcare Innovation Cell was launched by the Ministry of Health, Medical & Family Welfare, Government of Telangana with the aim to integrate a multi-disciplinary ecosystem to share and implement relevant innovations and solutions for the delivery of Healthcare services. The vision being Ideate, Innovate for Impact. The cell is headed under the leadership of Dr. Kranthi Raj, Chief Innovation Officer and Dr. Anthony Vipin Das. The cell actively leverages social media platforms to engage with community and discuss healthcare innovation for the State of Telangana. Among its many projects include the development of an interactive map of the healthcare centers in the state and also an App for the Ministry. The App was designed by Tania Jain, an Alumnus of NID, Gandhinagar.

BANKING/FINANCE

Forex reserves rise $3.16 bn to $320 bn

***Business Standard**: December 29, 2014*

The country's foreign exchange reserves rose $3.16 billion for the week ended December 19 to $320 billion, according to data released by Reserve Bank of India (RBI) on Friday. The reserves are now very close to the all-time high seen in the week ended September 2, 2011, at $320.79 billion. The rise was the second sharpest in 2014. The previous was in the week ended March 28. Foreign currency assets, a key component of reserves, rose $3.31 billion to $295.67 billion. The rise was despite weakening in the euro which forms a part of the reserves.

Gold reserves remained unchanged during the week at $18.99 billion.

"Between December 13-19, this type of money had not come to India. It was other way round when the rupee was under pressure. This would have been a result of RBI's forward-buying early this year. The maturity of the same would have fallen during this week," said Ashutosh Khajuria, president (treasury), Federal Bank. For the week under review, the Special drawing rights fell $29.2 million to $4.20 billion, while the country's reserve position with the International Monetary Fund was down $117.6 mn to $1.14 billion.

MARKETS

SEBI moots new norms for issue of municipal bonds

PTI

To help in the Government's 'smart cities' programme, the Securities and Exchange Board of India (SEBI), on Tuesday, proposed a new set of norms for listing and trading of municipal bonds on stock exchanges, while channelising household investments for urban infrastructure development.

Issuing draft regulations for such municipal bonds, also known as 'muni bonds', SEBI said that that issuing authorities would need to contribute at least 20 per cent of the total project cost for which they wish to raise funds.

Besides, these municipal authorities would need to have a strong financial track record and such bonds should have a minimum tenure of three years.

"Conservative Indian investor mainly invests in fixed deposits, small saving schemes or gold. Bonds issued by municipalities having good financial track record would be an good alternative investment opportunity for such conservative investors, as it provides reasonable return with less risk, which in turn may accelerate the capital markets," SEBI said.

Popular in U.S.

'Muni bonds' are very popular among investors in many developed nations, especially in the U.S., where these have attracted investments totalling over $500 billion and are among preferred avenues for household savings.

Comments have been invited on the draft regulations till January 30.

Further, the capital market regulator said that municipal bonds would add to instruments where provident funds, pension funds and insurance companies can put in their money.

While such bonds have been issued by various municipal authorities in the country, the total funds raised through them stand at only about Rs.1,353 crore.

The Bangalore Municipal Corporation was the first municipal corporation to issue a municipal bond of Rs.125 crore with a State guarantee in 1997.

However, the access to capital market commenced in January 1998, when the Ahmedabad Municipal Corporation (AMC) issued the first municipal bonds in the country without State government guarantee for financing infrastructure projects in the city. AMC raised Rs.100 crore through its public issue.

Among others, Hyderabad, Nashik, Visakhapatnam, Chennai and Nagpur municipal authorities have issued such bonds, however, there is no provision as yet for listing and subsequent trading of muni bonds on stock exchanges in India. As per guidelines of the Urban Development Ministry, only bonds carrying interest rate up to maximum 8 per cent per annum shall be eligible for being notified as tax-free bonds. However, SEBI's Corporate Bonds and Securitisation Advisory Committee is of the view that having a fixed rate of 8 per cent might not attract investors.

There can be "flexibility in setting interest rate cap by linking it to a benchmark market rate," the concept paper said. Under the proposed norms, municipal authorities having negative net worth and those which have defaulted on payments to financial institutions would be barred from issuing the bonds.

Corporate municipal entity or its directors restrained or prohibited by SEBI would also be ineligible.

Minimum subscription limit

According to draft regulations, the minimum subscription limit should not be less than 75 per cent of the issue size.

In the event of non-receipt of minimum subscription, all application money received in the public issue should be refunded to the applicants, within 12 days from the date of the closure of the issue.

When there is a delay by the issuer in making the refund, then it has to give back the subscription amount along with interest at 10 per cent rate per annum for the delayed period.

Further, SEBI said the issuer's contribution for each project should be at least 20 per cent of the project costs, which shall be contributed from their internal resources or grants.

"An issuer, proposing to issue debt securities shall maintain 100 per cent asset cover sufficient to discharge the principal amount at all times for the debt securities issued," it added.

There is massive capital investment need in municipal infrastructure and funds from programmes such as Jawaharlal Nehru National Urban Renewal Mission (JNNURM) can only partly meet the requirement, it said.

"Therefore, to meet their financing needs, the municipalities have to seek recourse to other means including issuance of municipal bonds," the paper said.

MF investments in equities, debt markets in 2014 at all-time high

***Livemint**: December 30, 2014*

New Delhi: This year saw equity markets stage a spectacular return. Predictably, the Rs.11 trillion Indian mutual funds (MFs) industry's investments in equity and debt markets have hit an all-time high. MFs invested more than Rs.21,000 crore (on a net basis) in equity markets in 2014 and Rs.5.94 trillion in debt markets, as per data released by the capital markets regulator, Securities and Exchange Board of India (Sebi)—their highest yearly allocation ever. That's not much of a surprise considering that equity markets are on a high; they have returned around 29% in 2014.But the question is this: are investors making money?

According to the figures released by the Association of Mutual Funds of India (Amfi, the MF industry trade body), equity funds have seen a net inflow (more money came in than went out) of Rs.45,379 crore in 2014. In the past five years, this is just the second time that equity funds have seen a net inflow. In 2010, 2012 and 2013, equity funds saw a net outflow (more money went out than came in). Amfi has been disclosing the inflows and outflows figures since 2005; the current year's net inflow is the highest. So Amfi data shows that at least investors are putting money in equity funds now.Ultimately, MFs may invest incrementally in the markets, but the next question is this: are investors really making money or is it just a section of investors who are benefiting?

A look at the equity folios across fund houses shows that while high networth individuals (HNIs) have been consistently increasing their investments in equity funds, retail investors entered the markets late. As per Amfi figures, retail equity fund folios dropped to a low of 290,000 as of September 2014, down from 306,000 as of September 2013. Amfi discloses the folio data in March and September every year. The smart HNI investors (those who invest Rs.5 lakh and above as per Sebi's definition), however, saw the opportunity in equity markets and invested more. In the same period, their folios in equity funds went up to 494,000, up from 340,000. "The HNIs are more literate than the retail investors and they have been using MFs to their advantage by staying invested for the long run. The retail investors, typically, take time to come into the fold", says Pankaj Murarka, head of equity funds at Axis Asset Management Co. Ltd.

BUSINESS

India Plans the World's Largest Solar Power Plant

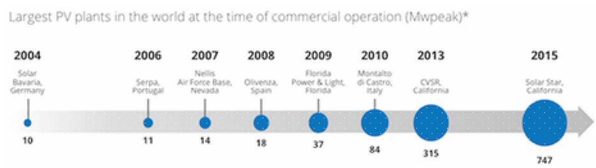
http://www.fool.com/investing/general/2014/12/28/india-plans-the-worlds-largest-solar-power-plant.aspx

India is making a massive commitment to the solar industry and it may be poised to have the world's largest solar power plant with plans for a 750 MW project. India's "ultra mega solar power plants" are part of a 25 GW plant to make the country a solar powerhouse. For some perspective, that's enough solar energy to power the equivalent of 4.1 million U.S. homes, and about half of the solar expected to be installed in all of 2014, so the opportunity for the industry is massive.

Solar companies are clamoring to get into the booming market and **SunEdison** has already signed a 5 GW memorandum of understanding to develop projects in the State of Rajasthan. What's interesting is that India is going against the trends of the rest of the world, who are building smaller projects closer to demand sources.

The history of large solar plants

Huge solar plants aren't new to the industry. Over the last decade, solar power plants have gotten bigger and bigger. This year, **First Solar** completed the 550 MW Topaz Power Plant, which is now the biggest in the world. But that will soon be eclipsed by **SunPower's** 579 MW Solar Star Project, which will be completed in 2015. You can see below how SunPower project sizes have increased over the years.



SunEdison hasn't built projects that big but its plans in India are for 500 MW plants, which would be among the largest in the world. But SunEdison, First Solar, and SunPower have all been trending toward smaller plants outside India rather than continue to push the envelope of on size. That's what makes India's plans so interesting.

Going against the grain

It looks as if a vast majority of the 25 GW India plans to install will be massive solar plants, something the industry is moving away from.

The reason installers aren't building plants is simple. It's easier to interconnect a 10 -100 MW plant to the grid, site the project, and get regulatory approvals to begin construction. In the U.S., Europe, Japan, and elsewhere these can be major hurdles. From the utility side, it's easier to integrate multiple small projects across a wider geographic area than one large solar power plant that can be interrupted by a single cloud.

Workers build SunPower's California Valley Solar Ranch. Image source: SunPower.

India has eased a lot of the installer obstacles because it's helping site projects and provide land for developers. What India may not have is a grid capable of handling massive, intermittent generation sources. The country is known for having an unreliable grid that doesn't even reach millions of its residents and without the proper infrastructure like energy storage and peaker plants, massive solar plants could exacerbate the problem. This will be the biggest challenge for the country's solar plans.

One of the solar industry's emerging markets

No matter how India's market plays out, solar developers and panel manufacturers will be clamoring to be involved in India's booming solar market. The opportunity is just too big to ignore.

SunEdison has already made a move with its 5 GW MoU and First Solar has set up an India subsidiary that's already active in local bidding for projects. This is a big opportunity, driven by the fact that solar energy is now competitive with the grid and another good sign of solar energy's future growth.

India's Largest Online Retailer Flipkart Raises $700M In Fresh Funding

Reuters

Flipkart, India's largest on line retailer, on Saturday stated it had raised funding worth $700 million, as it tries to compete with Amazon, which is swiftly scaling up operations in the nation.

Flipkart, founded in 2007 by two former Amazon personnel, has been in talks in current weeks to raise up to $1 billion.

The firm said it raised the $700 million from new investors which includes Baillie Gifford, Greenoaks Capital, Steadview Capital, T. Rowe Price6 Associates and Qatar Investment Authority along with current investors which includes DST International, GIC, ICONIQ Capital and Tiger International.

Well known for selling books and electronics on the internet, Flipkart operates as a marketplace that permits third-celebration vendors to sell products on the web site.

This year it acquired style portal Myntra and crossed the $1 billion mark in gross merchandise worth.

The corporation is incorporated in Singapore and has filed with the regulator there for conversion to a public business, obligatory for companies with a lot more than 50 shareholders, it said in the statement.

"This filing ensures we are in compliance with the laws of Singapore and is in no way indicative of any upcoming IPO or of any corporate activity that the organization is engaged in either in Singapore or any other portion of the planet," the statement added.

Six new airlines to start operations in 2015: Govt

PTI | Dec 30, 2014, 08.57PM IST

Six new airlines are expected to fly the Indian skies next year, the government said on Tuesday as it asked states to join hands to promote regional connectivity and help the aviation sector meet its burgeoning losses by reducing taxes on jet fuel.

"Most of the airlines in the country are reported to have incurred losses and some airlines are struggling to stay afloat despite a high (air traffic) growth rate," civil aviation minister Ashok Gajapathi Raju said at a meeting of state civil aviation ministers here.

Minister of state for civil aviation Mahesh Sharma said six airlines would start operations in the next year. He, however, did not name the air carriers.

While AirAsia India has launched operations, Vistara, the Tata-SIA joint venture carrier, would start flights from January nine.

India remains attractive investment destination: Survey

PTI | Dec 21, 2014, 05.40PM IST

NEW DELHI: India remains one of the most preferred investment destinations for global investors while domestic companies expect stable economic conditions in the near term, says a survey.

Leading consultancy EY said that Indian businesses expect stable economic conditions in the near term, both on the global and domestic front. Such a scenario augurs well for the country's M&A landscape, it added.

The findings are part of EY's recent capital confidence barometer report, which is based on a survey of more than 1,500 executives worldwide.

"India continues to retain its attraction for global investors and remains amongst the top three preferred destinations for investment," EY said on Sunday.

According to the report, political stability, positive credit outlook and upbeat expectations on corporate earnings are contributing to a positive outlook for the country's transactions environment. "The government's focus on reforms to attract enhanced private investment, accelerate GDP growth rate and reduce fiscal deficit, have contributed to creating a positive environment for M&A," Amit Khandelwal, national director and partner (transaction advisory services) said.

India's steel output outpaces world average of 0.1% growth in November

***The Economic Times**: December 23, 2014*

India's steel production grew at 4.8% in November outpacing the world average of 0.1% growth in November. During the month, India produced 6.89 million tonne (mt) of steel compared to 6.57 mt in the same month, last year.

With domestic production touching 76.19 mt during the first eleven months of calendar year (January-November 2014), India maintained its position as the world's fourth largest steelmaker in 2014, like in the last four years, according to data released by Brussels-based World Steel Association (WSA).

China, Japan and the US were ahead of it in global rankings as the world's largest steel producers.The WSA, a top global body that collates data from 65 countries which accounted for 98% of global steel in 2013, said world steel output touched 130.52 mt in November this year against 130.42 mt a year earlier. Steel production in China declined by 0.2% to 63.3 mt in November this year, compared to the same month last year.

During November, Japan produced 9.17 mt steel, the US 7.2 mt, South Korea 5.91 mt and Russia 5.84 mt. China remains the top producer of the metal during the period at 748.67 mt. Japan also maintains second position with a production of 101.66 mt and the US at the third slot with 80.95 mt during the first 11 months of the current year.

Narendra Modi tops global leaders' list: Harvard Study

The Economic Times: December 22, 2014

Prime minister Narendra Modi is the number one global leader when it comes to citizens approving the development strategy of their respective countries, says a study by Harvard's Kennedy School of Government.

Modi, with 87.8% approval for his policies, comfortably pipped US President Barack Obama who is ranked 20th with 44.8%. The report is based on a survey of citizens across 30 nations on 10 influential leaders having a global impact.

When the feedback from all 30 countries is put together, Modi comes number three in handling domestic and international affairs, only behind German Chancellor Angela Merkel and Chinese President Xi Jinping. The popularity of Modi is greater than that of Jinping in 18 of the 30 nations where the survey took place.

The study describes Modi as one of the four leaders who enjoy high levels of confidence in handling both domestic and international affairs. The other three on this 'elite' list are Merkel, Putin and Xi Jinping.

INVESTMENT RELATED DEVELOPMENTS-DECEMBER 2014

RBI Actions:

- **Overseas Investments by Alternative Investment Funds (AIF)**

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

- **Foreign Direct Investment (FDI) in India – Review of FDI policy**

  http://www.rbi.org.in/scripts/NotificationUser.aspx?Id=9392&Mode=0

- **Foreign Direct Investment (FDI) in India – Review of FDI policy –Sector Specific conditions- Defence**

  http://www.rbi.org.in/scripts/NotificationUser.aspx?Id=9391&Mode=0

- **Issuance and Operation of Pre-paid Payment Instruments (PPIs) in India- Relaxations**

  http://www.rbi.org.in/scripts/NotificationUser.aspx?Id=9383&Mode=0

FORTHCOMING EVENTS >>>> *INDIA*

I. India Stonemart

Date: 29 January-01 February, 2015

Venue: Jaipur (Rajasthan), India

Organizer: The Centre for Development of Stones (CDOS) along with the Federation of Indian Chambers of Commerce and Industry (FICCI)

Contact : www.stonemart-india.com / www.cdos-india.com .

Details: India Stonemart 2015 would be the largest international exposition on stone industry which would showcase the world of natural dimensional stones, ancillary products and services comprehensively. The event would bring together various stakeholders of the stone industry viz domestic and overseas producers, exporters/importers, consumers, buyers, experts, builders, technology providers, architects under one umbrella.

In this regard the organizer would like to invite prominent stone sector companies, importers/ exporters of stones, architects, builders etc. from Singapore to attend the event. **Please note that the organizers would consider providing hospitality to the visiting buyers/trade delegations**

II. VIBRANT GUJARAT 2015

Date: 11-13 January, 2015

Venue: Mahatma Mandir, Gandhinagar, Gujarat , INDIA

Organizer: The Government of Gujarat

Contact : 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

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

Date: 12-13 January, 2014

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

Organizer: FIEO in association with Government of Gujarat

Contact : 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"** . Product category is mentioned below :

- Engineering (Auto Parts, Brass items, Machinery – Pharma Textiles, Diesel Engines, Oil Mills, and equipments, Dairy Machinery &Equipments).
- Cotton / Textile / Garments / Apparel / Manmade Textiles & Made up
- Electrical & Electronic equipment
- Plastics and articles
- Chemicals / Dyes & Dyestuff / Pigments / Agro Chemicals
- Power Equipments and Machinery (Gen Sets)
- Pharmaceutical products
- 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

IV. Reverse Buyer Seller Meet for Rubber Products 2015

Date: 16-17 January, 2015

Venue: New Delhi, India

Organizer: CAPEXIL (formerly Chemicals & Allied Products Export Promotion Council)

Contact : Mr. V.R. Chitalia, Director – CAPEXIL, Email: epc@capexilmumbai.com

Details: CAPEXIL (formerly Chemicals & Allied Products Export Promotion Council) under the Ministry of Commerce & Industry, Government of India is organizing a Reverse Buyer-Seller Meet (B2B Meet) coinciding with India Rubber Expo'2015 for rubber manufactured products including automobile tyres and tubes. In this regard, the Council proposes to invite potential buyers from Singapore to interact with Indian manufacturers for sourcing their product requirements from India. The Council will sponsor the to-and-fro economy excursion class airfare of the selected foreign delegates (home country-India-home country) along with hotel accommodation for 2 nights (i.e. on 15^{th} and 16^{th} January 2015 for the RBSM).

V. Signature 2015

Date: 20-23 February, 2015

Venue: Bombay Exhibition Centre, Mumbai

Organizer: The Gem & Jewellery Export Promotion Council

Contact : Mr. Vikrant Pradhan, Asst Director, Email: vikrant@gjepcindia.com

Details: GJEPC is organizing Signature 2015 which will feature 550+ leading Indian companies which will render plenty of sourcing opportunities for all types of gems & jewellery items like loose diamonds and gemstones, gold jewellery, studded jewellery, an exclusive Signature Club for couture collection & International Section to showcase the best of the international manufacturers.

VI. Assam International Trade & Industrial Fair-2015

Date: 19-25 February, 2015

Venue: Jorhat, Assam, India

Organizer: Federation of Industry & Commerce of North Eastern Region (FINER) in association with Department of Industries & Commerce, Government of Assam

Contact : www.finer.in

Details: The main objective of the fair is to provide a platform for business opportunities and enterprise building with national and international markets. The fair will also provide insight and direction to entrepreneurial aspirations, exposure to new and latest technologies in industry and service sector, showcase new products and technologies, showcase local products to enable trade partnerships and new business opportunities.

Notifications

Securities and Exchange Board of India

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

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

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

Overseas Investments by Alternative Investment Funds (AIF)

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

'Know Your Customer' (KYC) Guidelines /Anti-Money Laundering Standards (AML) / Obligation of NBFCs under Prevention of Money Laundering Act (PMLA), 2002 Obligation of NBFCs – Amendment to Prevention of Money-laundering (Maintenance of Records) Rules 2013

http://www.rbi.org.in/scripts/NotificationUser.aspx?Id=9371&Mode=0

Ministry of Finance

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

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

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

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

GSLV Mark III, India's heaviest rocket, successfully test-fired

***Hindustan Times** , Dec 18, 2014*

In another booster to India's space programme and braving major technological challenges, the Indian Space Research Organisation (Isro) successfully demonstrated its capability to launch its heaviest rocket GSLV-Mark III on Thursday at 9.30am from Sriharikota in Andhra Pradesh.

GSLV Mk-III carrying the crew module lifted off from the second launch pad of the Satish Dhawan Space Centre.

The crew module was separated from the launch vehicle, at an altitude of 126 km for re-entry into the earth's atmosphere. It then descended further in ballistic mode followed by an uncontrollable re-entry trajectory. It was then recovered from Bay of Bengal near Indira Point by coast guards

The first developmental flight will come into force in another two years. The launch also tested India's capability for re-entry of crew module, which can also be a prelude towards human space flight.

This new rocket is capable of doubling the capacity of payloads India can carry into space.

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 regulations pertaining to issue of ADRs/ GDRs by Indian companies?

Ans. ***In continuation from previous issue*** (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.

Source: RBI

For Feedback & Comments, please contact:
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