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India Focus

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BUSINESS

Japan telecom giant SoftBank to invest $10bn in India

TNN | Oct 28, 2014

Japanese telecom and internet giant SoftBank on Monday announced its intent to invest nearly $10 billion (around Rs 60,000 crore) in India over the next few years, with Masayoshi Son, the $92 billion conglomerate's chairman and founder, expected to kick off investments during his trip to India, where he is expected to meet several entrepreneurs .

Son mentioned the investment intention during his meeting with communications and IT minister Ravi Shankar Prasad, an official statement said, adding that India is "the top most priority for SoftBank".

Japan's richest man, who had invested $20 million in Chinese e-commerce giant Alibaba in 2000, is eyeing investments in e-tailing and technology companies in India, said sources privy to the discussions. Son is learnt to have suggested that the Centre should speed up the rollout of telecom infrastructure and quickly move to nationwide 4G services.

SoftBank is leading a $650-million financing round in Delhi-based e-commerce player Snapdeal... ***Cont on P. 8***

TOP NEWS » ECONOMY

PM Narendra Modi unveils labour reforms; launches Universal Account Number for employees

PTI | 16 Oct, 2014

Prime Minister Narendra Modi unveiled a string of labour reforms, including measures to end 'inspector raj', asserting that ease of doing business is "essential" to ensure 'Make-in-India' campaign is successful.

He dedicated a number of schemes under Shramev Jayate (work alone triumphs) programme which includes portability through universal account number for employee provident fund, single window portal to enable doing business with labour ministry and labour inspection scheme in central sphere.

Modi said these steps exemplified his government's approach of 'minimum government and maximum governance'.

Elaborating on steps to end the inspector raj -- harassment by officials, Modi said a transparent labour inspection scheme is being developed to check arbitrariness.

While so far the units for inspection were selected locally without any objective criteria, the new scheme envisages that serious matters will be covered under the mandatory inspection list.

A computerised list of inspections will be generated randomly on predetermined objective criteria and complaints-based inspection will also be determined centrally based on data and evidence. There will also be provision of Emergency List for inspection of serious cases.

"We have replaced 16 forms (which factory owners had to fill) with one form, which is available online. Now computer draw will decide which inspector (labour) will go for inspection to which factory and he will have to upload his report online in 72 hours."These facilities are what I call minimum government, maximum governance. I have been hearing about 'inspector raj' since childhood," Modi said.

PSLV-C26 Successfully Launches India's Third Navigation Satellite IRNSS-1C

PIB, October 17, 2014

ISRO's Polar Satellite Launch Vehicle, PSLV-C26, successfully launched IRNSS-1C, the third satellite in the Indian Regional Navigation Satellite System (IRNSS), in the early morning hours of today (October 16, 2014) at 0132 hours IST from Satish Dhawan Space Centre, Sriharikota. ***Cont on P. 17***

Noting that it is the responsibility of the government to simplify processes for doing trade, the Prime Minister said, "Ease of business is the first and foremost requirement if 'Make In India' has to be made successful. Ease of business is the priority for Make In India." Inaugurating the 'Pandit Deendayal Upadhyay Shramev Jayate Karyakram' organised by the Labour Ministry, Modi also reached out to 4.2 lakh ITI students through SMS as he greeted the achievers with ITI degrees in various fields, hailing the undergraduate technical course.Besides the ITI students, about one crore EPFO subscribers also got SMSes regarding portability through UAN and about 6.50 lakh establishments and 1,800 inspectors got SMSes about Unified Labour Portal which, the government believes will make for a transparent and accountable Labour Inspection Scheme.

The Prime Minister said that this event is different from other launches as the message has reached to the stakeholders at the same time.

Laying emphasis on skill development in Apprenticeship Protsahan Yojana that he launched, the Prime Minister said that the country has huge potential to provide manpower to the world, which will require this by 2020.

Presently there are 2.82 lakh apprentices undergoing training against 4.9 lakh seats.

An initiative to revamp the apprenticeship scheme has been undertaken and the particular scheme will support one lakh apprentices during the period up to March 2017.

Reaching out to the working class, he said that he is keen that Rs 27 thousand crore lying unclaimed in PF accounts are given back to their claimants arguing that if mobile subscribers get connectivity everywhere they go, why cannot migrating labour force can continue to get PF benefits.

"I have to give back this money to the poor. This Rs 27 thousand crore belongs to the poor," he said even as he took a dig at this critics for questioning his vision.

"Those who ask what is Modi's vision won't be able to see this because the power of their spectacles has gone up just looking for a vision," he said.

Stressing that the government functions on trust and not doubt, he said that this was the vision behind his government's decision allowing self certification of documents by enterprising youths, who had to run from pillar to post earlier to get their documents attested by officials.

Exhorting people to accord respect to labour and consider labourers as 'Shramyogi', he said that society can develop only if the dignity and honour of labour is restored in social life vis a vis other white collared jobs.

Noting that it is ironical that while an unemployed graduate in some other course is respected, those from ITIs are looked down upon and they are hesitant to identify themselves due to it.

"We have not considered labour respectable. We treated it as downgrade," he said, adding that a compassionate approach will ensure that "Shram Yogi" becomes "Rashtra Yogi" and "Rashtra Nirmaata".

Modi made a strong pitch for understanding and appreciating labour issues through the perspective of the labourers, so that they could be resolved with compassion.

The Prime Minister lauded the efforts of the Ministry of Labour and Employment in launching a series of schemes simultaneously, which took into account the interests of workers as well as the employers. He said the Shram Suvidha Portal has simplified compliance of 16 labour laws, through a single online form.

Modi said that transparent Labour Inspection Scheme for random selection of units for inspection would end undue harassment of the "Inspector Raj," while ensuring better compliance.

The Prime Minister said the initiative of appointing National Brand Ambassadors of vocational training would instill pride and confidence in ITI students.

Lauding e-governance as easy, effective and economical governance, he said that it will also boost transparency.

Doing business in India to get easy, registration in just a day

TNN | Oct 22, 2014, 12.39AM IST

In order to make India a better place to do business, the government is working to cut down the time for registering a business from 27 days to a single day. Towards this end, it has readied a raft of measures, such as, single registration for all labour laws, overhaul of tax systems, reduction in the number of permits required, easing up property registration, quick electricity connection and property registration - measures that are expected to make the country a friendlier investment destination. During the launch of the 'Make in India' campaign, Narendra Modi had announced that his government would take steps to bring the country's ranking among the top 50. The Department of Industrial Policy and Promotion (DIPP) has been made the nodal agency for pushing these procedural reforms. In turn, DIPP has set a time frame of 3-6 months for implementing the changes. It has asked all ministries to come on board and work to reform the regulatory structure and overhaul the investment climate. States are also being encouraged to join the Centre's efforts to improve the regulatory structure and cut down delays.

Among the focus areas are reforms of the tax system. It has been suggested that the number of taxes be reduced and online payment of taxes allowed. Education and higher education cess, dividend and withholding taxes can be incorporated under corporation tax to simplify the process, officials said. The Minimum Alternate Tax (MAT) for developers of special economic zones (SEZs) and units in SEZs is proposed to be abolished. There is emphasis to expeditiously implement the Direct Tax Code and goods and service tax (GST).

"To achieve all this, the government, along with the states, will need to carry out radical measures on a war footing," said an official, who did not wish to be named.

The DIPP has set timelines for various reforms for ministries and departments. For example, it has been suggested that there should be no inspection for low risk business and computer based selection for high risk ones. There is also a proposal for a uniform policy and procedure for all states so as to enable the single-window clearance system, along with a combined application form with an institutional mechanism to provide various approvals.

The DIPP has cited examples from various countries such as Malaysia, New Zealand, Canada, Rwanda, Turkey and UAE for easing up the processes and reduce delays. It has also been suggested that the requirement of minimum paid-up capital for starting a business should be done away with, as 90 countries have no such requirement.

For removing hurdles in getting electricity for businesses several measures have been identified which include removing the requirement of pollution control certificates for providing a connection. State electricity boards and the power ministry have been asked to simplify procedures of getting an electricity connection.

India's GDP likely to grow by 5.6% in this finacial year -World Bank

Monday, 27 October, PTI

India's GDP is likely to expand by 5.6% this fiscal as reforms gain momentum and the growth is expected to accelerate as proposed measures such as GST will give a boost to manufacturing sector, a World Bank report said on Monday.

In the following years, the Gross Domestic Product (GDP) growth is likely to rise further to 6.4% and 7% in FY16 and FY17 respectively, it said. "India's economic growth is expected to rise to 5.6% in FY15, followed by further acceleration to 6.4% and 7 % in FY 2016 and FY 2017," said the World Bank report titled 'India Development Update' released here. India's growth is likely to accelerate towards its high long-run potential and implementation of GST as well as dismantling of inter-state check posts can significantly improve the global competitiveness of Indian manufacturing firms. "Implementing the GST will transform India into a common market, eliminate inefficient tax cascading, and go a long way in boosting the manufacturing sector.

"The transformational impact of reform, particularly if enhanced by a systematic dismantling of inter-state check posts, can dramatically boost competitiveness and help offset both domestic and external risks to the outlook," said Denis Medvedev, Senior Country Economist, World Bank, India. The incumbent government is positive on reforms and this is good, said Onno Ruhl, World Bank Country Director in India. "With economic reforms gaining momentum, long-term prospects for growth remain bright for India. To realise its full potential, India needs to continue making progress on its domestic reforms agenda and encourage investments.

"The government's efforts at improving the performance of the manufacturing sector will lead to more jobs for young Indian women and men," said Ruhl. Growth has rebounded significantly due to a strong industrial recovery. Capital flows are back, signalling growing investor confidence as inflation has moderated from double digits, exchange rate has stabilised and financial sector stress has plateaued, said the update.

India set to become $2 tn economy: IMF

PTI | New Delhi | Updated: Oct 19 2014

India is poised to become a USD two trillion economy this year, while its GDP size would cross another milestone of USD three trillion after five years in 2019, according to IMF's latest world economic outlook.

India's ranking would also improve to seventh largest economy in the world, while measured on "current prices" basis in US dollar, in 2019 from its tenth position currently.

Latest data from the International Monetary Fund (IMF) show that Indian economy is set to be worth USD 2.05 trillion this year, increasing its size from USD 1.88 trillion in 2013.

Last year too, India was among the ten largest economies in the world.

Going by the IMF, United States would remain the world's largest economy with a size of USD 17.42 trillion, followed by China at USD 10.35 trillion.

Meanwhile, India is all set to cross the USD 3 trillion milestone in 2019 with a size of USD 3.18 trillion, surpassing Russia, Brazil and Italy. This would also make India the world's seventh largest economy.

At that time, Brazilian economy is estimated to be worth USD 2.89 trillion while Russian and Italian economies would have a size of USD 2.59 trillion and USD 2.45 trillion, respectively.

The United States would remain the world's largest economy in 2019 with a size of USD 22.15 trillion, followed by China (USD 15.52 trillion) and Japan (USD 5.43 trillion).

In 2019, other economies in the top ten segment would be Germany (USD 4.55 trillion), the United Kingdom (USD 3.7 trillion) and France (USD 3.39 trillion).

"India has recovered from its relative slump; thanks in part to effective policies and a renewal of confidence, growth is expected once again to exceed five per cent," as per latest IMF World Economic Outlook report.

India's economic growth was below 5 per cent in the past two financial years.

"The post election recovery of confidence in India also provides an opportunity for that country to embark on its much-needed structural reforms," according to IMF report.

Prime Minister Narendra Modi-led government took charge in May this year after sweeping the general elections.

Govt relaxes FDI rules in construction sector

PTI | Oct 29, 2014, 10.29PM IST

The government on Wednesday relaxed rules for allowing FDI in the construction sector including housing by reducing the minimum built-up area and capital requirement for foreign investment in such projects — a move that will help the cash-starved realty sector raise funds. The approval has been given by the Cabinet in its meeting held here on Wednesday, sources said. The Cabinet decided to reduce the minimum built-up area requirement for FDI in construction projects from 50,000 sq metres to 20,000 sq metres. The minimum capital requirement has been brought down to $5 million from $10 million, they added. The proposal was moved by the Department of Industrial Policy & Promotion (DIPP), under the commerce and industry ministry, to attract more foreign investment in construction and real estate sector that is facing a slowdown and liquidity crunch since last 2-3 years.

Although 100 per cent foreign direct investment is allowed in townships, housing and built-up infrastructure and construction developments since 2005, the government has imposed certain conditions.

Between April 2000 and August 2014, the construction development including townships, housing and built-up infrastructure, received FDI worth $23.75 billion or 10 per cent of the total FDI attracted by India during this period. In his Budget 2014-15 speech, finance minister Arun Jaitley had said that the requirement of the built up area and capital conditions for FDI is being reduced from 50,000 sq mts to 20,000 sq mts and from $10 million to $5 million respectively. The projects that commit at least 30 per cent of the total cost for low cost affordable housing would be exempted from minimum built up area and capitalization requirements, he had said.

Govt. eases norms for private defence firms

The Hindu, October 21, 2014

In a move expected to rake in investments into the defence sector, the government allowed private defence manufacturing firms to sell equipment to state-run entities without prior approval.

However, permission would be required to sell to non-government entities, the Ministry of Commerce and Industry said.

"The Licensee shall be allowed to sell defence items to government entities under the control of Ministry of Home Affairs, State governments, Public Sector Undertakings and other valid Defence Licensed Companies without approval of the Department of Defence Production [DoDP]," the Ministry said in a communiqué on Monday. "However, for sale of the items to any other entity, the Licensee shall take permission from the DoPD," it said.

The Ministry also removed the cap on the annual production capacity for defence-related equipment. However, licensed firms would be required to submit their production returns to the government every six months.

Government Clears 20 FDI Proposals Worth Rs 988 Crore

PTI, 24th October 2014

NEW DELHI: The Finance Ministry has cleared 20 FDI proposals including 6 in the pharma sector envisaging a total inflow of Rs 988.3 crore.

The proposals of Fresenius Kabi Oncology for Rs 119 crore and Amneal Pharmaceuticals Company's for up to Rs 205 crore have been approved by the Foreign Investment Promotion Board (FIPB), a multi-department panel headed by Finance Secretary.

Indusind Bank's proposal seeking increase in foreign investment in the bank to 74 per cent has also been cleared. The amount of fund flow would depend on when the actual transaction takes place in case of the bank.

The bank, according to a release today, sought "a specific request to grant post-facto approval for increase in foreign holding from 68.51 per cent to 72.07 per cent on June 30, 2014".

These proposals were approved at the FIPB meeting held on September 16, it said.

Tamil Nadu-based Equitas Holdings Pvt Ltd, with the largest proposed investment in the lot, would bring foreign capital of Rs 325 crore.

The approval was sought by the company for downstream investment in its wholly owned subsidiaries by its existing and new foreign shareholders leading to increase in the foreign equity from 91.30 per cent to 93.12 per cent.

It is followed by Mumbai-based Tara India Fund envisaging investment of Rs 305.63 crore. Under the defence sector, proposals of Bharti Shipyard Ltd and Solar Industries India will not lead to any fund flow.

Telecom player Verizon Communications India's proposal for increase in foreign equity participation by its foreign parent from 74 per cent to 100 per cent was approved entailing investment of Rs 2.32 crore.

PM Modi steps up economic reforms, eyes privatization

Reuters, Mon Oct 20, 2014

India promised on Monday to open up the coal industry to private players and moved closer to selling a stake in a state-run oil company, as Prime Minister Narendra Modi picked up the pace on economic reform days after relaxing fuel price controls. Using an executive order, the cabinet agreed to allow private Indian companies to mine and sell coal at an unspecified future date, Finance Minister Arun Jaitley said. That sets the stage for the biggest liberalisation of the industry in more than 40 years. The ruling party's success in two state elections last week capped several days of action on the economic front and has given Modi more room to cut through a thicket of regulations and state controls he says holds back Asia's third-largest economy. "Reform is the art of the possible," Jaitley earlier told TV network ET Now, hinting that more was to come. "In the first year, when people expect lot of reforms and there is lot of popular support behind the reform process, it is more easily possible.

In the last week, he has gone some way towards quelling those concerns, putting in a reform-minded team at the finance ministry that includes prominent economist Arvind Subramanian to help formulate the budget and policy.

The economy is showing some signs of revival and inflation has plummeted, aided largely by a drop in global oil prices.

On Saturday, the cabinet freed diesel pricing of government intervention and raised the price the government pays producers of natural gas by a third to $5.61 per mmBtu.

Modi also begun an overhaul of creaky labour rules, cutting the power of labour inspectors and slashing the red tape for small companies that makes India one of the toughest places in the world to do business.

Former Prime Minister Indira Gandhi nationalized the coal industry in 1972, creating one of the world's largest mining companies, state-run Coal India.

The system was intended to provide steady supplies of fuel and help industrialization, but Coal India is now deeply dysfunctional. Most of India's electricity is generated by coal, but long power cuts are the norm in much of the country, which has the world's fifth-largest coal reserves but is the world's third largest importer.

As of Wednesday, 64 out of 103 power stations had coal for less than a week, mainly due to a shortfall in supplies from Coal India, according to the power ministry.

Private companies are already allowed to mine supplies for their own power plants and other industrial projects, and Coal India hires some private firms to operate mines. But until now private companies have not been permitted to sell coal.

"This would lead to an optimum utilization of the national resource," Jaitley told reporters, adding that there was no move to fully privatize Coal India.

However, the government does plan to sell 10 percent of its majority holding in the inefficient behemoth, which is plagued by corruption. Unions oppose the sale.

The Supreme Court last month scrapped the licenses for 214 coal fields that supplied power, cement and other companies over allegations of graft. Monday's decision to liberalize the coal industry was tacked onto an executive order to allow the auction of the scrapped coal fields.

Under Indian law, the executive order, known as an ordinance, takes immediate effect but must be approved by parliament within a few months. Modi's government will have to win cross-party support for its plan, since it does not have a majority in the upper house of parliament.

SELLING STAKES TO PAY THE BILLS

The moves on diesel and gas make the state-run Oil and Natural Gas Corp (ONGC) more attractive to investors by reducing the hefty discount on crude oil sales that the country's top oil producer must give to fuel retailers.

On Monday, the administration's top privatisation official met bankers on in the financial capital, Mumbai, to discuss the sale of a 5 percent stake ONGC, a top finance ministry official said.

Shares in ONGC, the second-largest listed firm in India by market value, gained 5.6 percent on Monday. The government has a stake of 68.94 percent in the company, which has shares of in oil and gas fields across the globe.

The finance ministry hopes to raise up to $3 billion from the ONGC sale, almost a quarter of its target for asset sales for this financial year.

Citigroup and HSBC are among five banks chosen to manage the planned sale of a stake in ONGC, sources told Reuters in August. The ONGC share sale was likely to be held in the first half of November, two people directly involved with the transaction said on Monday. The pre-sale marketing roadshows for the offering are expected to be completed by the first week of the month, they said. A top finance ministry official, who declined to be identified because of the sensitivity of the topic, also told reporters the government wanted to pass a bill in parliament's next session to free up foreign investment in the insurance industry.

In his maiden budget in July, Jaitley set a target of 584.25 billion rupees ($9.5 billion) to be raised by the sale of shares in state-run companies and minority stakes in private companies. Another major planned sale is of a 10 percent stake in giant Coal India.

The income is key to meeting a challenging goal of a fiscal deficit of 4.1 percent of gross domestic product for the year ending March 31. Tax revenue has been less than budgeted this year, and government finances have been stung by a large bill for tax rebates.

India's forex up $1.30 billion

IANS

After five consecutive weeks of falls, India's foreign exchange reserves grew by $1.30 billion to $312.73 billion for the week ended October 10, Reserve Bank of India (RBI) data showed.

The reserves had fallen by $2.75 billion to $311.42 billion for the week ended Oct 3. It had slipped by $1.41 billion to $314.18 billion for the week ended Sep 26. Again the reserves went into decreasing trend falling by $101.3 million to $315.59 billion for the week ended Sep 19.

The exchange reserves declined by $1.61 billion to $315.69 billion for the week ended Sep 12 and for week ended Sep 5 the reserves lunged by $1.32 billion to $317.31 billion.

According to the RBI's weekly statistical supplement, foreign currency assets, the biggest component of the forex reserves, rose by $1.29 billion at $286.88 billion in the week under review.

The foreign currency assets had plunged by $1.80 billion at $285.58 billion in the previous week.

The RBI said the foreign currency assets, expressed in US dollar terms, include the effect of appreciation or depreciation of non—US currencies such as the pound sterling, euro and yen held in reserve.

India's reserve position with the International Monetary Fund (IMF) gained $3.3 million to $1.54 billion. The value of special drawing rights (SDRs) was up by $9.3 million at $4.29 billion.

The value of gold reserves was static in the week under review at $20.01 billion. The bullion had declined by $919.7 million at $20.01 billion for the week ended Oct 3.

MARKETS

Sebi notifies new ESOP regulations

PTI | Oct 29, 2014, 07.11PM IST

Market regulator Sebi has notified new ESOP regulations, including for purchase of shares by employee welfare trusts from the secondary market with adequate safeguards.

The Securities and Exchange Board of India (Sebi) has allowed companies to have employee stock option programmes where they can buy their own company shares subject to certain conditions.

Employee stock options (ESOP) are a practice followed world over and the market regulator has outlined certain safeguards to improve the governance and transparency of the schemes and also address concerns regarding potential market abuse.

Generally, in India, some companies count it (shares held by ESOP Trusts) in the promoter category and some companies count it in the public category.

Some of the safeguards as outlined by the regulator include, requirement of shareholders' approval through special resolution for undertaking secondary market acquisitions; restrictions on sale of shares by trusts; at least six month holding period for shares acquired from secondary market. Among other safeguards include, stricter disclosure and other regulatory obligations; a limit of 10 per cent of the assets held by general employee benefit schemes other than ESOS type of schemes and certain limits on secondary market acquisitions.

To ensure a smooth transition for complying with the new regulatory framework, the existing employee benefit schemes have been provided with a time period of one year from the date of

of notification.
Further a longer transition period of five years has been provided for re-classifying shareholding of existing employee benefit schemes separately from 'promoter' and 'public' category. Bringing down the level of shares acquired from secondary market within the permissible limits and reducing own share component to 10 per cent of the total assets of general employee benefit schemes.
In a notification, Sebi said, "the trust shall be required to hold the shares acquired through secondary acquisition for a minimum period of six months."
"Secondary acquisition in a financial year by the trust shall not exceed two per cent of the paid up equity capital as at the end of the previous financial year," it added.
The regulator said option, SAR (stock appreciation right) or any other benefit granted to an employee under the regulations should not be transferable to any person.
Sebi said a company would have to constitute a compensation committee for administration and superintendence of the schemes.

BUSINESS

Japan telecom giant SoftBank to invest $10bn in India.. Cont from P. 1

the biggest by any Japanese investor, and also pumping in as much as $180 million in taxi hailing startup Olacabs which competes directly with Uber.

Softbank so far runs a joint venture with Indian telecom major Bharti (Bharti Softbank) here and has invested in Bangalore-based mobile advertising network InMobi. The mammoth investment plan from SoftBank comes at a time when privately held Indian consumer tech companies are witnessing soaring valuations and seeing investors line up expecting high returns. Sources said SoftBank had also held talks with mobile payments companies Paytm and Freecharge and that Masa will be meeting a few other startups on his India trip.
Fifty-seven-year-old Son is Japan's richest man with an estimated net worth of $20 billion having surpassed Tadashi Yanai, chairman of Fast Retailing which runs Uniqlo, post Alibaba's IPO. SoftBank is the single largest shareholder in the Chinese e-commerce behemoth with a 34% stake in the Jack Ma-led company. SoftBank had acquitted the US mobile services provider Sprint in 2012 and had made attempts to buy T Mobile earlier this year (the bid was later withdrawn) to collectively take on the two biggies AT&T and Verizon in the American mobile market.

SoftBank is expected to have picked up about 20-25% stake in Snapdeal and Olacabs each, however, this could not be independently confirmed by TOI. A venture capitalist on conditions of anonymity said that SoftBank only comes in when it can pick up a significant minority stake in ventures which is the case in both Snapdeal and Ola, he said.

Tata-SIA ties up with SITA for aircraft communication

Business Standard: October 17, 2014

New Delhi: Vistara, the proposed airline by the Tata Group- Singapore Airlines (SIA) alliance, on Thursday signed an agreement for aircraft communications, airline operations and network connectivity with SITA. Declining to disclose the size of the deal, SITA's president for middle east and Africa Hani El-Assaad said: "The value of the deal will depend on a lot of factors, such as the growth the airline achieves in the years ahead."
The pact includes SITA's air-to-ground airline operations and data link service, flight briefing services, and a comprehensive network solution connecting Vistara's ground operations for critical passenger services. Vistara is SITA's first 'flight briefing' customer in India. SITA Flight Briefing will provide the airline with computerised flight plans and data such as in-flight weather updates and airport information.
SITA executives explained that the airline initially will use SITA's global IP Network to connect its back offices, ticketing desks and check-in counters at 10 airports across India with its passenger services system.
In addition, Vistara has subscribed to SITA's Type B messaging service - the industry's largest message distribution service - for critical air transport industry operational messages.

Central Government Initiatives

- **Hon'able PM launches 'Make in India' Initiative**-(http://pib.nic.in/newsite/PrintRelease.aspx?relid=110017) The link to brochures is as follows-(http://dipp.nic.in/English/Investor/makeinindia.aspx
  Summary of Initiatives taken by Department of Industrial policy & Promotion-http://pib.nic.in/newsite/PrintRelease.aspx?relid=109449) The website of Make In India is http://makeinindia.com/

- **Labour reforms to boost ease of business announced:** India has announced changes in labour laws including those to make inspections more transparent and devoid of unnecessary harassment. The measures include a taking away of inspectors' discretionary powers, easy portability for provident fund users, a labour law compliance web portal and a scheme for training apprentices. Work was also in progress on reforms in the area of child labour and the micro, small and medium enterprises sector.

- **India signs trade agreement with Asean;** India signed the trade in services and investments agreement with the 10-member Association of Southeast Asian Nations (ASEAN) which is expected to throw open free movement of professionals between the two sides. Nine out of 10 Asean countries have signed the services and investment agreement and the Philippines is completing its domestic procedure and expected to sign. Both India and Asean member states have taken General Agreement on Trade in Services (GATS) plus commitments in various services and modes of supply. Each Asean member state has tabled individual schedule of commitments which are equally applicable for India and other Asean member states. (http://pib.nic.in/newsite/PrintRelease.aspx?relid=109489)

- **Industrial projects to get security clearance within 12 weeks:** Industrial and infrastructure project proposals will get security clearance within 12 weeks as the Home Ministry has streamlined the process by issuing a detailed guideline in this regard. The decision has been taken as part of the Narendra Modi government's push for attracting FDI for infrastructure projects and setting up of industries, which is expected to create jobs, revive economy and bring overall growth.

- **Government clears five budget airports to improve regional connectivity:** The ministry of civil aviation has approved construction of five budget airports to improve regional connectivity. The five airports at Tezu (Arunachal Pradesh), Kishangarh (Rajasthan), Jharsuguda (Odisha), Hubli and Belgaum (Karnataka) were shortlisted from 50 cities and towns in remote areas and various unconnected regions across the country. Each of these will be built with a small budget of USD 9.04 -13.97 million. The budget airports will have airstrips that cater to small aircraft like ATR and Bombardier-made Q-400.

- **Government unveils new guidelines to promote coastal shipping:** The ministry of shipping has issued new guidelines under which these ports will have to give priority to dry bulk or general cargo coastal vessels irrespective of the origin and final destination of the cargo. The 12 ports are Mumbai, Jawaharlal Nehru Port Trust, Kol kata (with Haldia), Chennai, Visakhapatanam, Cochin, Paradip, New Mangalore, Marmagao, Ennore, Tuticorin and Kandla. The 12 major ports handle approximately 61% of the country's total cargo traffic besides about 200 non-major ports. Ennore Port, near Chennai, has already seen export of 449,000 automobile units till December 2013, including by automobile manufacturers such as Nissan, Ford and Ashok Ley land from Chennai, Toyota from Bangalore and Honda from Delhi.

- **Cabinet clears Rs 5300-crore telecom infra project for North East:** Government today approved an over Rs 5,300 crore project to boost telecom infrastructure and connectivity in the North East Region. "The Union Cabinet chaired by the Prime Minister, Shri Narendra Modi, today gave its approval for implementing a Comprehensive Telecom Development Plan for the North-Eastern Region (NER). The proposal entails an estimated expenditure of Rs. 5,336.18 crore (inclusive of all applicable taxes except octroi and local taxes)," an official statement said.

- **Steps initiated for corporatization of major ports:** India's major ports and has started the process for appointment of a world-class consultant to come out with a draft report for amendments in the relevant act do so. The move is aimed at infusing professionalism in the major ports in order to make them compete with private sector ports as well empower financial autonomy. To revamp the top 12 ports, the Centre has already asked them to prepare land data base by October and come up with concrete plans by January next year to achieve international operating standards.

- **Eco clearance norms for mining projects eased further:** In a bid to simplify the process of obtaining environment clearance for coal mining projects, the Ministry of Environment & Forests has agreed to do away with public hearings for capacity increase of coal mines with 20 million tonne per annum capacity. The decision was taken after a request was put by the Ministry of Coal. After Tuesday's decision, the Expert Appraisal Committee can exempt public hearing for one time capacity expansion proposals of existing coal mines with a 20 million tonne a annum capacity.

- **SEBI notifies norms for REITs, infrastructure investment trusts:** The Securities and Exchange Board of India (SEBI) has notified regulations that will govern Real Estate Investment Trusts (REITs), and Infrastructure investment trusts. All REIT schemes, to begin with, will be close-ended real estate investment schemes that will invest in property with the aim of providing returns to unit holders. The returns will be derived mainly from rental income or capital gains from real estate. REITs will also be allowed to invest in commercial real estate assets, either directly or through Special Purpose Vehicles.

- **Government approves grant six new STPI units for Odisha:** The Union ministry of communications & information technology has accorded in principle approval for establishment of six new STPI (Software Technological Parks of India) centres in Odisha.With the current approval, the state will now have a total of 10 STPI units. At present, there are four STPI centres in the state at Bhubaneswar, Berhampur, Rourkela and Balasore. Barring the Balasore unit, which is under construction, the other three centres are now operational and contribute the major chunk to the state's IT exports. More than 100 IT units of the state are registered with STPI.

- **Smart City project to be developed under PPP model:** Government's ambitious Smart City project will be developed with active private participation and some hilly regions will be part of the scheme. The NDA government has announced a mega project of developing 100 smart cities with modern amenities over the years. While majority of existing cities will be developed as Smart City, some new cities will also be carved out of the hilly regions to be part of the project. Smart City entails facilities like continuous water supply, modern sewerage system, solid waste management and infrastructure development among other advanced facilities. The total estimate of investment requirements for providing these services is estimated to be around USD 122 billion over 20 years. Urban local bodies (ULB) are also being asked to introduce reforms to generate additional revenue to be part of the Smart City project.

- **India and Bhutan sign power project agreement:** In a major boost to the 600-Mw Kholongchu hydroelectric project in Bhutan, being developed by Shimla-based power public sector unit SJVN Ltd, a shareholders agreement was signed in Bhutan. This is the first hydroelectric project being developed by a joint venture between PSUs of both the countries, to be implemented in Bhutan, under the Build, Own, Operate and Transfer (BOOT) model. On completion, it will generate 2,568 million units of energy. The project is estimated to cost USD 630 million, to be shared equally by the two partners. It will provide 12% of the saleable energy to Bhutan free of cost as royalty energy during the first 12 years of commercial operations.

- **Government moves swiftly to implement PM's announcements in the USA on Consular and Visa issues; Details can be seen from the following link-http://pib.nic.in/newsite/PrintRelease.aspx?relid=110318 & http://pib.nic.in/newsite/PrintRelease.aspx?relid=110219**

State Government Initiatives:

- **Uttarakhand finalises new policy for MSMEs:** A three-member committee headed by Uttarakhand medium, small and micro enterprises (MSME) Minister Harish Chandra Durgapal on Tuesday finalised the draft of the new MSME policy to give boost to small units, offering a series of sops to over 40,000 such enterprises in the state and attracting new ones.The draft was finalised following a meeting of the committee at the Vidhan Sabha here after incorporating suggestions from various chambers of business. "The draft of the new MSME policy has been finalised and it will be sent to the Cabinet for final approval," said a senior government official.Under the new policy, the government will focus on preparing a land bank for MSMEs and provide land to them for setting up units at reasonable prices, the official told Business Standard.

- **Maharashtra cabinet clears cluster development policy;** Maharashtra cabinet has cleared a cluster development policy for Mumbai. As per the policy, dilapidated buildings, and buildings of the state government and the Maharashtra Housing & Area Development Authority that are more than 40 year old will be entitled for redevelopment. There are about 19,000 such buildings in Mumbai. 1,000-1,500 land parcels have been identified for cluster development in the city.

- **Rajasthan government launches Solar Energy Policy-2014:** Government of Rajasthan has launched a new "Solar Energy Policy-2014" to pave the way for establishment of 25,000 MW solar capacity in the state. The main objectives of the policy are creation of conducive environment for the investors in the state and ensuring power supply to urban and rural areas. The policy also aims at having energy security at the national level and to overcome the challenges of climate change. Its main provisions are to establish solar parks in state sector, private sector and through Public Private Partnership.

- **Labour law exemptions for MSMEs in Madhya Pradesh:** The Madhya Pradesh government has announced exemption from some labour laws for the Micro, Small and Medium Enterprises (MSME) sector. The government would establish USD 16.38 million Venture Capital (VC) fund and a separate department for the sector. The proposed VC fund is to participate in the equity of these units. The government has two agencies, district industry centers and Audyogik Kendra Vikas Nigams to handle all aspects relating to MSMEs, particularly to allot land to the sector.

- **Madhya Pradesh government sets up Laghu Udyog Samvardhan Board**; The Madhya Pradesh government today constituted a state-level Laghu Udyog Samvardhan Board, as announced by Chief Minister Shivraj Singh Chouhan last week at the Micro Small and Medium Enterprises (MSME) convention during the Global Investors' Summit. State's Commerce, Industries and Employment Minister Yashodhara Raje Scindia has been appointed as Chairman of the Laghu Udyog Samvardhan Board (LUSB), an official release said.

Tax related developments:

- **Tax benefits in SEZ: manpower transfer limit raised for IT firms:** The Central Board of Direct Taxes (CBDT) has raised the limit for transferring technical manpower from existing units to a new unit in a Special Economic Zone (SEZ), a move that will benefit the software industry. "It has now been decided that the new transfer or redeployment of technical manpower from existing unit(s) to a new unit located in SEZ, in the first year of commencement of business, shall not be construed as splitting up or reconstruction of an existing business, provided the number of technical manpower so transferred as at the end of the financial year does not exceed 50 per cent of the total technical manpower actually engaged in development of software or IT enabled products in the new unit," a CBDT circular said. Earlier, the limit was 20 per cent. Further, if the company is able to prove that that the net addition of the new technical manpower in all units of the said firm is at least equal to the number that represents 50 per cent of the total technical manpower of the new SEZ unit during such previous year, deduction would not be denied, said the circular.

RBI Actions:

- **Exim bank's line of credit of USD 18 million to the government of the Republic of Mauritius- http://rbi.org.in/scripts/NotificationUser.aspx?Id=9218&Mode=0**
- **Exim bank's line of credit of USD 26 million to the government of the Republic of Honduras- http://rbi.org.in/scripts/NotificationUser.aspx?Id=9217&Mode=0**
- **Exim Bank's Line of Credit of USD 30 million to the Government of the Republic of Togo-** http://rbi.org.in/scripts/NotificationUser.aspx?Id=9251&Mode=0
- **Exim Bank's Line of Credit of USD 52 million to the Government of the Republic of Togo-** http://rbi.org.in/scripts/NotificationUser.aspx?Id=9253&Mode=0
- **Foreign Exchange Management Act, 1999 (FEMA) Foreign Exchange (Compounding Proceedings) Rules, 2000 (the Rules)** - Compounding of Contraventions under FEMA, 1999- http://rbi.org.in/scripts/NotificationUser.aspx?Id=9286&Mode=0

India test-fires nuclear-capable Nirbhay cruise missile

PTI | Oct 17, 2014, 11.23 AM IST

BALASORE (Odisha): India's indigenously developed nuclear capable sub-sonic cruise missile 'Nirbhay', which can strike targets more than 700 kms away, was today test-fired from a test range at Chandipur near here.

"The missile was test-fired from a mobile launcher positioned at launch pad 3 of the Integrated Test Range at about 10.03 hours," said an official soon after the flight took off from the launch ground.

"Flight details will be available after data retrieved from radars and telemetry points, monitoring the trajectories, are analysed," the official said.

It is the second test of the sub-sonic long range cruise missile 'Nirbhay' from the ITR.

The maiden flight, conducted on March 12, 2013 could not achieve all the desired parameters as "the flight had to be terminated mid-way when deviations were observed from its intended course," sources said.

India has in its arsenal the 290 km range supersonic "BrahMos" cruise missile which is jointly developed by India and Russia.

But 'Nirbhay' with long range capability is a different kind of missile being developed by the Defence Research and Development Organisation (DRDO).

Nirbhay has good loitering capability, good control and guidance, high degree of accuracy in terms of impact and very good stealth features.

FORTHCOMING EVENTS >>>> *INDIA*

I. 6th World Ayurveda Congress

Date: 7-8 November, 2014

Venue: Pragati Maidan, New Delhi, India

Organizer: Pharmaceuticals Export Promotion Council of India

Contact : ayush@pharmexcil.com

Details: "6th World Ayurveda Congress", is a mega event for the Ayurveda, Herbal products, Nutraceutical and Dietary Supplements scheduled from 7th -8th November 2014 at Pragati Maidan, New Delhi. The Council with the support from Ministry of Commerce & Industry, will be providing free economy class to and fro airfare and accommodation at Star Hotel for three days in New Delhi, for visiting delegates

Highlights of the Meet:

- One-to-One Business meetings with Indian Traditional medicine exporters and buyers from major import destinations.
- About 40 delegates from major Countries in the LAC, CIS, ASEAN, SAARC, Africa, Europe, America & Oceania are being invited
- Exhibition of Indian companies-"AROGYA EXPO"
- Technical Seminars on Drug Registration procedures of Traditional Medicines in India and presentations by Drug Regulatory officials of various countries
- Publication of Show Catalogue, Market data of the top 15 export destinations

II. KNOWLEDGEXPO 2014

Date: 20-22 November, 2014

Venue: India Expo Centre, Greater Noida, India

Organizer: The Confederation of Indian Industry

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

(i) Mr. Anjan Das (anjan.das@cii.in) (ii) Ms. Neerja Bhatia (neerja.bhatia@cii.in)

Details: The expo will be a multilateral event, bringing together five concurrent summits; separate workshops for institutes, for faculty and students; B2B meetings; G2G meetings; knowledge Guru talks; and award ceremonies. It would provide a platform for technology transfers, business meets and joint ventures through opportunities for networking. Keeping this in view, Director General of Confederation of Indian Industry (CII), Mr. Chandrajit Banerjee has written to this Mission to invite participation from Singapore at the Knowledgexpo 2014.The event will serve as a global knowledge partnership platform for enhancing knowledge intensive trade and investments.

III. India Engineering Sourcing Show

Date: 16-18 December, 2014

Venue: Mumbai, India

Organizer: EEPC India

Contact : http://www.iessshow.in

Details: India Engineering Sourcing Show (IESS-IV) will be the largest display of engineering products and services with focus on building global partnerships. It will showcase the latest engineering technologies and will be a preferential meeting place for buyers and sellers from all over the world.

Focus Product Profiles:

Industrial Supplies & Subcontracting, Metal & Shop Floor Expo, Industrial & Electrical Machinery, Automotive Component, Innovation and Frugal Manufacturing, Retail Engineering , Investments & Engineering Project Exports. EEPC India has also developed a **special sponsored package** for visiting delegates which includes the following:

- Return air ticket / air fare reimbursement to visit the show
- Complimentary 2 nights hotel stay
- Complimentary airport pick up & drop by shuttle service
- Invites for Indian Cultural Program & Gala Dinner during the event.
- B2B Meetings & Networking Opportunities
- Wide circulation of delegate profile throughout EEPC Network

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).

TENDER NOTICES >>>> *INDIA*

Tender invitation from relevant well established /reputed firms to be considered for appointment as "Consultant for Research Vessels".

National Centre for Antarctic & Ocean Research, Goa , URL: http://www.ncaor.gov.in

Closing Date : 23 December, 2014

Notifications

Securities and Exchange Board of India

Increasing the investment bucket for anchor investor and regulations concerning the preferential issue norms

http://www.sebi.gov.in/cms/sebi_data/attachdocs/1410415905407.pdf

SEBI (Foreign Portfolio Investors) Regulations, 2014

http://www.sebi.gov.in/cms/sebi_data/attachdocs/1389083605384.pdf

Ministry of Corporate Affairs

Clarification on applicability of requirement for resident director

http://www.mca.gov.in/Ministry/pdf/General_Circular_25_2014.pdf

Mapping of e forms prescribed under the Companies Act, 2013 with e forms prescribed under Companies Act , 1956

http://www.mca.gov.in/Ministry/pdf/eformsMapping.pdf

Reserve Bank of India

Risk Management and Inter Bank Dealings: Hedging Facilities for Foreign Portfolio Investors (FPIs)

http://www.rbi.org.in/scripts/NotificationUser.aspx?Id=9219&Mode=0

Increasing the investment bucket for anchor investor and regulations concerning the preferential issue norms

http://www.rbi.org.in/scripts/NotificationUser.aspx?Id=9219&Mode=0

Foreign Direct Investment (FDI) in India - Issue/Transfer of Shares or Convertible Debentures - Revised pricing guidelines

http://www.rbi.org.in/scripts/NotificationUser.aspx?Id=9106&Mode=0&utm_source=Bulletin+20140724&utm_campaign=BizJournalJuly2414&utm_medium=email

Ministry of Finance

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

PSLV-C26 Successfully Launches India's Third Navigation Satellite IRNSS-1C.. *Cont from P. 1*

This is the twenty seventh consecutively successful mission of PSLV. The 'XL'configuration of PSLV was used for this mission. Previously, the same configuration of the vehicle was successfully used six times.

Minister of State (Space), Dr Jitendra Singh, witnessed the launch from the Mission Control Centre at SDSC, Sriharikota.

After the lift-off of PSLV-C26 with the ignition of the first stage, the important flight events, namely, stage and strap-on ignitions, heat-shield separation, stage and strap-on separations and satellite injection, took place as planned. After a flight of about 20 minutes 18 seconds, IRNSS-1C Satellite, weighing 1425 kg, was injected to an elliptical orbit of 282.56 km X 20,670 km, which is very close to the intended orbit.

IRNSS is an independent regional navigation satellite system designed to provide position information in the Indian region and 1500 km around the Indian mainland. IRNSS would provide two types of services, namely, Standard Positioning Services (SPS) - provided to all users - and Restricted Services (RS), provided to authorised users.

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 is the method of payment and remittance/credit of sale proceeds in case of transfer of shares between resident and non-resident?

Ans. The sale consideration in respect of the shares purchased by a person resident outside India shall be remitted to India through normal banking channels. In case the buyer is a Foreign Institutional Investor (FII), payment should be made by debit to its Special Non-Resident Rupee Account. In case the buyer is a NRI, the payment may be made by way of debit to his NRE/FCNR (B) accounts. However, if the shares are acquired on non-repatriation basis by NRI, the consideration shall be remitted to India through normal banking channel or paid out of funds held in NRE/FCNR (B)/NRO accounts.

The sale proceeds of shares (net of taxes) sold by a person resident outside India) may be remitted outside India. In case of FII the sale proceeds may be credited to its special Non-Resident Rupee Account. In case of NRI, if the shares sold were held on repatriation basis, the sale proceeds (net of taxes) may be credited to his NRE/FCNR(B) accounts and if the shares sold were held on non repatriation basis, the sale proceeds may be credited to his NRO account subject to payment of taxes. The sale proceeds of shares (net of taxes) sold by an erstwhile OCB may be remitted outside India directly if the shares were held on repatriation basis and if the shares sold were held on non-repatriation basis, the sale proceeds may be credited to its NRO (Current) Account subject to payment of taxes, except in the case of erstwhile OCBs whose accounts have been blocked by Reserve Bank.

Source:RBI

For Feedback & Comments, please contact:
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