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# India Focus


## this issue



## BILATERAL

### NITI Aayog-SCE launches urban management programme

*The Dollar Business Bureau*


National Institution for Transforming India (NITI Aayog) has partnered with Singapore Cooperation Enterprise (SCE) to launch an urban management programme in New Delhi. Singapore based non-profit organisation Temasek Foundation has granted an amount of SGD 851,750 to financially support the three-year programme.

According to Amitabh Kant, CEO of NITI Aayog, "Urban Transformation is given first preference in National Development Agenda of India. The government has started several schemes for the development of the urban centres in the country that include Atal Mission for Urban Rejuvenation and Transformation (AMRUT), Housing for All by 2022 and 100 Smart Cities Mission. "In order to realise the vision of the government in initiating these schemes, NITI Aayog has collaborated with SCE. The programme would tap .. ***Cont on P. 13***

## TOP NEWS

### India poised for big splash in maritime sector, says PM Narendra Modi

*IANS*

Prime Minister Narendra Modi said on Thursday that India, with a 7,500-km long coastline, is set for a gigantic leap in maritime sector with water-based trade, commercial and transport activities. Inaugurating the first Maritime India Summit (MIS) 2016 here, Modi said it was the government's endeavor to revive and restore India's position of eminence in the global maritime sector with gen-next infrastructure in ports, shipping and allied sectors. Modi said that "He must mention that our vast coastline of 7500 km offers a huge investment opportunity. Apart from the length of the coastline, India's maritime potential also lies in its strategic location on all major shipping highways". Besides, India has an expansive and productive hinterland through which flows a network of mighty rivers. The country's maritime agenda will complement this ambitious infrastructure plan for the hinterland which is going on in parallel, he added. Accordingly, the country has initiated many measures under 'Make In India' to make the country a global manufacturing hub, ***Cont on P. 3***

### India pips China as top FDI destination in 2015: Report

*Agencies | Apr 22, 2016*

India has replaced China as a top destination for foreign direct investment by attracting $63 billion worth FDI projects announced in 2015, says a report.

Also, there was an 8% increase in project numbers to 697, according to fDi Intelligence, a division of The Financial Times.

Major companies such as Foxconn and SunEdison have agreed to invest in projects valued at $5 billion and $4 billion, respectively, in India in 2015, it said.

India replaced China "following a year of high-value project announcements specifically across the coal, oil and natural gas and renewable energy sectors", the report said.

"In 2015, India was for the first time the leading country in the world for FDI, overtaking the US (which had $59.6 billion of greenfield FDI) and China ($56.6 billion)," the report noted.

Of the top 10 destination states for FDI in 2015, India claims five places, with the top place going to Gujarat, which attracted $12.4 billion. Maharashtra has been one of the strongest performers across the years attracting $8.3 billion in 2015.

## India world's largest FDI destination: Jaitley

*Press Trust on India*

India has liberalised foreign investment policies and created a "very favourable investment climate" for investments across all segments of economy -- agriculture, manufacturing and services, finance minister Arun Jaitley told the Development Committee meeting of the International Monitory Fund (IMF). Mr. Jaitley said Foreign Direct Investment (FDI) inflow in India has increased by over 30-40% in last two years and India was now "the largest FDI destination in the world."

Mr. Jaitley told another meeting at IMF that the Modi government was following the approach of 'Reform to Transform India' through far reaching structural reforms. The measures undertaken by the current government include investment in infrastructure investment, a bankruptcy law, improvement in business climate and tax reforms such as GST. "The government is taking steps to reform institutions, simplify procedures and repeal obsolete laws," the Minister said. "A progressive and non-adversarial tax regime incorporating best international practices is being put in place," Mr. Jaitley told the meeting of the International Monitoring Committee.

The Minister urged the Fund to maintain close oversightupon emerging vulnerabilities, and "remain committed to safeguarding the stability of the international monetary and financial system." "In order to be a reliable source of contingent financing it is important to assess the sufficiency of Fund's resources in accordance with the changing global realities including levels of global growth, size of trade and capital flows," Mr Jaitley said. Mr.Jaitley called for quicker progress in the efforts to further enhance the Fund's lending capacity. "We consider that changes in quotas including fresh review of quota formula, is necessary to reflect fairness and equality in the governance of the Fund in order to reinforce its legitimacy," the Minister said. Noting that the participation of advanced economies, especially, the United States in the Fund is a valued source of its institutional strength and credibility, Mr. Jaitley said the Fund must "continue to evolve as an effective institution in tune with changing character of the global economy."

## India ratifies WTO's trade facilitation agreement

*PTI*


India on Friday said it has formally ratified the World Trade Organization's (WTO) trade facilitation agreement, which aims at easing customs procedures to boost commerce.

Commerce and industry minister Nirmala Sitharaman said the move would supplement India's ongoing reforms to bring in simplification and enhanced transparency in cross-border trade in goods. India's WTO ambassador Anjali Prasad has handed over the instrument of acceptance to WTO director-general Roberto Azevêdo.

"I am very pleased to receive India's instrument of ratification," Azevêdo said. He said that India is one of the most dynamic economies in the world today and has become a top recipient of foreign investment.

"Ratifying the WTO's Trade Facilitation Agreement (TFA) will help India further boost economic growth by reducing trade costs and supporting its integration into the global economy," he added. Concluded at the WTO's 2013 Bali Ministerial Conference, the TFA contains provisions for expediting the movement, release and clearance of goods, including goods in transit.

It also sets out measures for effective cooperation between customs and other appropriate authorities on trade facilitation and customs compliance issues. It further contains provisions for technical assistance and capacity building in this area. The TFA will come into force once two-thirds of WTO members formally accept the agreement.

India is the 76th WTO member to accept the TFA. The WTO in a statement said that on 18 March, India submitted its "Category A notification" to the WTO indicating which provisions of the TFA it intends to implement upon entry into force of the agreement. According to a WTO report, implementation of the TFA has the potential

to increase global merchandise exports by up to $1 trillion per annum.

## India's GDP growth likely to be 7.7% this fiscal: Citigroup

*PTI*

Gradual fiscal recovery is likely to push the GDP growth numbers of the country to 7.7 % in this financial year, says a Citigroup report. According to the global financial services major, India's relative macro outperformance continues in a difficult global environment and "it might be time to tune up the optimism on India again". "Recent macro data indicate a reversal of soft third quarter of fiscal 2015-16 prints and support our view that a gradual cyclical recovery will push GDP growth to 7.7 percent in fiscal year 2016-17," Citigroup said in a research note. According to the report, reform hopes have revived with a more "productive" Parliament. Executive-led reform continued (in FDI, infrastructure), but the first half of the Budget session revives hopes for more legislature-driven reforms, it said. "New bankruptcy code to deal with insolvency should be passed in the second half of the session; GST hopes are alive. Upper house reshuffle should increase NDA strength in 2016 but majority remains elusive," Citigroup said. The brokerage firm said that "well-behaved" inflation has paved way for more easing. "Our average CPI forecast of 4.9 percent in FY17 builds in 50 bps impact from 7th Pay Commission. Another 25 bps rate cut after monsoon clarity, along with better transmission and changed liquidity stance, should lead to lower rates in fiscal year 2016-17," Citigroup said. RBI on April 5 cut the key interest rate by 0.25 percent and introduced a host of measures to smoothen liquidity supply so that banks can lend to the productive sectors and indicated accommodative stance going ahead.

## Indian economy may expand by 7.8% in 2017-18: UN report

*PTI New Delhi Last Updated: April 28, 2016*

Indian economy is projected to expand by 7.6 per cent in 2016-17 and accelerate to 7.8 per cent in 2017-18, mainly on the back of domestic consumption demand aided by steady employment and a relatively low inflation, a UN report for the Asia-Pacific said on Thursday.

"The near-term growth outlook is positive, with the projected growth being 7.6 per cent in 2016 and 7.8 per cent in 2017," said the United Nations Economic and Social Survey for Asia and the Pacific-2016 report, which was released here.

The urban household spending is expected to drive the momentum amid steady employment growth and relatively low inflation, the report stated. Fixed investment conditions are seen to be improving because of lower borrowing costs and a more enabling business environment brought about by a better World Bank ranking on ease of doing business.

## India poised for big splash in maritime sector, says PM Narendra Modi.. *Cont from P. 1*

*IANS*

corrections in the Ease of Doing Business, simplifications in cross-border trade processes, and liberal licensing regimes including defence sector and ship-building. The government has also taken 60 percent of defence items out of licensing process, most FDI sectors have been put on automatic approval route and shipyards have got infrastructure status on par with ports. Additionally, rebate of service tax on coastal shipping has been hiked to 70 percent and many exemptions have been granted on customs and central excise duties on inputs used in ship-building. Financial assistance has been provided to promote the sector, exemption in customs and central excise has been given on bunker fuel for Indian flagged container ships, seafarers tax issues have been resolved while the Indian Port Rail Corp will focus on the last-mile port connectivity. All these have led to FDI inflows going up by 44 percent in past two years, with 2015-16 seeing the highest ever FDI inflow into India, Modi said. The highest ever cargo quantity handled by major ports was in 2015, he said. Port efficiency parameters had shown very good improvement and the fastest average turnaround time was notched in 2015. The Kandla Port in Gujarat breached the 100 million traffic landmark with 20 percent improved efficiency, the Jawaharlal Nehru Port Trust clocked a net profit of Rs.10 billion helped by a 12 percent increase in efficiency, and the Shipping Corp of India, Dredging Corp of India and Cochin Shipyard Ltd had registered higher profits compared to the previous year, he said. In past two years, under the National Perspective Plan of Sagarmala Programme, 56 new projects worth Rs.250 billion were awarded to create additional port capacity of 317 million tonnes per year

"Our vision is to increase port capacity from 1,400 million tonnes to 3,000 million tonnes by 2025. We want to mobilize an investment of one lakh crore, or one trillion rupees, in the Port Sector to enable this growth," Modi said. Five new ports were planned to meet the increasing demand of the Exim trade which will rise in proportion with the fast-growing Indian economy, and new ports were also being developed by several coastal states. The Maritime India Summit will showcase to a global audience sectors like existing port development and modernization of berths and terminals, Greenfield ports, port-led development, shipbuilding, repairs and breaking, coastal shipping, inland water transport, cruises, lighthouse tourism, hinterland connectivity and logistics handling. Deals worth over Rs.82,000 crore are expected to be signed during the event in which delegates, CEOs and experts from 41 countries are taking part.

## Govt's new focus: Movies 'made in India'

*PTI, New Delhi*

In order to promote film-making in the country, the government is considering measures such as easier visa regime and duty reduction on equipment used in the industry.

The government is introducing a number of measures to support media and entertainment industry, Minister of State for Information and Broadcasting Rajyavardhan Singh Rathore said at the the Global Exhibition on Services (GES).

Highlighting the steps being contemplated, the minister said, "Getting visas for film-making are to be made easier, duties on film-making equipment are to be brought down."

"In order to support better content, the government is considering outsourcing the content for Doordarshan, providing a dedicated channel for showing documentaries and providing funds to Indian movies for participating in foreign film festivals," Rathore was quoted as saying in a statement issued by CII.

He was speaking at a seminar on 'India's Entertainment as Soft Power' at the GES, organised by the Ministry of Commerce and Industry in partnership with CII in Greater Noida.

He also said that with 100 crore cell phone users, 25 per cent of whom own smartphones, the entire country is now covered by the telecom network.

"The Make in India vision of increasing production within India is already happening in the media and entertainment industry with a large amount of content being produced. The government is taking various measures to support this trend and be a facilitator for the industry.

"For example, it is setting up a centre for excellence in animation and gaming in Maharashtra," he said.

## FDI inflows in India topped $51B in April-Feb FY16

*http://www.ibtimes.co.in/fdi-inflows-india-topped-51b-april-feb-fy16-676149*

India attracted the highest ever inflows of $51 billion in foreign direct investments (FDIs) during the April-February period of the last fiscal ending March 31, 2016, according to the Department of Industrial Policy and Promotion (DIPP) secretary Ramesh Abhishek. The country had attracted $44.29 billion FDIs in over the same period in 2014-15, and $46.55 billion in 2011-12.

"We have had a record inflows of FDI in this country, more than $51 billion from April to February (2015-16) and that is the highest ever," the secretary said at a Ficci function, as reported by Press Trust of India.

Abhishek added further that this signals a revival in the investment climate in the country as the government created a conducive business climate.

The FDIs include in equity, re-invested earnings and other capital (parent-subsidiary debt transactions). The rising numbers of investments indicate the confidence of foreign investors that their interests are protected in the country. The government is taking a lot of measures to help increase FDI inflows and its sustained action to increase ease of doing business in the country has been a critical step in creating a suitable business climate.

"The complex procedures and delays which were the bane of our system for last so many decades are now being gradually dismantled. Enormous efforts are being made to make sure that common citizen and business both have an easy time," said Abhishek.

The DIPP secretary added that apart from a growth rate of double digits for the next three decades to improve the quality of life and eliminate poverty, India needs lots of investments. Meanwhile, according to an April 12 PTI report, which cited the Reserve Bank of India (RBI) data, the FDI inflows into the

country stood at $42 billion during the same 11 month period (April 2015 to February 2016), up 27.45 percent from $32.9 billion over the same period in 2014-15.
A report by fDi Intelligence, a division of the Financial Times, highlighted that the world's third-largest economy received $63 billion during in 2015 (12-month period). It added that the number of Indian projects that received FDI increased 8 percent to 697

## RBI for proper monitoring of foreign direct investment

***BS,** Mumbai April 15, 2016*

The Reserve Bank of India (RBI) has revamped its overseas direct investment application process to provide banks fast and easy accessibility to data for reference purposes and to improve the "coverage and ensure proper monitoring of the flows in a dynamic environment".
The new process will be much more nuanced than earlier, where the Indian party has to furnish more details about its investments and remittances. The new scheme is for more nuanced information on direct investments in joint ventures, wholly-owned subsidiaries and any remittances and other forms of financial commitments by an Indian party (which can be any Indian corporate entity or individual).
It is not clear yet if the same set of rules will apply for remitting money abroad under the liberalised remittance scheme (LRS), but if so, it will be dissemination of information on a granular basis. Under the LRS scheme, an individual can freely take out $250,000 every year. A company can invest up to a certain percentage of its net worth (equity plus reserves) in overseas subsidiaries and hence, there is no absolute cap prescribed by RBI. While remitting money abroad in the individual capacity, an individual just has to check certain fields and even a broad-based description is not required. A transaction could have been just a "gift" or for "maintenance of relative". Now, it would be much more granular, otherwise the bank facilitating the transaction (all remittances have to be channelled through authorised banks) and the individual would be in trouble as the "Reserve Bank will take a serious view on non-compliance with the guidelines / instructions and initiate penal action as considered necessary." The central bank, in its notification, said it wanted to "capture all data pertaining to the IP (Indian Party) undertaking ODI (Overseas Direct Investment) as well as the related transaction."

The remitter will be given a unique identification number (UIN) and any post investment changes subsequent to the allotment of the UIN would have to be reported, the central bank said in a notification on its website.

## FinMin looks to expedite clearances to FDI proposals

*PTI | Apr 21, 2016, 08.10 PM IST*

Stressing that fast clearances and automatic process are key to recent surge in FDI inflows, Economic Affairs Secretary Shaktikanta Das today said all FDI applications received up to March 15 are listed in agenda for the next meeting of Foreign Investment Promotion Board (FIPB).
"All applications received up to March 15 listed in agenda for next meeting. Four weeks time is given for inter ministerial consultations.
"Fast clearances and automatic process are key to recent surge in FDI inflows. Reflective of investors' confidence on India," Das said in a series of tweets.
The NDA Government has been liberalising the FDI regime and has brought a number of sectors under the automatic route.
Investments in sectors that are not under the automatic route require FIPB approval. Currently 98 per cent FDI into India comes through automatic route.
Foreign direct investment (FDI) into the country increased by 40 per cent to USD 29.44 billion during April- December of 2015-16. The foreign investment inflows were at USD 21.04 billion in the same period of previous fiscal.

## Single MEIS application soon to ease exporters

*The Dollar Business Bureau*

The CBEC chief said that there would be a single Merchandise Exports from India Scheme (MEIS) application for all Electronic Data Interchange (EDI) ports soon.
"In accordance with the objective to boost the ease of doing business in India, Integrated declaration has been created under the Customs single window, where exporters would not be needed to get approval from various other agencies," informed Najib Shah, Chairman, Central Board of Excise & Customs (CBEC) at a session organised

by Federation of Indian Export Organisations (FIEO) in New Delhi on Friday. According to a release issued by FIEO, the CBEC Chairman was quoted as saying that several Partner Government Agencies like Drug Controller, Food Safety and Standards Authority of India (FSSAI), Animal Quarantine, Plant Quarantine, Textile Committee etc, are already on board and steps would be taken to include others also. “Duty Drawback has been completely disbursed electronically and barely any claim is pending till date with Customs Authorities, especially with JNPT Customs,” said Shah.
The CBEC chief stated that ICEGATE (Indian Customs Electronic Commerce/Electronic Data Interchange Gateway) help desk receives a huge number of queries from exporters. Last year, the help desk received and attended over three lakh mails.
He advised that exporters should continue to write to this help desk about their issues for due consideration by the Department. “Exports and imports play a vital role in the economy and CBEC has taken many initiatives to reduce the cost and time of transactions and to enhance the 'ease of doing business',” he added.

## Govt to liberalise plan for some importers

*Business Standard, New Delhi Apr 26, 2016*

The government will liberalise a programme to allow select importers to make deferred payments and extend to them easier Customs clearance. The move is expected to lower the costs and time for importers.
The Customs department is set to revamp the decade-and-a-half-old Accredited Client Programme (ACP) for importers, liberalising the strict prerequisites to join the scheme, such as no tax show-cause notice in the past three years, a requirement most importers would fail to meet.
Members of the scheme would enjoy benefits such as no routine checks for consignments. Importers would face only risk-based checks of consignments.
"We will allow payments after 10 days, although selectively," said an official.
The deferred payment scheme was announced in the Budget this year.
Despite India being an import-dependent nation, the ACP has only 300 members. "Introduction of the deferred Customs duty scheme possibly under the programme is keenly awaited and will definitely be a move towards ease of doing business in India," said Saloni Roy, senior director, Deloitte. Currently, to be a member of ACP, one should have imported goods valued at Rs 10 crore in the previous financial year or paid duty more than Rs 1 crore. They should have filed at least 25 bills of entry in the previous financial year. Besides, if one has a pending tax show-cause notice in the past three years, he will be ineligible to avail of the scheme. Close to 13 per cent of import cargo is cleared under the programme each year in value terms. "The revamp is in line with the tax department moving to post-assessment audit, where you clear goods, pay tax, and get audited later," said Bipin Sapra, tax partner, EY. "Allowing clearance as soon as possible and doing assessment later will be a big initiative as port capacity across the country is limited," he added.
The other trade-friendly measures include the government launching a 24x7 single-window interface for facilitating trade at Customs ports from April 1. With this, importers and exporters will have to fill just one form at Customs ports for clearance from all agencies including the Food Safety and Standards Authority of India, Drug Controller General of India, Plant Quarantine and Wildlife Crime Control Bureau.

## CBEC takes measures to cut down disputes

*TNN*

In a move aimed at reducing litigation and pushing ease of doing business in the country, the Central Board of Excise and Customs (CBEC) has raised the threshold limit below which appeals are not to be filed by the department before tribunal and high courts.
A finance ministry statement said the threshold limit has been raised to Rs 10 lakh for appeals before the CESTAT (tribunal) and Rs 15 lakh before high courts. The department has asked chief commissioners and principal commissioners to identify cases, which are fit for withdrawal from the list of litigations pending before the tribunal and high courts.
The field formations have identified 2,051 and 5,261 cases, which are fit for withdrawal from high courts and CESTAT under the new threshold monetary limits and have already filed withdrawal applications in 980 and 2,174 cases. Of this, high courts have allowed withdrawal in 250 cases and CESTAT in 202 cases. The 2016-17

## India to become $10 trillion economy by 2032: Amitabh Kant

***ET Bureau** Apr 22, 2016, 01.16AM IST*

Niti Aayog CEO Amitabh Kant on Thursday gave a 2032 date to India becoming a $10-trillion economy, a year after Prime Minister Narendra Modi said India should dream of a $20 trillion economy but did not fix a target.

The PM, while speaking at the ET Global Summit last year had asked why the country could not dream of a $20-trillion economy and said his government was preparing the ground for it. Kant, in a presentation before the Prime Minister on Thursday, said the country needs to work towards a 10% growth rate year-onyear against its projected growth rate of 7.4% to achieve a $10 trillion economy by 2032.

When contacted by ET, Kant said the aim was to create 175 million jobs and achieving zero percent of Below Poverty Line population by 2032. "If we achieve a $10 trillion economy target by 2032 by a 10% growth rate year-on-year, the compounding effect would be such that ours could be a $20-trillion economy in the next 6-7 years after 2032. The 10% y-o-y growth is the biggest challenge."

In his presentation, Kant said if India grows at 7% till 2032, its GDP will only be $6 trillion in 2032 against $2 trillion as on today while 5-6% of the population will remain below poverty line. The new plan flows out of a Group of Secretaries report that talked of achieving 10% growth "year-on-year in the next five years" by aiming at 10 'Champion States' growing at 12% and more, 4% agricultural growth rate, 10-12% growth in manufacturing and services, worldclass infrastructure and the advancements in technology and innovation. The immediate targets specified for 2019 are India moving up to No. 1 Start-up destination, India's rank in Ease of Doing Business being in Top 30 and 60% digital penetration through JAM Platform and e-payment mobile applications for government programmes. Target for manufacturing contribution rising to 25% of GDP is fixed for 2022. Kant told ET that each department's targets had been specified with clear dates and it will be monitored through an online dashboard by NITI Aayog. "It has never happened before in the history of the country," he added.

Budget had unveiled several steps to reduce litigation.The revenue department has taken several measures to cut down litigation and disputes. It has made mandatory to have a pre show-cause notice consultation with an assessee at the level of a principal commissioner or commissioner in all cases where the duty involved is above Rs 50 lakh.

"Detailed instructions have been issued to all field formations regarding the manner, in which a show-cause notice is to be issued, personal hearings are to be granted and adjudication orders to be issued. The chief commissioners have been directed to do sample verification of records of such proceedings from time to time," the finance ministry said. The department is holding workshops to train officers to issue quality show-cause notices, judicious adjudication orders, advocacy, in order to minimise disputes and litigation. Tax experts said if measures are implemented it would lead to a significant drop in disputes with the department.

"The pre-show cause notice discussion with the assessee if applied in true spirit could drastically cut down litigation and hence the transaction cost of doing business in India," said Bipin Sapra, tax partner, EY India.

### BANKING/FINANCE

## India world's largest remittance recipient in 2015: World Bank

*PTI*

India was the world's largest remittance recipient in 2015 despite experiencing a $1 billion drop from the previous year, the first decline in its remittances since 2009, the World Bank said on Wednesday.

India retained its top spot in 2015, attracting about $69 billion in remittances, down from $70 billion in 2014, the World Bank said in its annual report "Migration and Development Brief". Other large remittance recipients in 2015 were China, with $64 billion, the Philippines ($28 billion), Mexico ($25 billion) and Nigeria ($21 billion). "Remittances to India, the (South Asian) region's largest economy

and the world's largest remittance recipient, decreased by 2.1 per cent in 2015, to $68.9 billion. This marks the first decline in remittances since 2009," the World Bank report said.

Officially recorded remittances to developing countries amounted to $431.6 billion in 2015, an increase of 0.4 per cent over $430 billion in 2014. The growth pace in 2015 was the slowest since the global financial crisis, the report said. Global remittances, which include those to high-income countries, contracted by 1.7 per cent to $581.6 billion in 2015, from $592 billion in 2014, the World Bank said.

"Remittances are an important and fairly stable source of income for millions of families and of foreign exchange to many developing countries," said Augusto Lopez-Claros, Director of the World Bank's Global Indicators Group. "However, if remittances continue to slow, and dramatically as in the case of Central Asian countries, poor families in many parts of the world would face serious challenges including nutrition, access to health care and education," Lopez-Claros said.

According to the report, the growth of remittances in 2015 slowed from eight per cent in 2014 to 2.5 per cent for Bangladesh, from 16.7 per cent to 12.8 per cent for Pakistan, and from 9.6 per cent to 0.5 per cent for Sri Lanka.

"Slower growth may reflect the impact of falling oil prices on remittances from GCC countries," the report said.

## India's first small finance bank launched

*Business Standard*

Capital Small Finance Bank, India's first small finance bank, was launched here on Sunday. It opened 10 new branches on its inaugural day. The Jalandhar-headquartered bank had been operating as Capital Local Area Bank since January 2000 with 47 branches in five districts of Punjab. It is among the 10 entities that were given the in-principle approval by the Reserve Bank of India (RBI) to set up small finance banks. While inaugurating the bank, Nirmal Chand, regional director of RBI, Chandigarh, said it was a historic day for the banking sector in India as it would be reckoned as a day when small finance banks were introduced into the banking system. "We have regional rural banks, cooperative banks and other small entities, besides a giant network of public and private sector banks. But, there is a huge void in the banking sector," he said. Chand noted that India has seven branches per 100,000 population compared with 40 branches per 100,000 population in developed countries. According to him, this gap can be bridged by small finance banks.

"The financial inclusion aims to have one bank account per member of the family. But, there are many families those have adult members without a bank account. Cent per cent financial literacy means one bank account per adult. Small banks can tap this population. Independent studies have revealed that around 90 per cent of the micro and small businesses have no access to the formal mainstream financial institutions. Since their ticket size is small, these banks can bring micro and small entrepreneurs into their fold," Chand added.

Sarvjit Singh Samra, managing director of Capital Small Finance Bank, said the bank's transition from a local area bank into a small finance bank has removed the geographical barrier of expansion.

Earlier, the lender's operations were restricted to five districts in the state - Jalandhar, Hoshiarpur, Kapurthala, Amritsar and Ludhiana. Now, the lender can expand in any part of the country. Samra, however, plans to grow in a phased manner. In the current financial year, the bank would consolidate its in Punjab by adding 29 branches. Out of this, 10 were opened on Sunday. The bank's business is projected to increase fourfold from Rs 3,000 crore as on March 31, 2016 to Rs 12,000 crore and branch network to 216 by March 2021.

Samra said that under RBI's statutory guidelines, small finance banks should lend at least 50 per cent of their loans to an average ticket size of below Rs 25 lakh. For Capital Small Finance Bank, exposure to small ticket borrowers is 60 per cent, he added. The bank's priority-sector lending, too, is higher at 79 per cent of total advances against the RBI norm of 75 per cent.

## Forex reserves at record high of $360.25 billion

*PTI*

The country's foreign exchange reserves rose by $333.7 million to reach a fresh life-time high of $360.250 billion in the week to April 15, the Reserve Bank said on Friday.

In the previous week, the reserves had increased by $157.4 million to $359.917 billion.

The forex kitty increased on account of rise in foreign currency assets (FCAs), which constitute a major component of the overall reserves.
FCAs rose by $341.4 million to $336.187 billion in the week under review, an RBI release said.
FCAs, expressed in dollar terms, include the effect of appreciation and depreciation of non-US currencies such as the euro, pound and the yen held in the reserves.
Gold reserves remained unchanged at $20.115 billion.
The country's special drawing rights with the International Monetary Fund declined by $2.9 million to $1.498 billion and the reserve position dipped by $4.8 million to $2.450 billion, the apex bank said.

## BUSINESS

### Chinese fund to invest Rs. 2,000 crore in India's highway construction

*Hindustan Times*

Moving away from the usual norm of foreign funds buying completed infrastructure projects in India, a Chinese equity hedge fund is expected to invest in an Indian firm for the construction of highways, reported the Hindustan Times. Hong Kong-based Silver Spring Capital will soon invest Rs. 2,000 crore ($300 million) in Hyderabad-based infrastructure developer Transstroy India Limited.
"This transaction is a clear evidence of investors' enthusiasm in long-term infrastructure projects," a senior government official said.
Foreign direct investment in roads and highway sector is crucial to build projects of international standards. Nitin Gadkari, Union minister for road transport and highways, too has been keen on such investment since coming to power.
However, FDI inflows have been afflux into the infrastructure support services with 100 percent FDI allowance under automatic route. Construction and maintenance of highway bridges, toll roads, vehicular tunnels and cargo handling, including collection of toll, have witnessed reasonable investments.
In 2015, BIF India Holdings, part of Canada-based Brookfield Asset Management, acquired six road and three power projects for Rs. 563 crore from Gammon Infrastructure. In another ongoing acquisition talks, Singapore wealth fund GIC is expected to buy 11 road projects from Reliance Infrastructure.
From April 2000 to December 2015, India received FDI to the tune of Rs. 1.14 lakh crore (around $24 billion) in the construction sector that includes roads and highways. The Department of Industrial Policy and Promotion (DIPP) said the inflows amounted to 8.7% of the total FDI inflows in the period.
Sources told HT that the Silver Spring Capital "proposal is currently subject to government approval and is likely to be cleared soon."
Transstroy, at present is constructing two highway projects. One, a 54-km stretch from Coimbatore to Mettupalayam in Tamil Nadu, and the second, a 121-km highway from Obedullaganj to Betul in Madhya Pradesh.

### Asus planning to make India its home market for smartphones

*Economic Times: April 21, 2016*

Taiwan's Asus, the world's fifth largest personal computer maker, plans to make India its home market for smartphones, and is stitching together aggressive growth plans which involves doubling local production and spending on marketing in an effort to be a top five player.
"Internally, we're thinking we should make India as our home base, especially in smartphones," Peter Chang, Regional Head for South Asia and India country manager told ET, underlining the criticality of the South Asian nation - the world's fastest growing smartphone market - to global operations. The company that sells smartphones, tablets, laptops and personal computers, launched its gaming laptops and desktops on Wednesday.
"We would be doubling our marketing budget this year, from 2-3% of revenue, because we want to have 5% market share," Chang said. The company claimed to have 2.3% market share.

### India now among top 6 markets for Renault

*Business Standard: April 27, 2016*

The quarter ended March has been one of the best for Renault India. Among global markets, Renault registrations in India were one of the largest, with about 200 per cent growth, thanks to their new small car, the Kwid. The company adds that while the industry expects to grow in single

single digits this year, its own growth will be in double digits. Since the Kwid was launched, the group has booked 120,000 orders and registered nearly 23,000 unit sales since the beginning of the year.

Renault India's contribution to the group's global revenue has also jumped sharply, with the country among its top five in the world. Renault India's market share was up to 2.17 per cent in 2015-16 from 0.2 per cent in 2014-15. Company sales rose to 43,859 units from 4,006 units, respectively, according to the Society of Indian Automobile Manufacturers.

Sumit Sawhney, managing director at Renault India, said they now had the sixth largest brand (January-March 2016 sales) in India as compared to eighth last year. Apart from the Kwid, this was also driven by its SUV, the Duster, followed by the Lodgy.

“The biggest numbers are coming from the Kwid, which has already overtaken Duster's volume, since the Duster segment is smaller as compared to the Kwid's,” he said. The segment in which Kwid operates accounts for nearly 25 per cent of the market.

## Singapore Airlines spreads wings in India with budget Scoot

*TNN | Apr 23, 2016, 02.36 AM IST*


The Singapore Airlines (SIA) group is now the biggest foreign airline in India in terms of number of subsidiaries operating as well as the cities it flies to. On Friday, the group announced that its low-cost and medium-haul arm Scoot will begin flights between Singapore and Chennai and Amritsar from next month and between Singapore and Jaipur from October.

With Scoot's entry, all passenger airlines of SIA group now operate to India, beginning with the premium long haul SIA, budget Scoot, full service Silk Air and low-cost Tiger Airways. SIA and Scoot have wide body planes that can fly long distances, while Silk Air and Tiger operate the narrow body Airbus A-320s that can fly non-stop up to five hours.

In addition, SIA holds a 49% stake in Vistara with the remaining 51% with Tatas. Vistara is also expected to begin international flights soon after India relaxes the rules for domestic airlines to fly abroad.

"The SIA Group is the largest foreign airline in India in terms of reach as SIA, Scoot, Silk and Tiger will fly to 15 cities in the country. This is the largest after Air India (in terms of offering direct international flights out of Indian cities). Our strategy is to develop a new market (city) by launching flights with Silk or Tiger. And then when the market grows, deploy wide body planes of SIA or Scoot," Bharath Mahadevan, country head of Scoot, told TOI. Jet Airways offers direct international flights out of 13 Indian cities."SIA used to operate on the Amritsar-Singapore route from 2004 to 2008. The load factors were good at about 70%. But the full service model was not suited for this route. The A-320s of Tiger did not have the range for this route. Now, we will restart this route with Scoot that operates Dreamliners on a low cost model," Mahadevan said. Similarly, Tiger will pull out of Chennai-Singapore sector as the market is now grown enough to fill up wide body planes of Scoot and SIA.

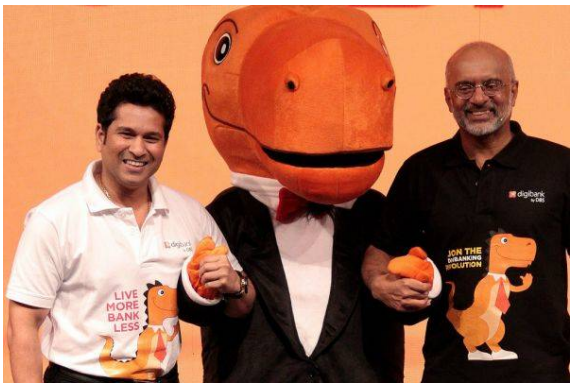
The SIA Group will use Scoot to develop the India-Australia and India-Bali markets. Currently only AI has direct flights on India-Australia routes. "Fare on India-Australia and India-Bali routes is in the range of Rs 60,000-70,000 and Rs 40,000, respectively. Scoot fares will about half of that," he said.

Scoot will start flights from Chennai and Amritsar to Singapore on May 24, while Jaipur-Singapore flights will start on 2 October. While Chennai will have daily flights, Amritsar will start with three times a week and increase the frequency to four times a week from July 1. Jaipur will start with four flights a week.

## DBS launches mobile-only bank in India for retail reach

***Forbes India***

DBS, Singapore’s largest lender, unveiled on Tuesday India’s first mobile-only bank, in a bid to help expand its presence across India, by tapping into the country's ongoing




technological and digital revolution in financial services.

The "Digibank" using biometrics and artificial intelligence technologies would be paperless and branchless. DBS CEO Piyush Gupta, who is based out of Singapore, said that he hopes to acquire five million accounts in India over the next five years through this platform.

A banking savings account can be opened with one-time biometric authentication and the customer's Aadhaar and PAN card details. Besides the positive socio-demographics and being the fastest growing major economy in the world, India offered a unique stack in the form of an architectural framework which is being created, Gupta said.

This includes an existing eKYC (know your client) system and the Aadhaar authentication framework, a signature and digilocker, the just launched Unified Payments Interface (UPI) – which allows for swift payment across banks - and finally, a consent architecture system, where information is made freely available to anyone else for use.

"This type of architecture is unique: it is not available in the United States or China. Many individual pieces of the architecture exist but they tend to be only in private hands. India is one of the few countries in the world which has put together a public architecture to enable this tele-services system," Gupta said in a presentation earlier in the day.

DBS will offer a seven percent interest rate [with no minimum balance required] on the digibank savings account, compared to the five percent for existing customers.

The banking platform was launched in the presence of Indian cricket icon Sachin Tendulkar, who has opened a Digibank account.

DBS plans to launch investment products and introduce lending operations on digibank in coming months.

India currently contributes about five percent to DBS's total business. In FY15, the bank had posted a loss of Rs 275 crore for India operations, due to higher provisioning. The bank is "likely to return to a small profit" in the twelve months ending March 2016, Gupta said.

He added that India is in the midst of a revolution where fintech companies are starting to disrupt the financial services' balance sheets. These companies are creating products and services which are involved in raising money, lending, payment and remittances systems and security solutions. This often is being done better, smarter and cheaper than banks.

The only issue is that fintech companies do not have a monopoly or prerogative on technologies of the world, he said.

Gupta was confident that digital technology will continue to change the way people bank. "Each company, including ours will have to evolve and grow," Gupta told Forbes India, in an interview.

Earlier this month, the Reserve Bank of India (RBI) governor Raghuram Rajan and the National Payments Corporation of India launched the UPI programme, which makes mobile payments swifter and simpler. The UPI app will be interoperable across multiple banks and allows customers to make or receive payments through a single identifier like the Aadhaar number or a virtual address.

DBS has been in the news, being one of the few foreign banks in India which plans to convert into a wholly-owned subsidiary (WOS) in India. The application, filed in April 2015, awaits an approval from the RBI.

The WOS plan of DBS is to help the bank expand lending to small-and-medium enterprises (SME), transaction business and its wealth management presence, Gupta said. Once it receives an WOS approval, DBS plans to expand its network to between 60 and 70 branches, from the existing twelve.

## Singapore exporters turn attention to India's vast market potential

*http://mobile.foodnavigator-asia.com/Markets/Singapore-exporters-turn-attention-to-India-s-vast-market-potential*

Trade between Singapore and India has come under the spotlight after two manufacturing industry groups signed an agreement with Indian food importers to make it easier to export to the South Asian country.

The Singapore Manufacturing Federation, Singapore Food Manufacturers Association and Forum of Indian Food Importers signed a memorandum of understanding that is expected to overcome Indian regulatory hurdles.

India has stringent rules on the import of food and beverage products, though these have been increasingly relaxed in a bid to attract more importers, said SFMA's deputy vice-president Jimmy Soh.

"In India, there are different ways on how a product is sold at different prices. It is complex for Singaporean food brands to bring in their products there. Also, there is a lack of understanding of what Singaporean food is in India.

"The agency set up by the Indian government protects their consumers but in recent years, they have relaxed the regulations to suit international food companies," Soh added.

Meanwhile, the Indian signatory will organise workshops to help Singaporean exporters understand Indian consumers better and learn more effective ways to market their products.

Minister for Trade and Industry S Iswaran said: "The MOU aims to help Singapore companies overcome regulatory hurdles when entering the Indian market and for the private sector to deepen their networks."

With India expected to be the world's fifth biggest consumer by 2025, according to a McKinsey Global Institute that predicted consumer spending to reach almost US$13tr five years later, Singapore sees the country as a lucrative destination which it is well placed to supply.

"The idea is to promote Singaporean food to India, give better choices to India. We have a free trade agreement with Singapore that would help us bring products at a much lower cost to consumers," said Amit Lohani, founder and director of FIFI.

## SuperCFO launches Singapore operations

*India Infoline News Service, April 27, 2016*

After nearly 8 years of offering CFO Solutions to multiple companies across India; SuperCFO launched its Singapore operations, thereby introducing its popular "Virtual CFO" solution in Singapore and its neighbouring countries. SuperCFO's entry into the regional financial hub signals the growing trend of Indian companies registered in Singapore who are looking for seamless Virtual CFO services across different geographies. The company is looking to tap into SME's, as well as large and mid-level multinational corporations based out of Singapore who are looking for a trusted partner to assist them with their requirements in the areas of financial planning, budgeting, fund raising, costing, M&A, IPO and other strategic business decisions.

## BPCL to set up Singapore trading unit

*LiveMint*

Bharat Petroleum Corp plans to become the first Indian state refiner to open a trading unit in Singapore to take advantage of new crude import rules to buy cheaper oil and get better terms from producers.

The move also underscores the growing clout of the world's third-largest oil-consuming country and its desire to diversify import streams. BPCL, India's No.2 state refiner, wants to exploit the shifting dynamics of the international oil trade caused by a supply glut to boost its margins.

India this month began allowing state refiners — which control two-thirds of the country's 4.6 million barrels per day (bpd) in refining capacity — to set their own crude import policy, freeing them from the grip of decades-old regulations.

This has put state firms on par with private refiners Reliance Industries and Essar Oil that have global trading arms and achieve better margins.

"Very shortly we will be opening ... we will do it as fast as possible and scale up thereafter," B. K. Datta, head of refineries at BPCL, told *Reuters* in an interview. He declined to say exactly when BPCL would be opening a Singapore office.

Setting up shop in Singapore would give BPCL access to international trading talent and market intelligence, but the unit is expected to be headed by a company insider.

It will initially procure spot crude for BPCL, which along with its subsidiary, Bharat Oman Refineries Ltd (BORL), controls 550,000 bpd in refining capacity.

"Slowly we will try to shift all major activities there," Datta said, handling products and crude trading and shipping.

## Mumbai moves up in global financial centre ranking

*The Indian Express*

Improving its position among global financial centres, the financial capital of the country has taken up 42nd rank among GFCs across the world, says the Global Financial Centres Index (GFCI) survey of March 2016, published by the Z/Yen Group of London.

The GFCI-19 study says that Mumbai has moved 17 positions up and has emerged as one of the impressive gainers, along with Helsinki, Mexico, Munich and Los Angeles.

Panama, Bahrain and Johannesburg, meanwhile, were the major losers. GFCI-19 provides profiles, rating and rankings for 86 financial centres, drawing on two separate sources of data — instrumental factors (external indices) and responses to an online survey.

Mumbai is the only Indian city that figures in the global list of financial centres. While New Delhi, Kolkata and Bengaluru are nowhere in the picture, the GFCI survey is yet to take note of Gujarat International Finance Tec-City (GIFT) — claimed to be India's first International Financial Services Centre (IFSC) — near Ahmedabad. GIFT City claims that it has crossed the $ 250 million business transactions mark in six months.

The first mark of $100 million was crossed in early February and in two months, business transactions at IFSC have more than doubled, it said.

According to the GFCI survey, there are 13 cities in Asia which are ahead of Mumbai in the GFC ranking. Singapore is in the third position in the global ranking followed by Hong Kong (4th). London tops the list followed by New York in the second position.

# BILATERAL

## NITI Aayog-SCE launches urban management programme.. *Cont from P. 1*

the "urban management expertise of Singapore" for improving the cities and towns in the country," he said.

The training programme comprises various workshops on topics that include urban planning, governance, public financing, and water, wastewater and solid waste management. The programme aims to train more than 115 government officials from seven states of the country, in a series of capacity building workshops that will held in both New Delhi and Singapore.

The seven participating states include Tamil Nadu, Andhra Pradesh, Maharashtra, Gujarat, Delhi, Uttar Pradesh and Assam.

Sunita Sanghi, Advisor, Managing Urbanisation of NITI Aayog and Kong Wy Mun, Chief Executive of SCE signed an MoU. NITI Aayog Vice Chairman Arvind Panagariya, Singapore's High Commissioner to India Lim Thuan Kuan, Temasek Foundation CEO Benedict Cheong and other senior officials from the participating seven states were also present on the occasion.

## ISB, Singapore management varsity ink MoU

*The Hindu*

Indian School of Business and Singapore Management University on Friday signed a memorandum of understanding (MoU) to "develop new thinking and practices in the areas of innovation and entrepreneurship" as well as to design new joint programmes.


Helping start-ups, in both India and Singapore, in multiple ways will be a focus. In terms of areas of operation, the MoU would look at technology, pharma and healthcare start-ups.

**Connecting investors**

Speaking to presspersons here, after the signing of MoU, ISB Dean Rajendra Srivastava said that besides advice the hand-holding could be connecting the enterprises to investors.

SMU president Arnoud De Meyer said the MoU would contribute to business modelling and helping start-ups scale-up.

Under the collaboration, the institutions would explore possibility of offering joint executive

education programmes. Such programmes are to be co-designed and developed in specific areas of interest to the institutions and companies co-located in Singapore and India.

**Research assistance**

The MoU would consider opportunities for faculty, post-doctoral and doctoral students to organise and attend research workshops and seminars on topics of joint interest, and provide research assistance on projects in research centres at both institutions.

Besides the ISB Dean, SMU president Sanjay Kallapur, Chair, Faculty Performance Management of ISB and Dean and Professor of Innovation & Entrepreneurship at SMU's Lee Kong Chian School of Business Gerard George signed the MoU.

## SIDELINES

### Modi has surprised many by his brilliant foreign policy: Singapore ex-foreign minister

*PTI*

Underlining that India is too big to get ignored, Singapore's former foreign minister George Yeo has said the strategic 'sweet spot' the country has found itself in is helping it attract investment and extend global influence in all directions.

In a lengthy foreword to a new book, "India Rising: Fresh Hope, New Fears" by veteran journalist Ravi Velloor, Yeo said Prime Minister Narendra Modi has surprised many by the brilliance of his foreign policy, keeping all external forces in dynamic balance.

Yeo, who himself played a key role in the Singapore-India relationship first as trade minister, then foreign minister, said "India is too big to be ignored, yet not so powerful to be considered a threat by any of the major powers."

"The country can also be expected to maintain its traditional independence in foreign policy," he said.

"There is no danger to the US and Japan that India will get too close to China. But there is also no danger that India can be made use of by others to contain China. I agree wholeheartedly with Ravi (the author) that India is now in a strategic sweet spot courted by everyone," Yeo wrote.

"This can help India attract investment, export to the world and extend its global influence in all directions, including Southeast Asia," said Yeo.

The book details the key events in the decade that led to the rise of Modi as prime minister.

### Wax figure of India PM Narendra Modi to feature in 4 cities

http://www.channelnewsasia.com/news/singapore/wax-figure-of-india-pm/2713744.html


The wax figure of India Prime Minister Narendra Modi will be housed in four Madame Tussauds museums, including the one in Singapore.

Mr Modi's wax doppelganger will feature in Singapore, London, Hong Kong and Bangkok. He had earlier met his wax figure earlier this week in New Delhi, according to the press release by Madame Tussauds Singapore on Wednesday (Apr 20).

"What can I say? As far as art is concerned, the Madame Tussauds team is exceptional at what they do. What Lord Brahma does normally is what the artists there are doing," he said in the press release.

### Dr BR Ambedkar's 125th birth anniversary celebrated in Singapore

In commemoration of Dr BR Ambedkar's 125th birth anniversary, Her Excellency Mrs. Vijay Thakur Singh, High Commissioner of India

## FORTHCOMING EVENTS >>>> *INDIA*

### I. India Chem 2016

**Date**: 1-3 September, 2016

**Venue**: Mumbai, India

**Organizer**: The Department of Chemicals and Petrochemicals, in association with the Federation of Indian Chambers of Commerce & Industry (FICCI)

**Details**: It is one of the largest composite events of Chemicals, Petrochemicals and Pharmaceutical industry of the Asia-Pacific region. This spectacular event comprises an international exhibition and a conference of representatives of participating global giants from various associated fields.

### II. Global Investors Summit 2016

**Date**: 22-23 October, 2016

**Venue**: Brilliant Convention Centre, Indore, Madhya Pradesh

**Organizer**: The Government of Madhya Pradesh

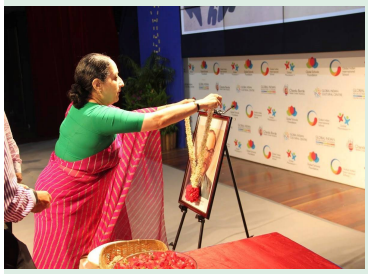
**Contact :** Ms. Neelam Bhagat , email neelam.bhagat@cii.in , tel + 91 11 2461 7251

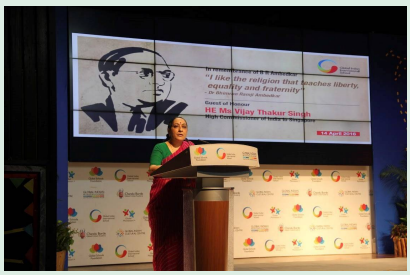
**Details**: Global Investors Summit (GIS) is a flagship investment promotion event of the Government of Madhya Pradesh. This biennial event provides multiple business opportunities for private sector investment in the state.

**Key Attractions:**

- One stop shop for interacting with Investors, Policy Makers, Industry Experts and Subject Matter Experts
- Presence of Global Leaders and Head of States
- Presence of Chairman and CEOs of Fortune 500 companies, Heads of International Institutions, GOI and State Government Senior Officials, Diplomats, Economists, Thought Leaders and International Delegates
- Opportunity for Investment Promotion, Strategic Partnerships and Direct Investment
- Focused Sector and Country Seminars – better JV/ partnership opportunities for participants
- CEO Conclave – networking opportunities with the key decision makers
- Start-up Session

presided as the Guest of Honour at a special commemorative event held at the Global Indian International School, Queenstown on 14th April 2016





## Notifications

### Securities and Exchange Board of India

***Introduction of system-driven disclosures in Securities Market***

http://www.sebi.gov.in/cms/sebi_data/attachdocs/1448970446882.pdf

***Schemes of Arrangement by Listed Entities and (ii) Relaxation under Sub-rule (7) of rule 19 of the Securities Contracts (Regulation) Rules, 1957***

http://www.sebi.gov.in/cms/sebi_data/attachdocs/1449125028827.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

***Guidelines on trading of Currency Futures and Exchange Traded Currency Options in Recognized Stock Exchanges – Introduction of Cross-Currency Futures and Exchange Traded Option Contracts***

https://rbi.org.in/Scripts/NotificationUser.aspx?Id=10172&Mode=0

***Foreign Exchange Management (Manner of Receipt and Payment) (Amendment) Regulations, 2015***

https://rbi.org.in/Scripts/NotificationUser.aspx?Id=10173&Mode=0

***Foreign Exchange Management (Borrowing or Lending in Foreign Exchange) (Amendment) Regulations, 2015***

https://rbi.org.in/Scripts/NotificationUser.aspx?Id=10157&Mode=0

***Investment by Foreign Portfolio Investors (FPI) in Corporate Bonds***

https://rbi.org.in/Scripts/NotificationUser.aspx?Id=10147&Mode=0

### 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

## India gets its own GPS with successful launch of 7th navigation satellite

Business Standard

India on Thursday entered an exclusive club of five nations that have their own satellite navigation and positioning system with the launch of IRNSS-1G,known as Navic, the country's seventh navigation satellite.

With this, the country will not have to depend on a foreign power for military navigation. With the complete system in place, thearmed forces will be able to find their position accurately in the battleground and direct ammunition and missiles deep into enemy territory, thanks to the extended range of 1,500 km of the system beyond the borders. The system can also be used for civilian navigation — aircraft, ships, railways and others. And, terrestrial navigation aid for hikers and travellers, along with visual and voice navigation for drivers. It can also be integrated into phones. Other civilian applications include mapping, disaster management, and vehicle and fleet management, said experts.

# 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*

## IV. Foreign Venture Capital Investment

**Q.** What are the regulations for Foreign Venture Capital Investment?

**Ans.** A SEBI registered Foreign Venture Capital Investor has general permission from the Reserve Bank of India to invest in a Venture Capital Fund (VCF) or an Indian Venture Capital Undertaking (IVCU), in the manner and subject to the terms and conditions specified in Schedule 6 of RBI Notification No. FEMA 20/2000-RB dated May 3, 2000, as amended from time to time. These investments by SEBI registered FVCI, would be subject to the SEBI regulation and sector specific caps of FDI.

FVCIs can purchase equity / equity linked instruments / debt / debt instruments, debentures of an IVCU or of a VCF through initial public offer or private placement in units of schemes / funds set up by a VCF. At the time of granting approval, the Reserve Bank permits the FVCI to open a Foreign Currency Account and/ or a Rupee Account with a designated branch of an AD Category – I bank.

FVCIs allowed to invest in the eligible securities (equity, equity linked instruments, debt, debt instruments, debentures of an IVCU or VCF, units of schemes / funds set up by a VCF) by way of private arrangement / purchase from a third party also. FVCIs are also allowed to invest in securities on a recognized stock exchange.

The purchase / sale of shares, debentures and units can be at a price that is mutually acceptable to the buyer and the seller.

AD Category – I banks can offer forward cover to FVCIs to the extent of total inward remittance. In case the FVCI has made any remittance by liquidating some investments, original cost of the investments has to be deducted from the eligible cover to arrive at the actual cover that can be offered.

*Source: RBI*


For Feedback & Comments, please contact:

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