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India Focus

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BILATERAL

Minister of Railways visits Singapore

Minister of Railways Shri Suresh Prabhakar Prabhu visited Singapore to participate as a key speaker during the Infrastructure Finance Summit 2015 organised on 20th October 2015 by the World Bank in association with the Government of Singapore. Shri Suresh Prabhu was specially invited by

Deputy Prime Minister of Singapore, Mr Tharman Shanmugaratnam to share experiences on the instrumental work that Indian Railways is doing in Infrastructure financing. Organised by the World Bank Group, the Singapore Ministry of Finance, the Monetary Authority of Singapore and the Financial Times, the Summit witnessed the presence of economists, thought leaders and other experts who discussed the current and future economic and financial environment with a ..***Cont on P. 14***

TOP NEWS

India world's 7th most valued 'nation brand'

PTI | New Delhi | Updated: November 1, 2015

India has moved up one position to become the world's seventh most valued 'nation brand', with an increase of 32 per cent in its brand value to USD 2.1 billion. The US remains on the top with a valuation of USD 19.7 billion, followed by China and Germany at the second and the third positions respectively, as per the annual report on world's most valuable nation brands compiled by Brand Finance.

The UK is ranked 4th, Japan is at fifth position and France is sixth on the list. While India and France have moved up one position each since last year, all the top-five countries have retained their respective places. However, the surge of 32 per cent in India's 'nation brand value' is the highest among all the top-20 countries on the list.

China has retained its second position despite a decline of one per cent in its brand value to USD 6.3 billion. Brand Finance said it measures the strength and value of the nation brands of 100 leading countries using a method based on the royalty relief mechanism employed to value the world's largest companies.

The nation brand valuation is based on five year forecasts of sales of all brands in each nation and follows a complex process. The Gross domestic product (GDP) is used as a proxy for total revenues. ***Cont on P. 14***

World Bank sees India growing at 7.5% in FY16

TNN | Oct 30, 2015

The World Bank has maintained its growth forecast for the Indian economy for the current fiscal year and expects it to expand by 7.5% in 2015-16. It has backed implementation of three key reforms, including the Goods & Services Tax (GST), to sustain the momentum.

In its development update, a twice a year report on the Indian economy and its prospects, the bank expects growth to accelerate to 7.8% in 2016-2017 and 7.9% in 2017-2018. But it said acceleration in growth is conditional on the growth rate of investment picking up to 8.8% during 2016-2018. The Reserve Bank of India expects the economy to grow by 7.4% in the current fiscal year, while the government pegs it at over 7.5%. ***Cont on P. 2***

Panagariya sees growth at over 8%

TNN | Oct 31, 2015, 02.11AM IST

The Indian economy is expected to grow over 8% in the current financial year as the momentum has started gathering pace, NITI Aayog vice-chairman Arvind Panagariya said on Friday. "We will cross 8% economic growth. The 7% economic growth in the first quarter will be revised upwards," he said, emphasizing that things are now moving on economy front.

In the first quarter of the current financial year (April-June), the economy grew at 7%, down from 7.5% in the preceding three months mainly on account of deceleration in farm, services and manufacturing sectors. It was, however, 6.7% in the corresponding quarter a year ago.

Panagariya's comments come a day after the World Bank projected India's growth to be below 8% over the next three years even when investments in the country grow by 8.8% during the three year period up to 2017-18.

"The latest India Development Update expects India's economic growth to be at 7.5% in 2015-16, followed by a further acceleration to 7.8% in 2016-17 and 7.9% in 2017-18," World Bank said in a report released earlier this week. Panagariya was optimistic about the prospects of the economy.

"The picture will be more clear when we will get the second quarter GDP data by the end of November. The investments are up during the first half of this fiscal which reflect buoyancy in the economy. The numbers are even more than that of China," he said.

Earlier this month, the International Monetary Fund (IMF) too projected a slight drop in India's growth rate from 7.5% to 7.3% in 2015. The multilateral body, however, retained its growth projection for 2016 at 7.5%.

The economic survey released by the finance ministry in February had set growth target of 8.1 to 8.5% for the current fiscal year.

However, the Reserve Bank of India (RBI) in its monetary policy review last month lowered the GDP growth forecast to 7.4% for the current fiscal from 7.6%. Economy grew 7.3% in the previous fiscal year compared to advance estimates of 7.4% by the Central Statistics Office.

World Bank sees India growing at 7.5% in FY16.. *Cont from P. 1*

The International Monetary Fund expects growth to be 7.5%.

The update noted that while public investments have helped kick-start the investment cycle, increased participation of the private sector will be required going forward. In the near term, India is relatively well positioned to weather the global volatility. Its low trade exposure to China and considerable foreign exchange reserves provide ample buffer. In the medium term, however, the Indian economy is not immune to a slowdown in global demand and heightened volatility.

"There are good reasons for confidence in India's near-term prospects. To lay the foundation for sustainable growth and accelerate job creation, implementing the government's reform programme is key," said Onno Ruhl, World Bank country director in India. "...While progress is visible in several areas, including improvements in the ease of doing business, some key reforms, most notably the implementation of the Goods and Services Tax (GST) can be a potential game changer for India," he said.

For the economy to achieve its potential, the update calls for three key domestic reforms. These include boosting the balance sheets of the banking sector by addressing the underlying challenges in the infrastructure sector, especially power and roads, improving the ease of doing business and enacting the GST, and enhancing the capacity of states and local governments to deliver public service as more resources are devolved from the centre. It suggests eventually bringing in alcohol, electricity, and real estate under the purview of the proposed GST, which are currently excluded from it. According to the update, even though alcohol and petroleum account for over 40 to 45% of VAT/sales tax revenues for the states, there are few technical reasons for excluding them from the GST. "Exclusion of electricity would mean that manufacturing firms are unable to claim credits for the duty they pay and are, therefore, taxed twice. In the case of alcohol, including it in GST would help address concerns about state excise rate arbitrage. Bringing real estate under the GST umbrella may complement the government's efforts to curb undeclared 'black money' in the sector," according to the report.

World recognises India's strong standing amid global economic turmoil

PTI

The PM announced that a raft of banking sector reforms were in the pipeline that would boost growth.

On a day the Reserve Bank of India Governor Raghuram Rajan underscored some of the steps the country would need to take to achieve 9 per cent growth, Prime Minister Narendra Modi announced that a raft of banking sector reforms were in the pipeline that would boost growth in rural areas in a manner similar to that achieved by the telecom sector some years ago.

Banking in India is all set to become premises-less, paperless and eventually currency-less and this will help curb the black money menace, Mr. Modi announced on Monday at an event in New Delhi to mark the start of IDFC Bank.

The Prime Minister said the world had taken note of how India has been able to stand strong amid the global economic turmoil. His remarks followed news of China's growth slowing to 6.9 per cent in the third quarter of this year, its worst showing since the 2009 global financial crisis. "From economic point of view, today, world is looking up to India not only with sense of hope but also satisfaction."

Separately, global rating agency Standard & Poor's said it was retaining the sovereign credit rating for India at 'BBB-' with stable outlook. It also said that improved policymaking raised prospects for India's economic and fiscal performance.

Talking about the reforms that have already been initiated, Mr. Modi said the government has plans to infuse Rs.70,000 crore in the public sector banks in the next few years to help them deal with the distressed assets issue. "Bad loans in the past few years are a problem but we can't only cry about it…We are trying to solve this problem."

He listed out a seven-point agenda to improve operations of state-owned banks, including recapitalisation, setting up of the Bank Board Bureau and introduction of a framework for accountability.

Jaitley pledges a friendly tax regime, 25% corporate tax

The Hindu

Finance Minister Arun Jaitley on Saturday reiterated the government's commitment to bring in a "reasonable and globally-competitive tax regime" through reduction in corporate tax rate to 25 per cent over the next four years.

Emphasising that direct taxation in the country has to be "reasonable and globally competitive", he said he would try to bring down corporate tax to 25 per cent from the prevailing 34 per cent in a staggered manner.

Addressing a meeting of businessmen from the city organised by the BJP city unit here on Saturday, Mr. Jaitley said: "In direct taxes, we have to be globally competitive. I will try to bring down corporate tax to 25 per cent in next 3-4 years, and the process of reduction will start next year." Calling on the states to be competitive to invite investors, the minister said today's investors are 'very choosy;, which also calls for making our taxation regime investor friendly. Noting that the public spending has been on the rise this fiscal, Mr. Jaitley called on the private sector to join the government in increasing investment. On the back of the surging indirect revenue collection, which rose 35.8 per cent in the first six months of the fiscal to Rs.3.24 trillion, he expressed hope that this year, he may not be forced to cut back on planned expenditure to meet the budgeted fiscal deficit target.

Industrial development along ports to get a push

Business Standard: October 20, 2015

New Delhi: The shipping ministry is set to launch the National Perspective Plan (NPP) by January next year, aimed at comprehensive and integrated development of coastline. The proposed NPP will identify potential geographical regions to be called coastal economic zones (CEZs), a spatial-economic region around a group of major and minor ports, which could extend along 300-500 km of coastline and 200-300 km inland from the coastline.

Detailed master plans will be prepared for CEZs to identify projects. Officials said 14 CEZs have been identified across several states and perspective plans are under development.

The shipping ministry is in talks with state governments besides coordinating with the ministries of railways, road transport & highways, coal, power, steel, petroleum & natural gas, and department of industrial policy & promotion to provide necessary inputs for NPP and CEZ master plans. It has also asked McKinsey to prepare the plan.

"The plan is a part of Sagarmala initiative. While preparing the NPP, synergy and integration with the planned industrial corridors, dedicated freight corridors, National Highways Development Programme, industrial clusters and SEZs would be ensured," said a senior official in the ministry. The state industrial development agency will provide land available with major or non-major ports for industrial development.

According to experts, closer proximity of manufacturing centres to ports in China unlike in India where the main hinterland container depot is at an average distance of 700 km from the nearest port is the main reason why export costs in India are more than that in China. Thus, the development of CEZ will help in reducing the transportation cost substantially.

"After preparation of the NPP and detailed master plan of the coastal economic zones, specific projects will be identified in all the identified coastal economic zones covering the entire coastal region and islands coastline of the country. Thereafter, in accordance with the detailed project reports and the preparedness of the implementing agencies (state governments, state maritime boards and central line ministries) individual projects will be taken up. It would be region over which the influence of ports exists insofar as supporting industrial and other economic activities is concerned," he added.

As far funding of projects is concerned, it may be executed through private agencies, public-private partnership mode, budget of relevant ports, line ministries, central agencies, state government in accordance with NPP. The other financing models will be explored, including Viability Gap Funding.

The proposed plan will give traffic forecast for five, 10 and 20 years and potential for coastal shipping and inland waterways for key commodities such as coal, containers etc.

The NPP will also undertake study to improve productivity, profitability, operational efficiency and future prospects of major ports.

Earlier, Union minister for road transport, highways & shipping Nitin Gadkari stressed on the development of maritime sector and said approximately 50 million tonne per annum of inland coal movement can also be potentially shifted to national waterways. The shifting of coal movement to coastal shipping is expected to lead to annual savings of about Rs 8,000 crore in coal logistics cost by 2020.Since logistic costs account for around 30 per cent of the overall cost of power, this will lead to a reduction of 50 paise a unit in power generation cost of plants sourcing through coastal shipping and generate Rs 4,000 crore as additional revenue for ports by 2025.

COAST IS CLEAR

- The shipping ministry is set to launch the National Perspective Plan (NPP) by January next year, aimed at comprehensive and integrated development of coastline
- The proposed NPP will identify potential geographical regions to be called coastal economic zones (CEZs), a spatial-economic region

Cont on P. 6

India eyes bankruptcy reform to ease decades of gridlock

Reuters

A group of government-appointed advisors has recommended sweeping changes to India's outdated and overburdened bankruptcy system, aiming to modernise a process that takes several years and costs investors and taxpayers billions.

The changes would be the most ambitious overhaul to date of rules governing the liquidation or revival of companies in India, a country with no single bankruptcy code and where competing laws, unclear jurisdictions and inadequate resources can leave cases languishing for decades.

The proposals, to be handed to the Finance Ministry as early as Monday, will impose deadlines for the first time and establish a network of insolvency professionals to lighten courts' workload and tackle delays, T.K. Viswanathan, chairman of the Bankruptcy Law Reform Committee, told Reuters.

Under current rules, even deciding whether to save or liquidate an ailing company can take years, leaving it in the hands of managers who can - and do - strip assets with impunity. Under the proposed changes, a decision would have to be reached in 180 days - even 90 days for fast-track applications, Viswanathan said.

"The whole essence of our exercise is that everything is done within time," he said.

Foreign and domestic investors say the difficulty in exiting ventures can deter them from entering.

Cases such as the protracted collapse of liquor tycoon Vijay Mallya's Kingfisher Airline empire have burnt investors. The airline was grounded in 2012 with some $1.5 billion in debt and its shares are now worthless, but creditor banks seized his former Mumbai headquarters only this year. The fate of his Goan villa is stuck in a prolonged court tussle.

India ranks 130 out of 189 in the World Bank's Ease of Doing Business report, below Lesotho and Cameroon, not least because of its poor performance in resolving insolvency.

The World Bank says it takes 4.3 years on average, more than twice as long as in China, with an average recovery of 25.7 cents on the dollar, one of the worst among similar size economies.

"DEAD HORSES"

Troubled companies in India, or their creditors, largely turn to the Official Liquidator, a government-appointed officer attached to the country's high courts, who administers assets and oversees liquidation. Banks can also turn to separate Debts Recovery Tribunals (DRT), partly staffed by officials on assignment from the banks themselves and overseen by the Ministry of Finance.

Both are overstretched; on visits to their offices in India's financial capital, Mumbai, computers were often off and always outnumbered by teetering pillars of files.

Chief among the problems is that for a single troubled company, creditors and owners can all initiate competing proceedings in different courts, tribunals and states.

Current legislation - especially the Sick Industrial Companies Act of 1985 - is geared towards reviving companies, so appeals frequently follow a wind-up order, resulting in virtual paralysis.

"The Official Liquidator system is a disaster. It takes a minimum of five years and can take 10 years, by which point there is virtually no value left in the asset," said Bahram Vakil, partner with law firm AZB & Partners in Mumbai and a member of the reform committee. "There is a crying need (for change). That system has completely broken down."

Another committee member, M. R. Umarji, a consultant at the Indian Banks' Association and former central bank official, said staffing constraints meant it could take 15 to 20 years to wind up a company: "There are very limited numbers of persons available and there are hundreds, thousands of companies to be wound up."

Proposed changes will scrap the Official Liquidator and introduce a system of registered insolvency practitioners, with a regulatory body, working under a company law tribunal. Practitioners, lawyers and drafters of the law hope it will professionalise the process, committee members said. The changes, which would probably go to parliament next year, must first overcome a mindset that is geared to avoiding, not hastening, failure. They also need to provide the means to speed it up, through initiatives to take courts online and generate a corps of insolvency practitioners. "The law can give the principles, but it requires enabling infrastructure for it to be implemented effectively," said Debanshu Mukherjee, of the Vidhi Centre for Legal Policy, a think-tank that advised the committee. "Even an efficient judge cannot work without a support system."

Cont from P. 4..around a group of major and minor ports, which could extend along 300-500 km of coastline and 200-300 km inland from the coastline

The plan is a part of Sagarmala initiative. While preparing the NPP, synergy and integration with the planned industrial corridors, dedicated freight corridors, National Highways Development Programme, industrial clusters and SEZs would be ensured

Government to address issues to expedite infrastructure projects

***Economic Times**: October 27, 2015*

New Delhi: The government will address all regulatory and financial issues to expedite infrastructure projects, including those promoted under the public-private partnership (PPP) model, a senior finance ministry official has said.

The government will kick-start the process once it has the advice of a high-level committee constituted to review the PPP framework. At a meeting facilitated by the industry chamber CII, the stakeholders raised regulatory and financing issues, difficulties faced by them and the constraints in capacity building. "We will examine the suggestions in consultation with the various other departments and ministries and place them before the government for decision quickly," Economic Affairs Secretary Shaktikanta Das told reporters after a meeting with infrastructure sector players. The meeting was attended by RBI Deputy Governor R Gandhi, SBI Chairperson Arundhati Bhattacharya and officials from infrastructure ministries. Dispute resolution relating to concession agreements for implementing PPP projects were also discussed.

The government has already set up a committee under former finance secretary Vijay Kelkar to suggest a framework for revitalising the PPP model, which has faced some trouble after initial success.

The terms of reference of the committee include measures to improve capacity building in government for effective implementation of PPP projects, review of experience of PPP policy, analysis of risks involved in such projects in different sectors and existing framework of sharing of such risks between project developers and the government. "We are expecting the Kelkar committee report to be submitted before the end of this month or may be by first week of November," Das said. The government will use the inputs from the deliberations as well, Das said.

The government has been relying on budget spending to kick-start infrastructure investment, recognising that the stressed private sector needs to get back financial health before it can invest. The government has already announced an attractive policy for road developers to exit from stalled or completed projects, freeing them up to take more projects.

"Some of the recommendations, if accepted by the government, can be operationalised far quicker. But some of the recommendations may require little more time. So, it will depend on content of recommendation of the Kelkar panel," Das said. The department of economic affairs will discuss the issue with the RBI, banks and the department of financial services. In his last budget speech, Finance Minister Arun Jaitley highlighted the need to revisit and revitalise the PPP mode, admitting that the risk framework for these needed to be reassessed.

"The major issue involved is rebalancing of risk. In infrastructure projects, the sovereign will have to bear a major part of the risk without, of course, absorbing it entirely," he had said.

Indian Railways to be country's next economic growth engine: Report

PTI

The government's focus on developing and reforming the Indian Railways will help the national transporter emerge as the next growth engine for the country's economy over the next decade, a report stated.Leading brokerage JM Financial has come out with its report 'Railways: Turning the Corner' focussing on Indian Railways.

The report stated that huge investment in the sector is expected to have a multiplier effect of 5.73 per cent on the country's GDP.

The government is also working on a long-term structural reforms which will help transform the Railways from a government-led monopoly, the report stated. It can be noted that Prime Minister Narendra Modi-led government had chosen the Railways as a big driver for country's growth with a capital investment of Rs 8.5 trillion over next five years, which is 3.3 times over the previous five years.

This is a clear break from the decades of under-investments in building physical infrastructure which led to lower capacity expansion.

India moves up in ease of doing business rankings

Livemint: October 28, 2015

New Delhi: In a pat on the back for the National Democratic Alliance (NDA) government, India moved up four spots in the global rankings for ease of doing business released by the World Bank on Tuesday.

The new rankings acknowledge the efforts undertaken by the Bharatiya Janata Party-led NDA to make it easier for entrepreneurs and companies to do business in the country.

"Fostering an environment more supportive of private sector activity will take time. But if the efforts are sustained over the next several years, they could lead to substantial benefits for Indian entrepreneurs—along with potential gains in economic growth and job creation," the World Bank said.

India ranked 130 among 189 countries, an improvement of four places from its last year's ranking of 134, according to the Doing Business Report 2016. The report takes into account data till June 2015 and is based on a new methodology adopted for compiling the ranks both this year and last year.

India improved the most among South Asian countries, according to the Washington-based multilateral lender, and recorded the biggest increase in its score since 2004.

Referring to the NDA's initiative to enhance the ease of doing business, the World Bank report said: "Spanning a range of areas measured by Doing Business, the program represents a great deal of effort to create a more business-friendly environment, particularly in Delhi and Mumbai."

Citing the area of starting a business as the biggest improvement, the World Bank said: "In the past year, India eliminated the paid-in minimum capital requirement and streamlined the process for starting a business. More reforms are ongoing—in starting a business and other areas measured by Doing Business—though the full effects have yet to be felt."

This is the third improvement made by India in global rankings, said Manish Sabharwal, chairman of TeamLease Services, a human resource consulting company.

"The country has witnessed a nine-rank decline in Transparency International's corruption index, 16-rank rise in the WEF's (World Economic Forum's) competitiveness index. You cannot beat this government on economic aspirations and such rankings are telling that only," Sabharwal added.

India ranked 85 among 175 countries on the Transparency International index released in December, down from 94 a year earlier. India jumped 16 places in WEF's global competitiveness rankings, released in September, to 55 out of 140 countries, from 71 out of 144 last year.

According to the World Bank, the improvement in India's Doing Business ranking was due to the Indian government's decision to amend the Companies Act to eliminate the minimum capital requirement of Rs.1 lakh to start a local limited liability company. The report also cited the government's decision to facilitate online systems for filing and paying taxes to simplify tax compliance as a positive step. "Fostering an environment more supportive of private sector activity will take time. But if the efforts are sustained over the next several years, they could lead to substantial benefits for Indian entrepreneurs—along with potential gains in economic growth and job creation," the report said.

After taking charge in May last year, the NDA government under Prime Minister Narendra Modi has taken a number of steps to improve the business environment in the country. It aims to improve India's ranking in the World Bank's Doing Business rankings to under 50 in five years. From launching a single-window clearance system to making it easier for businesses to get approvals, to looking at ways to make the tax regime more predictable and stable, the government has looked at ways to encourage investors.It has also unveiled several missions like Digital India, Make in India and Skill India to encourage more businesses to manufacture in India to generate employment. It is working to consolidate 44 labour laws into four to create a more enabling environment for industries. States like Rajasthan, Madhya Pradesh, Maharashtra and Gujarat have started labour law reforms to attract more investment and boost economic growth. Still, the government has failed to make any headway in putting in place a law to make it easier for businesses to acquire land, in the face of protests that it would undermine the interests of farmers. The government has now left it to state governments to follow their own land acquisition norms."We have to realize that events evolve to fulfil expectations and international rankings like these influence behaviour of a country and its people. Right now, I think the global perception of India is better than our own perception of the country," Sabharwal added.

Govt approves 16 FDI proposals worth Rs 4,722 crore

Business Standard: October 29, 2015

New Delhi: The government has cleared 16 foreign direct investment (FDI) proposals, including those of HDFC Capital and Ageon Religare Life Insurance Company, amounting to Rs 4,722 crore.

The investment proposals were approved following recommendations to do so by the foreign investment promotion board (FIPB), headed by economic affairs secretary Shaktikanta Das.

FIPB cleared the proposal of HDFC Capital Advisors, which alone entails investment of Rs 2,400 crore.

"HDFC Fund proposes to make investments in equity, equity-linked instruments, redeemable preference shares, non-convertible debentures and other debt securities of listed or unlisted investee companies engaged in real estate construction development projects which are permitted under the SEBI AIF Regulations as a Cateqory II AIF," it said.

FIPB also cleared Ageon Religare Life Insurance's proposal worth Rs 560 crore. The approval was sought for the transfer of shares to Aegon India Holding, thereby raising the foreign shareholding from 26 per cent to 49 per cent.

Among others, Sun Pharma Research Advanced Company's proposal worth Rs 250 crore, Synergia Life Sciences (Rs 40 crore) and the post-facto approval for Aditya Birla Nuvo's Rs 377-crore plan were cleared during a meeting held on September 29.

Indian real estate gets most FDI

http://www.asianage.com/business/indian-real-estate-gets-most-fdi-668

India has emerged as the market with the highest percentage of foreign investment in commercial real estate segment with cities like Bengaluru, Mumbai and Delhi offering the highest rental yields among top 20 global cities.

According to Knight Frank, the global property consultant, three of the top five global cities for office rental growth over the next three years are forecast to be in Asia Pacific.

Mumbai is expected to offer the second highest growth in rental yields globally after Madrid while Bengaluru is expected to register fifth highest rental growth in the next three years.

The rental yields in Mumbai are expected to grow 21.3 per cent by 2018, a tad lower than the 22.2 per cent growth expected in Madrid while Bengaluru is projected to register a 15.8 per cent growth in rentals.

The Indian office market has been maintaining a healthy traction of 2014 and has clocked office space transactions of 18 million sq ft in the first six months of 2015 against 38 million sq ft transacted during the whole of 2014. “We expect the year to complete at around 40 million sq ft which is the highest since 2011. This is a record year of Bengaluru, which is expected to transact office space to the tune of around 12 million sq ft in 2015. Even though at an aggregate level, the vacancy is at 17 per cent, the challenge is to get good quality office space across prime business districts, wherein vacancy is in single digits,” said Shishir Baijal, CMD, Knight Frank India. He added that a robust demand from start-ups and e-commerce firms are pushing office space rentals.

IRDAI issues guidlines on FDI in insurance firms

Oct 20, 2015, 10.25 PM | Source: PTI

Total foreign investment, both direct and indirect, in Indian insurance companies cannot exceed the limit of 49 percent, regulator IRDAI said today. The regulator issued guidelines to bring in more clarity on the issue of complaince with the manner of Indian-owned and -controlled companies. "Total foreign investment: Both direct and indirect holding in an Indian insurance company shall not exceed 49 percent," it said.

As per the Insurance Laws (Amendment) Act 2015, the foreign investment cap in the insurance sector has been increased to 49 percent, as well as permitting overseas reinsurers to open branch offices to carry out reinsurance business in India. The law also provides for "Indian Owned and controlled requirement" for an Indian insurance company.

The Insurance Regulatory and Development Authority of India (Irdai) said the applicablity of these guidelines may come into existence after notification of the Act. Also, the law will be applicable in case the companies propose to hike their foreign investment from the existing level; or even when they do not intend to increase their current foreign stake from the existing level, Irdai clarified. About the Indian control, it said the domestic firm shall ensure that majority of the directors, excluding independent directors, should be nominated by Indian promoter/investors; and appointment of key management person, including Chief Executive Officer or Managing Director or Principal officer, should be through the Board of Directors or by the Indian promoter. However, key management person, excluding CEO, may be nominated by the foreign investor provided that the appointment of such key management person is approved by the Board of Directors, wherein majority of the directors excluding independent directors are the nominees of Indian promotor, it added.

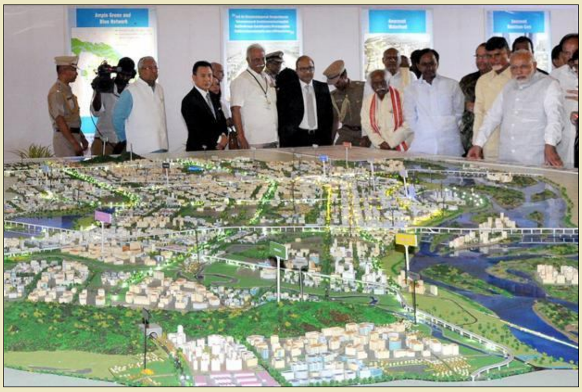
Further, it said that the control can be exercised by any one or more of criterion like by virtue of shareholding; management rights; shareholders agreements; voting agreements; any other manner as per the applicable laws.

Irdai said the guideliens are also applicable to insurance intermediaries such as brokers, third party administrators, surveyors and loss assessors.

"However, in case of an insurance intermediary having more than 50 percent of its revenue from the non-insurance activities, these guidelines shall not be applicable to such insurance intermediaries." The regulator said these guidelines shall come into force from the date of issue.

Amaravati kicks off as India's newest capital city

Livemint Fri, Oct 23 2015



Prime Minister Narendra Modi on Thursday laid the foundation stone for the development of Andhra Pradesh's new capital, Amaravati, which would stretch across 7,420 sq. km. With only a few capitals to have been developed from ground-up in India, experts say that cultural ethos and overall development should be on the agenda.

Building a new capital is important for the state of Andhra Pradesh after it was bifurcated in June 2014 and Hyderabad became a part of Telangana. The state has till 2024 to build its new capital. In the meantime, Hyderabad will serve as the joint capital for the two states. Stressing the need for urban development in the country, Modi said, "This location has historical and cultural heritage. Amravati shall come with a new look and become the people's capital. Since independence there have been very few new cities that have been made. This is not how things should have been."

According to a master plan prepared by the Singapore government, Amaravati is set to be developed as a modern metropolitan city with towering structures, glass facades, a central boulevard, wide avenues and footpaths, a metro and riverway transport.

AGK Menon who is an architect, urban planner and conservation consultant, said: "It is very important that a capital be in tune with the cultural ethos of the place. A smart city also has to have a cultural artefact, it has to meet the other dimension of our needs as well. It is also important to remember that we are a poor country and as such what are the kind of buildings we will build? Restraint will help, a new capital city in a state should be a product of our circumstances, our means."

He added: "There also seems to be an automatic co-relation in India between building a capital city and a foreign architect (referring to Chandigarh and Le Corbusier). As an Indian architect, I am a bit concerned that why is it that they went to Singapore to find a planner? Why can't they think of a local architect? They could have invited designs from architects across the country."

After independence, Chandigarh was the first planned city to be built in India.

States including Chattisgarh, Jharkhand and Uttarakhand have also been divided in the last 15 years. While Jharkhand and Uttarakhand have developed existing cities of Ranchi and Dehradun as their capitals respectively, Chhatisgarh is working to build a new hub.

Since its sanction in 2008, work is still underway to develop Naya Raipur as the capital city of Chattisgarh. The city has been set up as the administrative and industrial hub of the state but is yet to attract permanent residents.

BANKING/FINANCE

Reserve Bank Allows NRIs to Subscribe to National Pension System

Press Trust of India

To enable Indians living abroad to access old age income security, the Reserve Bank of India (RBI) has allowed non-resident Indians (NRIs) to subscribe to the National Pension System (NPS). "It has now been decided, in consultation with the Government, to enable National Pension System (NPS) as an investment option for NRIs under FEMA, 1999," the RBI said in a notification here on Thursday.

NRIs may subscribe to the NPS governed and administered by the Pension Fund Regulatory and Development Authority (PFRDA), provided such subscriptions are made through normal banking channels and the person is eligible to invest as per the provisions of the PFRDA Act, it said. The subscription amounts shall be paid by the NRIs either by inward remittance through normal banking channels or out of funds held in their non-resident rupee (NRE)/foreign currency non-resident (FCNR)/non-resident ordinary rupee (NRO) accounts.

The central bank, however, said there will be no restriction on repatriation of the annuity/accumulated savings.

NPS was launched on January, 1 2004 with the objective of providing retirement income to all the citizens.

NPS aims to institute pension reforms and inculcate the habit of saving for retirement amongst the citizens.

Initially, NPS was introduced for the new government recruits (except armed forces).

With effect from May 1, 2009, NPS has been provided for all citizens of the country - including unorganised sector workers - on voluntary basis.

Gold bonds on sale from Nov 26

TNN | Oct 31, 2015, 02.06AM IST

The government said on Friday it will issue Sovereign Gold Bonds from November 26. These bonds will be sold through banks and designated post offices. The borrowing through issuance of the bond will form part of market borrowing programme of the government, a finance ministry said .

Finance Minister Arun Jaitley had announced in his 2015-16 budget about developing a financial asset, Sovereign Gold Bond, as an alternative to purchasing metal gold.

The bonds will be restricted for sale to resident Indian entities including individuals, HUFs, trusts, universities, charitable institutions. The bonds will be denominated in multiples of gram (s) of gold with a basic unit of 1 gram.

The tenor will be for a period of 8 years with exit option from 5th year to be exercised on the interest payment dates. The maximum amount subscribed by an entity will not be more than 500 grams per person per fiscal year (April-March). A self-declaration to this effect will be obtained.

In case of joint holding, the investment limit of 500 grams will be applied to the first applicant only.

The bonds will be issued in tranches. Each tranche will be kept open for a period to be notified. The issuance date will also be specified in the notification. The price of the bond will be fixed in rupees on the basis of the previous week's (Monday-Friday) simple average of closing price of gold of 999 purity published by the India Bullion and Jewellers Association Ltd. (IBJA). The investors will be compensated at a fixed rate of 2.75% per annum payable semi-annually on the initial value of investment.

Bonds can be used as collateral for loans. The loan-to-value (LTV) ratio is to be set equal to ordinary gold loan mandated by the Reserve Bank from time to time. Know-your-customer (KYC) norms will be the same as that for purchase of physical gold. KYC documents such as Voter ID, Aadhaar card/PAN or TAN /Passport will be required. The interest on Gold Bonds shall be taxable as per the provision of Income Tax Act, 1961 (43 of 1961) and the capital gains tax shall also remain same as in the case of physical gold. The Bonds will be eligible for Statutory Liquidity Ratio. Commission for distribution shall be paid at the rate of 1% of the subscription amount.

Finance ministry announces tax relief for rupee denominated bonds

Live Mint

The government announced tax breaks on income from offshore bonds in a bid to encourage foreign investors to buy rupee-denominated bonds.

The finance ministry in a statement said that a lower withholding tax of 5% will be applicable on interest income accruing to non-resident investors of these bonds, similar to the treatment given to offshore dollar denominated bonds. Also, the capital gains from a possible appreciation of rupee between the date of issue and redemption against the foreign currency in which the investment is made would be exempted from capital gains tax.

The government, however, will bring in these legislative amendments only in the Finance Bill 2016.

Domestic investors, looking to raise these bond issuances, were hoping that the government would bring about these changes in the upcoming winter session so that they could proceed with the issuances in the next couple of months.

An increase of interest rates by the US Federal Reserve could reduce the investor appetite for these bonds and the institutions were hoping to hit the market before that.

Late Wednesday, the US Federal Reserve indicated that it may start increasing interest rates in December.

The Reserve Bank of India (RBI), last month, had issued detailed guidelines permitting Indian companies to sell rupee-denominated bonds outside India. The bonds will help these institutions raise cheaper funds from overseas markets, simultaneously shifting the burden of hedging against foreign currency fluctuations to the investors buying these bonds. However, institutions were waiting for the government to provide some tax relief to encourage investors to invest.

India Infrastructure Finance Co. Ltd, Indian Railway Finance Corp. Ltd and NTPC Ltd are among the companies laying the groundwork to issue rupee-denominated bonds in the next few months and were awaiting this tax relief from the government.

Payments banks to expand reach of banking in rural areas: WB

PTI | Oct 23, 2015, 12.37PM IST

India's move to set up 11 new payments banks is expected to expand penetration of the banking sector in vast rural areas of the country, the World Bank has said.

"The decision by the Reserve Bank of India to grant 'in principle' approval for 11 entities to set up payments banks, which would be directed at small savers in underserved (largely rural) markets, could help transform the rural remittances market," the World Bank said in a report on remittances released here on Thursday.

These banks would be subject to regulatory requirements that limit credit risk, (75 per cent of deposit balances are to be in eligible government securities or treasury bills, while loans, credit card issuance, and acceptance of non-resident Indian deposits are prohibited) but would be subject to lighter prudential norms (minimum paid up capital of about USD 15 million, compared to five times that amount for universal banks), it said. The payments banks would have simplified Know-Your-Customer (KYC)/Anti Money Laundering (AML)/ Countering Financing of Terrorism (CFT) norms commensurate with the small accounts and bottom of the pyramid customers they are expected to handle (RBI 2014, Deloitte 2014).

The payments banks are permitted to provide remittance services, including through mobile telephones, and many of the approved entities are mobile operators, the Bank said.

According to the World Bank, the entry of new players is likely to increase competition, lower remittance costs and extend the formal market for remittances.

The Reserve Bank on Wednesday granted 'in-principle' approval to 11 entities, including Reliance Industries, Aditya Birla Nuvo, Vodafone and Airtel, to set up payments banks and proposed such licences 'on tap' in future.

BUSINESS

India ranked second on global business optimism Index in September quarter

ET Bureau | 21 Oct, 2015, 06.05PM IST

Call it the China slowing down effect or early signs of optimism returning to Narendra Modi government's efforts to revive the economy, but India was ranked 2nd for business optimism.

India witnessed a surge in business optimism and was ranked 2nd in the July-September quarter according to a Grant Thornton's International Business Report. India was ranked fourth in the same report between April-June."This is based on the underlying strength of the economy, the consistent high growth rate, the entrepreneurial dynamism in being able to create new opportunities and businesses and the lower reliance on global trade based on significant domestic demand," said Harish HV, partner , India leadership team, Grant Thornton India.

According to the report as India Inc. grows more optimistic towards the country's economy, their confidence has also improved on the revenue front.

The survey shows that 86% Indian businesses are optimistic about an increase in revenue compared to 83% last quarter.

Indian businesses are also positive about profitability as it ranked 3rd in Q3 compared to 6th position in the last quarter with 69% respondents expecting a rise in the profits. However, we see a continuous fall in optimism on the rise of employment aspect with only 52% Indian businesses hoping for the same compared to 62% last quarter and 75% in Q1 2015.

NTT opens India's largest data centre

Times of India: October 29, 2015

Action is heating up in India with the world's top names like Oracle, Microsoft and Amazon queuing up to open data centres here. NTT Communications, the world's largest data centre company and a unit of the $112-billion Japanese giant, NTT, also has mega plans in the country. On Wednesday, the company, which entered India in 2012 with the acquisition of Netmagic, opened its ninth facility spread over 3 lakh sq ft, the largest in the country, entailing an investment of Rs 700 crore. Tetsuya Shoji, president & CEO, NTT Communications, talks to Christoph Kober & Reeba Zachariah about the Indian data centre scenario. Excerpts:

What are the factors driving the Indian data centre space?

Data centres are an important part of infrastructure. Several sectors are spurring growth, for instance, e-commerce. Also, a new set of banks is coming to play while the existing ones are becoming more aware of disaster recovery, resulting in them approaching data centres.

What challenges do you see?

Securing reliable access to electricity is the biggest challenge. Other than Mumbai, power supply is a challenge in Bangalore, Chennai, Delhi and Noida where we have our data centres. It is also an opportunity as people are unwilling to invest in fuel and generators to maintain their own data centres. And so, they are more likely to outsource the data centres to us.

Globally, NTT is No. 1 in data centres. How do you see yourself in India?

It is important to be No. 1 but we are not pursuing only scale. We also consider quality to be important. We want customer satisfaction and we want to provide it at a price where we can make appropriate profits. Netmagic is the fastest growing company in India. We were No. 3 but today we are No. 2 - depends on how you judge. India is where we want to make strategic investments. The latest Mumbai facility is not the last. We plan to have three more data centres in the near future. Whether our growth strategy will be organic or through M&A is a matter of calculation and consideration.

The government has insisted on hosting data centres in the country as data sovereignty is a concern...

Data sovereignty rules for some sectors are present almost everywhere in the world. In India, it is for some select sectors like banking wherein you have to host facilities within the country. In Indonesia, data centres for almost all sectors have to be within the boundary. One of the reasons why NTT recently made an acquisition there.

Amazon plans to set up servers in India

PTI | 16 October 2015

US-based retailer Amazon is considering setting up servers in India as it plans to tap the fast growing e-commerce market in the country.

Amazon's top officials, including its India Managing Director Amit Agarwal and Vice President for International Public Policy Monique Meche, met Communications and IT Minister Ravi Shankar Prasad today.

According to sources, the officials discussed with the minister a host of issues, including implementation of GST, clearances from Bureau of Indian Standards (BIS), among others.

The sources further said that Amazon officials informed the Minister that they plan to shift its servers from Singapore to India and also set up their cloud facility in the country.

Prasad, the sources said, assured all help to the company regarding setting up of servers and cloud facility in the country.

Singapore's GIC forms JV to invest in India office project

Reuters | Oct 22, 2015, 02.44PM IST

Singapore sovereign wealth fund GIC has formed a 50-50 joint venture with Tishman Speyer to invest in the developer's office project in Hyderabad, the firms said in a joint statement. They did not disclose a deal value.
The total buildout for the development, whose final phase is expected to be completed over the next two years, will be 2.5 million square feet.
The deal is one of several by GIC in India this year, including its $300 million investment in a new joint venture with Indian developer DLF.

Singapore's Sembcorp sets eyes on China, India for renewables

Reuters | Oct 22, 2015, 02.55PM IST

Sembcorp Industries, one of Southeast Asia's biggest utilities companies, plans to roughly triple its renewable energy portfolio over the next five years, targetting India and China for growth, a senior company official said.
Industrial conglomerate Sembcorp, whose utilities arm forms one of its three main divisions, expects renewable energy to account for 20 percent of its total power capacity in five years, up from 13 percent at present, executive vice president Tan Cheng Guan told the Reuters Summit.
"Over the last three years, we have grown renewables quite significantly," Tan said. "We have been able to accelerate because the cost of renewables has been coming down quite quickly because of technology and scale."
Sembcorp, which plans to focus on wind and solar energy, where costs are expected to drop further by 2020, has total power capacity of about 8,800 megawatts (MW).
India and China make up the bulk of its renewables capacity, with wind power assets in China of about 450 MW.
In India, it jointly owns and operates wind and solar power assets with a total power capacity of 750 MW after buying a majority stake in Indian renewable energy firm Green Infra in February, this year.
"India is under served at the moment and their (power) capacity is maybe one quarter of China's, even with about the same population," Tan said. "So, if India's economy grows by 7 to 8 percent in the next decade, we see that India will grow the fastest."
A boom in clean energy projects is expected in India after it hiked its solar energy target to 100 gigawatts by 2022, a 33-fold rise from current levels. In China, Sembcorp is also jointly building a coal-fired power plant near coal mines in Chongqing. Tan said the plant's newer and more efficient technology would help in China's push to reduce its carbon footprint.
Sembcorp is also looking towards Bangladesh and Myanmar where it is developing gas-fired power plants.

Singapore returns stolen 11th Century sculpture to India

Press Trust of India | Singapore October 19, 2015

A Singaporean museum today said it is returning to India an 11th-century bronze sculpture, dating back to the Chola dynasty which it had purchased from a dubious New York art dealer in 2007.
The Asian Civilisation Museum (ACM) took the decision to return the sculpture after a series of discussions between Singapore's National Heritage Board (NHB) and the Archaeological Survey of India (ASI), according to a report by The Straits Times today.
In July 2012, the dealer Art of the Past, which has operated since 1976, was embroiled in a criminal court case in New York involving illegally trafficked Indian artefacts. The firm, run by Indian-origin Subhash Kapoor, was shut down following allegations of its involvement in an international smuggling racket.
Manager of the Art of the Past, Aaron Freedman, identified the sculpture as one of 150 stolen objects sold by the company.
The ASI - the Indian government's national agency that oversees its antiquities - visited Singapore in May this year and submitted an official request for the return of the sculpture on June 16, the Singapore daily reported, citing an ACM statement.
The sculpture bears a likeness to the Hindu goddess, Uma Parameshvari, and is believed to have been stolen from a Shiva temple in Tamil Nadu.
The Asian Civilisation Museum, under NHB's management, purchased the sculpture from the dealer in 2007 for USD 650,000.
While there is no conclusive proof that the sculpture was stolen from the Shiva temple in Tamil Nadu, ACM took note of the confession of Freedman of dealing in looted Indian antiquities

and of criminal possession of 150 stolen objects, the report said.
The sculpture was specifically identified by Freedman as one of the 150 stolen objects, it said. The museum bought 30 objects from the dealer between 1997 and 2010, for a total cost of USD 1,328,250. The other 29 objects are not known to be registered as stolen artefacts.

India world's 7th most valued 'nation brand' *..Cont from P. 1*

The report also said that India's 'Incredible India' slogan has worked well, while Germany suffered due to the Volkswagen crisis. About the US, the report said it remains a powerful brand with an inviting business climate.
"However its value comes in large part from the country's sheer economic scale… The US' world -leading higher education system and the soft power arising from its dominance of the music and entertainment industries are significant contributors too. This soft power will help the US to retain the most valuable nation brand for some time after China's seemingly imminent rise to become the world's biggest economy," it added.
The study further said that China's recent stock market turbulence and slowing growth will also extend the US' tenure of the top spot. Among the BRICS nations, India is the only country to have witnessed an increase in its brand value with all others – Brazil, Russia, China and South Africa – seeing a dip in their respective brand valuations.
India is the second most valued among these emerging economies after China, followed by Brazil, Russia and South Africa.

BILATERAL

Minister of Railways visits Singapore*.. Cont from P. 1*

particular focus on the opportunities and challenges in the major, dynamic economies of South and Southeast Asia. Indian Railway Minister, Shri Suresh Prabhu who was a panel speaker at the Summit spoke about the major transformation being undertaken in Indian Railways including the re-development of Railway stations. The Summit provided a good opportunity to policymakers and leading minds in finance to discuss the latest global initiatives, the approach of institutional investors and other private funders, the opportunities and obstacles that exist on the ground in Asian emerging economies, and the most effective strategies to accelerate progress in the current volatile economic environment. Besides attending and speaking at the 6th World Bank - Singapore Infrastructure Finance Summit, Indian Railway Minister Shri Suresh Prabhu had a very hectic and busy schedule during his two day official visit to Singapore holding wide range of discussions with a cross section of individuals, local government functionaries and institutions; investment, industry, business leaders and groups. During the Summit and during different interactions, Shri Suresh Prabhu among other things focused on enhancing inflow of funds for infrastructure development in India, modernization and expansion plans of Indian Railways, investment opportunities in the Indian Rail Sector etc. The visit was extremely successful and it has given a big fillip to mutual cooperation between the two countries in the field of infrastructure development.

FORTHCOMING EVENTS >>>> *INDIA*

I. India Engineering Sourcing Show (IESS 2015)

Date: 24-26 November, 2015

Venue: Bombay Convention & Exhibition Centre (BCEC), Mumbai (India)

Organizer: Ministry of Commerce & Industry, Government of India & EEPC India

Contact : Mr. D. D. Roy (EEPC India) Tel : + 91 33 2289 0651/52/53 , Email: droy@eepcindia.net , URL : www.iesshow.in

Details: salient features of IESS 2015 are as follows: 400 Exhibitors / 500 Overseas Buyers / 10000 Trade Buyers ; Overseas Delegations; Dedicated B2b Sessions With Overseas Buyers; Dedicated Vendor Development Programmes; Global Sourcing Seminars; Display Of New Age Technologies; EEPC India is offering an attractive package to the participating delegates . Participants are required to register online at the earliest. Please refer to www.iesshow.in for further details.

II. Bio Asia 2016

Date: 8-10 February, 2016

Venue: Hyderabad International Convention Center (HICC), Hyderabad, India

Organizer: The Federation of Asian Biotech Associations [FABA], Government of Telangana and Pharmaceuticals Export Promotion Council (Pharmexcil)

Contact : www.2016.bioasia.in

Details: BioAsia, over the years, has built a formidable reputation with the key stakeholders and is now considered one of the pre-eminent meetings in Asia witnessing participation of about 1700 delegates and 2000 visitors from over 50 Countries every year.

III. Make in India Week

Date: 13-18 February 2016

Venue: Mumbai, India

Contact : www.makeinindia.com/mumbai-week

Details: The Government of India is organizing a landmark event **"Make in India Week"** It would showcase the people, policies and partnerships that are driving India's new manufacturing revolution. The event is slated to offer unprecedented access, insights and opportunities to connect and collaborate with India and global Industry leaders/ visionaries, academicians, central and state administrations. **"Make in India Week"** would have spotlights on the following:

- **Make in India Center** would be the platform for exhibiting innovative products and manufacturing processes developed in India.
- **Asia Business Forum** would comprise of a series of seminars, CXO meets, roundtables and networking events on economic challenges, investment opportunities, design and innovation.
- **Hackathon** would be a 24 hour marathon event where coders, engineers and designers collaborate intensively for 24 hours to come up with ideas to solve urban design problems.

Notifications

Securities and Exchange Board of India

Mechanism for acquisition of shares through Stock Exchange pursuant to Tender-Offers under Takeovers, Buy Back and Delisting

http://www.sebi.gov.in/cms/sebi_data/attachdocs/1428927142167.pdf

Change in investment conditions for FPI investments in Government Debt Securities

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

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

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

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

Export of Goods and Services – Project Exports

https://www.rbi.org.in/scripts/NotificationUser.aspx?Id=9635&Mode=0

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

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

Overseas Investments by Alternative Investment Funds (AIF)

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

Ministry of Finance

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

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

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

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

India To Launch Six Singapore-Made Satellites On-board ISRO's PSLV-C29 In December

PTI, October 22, 2015

India will launch six Singapore-made satellites, including a dedicated 400 kg spacecraft for carrying out surveillance missions for maritime and border security, in mid-December on-board PSLV-C29.

The six satellites will be launched on PSLV-C29 from the Satish Dhawan Space Centre in Andhra Pradesh on December 16. The satellites will then hover about 550 km above ground for up to five years. The December 16 launch comes four years after Singapore put its first home-grown micro-satellite in space. Since the launch of the fridge-size X-Sat in 2011, smaller satellites have subsequently been launched by Nanyang Technological University (NTU). This time round, the satellites are being built from scratch by teams from defence manufacturer Singapore Technologies Electronics (ST Electronics), National University of Singapore and NTU.

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***

III. Foreign Portfolio Investment

Q. What are the regulations regarding Portfolio Investments by registered Foreign Portfolio Investors (RFPIs)?

Ans. Investment by RFPI registered in accordance with SEBI guidelines including deemed RFPI [erstwhile FII, QFI) is permitted. RFPI may include Asset Management Companies, Pension Funds, Mutual Funds, and Investment Trusts as Nominee Companies, Incorporated / Institutional Portfolio Managers or their Power of Attorney holders, University Funds, Endowment Foundations, Charitable Trusts and Charitable Societies.
Investment by RFPIs cannot exceed 10 per cent of the paid up capital of the Indian company. All RFPI/FII/QFI taken together cannot acquire more than 24 per cent of the paid up capital of an Indian Company.
RFPI can invest in primary issues of Non-Convertible Debentures (NCDs)/ bonds only if listing of such bonds / NCDs is committed to be done within 15 days of such investment. In case the NCDs/bonds issued to the SEBI RFPI are not listed within 15 days of issuance, for any reason, then the RFPI shall immediately dispose of these bonds/NCDs either by way of sale to a third party or to the issuer and the terms of offer to RFPI should contain a clause that the issuer of such debt securities shall immediately redeem / buyback the said securities from the RFPI in such an eventuality.

Source: RBI

For Feedback & Comments, please contact:

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