Europe India Chamber of Commerce

Newsletter

Issue: 80-81 Volume: 9 **January - February 2015**

TIPS 2015 to be held in the European Parliament in September

Chamber's flagship mega annual business event Trade and Investment Partnership 2015 will take place in the European Parliament on 30 September 2015. The theme of the 2015 will be **"Changing Dynamics in EU-India Relations: Business & Strategic Implications in the Next Decade**" and be different from the other summit. Based on the outcome of the TIPS 2014 and the issues raised during and the Summit, the TIPS 2015 will take innovative steps and will see shift from our current model to a different format. The Summit will be organized in partnership with **Eurochambres / EBTC** with whom EICC has been collaborating for last several years; and in collaboration with **Indian Chamber of Commerce and The Friends of Europe**. The Summit will invite some selected countries in the EU to show case potentials for investment in their countries, the current state of business collaboration with India and how it can be further improved. The presentations will be made either by the government trade and investment agencies, from government itself or from the Chamber of Commerce and will include the present scenario and perspectives, problems, prospects and potentials. These Reports will be compiled and presented to the Government of India and to the respective governments in the EU to address the specific issues that the Country Reports will highlight. Opportunities in Merger & Acquisitions and joint venture between Indian and European companies will also be one of the objectives of the Country Presentations.

The goal of the country presentations is to present a panorama of economic and investment possibilities in the selected EU countries for Indian businesses, The "Country Presentation" will aim to place Indian and European firms in direct contact and will be represented at political and technical level, in such a way as to involve other actors interested in sustaining and promoting EU-India economic interests. The Country Presentations will feature government recognized proposals delivered by stakeholders and will provide attending companies with a fact and figure checked perspective on ongoing and future projects. EICC hopes that the expected outcome of the Country Presentations will present participants with limitless opportunities and the chance to create solid bonds in a dedicated environment and stimulate investment & project financing in sustainable business ventures and building conclusive partnerships.

The Summit will take note of the specific issues deliberated during the TIPS 2014 and will discuss collaboration on issues such as what will it take India to become the Global Manufacturing Hub in the context of "Make in India", India's quest for Green and Clean Energy, current state of Regulatory Environment and how EU and India can work together on Infrastructure and Urbanization, India's health care crisis, etc. As we expect some development in the free trade negotiation with EU coming up in the next few months, the Summit will discuss FTA and issues related to this such as Data Protection, Procurement Policies, etc. These are the issues which are already in the EU-India policy radar and also being addressed through joint collaboration. Hence, this is also an opportunity to reassess the progress done so far and what more are needed to be done.

With the collaboration of **Europe India Foundation for Excellence (EIFE)** and Media Partner **Media India Group,** there shall be one full session on skill development and Indian Diaspora.

The TIPS 2015 takes place in an unpredictable economic and social environment in Europe. Europe is in the throes of a crisis of identity—perhaps the most profound since the creation of the European Union—and one that springs from deep economic distress in many of its member states and political division both within and without. Europe's bond-buying plan won't hurt but will do little to address a series of political and structural barriers that have plagued the euro zone since the 2008 crisis. Despite widespread calls for a bond-buying plan since the 2008 credit crunch first hit, European central bankers faced a thicket of political backlash and bureaucratic squabbling that thwarted those proposals. Now, with interest rates in Europe already near zero, the impact of further money easing will be muted. Lower rates in Europe will also likely be less effective than in the U.S. because of differences in the way company's access credit.

The TIPS 2015 also takes place in the shadow of the skewed pattern of global growth, its implications for bilateral relationships, and to understand the need for greater emphasis that EU and India are required to put on bilateral relationships. Also the Summit takes place in the context of the visit of US President to India to re-energise strategic US-India relations. The visit of US President Barack Obama as the chief guest at the 66th Republic Day was both a reflection of something bold and at the same time unsurprising, when understood in historical context. Bold because concerns about perception and the bogeyman of empire matter little to a Prime Minister more interested in the future than in history. U.S.-India relations are poised for a new beginning as the Modi government re-defines the terms of India's engagement with the rest of the world, bereft of the shibboleths of the past. President Obama's visit was also an important opportunity to reshape the contours of the U.S.-India strategic partnership. For Washington, this was a moment to seize and for India a moment to celebrate. However, achieving significant progress will require effective management of bilateral trade and economic policy issues, accompanied by strategic engagement on security and foreign policy fronts.

Arun Jaitley promises global investors that India has a lot in pipeline

Addressing the World Economic Forum 2015 in Davos, the Indian Finance Minister Arun Jaitely said the ongoing meet of the rich and the powerful would be an opportunity for India where a lot is happening. He said that competing economies are mostly not doing so well and if India continued in the course that it had taken in the last seven, eight months, "there is a lot that we can attract". With as many as 120 registered participants, the Indian presence is the fifth largest at the ongoing World Economic Forum Annual Meeting in this ski resort town on slopes of the Swiss Alps, where buses are also seen carrying 'Make In India' slogans.

In Davos to showcase India as an investment destination at the World Economic Forum (WEF), Finance Minister Arun Jaitley promised India has a "lot in the pipeline" for global investors even as he plans to take up with Switzerland the issue of black money stashed in banks. Jaitley, who marked a high-power Indian presence that included Power Minister Piyush Goyal and top industrialists and bankers, also met his Swiss counterpart Eveline Widmer-Schlumpf when the issue of black money in Swiss banks will figure.

Shortly on his arrival, the Finance Minister said the ongoing meet of the rich and the powerful would be an opportunity for India where a lot is happening. He said that competing economies are mostly not doing so well and if India continued in the course that it had taken in the last seven, eight months, "there is a lot that we can attract". Jaitley said he would tell the investors that the government has done a lot and a lot is in the pipeline. Therefore, both Government of India and India as a state have embarked on a particular course and "this is what we are likely to do. So this is an opportunity to showcase India." Jaitley, who would be in Davos till January 23, said he would discuss the issue of black money with his Swiss counterpart when they meet on the sidelines of the WEF meet.

Andhra Pradesh Chief Minister Chandrababu Naidu, his Maharashtra counterpart Devendra Fadnavis, top bankers Arundhati Bhattacharya of State Bank and Chanda Kochhar of ICICI are attending the WEF meet which is on till January 24. Jaitley will be attending two sessions on India and another one along with BRICS members at the WEF meet.

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India's Power Minister Piyush Goyal said the country's power sector is set for "US $250 billion investment" across different segments. He is confident about foreign and domestic investors participating in a big way in the Indian growth story.

Top bankers of the country said India is attracting huge interest from foreign investors. State Bank of India chairperson Arundhati Bhattacharya believes that India is at the "cross roads" but is well positioned to take advantage of demand, democracy and demography to ensure infrastructure development and overall growth. ICICI Bank chief Chanda Kochhar said investor sentiment towards India is seeing a sea change and would soon yield significant investment flows, helped by the government's consistent steps to improve business environment and remove growth hurdles.

Mahrasthra Chief Minister Devendra Fadnavis said that ever since Narendra Modi took over as Prime Minister, "entire atmosphere has changed". States are becoming more and more competitive and every state is following Make in India programme with their own state-focused initiative, he added. Projecting Andhra Pradesh as a logistics hub for entire South East Asia, Chief Minister Chandrababu Naidu said his state can be a gateway for all foreign investors coming to India.

Indian presence 5th highest at WEF meet

With as many as 120 registered participants, the Indian presence is the fifth largest at the ongoing WEF Annual Meeting in this ski resort town on slopes of the Swiss Alps, where buses are also seen carrying 'Make In India' slogans.

The US is on the top with 791 participants, followed by the UK with 283 and the host country Switzerland with 280. Germany is fourth with 126 delegates.

China is behind India with 56 participants, while France has 96. The number of Russian participants is 67, while Japan has sent 89 delegates. South Africa has kept the number at 54, most of whom are part of a government delegation led by President Jacob Zuma.

Overall, there are 1,500 business leaders from across the world, including over 100 from India. There are 40 heads of states and 100 other members of governments of participating countries that include two union minister and two chief ministers from India.

The media and information industry tops the chart among business leaders, followed by banking and capital markets. There are 17 per cent women.

The average age is 53 years for men and 48 years for women participants. The youngest is Alain Nteff, 22 year-old co-founder of Gifted Mom, a mobile health service provider. Former Israel President Shimon Peres at 91 is the oldest leader participating in the summit.

Base year revision impact: Indian economy grew at 6.9% in 2013-14 from earlier 4.7%

The country's gross domestic product or a measure for economic growth was reported at 6.9 per cent for the fiscal year 2013-14 after Government changed the way it calculates growth to bring its measurements in line with international practices. The Government revised the base year from 2004-05 to 2011-12 that propelled the growth rate from earlier estimate of 4.7 per cent on the basis of old base year.

The base year of national accounts was last revised in January 2010. Every five years, the Ministry of Statistics and Programme Implementation (MOSPI) updates the base year of its GDP calculations to have more accurate and real economic data.Chief Statistician of India, TCA Anant said, “The changes are made in the presentation of estimates to improve ease of understanding for analysis and facilitate international comparability. We would start following international practices and use GDP figures based on market prices rather than factor costs.”

According to former CSO Pronob Sen, it’s not just a scientific calculation. “What has happened when we moved to the new base year is we’ve actually got better data. Basically, if you look for instance in the corporate sector, we were earlier going with the RBI forecast and which were based on 2500 corporates. This time around we are using the MCA21data base which is five lakh companies as compared to 2500. So, the quality of data has improved.”

This time with the change in base year, it expects the size of the Indian economy to increase to $1.8 trillion in FY14. Sen added, “Basically it means that in 2013-14 for various reasons, the subsidy element had probably dropped quite sharply and since the subsidy is deducted, lowering of the subsidy pushes up the figure. So, it’s basically getting the data on the subsidy.”

With an increase in the size of the data, indicators such as the fiscal deficit and current account deficit which are expressed as a percentage of GDP are likely to decline to 4.3 per cent from 4.6 per cent of GDP in FY14.While this does ease the fiscal deficit constraint, Aditi Nayar, chief economist at ICRA says, that compliance with fiscal targets should be assessed in absolute terms, for instance, comparing the Central Government’s fiscal deficit for 2014-15 to the budget estimate of Rs5.3 lakh crore.

India to overtake China in GDP growth in 2010: World Bank

The World Bank has projected 5.1 per cent growth for India in 2009, revising its earlier projection of 4 per cent. In its Global Development Finance Report 2009 released recently, the bank has also projected an 8 per cent growth for India in 2010, overtaking China's expected growth of 7.7 per cent. However, the developing countries are expected to grow by only 1.2 per cent this year, after 8.1 per cent growth in 2007 and 5.9 per cent growth in 2008.

The Indian economy had grown by 6.7 per cent in 2008 against the World Bank's estimate of 6.1 per cent.

"When China and India are excluded, GDP in the remaining developing countries is projected to fall by 1.6 per cent, causing continued job losses and throwing more people into poverty," the report said. The bank has urged rich countries to boost the flow of credit to developing nations to help speed up economic recovery. "Developing countries can become a key driving force in the recovery, assuming their domestic investments rebound with international support, including a resumption in the flow of international credit," said Justin Lin, World Bank chief economist and senior vice president, Development Economics.

Despite the gloomy picture for this year, the bank says growth in developing countries, led by India and China, could reach 4.4 per cent in 2010 and 5.7 per cent by 2011.

The Reserve Bank of India itself has put the possible growth numbers at six per cent - 0.9 percentage points more than the estimates of the World Bank. India's economy had expanded by 8.5 per cent in 2003-04.

Amidst global economic recession and financial-market fragility, net private capital inflows to developing countries fell to $707 billion in 2008, a sharp drop from a peak of $1.2 trillion in 2007. International capital flows are projected to fall further in 2009, to $363 billion.

The report continues to sound bleak on the global economic prospects, which remain 'unusually uncertain' despite recent signs of improvement in some parts of the world. Barring a few countries, including India and China, the bank has cut 2009 growth projections for all other economies and expects the world economy to contract by 2.9 per cent this year.

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On the outlook for India and South Asia, the Bank further said, "The relatively rapid recovery in regional activity to close to potential output growth comes despite the weak recovery projected elsewhere and reflects the lagged impact of recent monetary policy easing - with some potential for further interest rate cuts."

The bank said a stable government at the centre and its reform agenda has improved investor sentiment and could yield an even stronger recovery in investment demand.

Foreign direct investment inflows into India fell from 4.6 per cent of gross domestic investment in the third quarter of 2008 to 0.7 per cent in the fourth quarter as result of the downturn, the report said.

Remittances, which account for 3 per cent of India's foreign exchange inflows, may deteriorate in 2009, it added. In dollar terms, India received $27 billion (Rs1.3 trillion) in remittance inflows in 2007, the highest among developing countries.

Fiscal stimulus measures, the World Bank said, should however provide a boost to household income and spending, though there is limited space for further stimulus.

In 2008-09, the fiscal stimulus provided by India amounted to about 3.5 per cent of India's GDP. "As a consequence, the public sector deficit is projected to have increased from 5.8 per cent of GDP (gross domestic product) in 2007 to 9.8 per cent in 2008 and to over 12 per cent as of early-2009," the bank said.

It added that large fiscal deficits may lead to cuts in development spending and may put a threat to long-term growth prospects by crowding out private investment and leading to higher interest rates. "Growing public sector obligations are also likely to translate into increased debt ratios, raising the risk of default," the World Bank said. Central government debt represents close to 55 per cent of India's GDP, the report said.

The report calls on governments around the world to be vigilant when drawing up strategies to reverse the recent expansionary monetary and fiscal policies once the world economy takes off.

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The world's gross domestic product, may shrink by 2.9 per cent and global trade is expected to plunge by 9.7 per cent this year, the World Bank said. In March, it had predicted a 1.7 per cent global contraction.

IMF backs World Bank: India to outstrip China's growth by 2016

In what should be music to the ears of the Narendra Modi government, the International Monetary Fund (IMF) has joined the World Bank in predicting that India's economic growth will surpass that of its neighbour and Asian economic powerhouse China by 2016.

The global lender has said that India is expected to grow at 6.3 per cent 2015 and 6.5 per cent in the next year, by when it is likely to cross China's growth rate. In 2014, the domestic growth rate was 5.8 per cent against China's 7.4 per cent, said the World Economic Report update released by IMF. The country's growth rate in 2013 stood at five per cent as against China's 7.8 per cent. The global organisation also termed the new Prime Minister Narendra Modi-led government's reforms as "promising", but added that implementation is key.

"I think the reform plans of the new Prime Minister are promising. We are going to have to see the speed of the implementation," said Gian Maria Milesi-Ferretti, deputy director in IMF's Research Department. Responding to a question, the IMF official said the effect of the government's economic reforms would be difficult to predict as these are structural reforms and are growing gradually over the medium term.

"The key is going to be implementation," Milesi-Ferretti said. According to the latest IMF report, the growth forecast for India is broadly unchanged, with the weaker external demand offset by a boost to trade from lower oil prices and a pickup in industrial and investment after policy reforms. The IMF report said global growth will also get a fillip from lower oil prices, which to an important extent reflect higher supply.

This boost, however, is projected to be more than offset by negative factors, including weakness in investment as adjustment to diminished expectations about medium-term growth continues in many advanced and emerging market economies. Global growth in 2015-16 is projected at 3.5 and 3.7 per cent, a downward revision of 0.3 percentage points relative to the October 2014 World Economic Outlook (WEO).

The revision reflects a reassessment of prospects in China, Russia, the euro area and Japan as well as weaker activity in some major oil exporters because of the slump in global oil prices. The United States is the only major economy for which growth projections have been raised, the IMF said. Investment growth in China declined in the third quarter of 2014, and leading indicators point to a further slowdown. (See: India could match China's growth within two years: World Bank). Incidentally, earlier in 2009, the World Bank had made a similar projection for India to overtake China in 2010.

JBIC survey ranks India as No 1 investment destination

A survey by Japan Bank for International Cooperation (JBIC) among 1,000 companies for Japanese manufacturing sector in July 2014, has ranked India as the No 1 destination for future investments, followed by Indonesia (ranked No.2) and China (ranked No.3).

In October 2014, the number of Japanese companies in India had reached 1,209, which is 13 per cent higher over the same period last year with a CAGR of 13.67 per cent (for the last five years; from 2010 to 2014).

Some Japanese companies are seriously contemplating their future investment plans in India amounting to about Rs75,000 crore (approx $12 billion) in next 2-3 years.

During the period June 2014 to September 2014, FDI inflow from Japan to India amounted to $618 million, against $273 million during the corresponding period in 2013. In October 2014 alone, FDI inflow from Japan amounted to $103.14 million.

The government has set up Japan Plus, a special management team, to facilitate Japanese investors. The team is actively interacting with Japanese companies and handholding them through various approval processes, as and when required. Also, the issues related to the state government of Rajasthan concerning Sojitz, working for Dedicated Freight Corridor (DFC), has been resolved.

One of the mandates of Japan Plus is to help develop Japanese Integrated Industrial Parks. For this, discussions are going on with Japanese companies and the state governments.

Developing nations losing US $1 trillion a year in crime and corruption; India 3rd on black money list

Crime and corruption are draining a record $1 trillion a year from poor and middle-income nations with the disappearance of dirty money hitting some of the world's poorest regions hardest, a report showed recently.

A record $991 billion in unrecorded funds left 151 developing and emerging economies in 2012, up nearly 5% from a year earlier, according to US based watchdog Global Financial Integrity (GFI) that exposes financial corruption.

GFI's sixth annual report found between 2003 and 2012, the estimated amount of illicit funds shifted from developing countries totalled $6.6 trillion and rose at an inflation-adjusted 9.4% a year - roughly double global GDP growth.

China, Russia, Mexico, India, Malaysia saw the largest outflow of dirty money - the proceeds from shady business, crime and corruption - over the decade and also in 2012.

As India continues its pursuit of suspected black money stashed abroad, an international think-tank has ranked the country third globally with an estimated USD 94.76 billion (nearly Rs 6 lakh crore) illicit wealth outflows in 2012.

As a result, the cumulative illicit money moving out of the country over a ten-year period from 2003 to 2012 has risen to USD 439.59 billion (Rs 28 lakh crore), as per the latest estimates released by the Global Financial Integrity (GFI).

Sub-Saharan Africa suffered the biggest loss as a share of its economy, with the disappearance of dirty money averaging 5.5% of GDP. Nigeria and South Africa were among the top 12 nations with the largest volumes of illicit outflows.

GFI President Raymond Baker said the estimated losses were conservative but were still more than 10 times the total amount of foreign aid these countries received. He called the growth rate "alarming", having surged from about $297 billion in 2003.

"Illicit financial flows are the most damaging economic problem plaguing the world's developing and emerging economies," Baker said in a statement.

"It is simply impossible to achieve sustainable global development unless world leaders agree to address this issue head-on."

Asia was the region of the developing world with the greatest flow of dirty money over the decade, accounting for 40.3% of the world total, driven by China.

But the researchers found growth of illicit flows was faster in other parts of the world, particularly in the Middle East and North Africa and in sub-Saharan Africa, where the growth was seen at 24.2% and 13.2% respectively.

The GFI research found fraudulent mis-invoicing of trade transactions was the most popular method to move money illegally and accounted for nearly 78% of illicit flows in 2012.

Money is moved overseas through trade mispricing by fraudulent underbilling or over-invoicing for goods to avoid tax or to hide large transfers.

Baker called for the United Nations to next year include a target to halve all trade-related illicit flows by 2030 as it negotiates a new set of global goals, the Sustainable Development Goals, to replace the Millennium Development Goals.

The GFI research tracks illegal money flowing out of 151 developing countries using trade and balance of payments reports filed with the International Monetary Fund. Its data provides an estimate as illicit flows cannot be precisely measured.

One of the report's authors, GFI's Joseph Spanjers, said the trillion dollars lost from these economies in 2012 could have been invested in local businesses, healthcare, education or infrastructure.

"This is a trillion dollars that could have contributed to inclusive economic growth, legitimate private-sector job creation, and sound public budgets," he said.

India's Pharma cos to grow by 12% in FY 2014-15

The domestic pharma industry, which had clocked a 9 per cent growth last fiscal, has recovered the growth rate to 11.9 per cent in October this year, with a 2.6 per cent rise in the last six months period. Analysts expect the domestic pharma space to grow by 10-12 per cent in FY15.

A recent report from Centrum Broking said, "We expect the domestic pharma market to grow at 10-12 per cent in FY15 compared to 9 per cent in FY14. Domestic pharma market suffered in FY14 due to the adverse impact of National Pharma Pricing Policy (NPPP) and trade related issues, which have now been discounted. We expect increase in prices of drugs in April 2014 to drive future growth."

Price increases along with rise in volumes and new product introductions outside price control will drive growth to 10-12 per cent in FY15, said Ranjit Kapadia, analyst Centrum Broking.

The domestic pharma growth rate recovered to 11.9 per cent in October 2014 from 9.3 per cent in April 2014 with 260 bps rise in six months period, the report claimed.

The growth was partly attributed to price increase of products both under price control and outside price control in April 2014.

It adds that twelve major pharma companies generated revenues of around 36 per cent in the domestic market.

"Sun Pharmaceutical Industries and Lupin benefitted from their presence in fast growing niche therapeutic segments. MNC pharma companies Abbott (including Abbott Healthcare), Glaxo SmithKline and Pfizer had lower growth rates of 6.9 per cent, 4.5 per cent and 5.9 per cent respectively as some of their major brands witnessed price reduction under NPPP.

Further, analysts feel that drug price revision will improve growth. Pharma companies raised prices of price controlled drugs by 6.3 per cent in line with the Wholesale Price Index (WPI) in April 2014.

Similarly, for products outside price control, drug prices have been raised up to 10 per cent. "We expect fast growing anti-diabetic and insulin segment to drive domestic growth.

We expect the top 10 therapeutic segments to grow at 12 per cent, in line with market growth, and contribute around 35 per cent of domestic revenues," the report claimed.

Govt needs to invest $4 bn per year to develop infra for biotech industry: experts

Industry has the potential to touch $100 bn in turnover by 2025

With an eye on touching $100 billion in revenues by 2025, the biotechnology sector in the country would need at least $3-4 billion of investment every year for the next five years, feel industry experts here.

In 2012, the Association of Biotechnology Led Enterprises (ABLE) had laid out a goal for the growing biotechnology sector in the country to touch $ 100 billion by 2025, as the industry had generated a compounded annual growth rate of around 20 per cent for nearly a decade. "ABLE had reasoned that if the government took steps to improve the business environment and worked with industry and academia to make an unified effort to capitalise on the nation's strengths in biotechnology, the industry could accelerate its average growth rate to about 30 per cent, and reach $100 billion by 2025," said Anil Chauhan, director, ABLE.

The average growth rate at the moment is around 17-18 per cent, he added. "The government needs to invest in creating infrastructure especially for start-ups in this sector, like common research facilities, apart from creating an enabling regulatory environment," Chauhan claimed.

The Biotechnology Industry Organization (BIO) and ABLE has come up with a white paper, "Accelerating Growth: Forging India's Bioeconomy," which aims at analysing the industry in India and make policy recommendations etc. It notes, “Though the industry is concentrated in Bangalore and Hyderabad,it extends across the country and includes more than 350 companiesworking not only in the area of vaccines and biopharmaceuticals, but also agricultural biotechnology, industrial biotechnology, bioservices, and bioinformatics.” The overall biotechnology sector in the country is around $ 4.5 billion at the moment, of which around 60 per cent is the share of pharma companies.

K Vijayaraghavan, chairman, Sathguru Management Consultants, which works in the area of biotechnology, said that “One of the most promising areas here is the field of vaccines based on biologics. At least 15 vaccine candidates are being developed at the moment in India and each has a potential of being a $ 1 billion product.”

What’s more these vaccines are much more affordable compared to the conventional vaccines. Let’s take for example the pneumonia vaccine, as Vijayaraghavan claims, “Compared to an average Rs 4,000 per shot, the biotech-based vaccine can come for almost one-hundredth of the price.”

Gujarat is an emerging cluster for the biotech sector. A biotech park is coming up at Savli near Vadodara. Experts feel similar initiatives are needed elsewhere as well.

Indian Government sets up panel to facilitate US investments

The government has constituted an inter-ministerial committee to ease investment from the US. This is meant to tap the renewed interest among American businessmen in the India story, especially after Prime Minister Narendra Modi’s recent visit to that country.
The committee, to be headed by the secretary in the department of industrial policy and promotion (DIPP), would fast-track investment proposals from the US and address the issues related to implementation of the projects where money is to flow in. At present, Amitabh Kant is the DIPP secretary.

Besides, the committee would identify bottlenecks faced by American investors in implementation of their investment proposals and address those in consultation with the agencies and state governments concerned, said an official statement released recently.

“The committee will look into areas of concern in the sectors of interest to US companies and address those,” it added.

The committee will also closely monitor and coordinate the process to ensure investment from that country is put on the fast track in various sectors, and opportunities of investment and technology transfer are fully exploited. It will interact with US companies, as well as ministries and departments of the central and state governments.

The panel will initiate action to ensure the US companies investing here are given hand-holding services, and to promote an easy and attractive environment in all sectors, particularly manufacturing.

“The committee will encourage practices that promote investment in manufacturing, with a special emphasis on green, advanced and smart technologies, by US companies in India. This is be to increase competitiveness and make Indian manufacturing a significant player in the global supply chain,” the statement said.

Members of the Committee will include officials from the finance, environment, power, road transport, railways, defence, civil aviation, telecom, health and external affairs ministries.

At present, the US is ranked sixth among countries from where India has got the highest foreign direct investments. The country’s around $13 billion of investment here from April 2000 to September 2014 accounts for 5.65 per cent of the total FDI inflows to India during the period.

In the first six months of the current financial year, American investors have brought in $1.2 billion, which is higher than the $806 million they had in the entire 2012-13.

After the prime minister's September visit to the US, investors there have developed a keen interest in India. The US-India Business Council had earlier said it had identified the Indian sectors where over $41 billion of investments could flow over two to three years.

India opens construction sector to 100% FDI

Foreign direct investment (FDI) of up to 100 per cent will now be permitted in construction of projects, including development of townships, construction of residential / commercial premises, roads or bridges, hotels, resorts, hospitals, educational institutions, recreational facilities, city and regional level infrastructure, according to a press note issued on 3 December.

Such construction-development projects will get approval through the automatic route, with immediate effect, according to the press note issued by the ministry of commerce and industry. To be eligible for FDI, the minimum land area for development of serviced housing plots should be 10 hectares. In the case of construction-development projects, the minimum built-up area should be 20,000 sq metres while in the case of a combination project, any one of the two conditions would suffice.

The minimum capitalisation for wholly-owned subsidiaries has been set at $10 million and for joint ventures with Indian partners it has been fixed at $5 million. The funds would have to be brought in within six months of commencement of business of the company and the original investment cannot be repatriated before a period of three years from completion of minimum capitalisation.

The lock-in period of three years will be applied from the date of receipt of each installment / tranche of FDI or from the date of completion of minimum capitalisation, whichever is later. However, the investor may be permitted to exit earlier with prior approval of the government through the FIPB. At least 50 per cent of such project must be developed within a period of five years from the date of obtaining all statutory clearances. The investor / investee company would not be permitted to sell undeveloped plots - undeveloped plots are those where roads, water supply, street lighting, drainage, sewerage, and other conveniences, as applicable under prescribed regulations, have not been made available.

The investor should provide the infrastructure and obtain the completion certificate from the concerned local body / service agency before being allowed to dispose of serviced housing plots. The project should conform to the norms and standards, including land use requirements and provision of community amenities and common facilities, as laid down in the applicable building control regulations, bye-laws, rules, and other regulations of the state governments and local authorities concerned. The investor will be responsible for obtaining all necessary approvals, including those of the building / layout plans, developing internal and peripheral areas and other infrastructure facilities, payment of development, external development and other charges and complying with all other requirements as prescribed under applicable rules/bye-laws/regulations.

The investor will be permitted to exit on completion of the project or after development of trunk infrastructure, ie, roads, water supply, street lighting, drainage and sewerage, etc, are completed. The state government and local bodies concerned, which approve the building or development plans, would monitor compliance of the conditions by the developer. The conditions regarding land area and built-up area, period of construction and repatriation of capital would not apply to the construction of hotels and tourism infrastructure, hospitals, special economic zones (SEZs), educational institutions, old age homes and investment by NRIs.

In cases where the government, in view of facts and circumstances of a case, permit repatriation of FDI or transfer of stake by one non-resident investor to another non-resident investor, before the completion of project, the proposal will be considered by FIPB on case-to-case basis. A project using at least 40 per cent of the floor space index for dwelling unit of floor area of not more than 140 square metre will be considered as affordable housing project for the purpose of FDI policy in construction development sector.

Out of the total FSI reserved for affordable housing, at least one-fourth should be for houses of floor area of not more than 60 square meter. The government has clarified that 100 per cent FDI under automatic route will be permitted in completed projects for operation and management of townships, malls /

shopping complexes and business centres. FDI is not allowed in an entity which is engaged or proposes to engage in real estate business, construction of farm houses and trading in transferable development rights (TDRs).

Infrastructure support set to boost India's renewable energy programme

The government of India has taken a slew of measures to create the necessary infrastructure, including providing financial support and easing of environmental regulations, to give a fillip to the country's renewable energy programme.

Besides, the government has mandated use of locally made gear for major solar and wind power projects to promote domestic industry, even as it amicably resolved the anti-dumping duty dispute, to make India "Solar manufacturing" hub with priority for domestic players in line with "Make in India" programme.

With these initiatives, domestic manufacturers will have greater visibility on order books, while also getting an opportunity to upgrade technologically and be able to reduce costs.

In order to boost "Clean Energy" in the country, the government has earmarked Rs1,000 crore to provide support to central public sector units for setting up over 1,000 MW grid connected solar photovoltaic power projects.

Besides the government proposes to set up 25 solar parks each with a capacity of 500 MW requiring financial support from the centre of Rs4,050 crore and setting up of over 300 MW of solar power projects by defence and para military establishments.

With these decisions, India will emerge as a major solar power producing country as nowhere in the world are solar parks are being developed on such a large scale.

The government, meanwhile, has restored the accelerated depreciation benefit in the union budget 2014 to give much-needed relief to wind power developers and to ensure ramp-up of production. This will enable to kick start and ramp up wind capacity addition expeditiously.

In order to facilitate speedy growth of renewable power generation in the country, the ministry of new and renewable energy (MNRE) is preparing a Renewable Energy Bill. This apart, the ministry is also preparing a scale up plan for the development of solar in the next five years.

Outlining the new government's priorities in the energy sector, President Pranab Mukherjee, while addressing the first session of both Houses of Parliament after the elections to the 16th Lok Sabha, said that the government will come out with a comprehensive National Energy Policy and focus on development of energy related infrastructure, human resource and technology. The aim of the government will be to substantially augment electricity generation capacity through judicious mix of conventional and non-conventional sources. It will expand the national solar mission and connect households and industries with gas-grids.

To showcase India's renewable energy potential globally, the MNRE in partnership with Indian Renewable Energy Development Agency Limited (IREDA), the Confederation of Indian Industry (CII) and the Federation of Indian Chambers of Commerce and Industry (FICCI) is organising the Global Renewable Energy Investment Promotion Meet (RE-INVEST) from 15-17 February 2015 as a follow-up to the 'Make in India' initiative launched by the prime minister. RE-INVEST will enable the global investment community to connect with the renewable energy stakeholders in India.

The ministry of environment and forests has decided that classification of solar, wind and small hydro projects are out of red category to green category under central and state pollution control boards. The CPCB has issued an amendment in the categories of industries, according to which the wind and solar power projects of all capacities and small hydro projects of less than 25 MW capacity have been put in green category, ie, the project developers to obtain clearance from SPCB to "establish and operate" only once in the beginning.

The department of financial services under the union finance ministry has advised all banks to encourage home loan/home improvement loan seekers to install roof top solar PVs and include the cost of equipment in their home loan proposals just like non-solar lighting, wiring and other such fittings. Apart from this , the RBI have issued instructions to all scheduled commercial banks that the loans sanctioned by banks directly to individuals for setting up off-grid solar and other off-grid renewable energy solutions for households will be covered under priority sector lending.

The existing programme of solar pumps has been scaled up to solarise one lakh solar pumps and supplementary guidelines to this effect have been issued. Among the targeted one lakh pumps, 20,000 have been allocated to the ministry of drinking water supply and sanitation, 50,000 to MNRE for irrigation purpose through states and 30,000 pumps to NABARD for innovative implementation.

The Agence Francaise de Development (AFD) of France has decided to extend a line of credit of Euro 100 million to Indian Renewable Energy Development Agency Ltd (IREDA), for the tenure of 15 years, without any guarantee from the Government of India, for financing the renewable energy and energy efficiency projects in the country. An agreement to this effect was signed between AFD and IREDA on 22 May 2014.

Indian Renewable Energy Development Agency (IREDA) Ltd and Japan International Co-operation Agency (JICA) also had signed an agreement for availing a line of credit of JPY 30 billion for 30 years (including the grace period of 10 years) from JICA, according to which IREDA will utilise the funds for financing renewable energy projects in India.

IREDA and US Exim Bank have signed a memorandum of understanding with respect to cooperation on clean energy investment, under which the US Exim Bank will provide $1 billion medium and long-term guaranteed and/or direct dollar loans to finance US technologies, products and services utilised during commercial development activities within the clean energy sector by IREDA.

Meanwhile, the ministry of new and renewable energy (MNRE) has teamed up with the National Institute of Wind Energy (NIWE), and a Consortium of partners consisting of National Thermal Power Corporation (NTPC), Power Grid Corporation of India Ltd (PGCIL), Indian Renewable Energy Development Agency (IREDA), Power Finance Corporation (PFC), Power Trading Corporation (PTC), and Gujarat Power Corporation Ltd (GPCL) for setting up a joint venture company for undertaking the first demonstration offshore wind power project in the country along the Gujarat coast.

European Central bank announces expanded asset purchase programme

- ECB expands purchases to include bonds issued by euro area central governments, agencies and European institutions
- Combined monthly asset purchases to amount to €60 billion
- Purchases intended to be carried out until at least September 2016
- Programme designed to fulfil price stability mandate

The Governing Council of the European Central Bank (ECB) today announced an expanded asset purchase programme. Aimed at fulfilling the ECB's price stability mandate, this programme will see the ECB add the purchase of sovereign bonds to its existing private sector asset purchase programmes in order to address the risks of a too prolonged period of low inflation.

The Governing Council took this decision in a situation in which most indicators of actual and expected inflation in the euro area had drifted towards their historical lows. As potential second-round effects on wage and price-setting threatened to adversely affect medium-term price developments, this situation required a forceful monetary policy response.

Asset purchases provide monetary stimulus to the economy in a context where key ECB interest rates are at their lower bound. They further ease monetary and financial conditions, making access to finance cheaper for firms and households. This tends to support investment and consumption, and ultimately contributes to a return of inflation rates towards 2%.

The programme will encompass the asset-backed securities purchase programme (ABSPP) and the covered bond purchase programme (CBPP3), which were both launched late last year. Combined monthly purchases will amount to €60 billion. They are intended to be carried out until at least September 2016 and in any case until the Governing Council sees a sustained adjustment in the path of inflation that is consistent with its aim of achieving inflation rates below, but close to, 2% over the medium term.

The ECB will buy bonds issued by euro area central governments, agencies and European institutions in the secondary market against central bank money, which the institutions that sold the securities can use to buy other assets and extend credit to the real economy. In both cases, this contributes to an easing of financial conditions.

The programme signals the Governing Council's resolve to meet its objective of price stability in an unprecedented economic and financial environment. The instruments deployed are appropriate in the current circumstances and in full compliance with the EU Treaties.

As regards the additional asset purchases, the Governing Council retains control over all the design features of the programme and the ECB will coordinate the purchases, thereby safeguarding the singleness of the Eurosystem's monetary policy. The Eurosystem will make use of decentralised implementation to mobilise its resources.

With regard to the sharing of hypothetical losses, the Governing Council decided that purchases of securities of European institutions (which will be 12% of the additional asset purchases, and which will be purchased by NCBs) will be subject to loss sharing. The rest of the NCBs' additional asset purchases will not be subject to loss sharing. The ECB will hold 8% of the additional asset purchases. This implies that 20% of the additional asset purchases will be subject to a regime of risk sharing.

A technical annex is published alongside this press release with further operational details.

TECHNICAL ANNEX ECB ANNOUNCES OPERATIONAL MODALITIES OF THE EXPANDED ASSET PURCHASE PROGRAMME

The expanded asset purchase programme will comprise the ongoing purchase programmes for asset-backed securities (ABSPP) and covered bonds (CBPP3), and, as a new element, purchases of additional euro-denominated securities that meet the following eligibility criteria:

1. They fulfil the collateral eligibility criteria for marketable assets in order to participate in Eurosystem monetary policy operations, as specified in Guideline ECB/2011/14, as amended, subject to the fulfilment of the additional criteria listed in points 2-4 below.
2. They are issued by an entity established in the euro area classified in one of the following categories: central government, certain agencies established in the euro area or certain international or supranational institutions located in the euro area.
3. They have a first-best credit assessment from an external credit assessment institution of at least CQS3 for the issuer or the guarantor, provided the guarantee is eligible in accordance with Guideline ECB/2011/14, as amended.

4. Securities that do not achieve the CQS3 rating will be eligible, as long as the Eurosystem's minimum credit quality threshold is not applied for the purpose of their collateral eligibility. Moreover, during reviews in the context of financial assistance programmes for a euro area

Member State, eligibility would be suspended and would resume only in the event of a positive outcome of the review.

Inflation-linked and floating rate securities issued by central governments, certain agencies established in the euro area and certain international or supranational institutions located in the euro area are eligible for purchase under the expanded asset purchase programme.

All eligibility criteria and other modalities of the ABSPP and CBPP3 remain unaltered under the programme. In addition it was decided that:

▪ Securities purchased under the expanded asset purchase programme that are not covered by the ABSPP or CBPP3 must have a minimum remaining maturity of 2 years and a maximum remaining maturity of 30 years at the time of purchase.

▪ Securities purchased under the expanded asset purchase programme that are not covered by the ABSPP or CBPP3 will be subject to an issue limit, an aggregate holding limit and other operational modalities specified, in particular, with the aim of preserving market functioning and allowing the formation of a market price on a given security. Moreover, the limits ensure that the application of collective action clauses for a bondholder decision is not obstructed.

▪ Regarding creditor treatment, the Eurosystem accepts the same (pari passu) treatment as private investors with respect to securities purchased by the Eurosystem, in accordance with the terms of such securities.

▪ Purchases of securities under the expanded asset purchase programme that are not covered by the ABSPP or CBPP3 will be allocated across issuers from the various euro area countries on the basis of the ECB's capital key.

▪ Holdings of securities issued by central governments, certain agencies established in the euro area and certain international or supranational institutions located in the euro area will be valued at amortised cost, in line with Guideline ECB/2010/20 on the legal framework for accounting and financial reporting in the ESCB, as amended.

▪ The eligible counterparties for purchases shall be those eligible for the Eurosystem's monetary policy instruments, together with any other counterparties used by the Eurosystem for the investment of its euro-denominated portfolios.

▪ Holdings of securities issued by central governments, certain agencies established in the euro area and certain international or supranational institutions located in the euro area purchased under the expanded asset purchase programme will be eligible for securities lending.

▪ Transactions in securities purchased under the programme will be published in a weekly report which will list holdings at amortised cost by asset type. In addition, for securities purchased under the expanded asset purchase programme that are not covered by the ABSPP or CBPP3, a report of the amounts held, valued at amortised cost, and the weighted average remaining maturity by issuer residence will be released on a monthly basis.
