



# Indian Economic & Business News

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## INDIAN ECONOMY

### **GDP growth to top 8% on rains, reforms: Panagariya**

A good monsoon, reforms and timely decision making at the Centre will definitely push India's growth beyond the 8% mark in subsequent quarters of this fiscal, Niti Aayog Vice-Chairman Arvind Panagariya said on September 25. "I am confident that it (GDP number) will be over 8 per cent in subsequent quarters (this fiscal)," Mr. Panagariya said. India's growth rate slipped to a 6-quarter low of 7.1 per cent in April-June due to subdued performance of mining, construction and farm sectors. The figure was 7.9 per cent in January-March. Last year, the Indian economy expanded by 7.5 per cent in the April-June quarter. India's foodgrain output is estimated to rise by 9 per cent to an all-time high of 135.03 million tonnes in the kharif season (summer sown) of 2016-17 on record output of rice and pulses following bountiful rains. Foodgrain production stood at 124.01 million tonnes (mt) in the kharif season of 2015-16 crop year (July-June). Higher output of pulses will also help soften retail prices, which have remained a sticking point. The country's overall foodgrain production had fallen to around 252 mt level in each of the previous two full crop years -- including kharif and rabi -- due to two consecutive years of drought. Source: Deccan Herald

### **India's banking outlook stable over next 18 months on slower formation of bad loans: Moody's**

The pace of bad loan formation is going to be slower resulting in a stable outlook for the Indian banking sector over the next 12-18 months, Moody's Investors Service said on September 19. "While the stock of impaired loans may still increase during the horizon of this outlook, the pace of new impaired loan formation should be lower than what it has been over the last few years," Moody's VP and Senior Credit Officer Srikanth Vadlamani said. India's banking system is moving past the worst of its asset quality down cycle, supporting its stable outlook for the sector over the next 12-18 months, it said in a report. "The performance of India's state-owned and private banks continues to diverge," Vadlamani said. "The state-owned banks will require significant capital over the next three years with limited access to the capital markets, while the private banks benefit from solid capitalisation and good profitability," he said. Moody's outlook expresses its expectation of how bank creditworthiness will evolve in the system over the next 12-18 months. The stable outlook is based on Moody's assessment of five drivers -- stable operating environment, asset risk and capital, funding and liquidity, profitability, and Government Support. The operating environment for Indian banks is supported by a stabilising economy, it said. Moody's baseline scenario assumes headline GDP growth of 7.4 percent over the next two years, compared with 7.3 percent in 2015, with key drivers being a favourable monsoon season, ongoing public investment, and continued growth in foreign direct investment. Moody's rates 15 banks in India that together account for around 70 percent of system assets. The ratings outlook on 11 of the banks is positive, reflecting the global rating agency's positive outlook on the sovereign rating and the high degree of government support that could be expected for the banks, if needed. Source: First Post

### **India for creation of BRICS arbitration mechanism**

India has proposed setting up a task force of experts from BRICS nations to explore the possibility of creating an arbitration mechanism for expeditious resolution of cross-border commercial disputes. As per the minutes of the BRICS Conference on International Arbitration, Finance Minister Arun Jaitley proposed to the BRICS nations to set-up a task force of experts and officers to explore the

possibilities for an arbitration mechanism. The report said it was recommended that a task force be constituted at the upcoming BRICS Summit on October 15-16 to identify challenges in international arbitration in these countries. The said task force can examine and recommend institutional reforms in the arbitration area to enhance economic cooperation between member states and develop an alternative arbitration mechanism for dispute resolution, it said. Mr. Jaitley also noted the strength of the economies of BRICS (Brazil, Russia, India, China and South Africa) countries which have been able to stave off many detrimental ramifications of the global economic meltdown post 2008. "While admitting that some member states were suffering from some economic concerns, the same were termed as transient issues which will be resolved due to the robust nature of economies of the BRICS countries," it said. It was stressed that optimal balance between public welfare and commercial interests must be attained, in order to enhance the economic standing of the BRICS nations. Source: Business Standard

### **Government may create agency to oversee pricing mechanism**

In the wake of apprehensions that the GST regime may raise inflation and affect the common man, the government may create a separate surveillance agency that will oversee pricing mechanism as goods travel from the manufacturer to consumer. Officials at various forums have been trying to convince people that the GST regime will bring down prices of most of the commodities. But it has been noticed in many countries that traders and firms have raised prices in the garb of GST. Services are one area which could be costlier if the standard GST rates are jacked up more than 22%, analysts believe. At present, the services tax rate is close to 15%. In case the standard GST rate is set at 22% or above, services tax rate will also move up subsequently. But in manufactured consumer goods, in the current tax regime, a consumer pays approximately 25-26% more than the cost of production due to excise duty and value added tax. If the GST rate is anywhere between 18% and 22%, basic goods will become marginally cheaper. The government is planning to rollout the single most powerful tax reform since independence from April 1, 2017. For that, it will need to pass two GST legislations — CGST and IGST — in the Winter session of Parliament. The GST Council will need to arrive at a consensual standard GST rate. Source: Deccan Herald

## **INDIA - CANADA**

### **India-Canada Annual Ministerial Dialogue**

The third India-Canada Annual Ministerial Dialogue was held on September 29 between the Commerce and Industry Minister Mrs. Nirmala Sitharaman and the Canadian Minister of International Trade, Ms. Chrystia Freeland at Toronto. The discussion covered outstanding trade and investment related issues and among other things, focused on expanding bilateral trade, having more B 2 B interface with constitution of CEO Forum by Canada and regular interaction between the CEOs on both sides and also expediting the free trade and investment negotiations which are underway. This was the first high level meet led by a Ministerial level delegation from India after the new Government came to power in Canada. The Trade Minister of Canada emphasized the importance of the bilateral relationship and expressed happiness at the back to back visit by the Indian Commerce and Industry Minister and the proposed visit of the Finance Minister Mr. Jaitley in the first week of October.

Both the sides expressed their strong commitment for taking forward the negotiations in CEPA and FIPA and expressed the desire for early conclusion keeping in view the mutual benefits to both

countries and working towards a balanced outcome by taking into account sensitivities in certain sectors. Both the sides recognized the importance of FIPA as tool for higher transparency and stability of investments providing greater protection.

Both the Ministers heard each other's perspective on CEPA and discussed some of the sectors where negotiations seem to have been struck. Responding to the Indian side which has shown enough flexibility in the Services modalities, the Canadian side is looking into the issues concerned with movement of natural persons and what kind of provisions could be built into the CEPA. India also took up the issues of Canada's Temporary Foreign Workers Entry Programme which has acted as a barrier for the Indian IT companies invested in Canada to source Indian IT professionals as the norms for temporary entry have become more and more stringent. The Trade Minister of Canada assured that a Parliamentary Committee is examining these issues and some of these concerns are likely to be addressed.

Both sides appreciated the need for early institutionalization of the CEO Forum mechanism which would be instrumental in forming an organic link and suggest the issues concerning the trade to the Governments. Canadian side assured moving fast in constituting the Canadian side list of CEO Forum and work out modalities faster. They could also meet prior to the proposed visit of Canadian Prime Minister to India sometime in 2017 and form Groups for identified sub-sectors and come out with a set of recommendations. This would greatly benefit the discussions during the PM level meeting.

India and Canada agreed to cooperate at the International Fora on Trade Facilitation Agreement on Services as well as the unfinished agenda items of Doha Round given the complementarity of both the nations on these issues. The beginning made by both the Governments after assuming power in respective countries, through this Annual Ministerial Dialogue was emphasized by both the Ministers and they resolved to take forward the momentum with an of expanding bilateral trade between both the countries. Source: Press Information Bureau

### **Canadian Government's First Official Visit to India - Results in New Partnerships, Renewed Commitment to Clean Energy Collaboration**

Canada's Minister of Natural Resources, the Honourable Jim Carr, led the Government's first official visit and trade mission to India from September 7-9, 2016. Minister Carr focused on reinvigorating the two countries' energy relationship and strengthening collaboration on clean energy and innovation. 20 representatives from Canada's oil and gas, renewables and electricity, and academic sectors joined the trade mission and were successful in creating new partnerships and new applications for renewable energy and clean technology, which will match Canada's expertise and resources with India's needs and expand India's interests in Canada. Canada and India issued a joint statement on September 8, highlighting important areas of cooperation, committing both countries to further action, including the development of a plan with real and measurable results that will be reviewed on an annual basis. The Joint Statement on Enhancing the Canada-India Energy Dialogue can be accessed from the link: <http://bit.ly/2cCkU85>.

Minister Carr had productive meetings with his counterparts, including Renewables, Power, Coal and Mines Minister Piyush Goyal; Oil and Gas Minister Dharmendra Pradhan; Minister of State for Atomic Energy Jitendra Singh; and Steel Minister Chaudhary Birender Singh. The Ministers underscored the importance of the Canada-India Energy Dialogue and discussed ongoing work in support of the objectives established under Mission Innovation. Minister Carr also delivered a keynote address highlighting Canada's clean technology capabilities during the Renewable Energy Expo in Greater Noida, India, on September 7. Canada and India are among the 21 Mission Innovation partners that have committed to doubling government investments in clean technology

research and development and to stimulating private sector investment in clean technology over the next five years. Source: News Wire, Canadian High Commission New Delhi

### **India, Canada discuss civil-nuclear cooperation**

India and Canada discussed a wide range of issues of mutual interest, including the civil-nuclear cooperation between the two countries. The discussion was held during a meeting between Minister of State, Department of Atomic Energy, Mr. Jitendra Singh and visiting Canada Minister for Natural Resources, Mr. James Gordon Carr, in New Delhi on September 7. The two leaders discussed a wide range of issues of mutual interest, including civil-nuclear cooperation between the two countries, an official release issued said today. As a country with large energy requirements, India looks forward to promoting nuclear energy production at a significant scale and the two nations can jointly work to achieve this, said Singh, Minister of State. He referred to a common technological base of Pressurised Heavy Water Reactor (PHWR) in which India and Canada are global leaders and it is an area offering opportunity of potential bilateral cooperation between the two countries. While recalling the traditional friendly relations between the two countries, Mr. Singh said the most distinctive feature of Indo-Canadian relations was that these had been consistently compatible, without even a single intervening phase of bitterness or unpleasantness. "This has helped the two countries to achieve positive collaboration in various sectors, including in the area of nuclear energy which is a success story," he said. Mr. Singh referred to the visit of Prime Minister Narendra Modi to Canada in April 2015 during which a long term uranium procurement contract was signed by Department of Atomic Energy, Government of India with the Canadian Uranium producer CAMECO. Thereafter, the first consignment of Canadian uranium reached India in December 2015 and the second consignment is expected by November this year, he said. Mr. Carr said that he looks forward to greater growth in Indo-Canadian cooperation during the years ahead. He also extended invitation to Mr. Singh to visit Canada at a time of his convenience. Source: Indian Express

### **Government of Gujarat Delegation visited Toronto**

Mr. Bharat Lal, Resident Commissioner, State Government of Gujarat led a 14 member business delegation to Toronto on September 6. The delegation included Mr. Deepak Bagla, CEO of Invest India. The purpose of the visit was to seek Canadian investments in India and to encourage Canadian businesses to participate in the 8th Vibrant Gujarat Summit which is scheduled to be held in Gandhinagar on January 10-13, 2017. KPMG organised a Business Seminar for the visiting business delegation which included participation of leading Canadian companies. During the Seminar, Consul General of India, Mr. Dinesh Bhatia exhorted the Canadian business leaders to visit Gujarat to participate in the Summit. In the afternoon, a working luncheon was arranged for the visiting delegation by Mr. Prem Watsa, Chairman & CEO of Fairfax Financial where CEOs of leading Canadian financial and business leaders were present. The Consulate and the Indo-Canada Chamber of Commerce organized a business networking session in the evening for the visiting business delegation from Gujarat.

### **Canadian and Indian Science Ministers attend first ever Arctic Science Ministerial meet**

Canada's Minister of Science, Dr. Kirsty Duncan, and India's Minister of Science and Technology, Dr. Harsh Vardhan, attended the first ever Arctic Science Ministerial meeting in Washington D.C., on September 28, 2016. The meeting brought together Ministers of Science, Chief science advisors, and

other high-level officials from countries around the world, as well as representatives from indigenous groups, to expand joint collaborations focused on Arctic science, research, observations, monitoring, and data-sharing. This year is the 20<sup>th</sup> anniversary of the signing of the Ottawa Declaration, which established the Arctic Council. Canada is a founding member and served as the first chair of the council while India joined the council as an observer in 2013. Source: High Commission of Canada, New Delhi

### **Canadian, Indian and Nepalese Ministers attend civil aviation forum in Montreal**

Canada's Minister of Transport, Marc Garneau, India's Civil Aviation Minister, Pusapati Ashok Gajapathi Raju, and Nepal's Minister for Culture, Tourism and Civil Aviation, Jiwan Bahadur Shahi, attended the 39<sup>th</sup> Assembly of the International Civil Aviation Organisation (ICAO) in Montreal, from September 27 to October 7. Climate change was a key topic at the assembly, which included discussions on the Global Market Based Measure to offset greenhouse gas emissions arising from international aviation and sustainable global air transport. Notably, the Airports Authority of India had a booth at the session. The ICAO assembly provided a forum for the Indian and Nepalese delegations to meet with civil aviation ministers, government officials and business leaders from several of ICAO's 191 member states. Source: High Commission of Canada, New Delhi

### **Ontario announces First Agri-Food Trade Mission to India**

Mr. Jeff Leal, Minister of Agriculture, Food and Rural Affairs and Mr. Michael Chan, Minister of International Trade, will travel to India from November 13-20, 2016 to create new economic opportunities for Ontario's agri-food industry while strengthening trade and exploring areas for future co-operation. The mission will build on Premier Kathleen Wynne's successful mission to India in early 2016 and will focus on strengthening agri-food trade relationships with India, home to the world's second-largest population and a rapidly growing economy. Identifying new trade markets and partners will help boost Ontario's agri-food industry and increase exports. The mission to India will take place November 13-20, 2016, and will include visits to New Delhi, Mumbai and Chandigarh. Representatives from Canadian trade organizations, commodity groups, food and beverage processors and the feed sector will join Ontario's delegation. Source: Government of Ontario Press Release

### **Ontario's Clearford signs Operation, Maintenance Deal in India**

Ontario-based Clearford Water Systems Inc. has signed a one-year contract to operate and maintain a sanitation system in Jambudiyapura village in the Indian state of Gujarat. Clearford also announced today that it has engaged with the Tata Trusts to identify other villages in the state of Gujarat to use its sanitation system. On completion of the first set of villages, Clearford and Tata Trusts will look to work together to identify villages in other parts of India. The initial contract is valued at C\$9,000. Source: Stockwatch

### **Quebec Deputy Minister of Education fosters academic ties in India**

During her visit to India, Deputy Minister of Education and Higher Learning of the Canadian Province of Quebec, Sylvie Barcelo, spoke at the UNESCO conference on "Prevention of Violent Extremism through Education" in New Delhi on September 19. Ms. Barcelo also met with India's Joint Secretary for Higher Education Rakesh Ranjan, Ministry of Human Resource Development.

Source: High Commission of Canada, New Delhi



## SECTORAL NEWS

### **Madhya Pradesh CM Shivraj Singh Chouhan back from US tour; MoUs worth Rs 2,400 crore signed**

The US-based companies are expected to invest more than Rs 2,400 crore in Madhya Pradesh, especially in the infotech sector thus generating a large number of jobs, Chief Minister Shivraj Singh Chouhan said. He visited the US from August 28 to September 2. "Of the Rs 2,400 crore, Rs 1,000 crore is expected to be invested in the IT sector by US companies, according to the Memoranda of Understanding (MoUs) signed with them. This (IT investment) is going to provide employment to more than 10,000 people," he said. Mr. Chouhan said the delegation accompanying him held talks with representatives of 25 companies who expressed willingness to invest in MP and other states in the country. The Chief Minister said the UK, Japan, Singapore and UAE are going to be official partners at MP's Global Investors Summit (GIS) to be held in late October at Indore. Mr. Chouhan said Madhya Pradesh was fast emerging as a preferred destination for investors. Foreign companies now consider the state a viable and profitable destination to set up ventures, he said. Former US Ambassador to India Frank G Wisner and representatives from 100 companies attended a seminar in New York on business opportunities in India during the visit of Mr. Chouhan. Source: Indian Express

### **86 MoUs Aggregating close to Rs 15,000 Crores Exchanged in IITIS-2016 & many more are in Pipeline**

Several announcements were made at the valedictory session of the 'Incredible India Tourism Investors' Summit (IITIS)-2016' organized by the Ministry of Tourism in partnership with Confederation of Indian Industry and the Tourism Finance Corporation of India from 21 to 23 September, 2016 to promote investments in Tourism sector in India. These announcements made by Secretary, M/o Tourism Shri Vinod Zutshi, included:

- Institutionalization of IITIS to be held annually with the next Summit to be organized in September 2017;
- Setting up of an investor facilitation desk to handhold investors and facilitate projects;
- Setting up of a task force headed by Secretary, Tourism, with membership from relevant Ministries, state governments, and industry associations to undertake strategic planning;
- Organising investor meets in States with the support of Ministry of Tourism.

States like Gujarat, Rajasthan, Karnataka, Uttarakhand, and Chhattisgarh exchanged 86 MoUs during the session and many more are in the pipeline, aggregating close to Rs 15,000 crores. IITIS-2016 had met the desired objectives and highlighted tourism investment potential in the country. Gujarat exchanged MoUs close to 9000 crores, Karnataka with 2600 crores, Rajasthan with 1000 crores, Uttarakhand with 500 crores and Chhattisgarh with 12 crores. Also, B. R. Shetty Group is keen to invest 450 crores and Costa Cruise 750 crores and Triveni Singapore close to 800 crores in the country. Dr. Mahesh Sharma, Minister of State (I/C) for Tourism and Culture assured the Investors that his Ministry will assist and support investors for making India the tourist destination of choice and for promotion of investment projects in tourism sector. He referred to the tourist helpline in 12 languages and highlighted that a portal is being opened for inviting suggestions. World Bank is supporting India's Buddhist Circuit development and will provide support for sustainable tourism development including through funds, said Ms Cecile Fruman, Global Director, Trade and Competitiveness, World Bank. Source: Press Information Bureau

## **Oracle and the Government of Maharashtra sign Memorandum of Understanding to help accelerate Digital Transformation**

On September 20, Oracle and the Government of Maharashtra signed a Memorandum of Understanding (MoU) intended to accelerate the state's digital transformation initiatives. Leveraging Oracle Cloud solutions, Oracle and the Government of Maharashtra will develop the State's smart city program, with the goal of making the State's urban landscape more livable and inclusive, while driving economic growth. According to the MoU, Oracle and the Maharashtra Government will create a Center of Excellence (CoE) to help accelerate its smart city program and modernize the Government's technology solutions. The CoE, housed in Mumbai, will serve as a research platform to design, develop and test new capabilities that will deliver better government-to-citizen (G2C) and government-to-business (G2B) services. Benefiting from the power of the Cloud, the CoE will enable rapid innovation with minimal capital expenditures. In addition, the CoE will offer a flexible and scalable common framework, as well as a team of experts, allowing individual cities to scale and replicate its solutions.

The proposed projects, to be finalized before the end of the calendar year, include:

- Smart city in a box
- Mobile platform for service questions
- Unified app development for services like drivers license renewals or property tax payments
- Digital platform to deliver smart city services across the state
- Connected infrastructure across all devices, kiosks and citizens
- Infrastructure services for equipment and IT
- Resources to manage transportation logistics, including analytics, asset tracking, fleet management
- Resources to manage utilities, including water and power

Many of these projects will support the government's e-services program aimed at citizens, visitors, business establishments and government officials. Both Oracle and the Government of Maharashtra will invest in IT infrastructure, training and skillset resources as well as management of the CoE. The Government of Maharashtra, the largest state economy in India, initiated a program in April to develop 10 smart cities, adding to the 33 announced by the central government in the 100 smart cities initiative. This follows Oracle's recent commitment with the Prime Minister of India, Shri Narendra Modi, to support the country's global digital leadership. Oracle unveiled a massive, state-of-the-art campus centered in Bengaluru, nine incubation centers throughout India, and an initiative to train more than half a million students each year to develop computer science skills.

Source: Oracle Press Release

## **ISRO makes India proud again**

The Indian Space Research Organisation (ISRO) crossed an important milestone with the successful launch of weather satellite INSAT-3DR using a Geosynchronous Satellite Launch Vehicle equipped with the indigenous cryogenic upper stage. The successful launch marks a departure from the long history of failures with the GSLV; except for the first, every launch of the Polar Satellite Launch Vehicle (PSLV), the workhorse of ISRO, has been a success. That September 8 launch marks the third consecutive success; the fact that it is the first operational flight by the GSLV carrying the indigenous cryogenic upper stage is confirmation that India now belongs to the elite club of countries that have mastered the cryogenic technology. The launch had fully utilised the maximum payload carrying capacity of the GSLV-Mk II by carrying the heaviest satellite (2,211 kg) ever from Indian soil. This



became possible only because the cryogenic upper stage was used. Unlike solid and liquid propellants, the specific impulse or thrust provided by a cryogenic rocket stage is much higher and is therefore more efficient to carry heavier payloads. Source: Business Standard

## FDI IN INDIA

### Cabinet approves simplification and liberalisation of the Foreign Direct Investment Policy, 2016 in various sectors

The Union Cabinet chaired by the Prime Minister Shri Narendra Modi has given its ex-post-facto approval for the FDI policy amendments announced by the Government on 20th June, 2016. The FDI policy amendments are meant to liberalise and simplify the FDI policy so as to provide ease of doing business in the country leading to larger FDI inflows contributing to growth of investment, incomes and employment. The details are as follows:

1. **Radical Changes for promoting Food Products manufactured/produced in India**  
It has now been provided that 100% FDI under government route for trading, including through e-commerce, is permitted in respect of food products manufactured and/or produced in India.
2. **Foreign Investment in Defence Sector up to 100%**  
Earlier FDI regime permitted 49% FDI participation in the equity of a company under automatic route. FDI above 49% was permitted through Government approval on case to case basis, wherever it is likely to result in access to modern and 'state-of-art' technology in the country. In this regard, the following changes have inter-alia been brought in the FDI policy on this sector:
  - i. Foreign investment beyond 49% has now been permitted through government approval route wherever it is likely to result in access to modern technology or for other reasons to be recorded.
  - ii. FDI limit for defence sector has also been made applicable to Manufacturing of Small Arms and Ammunitions covered under Arms Act 1959.
3. **Review of Entry Routes in Broadcasting Carriage Services**  
FDI policy on Broadcasting carriage services has also been amended. New sectoral caps and entry routes are as under:

Sector/Activity	New Cap and Route
5.2.7.1.1 (1)Teleports(setting up of up-linking HUBs/Teleports); (2)Direct to Home (DTH); (3)Cable Networks (Multi System operators (MSOs) operating at National or State or District level and undertaking upgradation of networks towards digitalization and addressability); (4)Mobile TV; (5)Headend-in-the Sky Broadcasting Service(HITS)	100%  Automatic
5.2.7.1.2 Cable Networks (Other MSOs not undertaking upgradation of networks towards digitalization and addressability and Local Cable Operators (LCOs))	

Infusion of fresh foreign investment, beyond 49% in a company not seeking license/permission from sectoral Ministry, resulting in change in the ownership pattern or transfer of stake by existing investor to new foreign investor, will require FIPB approval

#### 4. Pharmaceutical

The earlier FDI policy on pharmaceutical sector provides for 100% FDI under automatic route in greenfield pharma and FDI up to 100% under government approval in brownfield pharma. With the objective of promoting the development of this sector, 74% FDI under automatic route has been permitted in brownfield pharmaceuticals. FDI beyond 74% would be permitted through Government approval route.

#### 5. Civil Aviation Sector

- (i) The earlier FDI policy on Airports permitted 100% FDI under automatic route in Greenfield Projects and 74% FDI in Brownfield Projects under automatic route. FDI beyond 74% for Brownfield Projects is under government route.
- (ii) With a view to aid in modernization of the existing airports to establish a high standard and help ease the pressure on the existing airports, 100% FDI under automatic route has now been permitted in Brownfield Airport projects.
- (iii) As per the earlier FDI policy, foreign investment up to 49% was allowed under automatic route in Scheduled Air Transport Service/ Domestic Scheduled Passenger Airline and regional Air Transport Service. This limit has now been raised to 100%, with FDI upto 49% permitted under automatic route and FDI beyond 49% through Government approval. For NRIs, 100% FDI will continue to be allowed under automatic route. Foreign airlines would continue to be allowed to invest in capital of Indian companies operating scheduled and non-scheduled air-transport services up to the limit of 49% of their paid up capital.

#### 6. Private Security Agencies

The earlier policy permitted 49% FDI under government approval route in Private Security Agencies. Since Private Security Agencies are already required to get license under PSAR Act 2005, the requirement of putting them through another line of Government approvals through FIPB has now been done away with for FDI up to 49%. Accordingly, FDI up to 49% is now permitted under automatic route in this sector. FDI beyond 49% and upto 74% is permitted through Government approval route.

#### 7. Establishment of branch office, liaison office or project office

For establishment of branch office, liaison office or project office or any other place of business in India if the principal business of the applicant is Defence, Telecom, Private Security or Information and Broadcasting, it has provided that approval of Reserve Bank of India would not be required in cases where FIPB approval or license/permission by the concerned Ministry/Regulator has already been granted.

#### 8. Animal Husbandry

As per FDI Policy 2016, FDI in Animal Husbandry (including breeding of dogs), Pisciculture, Aquaculture and Apiculture is allowed 100% under Automatic Route under controlled conditions. The requirement of 'controlled conditions' for FDI in these activities has now been done away with.

#### 9. Single Brand Retail Trading

Local sourcing norms have been relaxed up to three years, with prior Government approval, for entities undertaking Single Brand Retail Trading of products having 'state of art' and 'cutting edge' technology. For such entities, sourcing norms will not be applicable up to three years from commencement of the business i.e. opening of the first store for entities undertaking single brand retail trading of products having 'state-of-art' and 'cutting-edge' technology and where local sourcing is not possible. Thereafter, sourcing norms would be applicable. Source: Press Information Bureau

### **Jio effect: Vodafone gets Rs 48,000 crore infusion**

In the largest foreign direct investment in the country since the Narendra Modi-led BJP came to power in 2014, UK's Vodafone has infused Rs 47,700 crore (\$7.5 billion) in its Indian arm. Vodafone India, the No.2 player with 200 million subscribers behind Bharti Airtel, will be using the funds to ramp up its network and participate in the upcoming radio airwaves auction. The announcement came eight days ahead of the launch of the biggest-ever spectrum auction and 17 days after the launch of Reliance Jio, which is emerging to be the biggest rival for incumbent mobile service providers. "This equity infusion will be used for right-sizing our spectrum portfolio, expansion of network and deployment of next-generation 4G and 5G technologies," said Sunil Sood, MD & CEO, Vodafone India. Vodafone India is expected to be the most aggressive bidder at the ensuing spectrum auction with analysts predicting it to spend as much as Rs 16,300 crore for buying airwaves. Source: Times of India

### **Government clears 11 FDI proposals worth Rs 2,325 crore; okays Sharekhan's Rs 2,060 crore stake sale**

On September 26, an inter-ministerial panel approved 11 proposals entailing foreign direct investment (FDI) inflow of over Rs 2,300 crore. Among the proposals cleared, Sharekhan Ltd would attract foreign investment of Rs 2,060 crore, Finance Ministry sources said. The Sharekhan proposal was for selling 100 percent stake to BNP Paribas, they said. Besides, Foreign Investment Promotion Board (FIPB), headed by Economic Affairs Secretary Shaktikanta Das, cleared the proposal of Perrigo India worth Rs 253 crore. Other proposals approved included Pepe Jeans and IBM. Of the 11 proposals cleared there would be expected FDI inflow of Rs 2,325 crore, sources said. Out of the 18 foreign investment proposals considered, three including that of Idea Cellular Infrastructure Services and Flag Telecom were deferred for want of more information. The 240th meeting of FIPB rejected 4 proposals. The proposal of Morgan Stanley Rs 95 crore was approved through automatic route. India allows FDI in most sectors through the automatic route, but in certain segments considered sensitive for the economy and security, the proposals have to be first cleared by the FIPB. The government has said measures undertaken by it has resulted in increased FDI inflows at \$55.46 billion in 2015-16, as against \$36.04 billion in 2013-14. Source: First Post

### **Walmart India mulls entry into processed food retailing after FDI rules changed**

Walmart India is evaluating an entry into the retailing of processed foods taking advantage of the government's liberalised policy of allowing 100% foreign capital in the space, Krish Iyer, President and CEO, Walmart India, said. "We are currently evaluating all the policy guidelines and we do not have an 'only food model' anywhere. So, we need to conceptualise, evaluate and come up with a model, which takes time," Mr. Iyer told reporters on the sidelines of the India Retail Forum. "It is not something we will jump into very quickly," he added. The government had in June announced 100%

foreign direct investment (FDI) in trading of food products produced and manufactured in India. This is now permitted through retail trading including e-commerce under the approval route. The food processing sector has attracted \$5.3 billion via FDI between April 2012 and December 2015. For Walmart India, food retail in the cash-and-carry business accounts for more than 65% of business, Mr. Iyer said. The retailer runs 20 stores in the cash-and-carry format in nine states across the country. In the next five years, it is planning to add 50 more stores, taking the total to 70 as part of an omni-channel strategy. "We continue to focus on Tier II and Tier III cities, and the opportunities here are as good as metro towns," Mr. Iyer said, adding that availability of land is a challenge in metros. He added that the company is focusing on private labels as it fetches better margins. "At present 95% of our products sold are manufactured in India," he said. Source: Financial Express

## INDIAN INVESTMENTS ABROAD

### Cabinet clears stake acquisition in Rosneft assets by Indian firms

The Cabinet Committee on Economic Affairs chaired by Prime Minister Narendra Modi recently approved a plan by a consortium of state-run oil companies—Indian Oil Corp. Ltd, Oil India Ltd and a unit of Bharat Petroleum Corp. Ltd—to buy stakes in two assets in Siberia owned by Russia's state-backed PJSC Rosneft Oil Co. for \$3.3 billion. Although an agreement to buy the assets was announced by the companies on 16 March when Rosneft's President and Chairman Igor Ivanovich Sechin visited India, this is the first time the deal valuation has been made public. The Indian consortium will buy 29.9% stake in LLC Taas-Yuryakh for \$1.24 billion and 23.9% in JSC Vankorneft for \$2.02 billion, said a statement from the oil ministry. The assets will give the Indian consortium access to 7 million tonne of oil equivalent (mmtoe) initially and 8 mmtoe in three years from now. Simultaneously, public sector Oil and Natural Gas Corp. (ONGC) is raising its stake in JSC Vankorneft from 15% to 26%. The transaction is expected to be completed by the end of this year and will give Indian companies a combined 49.9% stake in the Rosneft unit. Brazil's state-run Petróleo Brasileiro SA (Petrobras) last week announced a 25% cut in its capital spending and a disinvestment goal of \$19.5 billion between 2017 and 2018. Indian state-run companies have looked at Petrobras's assets on the block but no final decision has been taken yet for making a bid, the same official cited above said. Out of ONGC's crude oil output of about 31.5 million tonne, 17.5% comes from overseas fields, with Russia being the largest source. Oil fields in Vietnam, Venezuela, Azerbaijan, Colombia, Brazil and Sudan also contribute to ONGC's production. Source: Live Mint

### Rashtriya Chemicals to set up 1.3-mt urea plant in Iran

Rashtriya Chemicals & Fertilizers (RCF) has formed a venture with Gujarat State Fertilizer Corporation (GSFC) and Faradast Energy Falat Company (FALAT) for the development of a 1.3-million-tonne (mt) urea plant at Chahbahar in Iran. The project entails investment of Rs 6,500 crore. The product will be shipped back to India. RCF Chairman and Managing Director Manoj Mishra said, "Both RCF and GSFC together have proposed to hold 51 per cent while the balance 49 per cent will be held by FALAT. However, talks are currently underway." Further, the company plans to expand production capacity at the Thal plant in Raigad district with an investment of Rs 5,500 crore. "RCF will set up a single stream ammonia plant of 2,200 tonnes per day and one single stream urea plant of 3,850 tonnes a day at the site in Thal. The project awaits Cabinet approval," Mr. Mishra said. RCF with Coal India, GAIL India and Fertilizer Corporation of India will set up a complex of 2,200 tonnes a day ammonia plant and 3,850 tonnes a day urea plant at Talcher in Odisha. "Coal gasification route

is being explored as feed stock. A joint venture company, Talcher Fertilizer Ltd, has been incorporated to execute the project which entails an investment of Rs 8,000 crore. RCF has picked up 29 per cent equity worth Rs 1,000 crore," he said. Mr. Mishra said the joint venture has engaged Project & Development India Ltd and has issued expression of interest for the selection of coal gasification technology and it hopes to complete the process in two months. RCF is spending Rs 1,000 crore on energy efficiency in Trombay and Thal plants. "There will be massive reduction in energy which will make us profitable in future. We expect the benefits to start coming by 2018-19," he said. This apart, RCF is investing Rs 198 crore on a sewage treatment plant at the Trombay plant.

Source: Business Standard

### **Infosys to set up centres in Croatia, Russia**

Infosys said it will set up two development centres, housing 180 engineers, in Croatia and Russia to expand its global service delivery network in eastern Europe. India's second largest software services exporter announced an agreement with Italy's Ansaldo Energia, a producer of thermoelectric power plants, to provide engineering services. To support Ansaldo, Infosys will widen its network into Eastern Europe and Russia's established heavy engineering sector by creating the development centres — in Karlovac in Croatia and Moscow in Russia. Financial terms of the contract were not disclosed. Ansaldo Energia supports public and private sector power producers with a range of plant engineering, manufacturing and service activities. Infosys' centres, which will deliver research and development service delivery, will operate as centres of excellence for engineering skills in turbo machinery, aerospace and automotive. Ansaldo is 40% owned by Italian state-backed investment fund Fondo Strategico Italiano and China's Shanghai Electric owns another 40%.

Source: Times of India

### **Wipro Consumer arm to buy China FMCG firm**

Wipro Consumer Care and Lighting's Singapore arm has agreed to buy Zhongshan Ma Er Daily Products Ltd, a Chinese fast-moving consumer goods (FMCG) company, for an undisclosed amount in an all-cash transaction. Wipro Consumer Care said this would be its second biggest acquisition since it bought Unza Holdings Ltd, a Singapore consumer goods firm, for \$246 million in 2007. This will be Wipro Consumer Care's 10th acquisition since 2003; and with this, it expects its international businesses to account for 55% of its total global revenue. The company said it has spent around \$600 million in total on buyouts over the past 13 years. China will become the company's third largest market after India and Malaysia, once the deal is closed. Wipro expects to close the transaction by end-October and anticipates that the newly acquired firm will start contributing to its revenue post that.

Source: Live Mint

## **FORTHCOMING EVENTS IN INDIA**

**Vibrant VCCI Global Trade Show 2016: (December 1-5, 2016, Vadodara, Gujarat):** Vibrant VCCI Global Trade Show 2016 aims to offer all national and international participants a global platform to demonstrate their capabilities in design, engineering, equipment & supplies and support services for large projects. The exhibition will also strongly promote the 'Make in India' initiative under the leadership of Hon'ble Prime Minister Shri Narendra Modi. In addition to Engineering, Electrical and Service Industries, the exhibition will also tap into high growth emerging Industries like Renewable Energy, Real Estate & Infrastructure and Environment Technology. Almost, 50% participants at

Vibrant VCCI Exhibition are from outside Gujarat including Mumbai, Pune, Bangalore, Chennai, Hyderabad, Calcutta and New Delhi among others. The exhibition is expected to have international participants from countries like Canada, Denmark, Italy, UAE and Korea. (<http://vcciexpo.org>)

**India Pharma 2017: (January 9-11, 2017, Bangalore International Exhibition Centre, Bangalore, Karnataka):** India Pharma 2017- An International Exhibition & Conference on Pharmaceutical Industry is a joint initiative of Department of Pharmaceuticals, Government of India and Federation of Indian Chambers of Commerce & Industry (FICCI) to provide a common platform where all the participants will get an opportunity to enhance their brand value by displaying their product and the capabilities. India Pharma 2017 will cover all the sectors of the pharmaceutical industry starting from finished formulations, APIs, Bio-pharmaceuticals, Fine Chemicals and intermediates. ([www.indiapharmaexpo.in](http://www.indiapharmaexpo.in))

**8<sup>th</sup> Vibrant Gujarat Global Summit 2017: (January 10-13, 2017, Mahatma Mandir, Gandhinagar Gujarat):** The central focus of the 8<sup>th</sup> edition of the Vibrant Gujarat Global Summit is "Sustainable Economic and Social Development". The Summit will bring together Heads of States and Governments, Ministers, leaders from the corporate world, senior policy makers, heads of international institutions and academia from around the world to further the cause of development and promote cooperation. The Summit will provide:

- An opportunity to interact with key policy makers, industry leaders, global thought leaders, regulators and renowned academicians from all over the world;
- Opportunity to witness coherent deliberations between sector experts and global luminaries in an array of knowledge seminars during the Summit to comprehend evolving global sectoral trends;
- Platform for SMEs to connect globally with potential partners to explore opportunities of collaboration and partnership.
- Networking forums to foster interaction between stakeholders through B2B & B2G meetings;
- An exhibition spread over 1,25,000 sq.mts with exclusive demo sessions showcasing the latest trends and technology, products and services across sectors.

([www.vibrantgujarat.com](http://www.vibrantgujarat.com))

**Health Tech India: (February 3 -5, 2017, Pragati Maidan, New Delhi):** is being organized by Confederation of Indian Industry. Health Tech India will be a comprehensive showcase event on the Healthcare Industry covering the entire gamut of Medical Equipment & Devices, Hospital Infrastructure, Surgical, Diagnostic, Disposable Materials & Allied Services. This would be one of the largest shows in India. Health Tech India would be an ideal platform for the medical equipment manufacturers to offer affordable, accessible, and quality equipment and showcase technology trends in healthcare, which are necessary to meet the growing demands of our country. Health Tech India would, most importantly, help the medical fraternity, public health officials, government doctors, public policy officials, and healthcare delivery industry to network at various forums.

([www.healthtechindia.co.in](http://www.healthtechindia.co.in))

**India Steel: (April 20-22, 2017, Mumbai Exhibition Centre, Mumbai):** 3<sup>rd</sup> International Exhibition and Conference is a joint initiative taken by the Ministry of Steel, Government of India and Federation of Indian Chambers of Commerce and Industry (FICCI) to provide a platform to all the Participants, Delegates, Business Visitors and other key decision maker from the Steel and other related industry to interact with, and explore new business avenues. would focus upon the Indian steel industry highlighting the current trends, developments, challenges and future prospects.



Aligned with the theme, the conference would then have technical sessions highlighting upon the Indian mining perspective (& its linkage to Indian steel), technological advancements in the production process, increasing demand for steel products in India, augmentation of logistics infrastructure and key milestones in the journey of the industry to 2025. ([www.indiasteelexpo.in](http://www.indiasteelexpo.in))

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10.	Ultracab (India) Limited Navi, Mumbai Phone: +91-22-2087-0306 / 07 Mobile: +91-70459-42534 Email: <a href="mailto:export01@ultracab.in">export01@ultracab.in</a> Website: <a href="http://www.ultracab.in">www.ultracab.in</a> , <a href="http://www.ultracabwires.com">www.ultracabwires.com</a>	Manufacturers of wires and cables Main products include: 1. House Wire (FR/FRLS/HRLF/ZHFR) 2. Submersible Round & Flat Cables 3. Industrial Flexible Cables (Up to 61 cores are available) 4. PVC/XLPE Power & Control Cable (Single Core upto 1000 Sq.mm & 4C x 400 Sq.mm)