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Jaitley presents a growth-oriented Budget

Falling just short of big bang reforms called for by his own economic survey, Finance Minister Arun Jaitley on February 28 presented a Rs.17.78 lakh crore (nearly $300 billion) national budget for the next fiscal that seeks to put more money in the hands of the average citizen, tackle the menace of black money more effectively and end an era of "scam, scandal and corruption".

In his 93-minute budget speech in the Lok Sabha, the finance minister said a new law on black money stashed abroad will call for an imprisonment of up to 10 years on its perpetrators with a penalty of 300 percent, while another proposed legislation will clamp down on benami property in India with both confiscation and prosecution.

This apart, the 62-year old lawyer-politician also proposed a new public procurement law for the consideration of the house that can encourage transparency in the way government buys goods and services while removing the reluctance in decision-making among the bureaucracy due to the fear of being questioned later by probe agencies.

The finance minister said while individual tax payers would stand to gain as much as Rs.440,200 by way of enhanced exemptions he has proposed in his two budgets since July last year, the corporate sector can benefit from a cut in tax rates from 30 percent to 25 percent over four years, albeit with a sharp reduction in the exemptions.

The other highlights of Jaitley's budget include universal social security with health insurance coverage for the poor, a new bankruptcy law, a fresh gold monetisation scheme, the deferment of much-criticised General Anti-Avoidance Rule by two years with prospective effect, a pan-India goods and services tax regime from April 1, 2017, tax-free bonds to fund rail, roads and irrigation projects and five new ultra mega power projects.

Prime Minister Narendra Modi hailed the budget as progressive and practical which delivers on job creation, equity and growth. "Union budget 2015 is a budget with a clear vision. It is a budget that is progressive, positive, practical, pragmatic and prudent," Modi tweeted.

Industry, too, welcomed the proposals and said it will encourage investment with a better environment for doing business. The emphasis on infrastructure, agriculture, manufacturing and rural economy was particularly welcomed.

Regarding radical liberalisation suggested by the economic survey, Jaitley sought to give an explanation. "People who urge us to undertake big bang reforms also say that the Indian economy is a giant super tanker, or an elephant. An elephant, Madam Speaker, moves slowly but surely. Even our worst critics would admit that we have moved rapidly," he said.

Among the various welfare programmes, the finance minister outlined a new student loan scheme for higher education, Rs.8.5-lakh credit for farmers, significant hikes in the allocations for women safety, rural job guarantee scheme, and mid-day meal programme, a new pension fund and several skilling schemes for the youth.

He also made several references to two of Prime Minister Modi's pet projects, and said while policies outlined by him and various tax proposals were aimed to giving an impetus to "Make in India" campaign, particularly aimed at the youth and manufacturing, he also announced 100-percent tax rebate on money spent by the corporate sector towards the Swachh Bharat Abhiyan.

In the realm of taxation, Jaitley said wealth tax will be abolished, with a cess, instead, on the super rich, the service tax rate hiked, exemption limits for individual tax-payers significantly enhanced, notably in areas like insurance, excise and customs duty rationalised and corporate tax rate cut over four years from 30 percent to 25 percent, with the removal of a host of exemptions.

"My direct tax proposals would result in revenue loss of Rs.8,315 crore, whereas the proposals in indirect taxes are expected to yield Rs.23,383 crore. Thus, the net impact of all tax proposals would be revenue gain of Rs.15,068 crore," the finance minister said, while also earmarking a target of Rs.41,000 crore from divestment of stake in state-run enterprises.

At the same time, the finance minister said that he was not losing sight of financial discipline, sticking to the fiscal deficit target of 4.1 percent of GDP for the current fiscal and 3.9 percent for the next, and pruning it further to 3.5 percent and 3 percent over another two fiscals.

This, despite a near 6 percent increase in the total expenditure at Rs.1,777,477 crore for the next year over the revised estimates for the current fiscal. But the size of plan expenditure, which forms the more productive use of finances, has been cut marginally by 0.5 percent to Rs.465,277 crore.

The finance minister began his speech on a positive note on the India economy and said it was logging the fastest-growth among larger countries, with inflation easing significantly over the past year. He was also quick to take this credit for his government.

Through the day, key stock market indices fluctuated wildly, after opening in the green. The sensitive index (Sensex) of the Bombay Stock Exchange (BSE) opened nearly 200 points, or 0.7 percent higher, but went into the red with a loss of nearly 340 points over the previous close.

Intra-day, the fluctuation was as wide as nearly 530 points. But by the end of the day, the 30-share key index managed to float back into positive territory with a gain of around 140 points, or nearly 0.5 percent over the previous close. The case was the same with the broad CNX Nifty of the National Stock Exchange (NSE), which finally ended with a gain of 0.65 percent.

Source: Indo-Asian News Service

Progressive budget which delivers on growth: Prime Minister Modi

Prime Minister Narendra Modi on February 28 hailed the Union budget as progressive and practical which delivers on job creation, equity and growth.

"Union budget 2015 is a budget with a clear vision. It is a budget that is progressive, positive, practical, pragmatic and prudent," Modi tweeted.

"Budget 2015 has a distinct focus on farmers, youth, poor, neo-middle class and the aam nagrik (common man). It delivers on growth, equity and job creation," he said.

"From housing for all, jobs, health, education and total electrification, FM (finance minister) laid down goals to be achieved by 2022, India's Amrut Mahotsav."

"Budget is investment friendly and removes all doubts on tax issues. It assures investors that we have a stable, predictable and fair tax system," Modi said.

"I congratulate FM for doing an excellent job in respecting aspirations of the states and at the same time delivering on national priorities," Modi added.

Source: Indo-Asian News Service

Consolidated Budget Highlights

Highlights of the budget for 2015-16 presented by Finance Minister Arun Jaitley in the Lok Sabha on February 28:

* Personal income tax rates unchanged
* Increase in limit of deduction in health insurance from Rs.15,000 to Rs.25,000
* For senior citizens, this limit to be increased from Rs.30,000 from present Rs.10,000
* Deduction limit of Rs.60,000 on account of serious diseases to be enhanced to Rs.80,000 for senior citizens
* Exemption on contributions to Pension Fund hiked from Rs.1 lakh to Rs.1.5 lakh per year
* All investment payments in 'Sukanya Scheme' will be fully exempted from tax
* Transport allowance exemption raised from Rs.800 to Rs.1,600 per month
* Universal social security system for all Indians, especially poor and disadvantaged sections
* Atal Pension Yojna for economically disadvantaged
* PPF and EPF corpus to be utilised for senior citizens' welfare fund
* Physical aids and assisting devices for physically challenged senior citizens
* Wealth Tax to be abolished and additional two percent tax on super rich to yield Rs.9,000 crore annually
* GDP growth at 7.4 percent in 2014-15 and at 8-8.5 percent in 2015-16; double-digit growth feasible
* Non-Plan expenditure in 2015-16 estimated at Rs.1,312,200 crore; Plan expenditure estimated at Rs.465,277 crore
* Tax collection in 2015-16 estimated at Rs.1,449,490 crore
* Adequate provision for defence with Rs.246,727 crore earmarked for 2015-16
* Investment on infrastructure to go up by Rs.70,000 crore in 2015-16 over 2014-15
* Education sector allocated Rs.68,968 crore; rural development gets Rs.79,526 crore

* Nirbhaya Fund gets another Rs.1000 crore in 2015-16
* Facilities at eight World Heritage Sites to be restored
* Government to soon launch National Skills Mission
* During 2015-16 AIIMS-like institutes to be set up in Jammu and Kashmir, Punjab, Tamil Nadu and Himachal Pradesh; Bihar to get second AIIMS-like institution
* Karnataka to get an IIT; Indian School of Mines in Dhanbad to be upgraded to IIT
* Fully IT-based student-help facility for needy students
* Corporate tax to be reduced to 25 percent from 30 percent in four years
* Tax exemption for contributions to 'Swachh Bharat Abhiyan' and 'Clean Ganga Fund' by corporates as part of CSR
* In last nine months several steps taken to effectively deal with problem of black money
* Comprehensive new law to be brought against black money
* Rigorous imprisonment of up to 10 years for concealing income
* Prevention of Money Laundering Act to be amended to provide for forfeiture of property in India if the one abroad cannot be attached
* Law against Benami property in fight against black money
* Quoting PAN essential in property transactions
* Forwards Markets Commission to be Merged with Sebi
* Splitting of transaction not to be permitted
* Changes in excise on tobacco items, including cigarettes, paan masala and gutkha
* Excise duty on footwear with leather uppers to be reduced to six percent
* Service tax and education levy to be consolidated from 12.36 percent to 14 percent
* Swachh Bharat cess of two percent, if necessary
* Tax regime to be rationalised
* Applicability of General Avoidance Rules (GAR) to be deferred by two years in view of problems faced in its implementation
* New structure to be put in place in banking sector for seamless integration of data
* Eastern states to be given opportunity to develop faster. Special boost to Bihar and West Bengal as in the case of Andhra Pradesh and Telangana
* Good progress in DMIC corridor and other infra-projects. Rs.1,200 crore earmarked and additional funds if pace of work picks up on ongoing projects
* Procurement law to be drawn up to ensure transparency and remove corruption
* Centenary of Deen Dayal Upadhyay to be celebrated; committee for this to be set up soon
* Good progress being made on Digital India
* To discourage transactions in cash, Rupee debit card to incentivise credit transactions
* In line with 'Act East Policy', steps to catalyse investment in this sector through a project development company to oversee investments in Cambodia, Laos and Vietnam
* Tourism has increased after Visa on Arrival introduced for 43 countries. This facility to be increased to 150 countries in different stages
* Public Debt Management Agency to be created to strengthen the bond market
* Gold Monetisation Scheme to be introduced; sovereign gold bonds to be introduced; working on developing Indian gold coin with Ashok Chakra on face
* Vision of making India cashless society
* Foreign Investment in alternative investment funds to be permitted
* Ports in public sector to be encouraged to utilise land under their control
* Make India investment-destination by streamlining permission procedures
* Five ultra-mega power projects each of 4,000 MW to be set up; Second unit of Kudankulam Nuclear Power Station will be commissioned in 2015-16

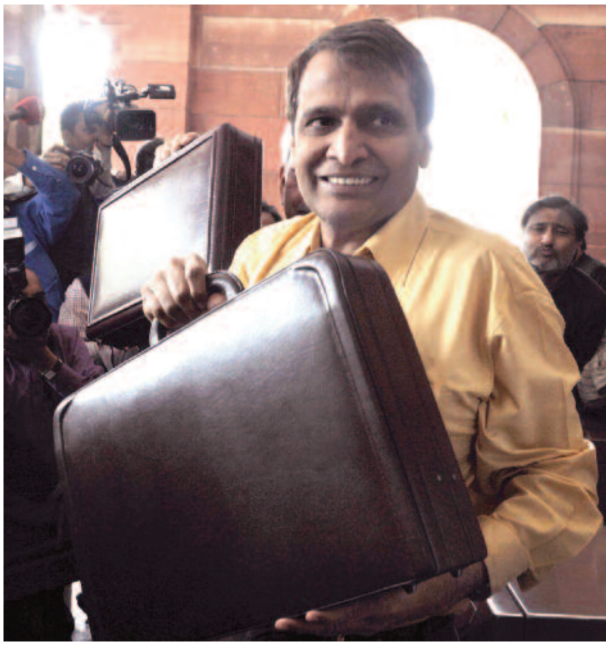
* Self Employment and Talent Utilisation (SETU) to be Established
* Integrated education and livelihood scheme to be launched
* National investment and infrastructure fund to be launched with corpus of Rs.20,000 crore to generate more funds
* Innovation initiative to be launched in NITI Aayog in the name of former prime minister Atal Bihari Vajpayee
* Government committed to increasing access of people to the banking system
* Postal network across the country to be used for increasing access to formal financial system
* Main challenges: increasing agricultural production; increasing investment in infrastructure; with manufacturing declining, Make in India will create jobs; cooperative federalism
* Agriculture credit targetted at Rs.8.5 lakh crore
* Rural jobs scheme to get Rs.34,699 crore; Allocation to be enhanced by Rs.5,000 crore if additional funds available; Every poor to get a job
* To work with NITI Aayog for creating a National Agricultural Market
* Need well-targeted system for subsidies.
* Direct transfer of subsidy to LPG consumers
* Appeal to well-off consumers to surrender subsidised LPG connections
* Organic farm schemes of agriculture ministry to be supported
* 'Per drop More crop' scheme for better irrigation
* Three achievements - Jan Dhan Yojna, coal auctions, Swachh Bharat
* Two more gamechanging reforms: Goods and Services Tax, JAM trinity (Jan Dhan Yojna, Aadhar, Mobile number) to ensure transparency
* Our achievement to conquer inflation, CPI inflation at five percent by year-end
* We are in an economic environment far more positive than in the recent past
* Undertaken several significant steps to energise the Indian economy in last nine months
* India's chance to fly
* Budget proposals lay down roadmap for economic growth.
* "The Everlasting Flame" exhibition on Parsis to be launched

Source: Indo-Asian News Service

Passengers spared, freight rates hiked in India's rail budget

Sparing a passenger fare hike but raising freight rates again, Minister Suresh Prabhu presented his maiden budget for Indian Railways on February 26, with a slew of measures to improve service quality, safety and reach and a 52-percent jump in plan outlay for 2015-16 at Rs.100,011 crore ($16.7 billion).

Raising some passenger train speeds by 50 percent on nine key routes, faster freight trains, user-friendly ladders to mount upper berths, wi-fi in 400 stations, more money for escalators, easier norms for unreserved tickets, 17,000 bio-toilets in trains, better connectivity in north-east and cameras for safety of women travellers are among the other highlights of the budget.



"There will be no hike in passenger fares. We will focus on improving passenger amenities, including cleanliness," Railway Minister Prabhu said in a 66-minute speech in the Lok Sabha, watched keenly by Prime Minister Narendra Modi who had handpicked him for the job.

Even though Prabhu made no mention of any revision in freight tariff in his speech, as has been the norm in the past, the minister, nevertheless, revised it upward between 2.1 percent and 10 percent, not sparing even commodities like grain, pulses, urea and coal.

In the previous budget tabled by the Modi government in July last year, passenger fares had been hiked by nearly 15 percent while the freight tariff was increased by 6.5 percent.

The minister also promised a vastly improved operating ratio, which spells out how much money is spent on day-to-day operations to earn revenues — an indication of the funds left for safety and expansion.

He targeted to bring it down to 88.5 percent, or the lowest in nine years, from an unsustainable level of 93.6 percent in 2013-14 and 91.8 percent for this fiscal. This is better than what the prime minister had asked the railways to do a few days ago.

Globally, a 75-80 percent or lower ratio is seen as a healthy benchmark.

Prabhu also seemed to have ruled out the sale or leasing of surplus land and other assets to get revenues. "We will monetize our resources rather than sell," he said, adding: "Business as usual of asking for budgetary support from finance ministry is neither sustainable nor necessary."

He pegged a 52 percent jump in the plan outlay for 2015-16 at Rs.100,011 crore, projecting a 16.7 percent growth in passenger earnings and 13.5 percent in freight. The minister has also proposed a 46.5 percent increase in market borrowings to bridge the fiscal gap.

Soon after the budget presentation, Prime Minister Modi gave a thumbs up to Prabhu. "Rail budget 2015 is forward looking, futuristic and passenger-centric, combining a clear vision and definite plan to achieve it," Modi said in a tweet, even calling it a watershed moment for railways.

The same, however, was not true with the markets, with the sensitive index (Sensex) of the Bombay Stock Exchange falling some 260 points, or nearly 1 percent, with most stocks of companies associated with railways ending in the red.

Indian industry, by and large, welcomed the proposals notably the substantial hike in the plan outlay and the emphasis on private-public partnerships for big-ticket projects. But some captains of industry felt the freight hike could have ben avoided.

The minister began his speech with what ails Indian Railways.

"Railway facilities have not improved very substantially over the past few decades. A fundamental reason for this is the chronic under-investment in Railways, which has led to congestion and over-utilization," he said.

"As a consequence, capacity augmentation suffers, safety is challenged and the quality of service delivery declines, leading to poor morale, reduced efficiency, sub-optimal freight and passenger traffic and fewer financial resources. This again feeds the vicious cycle of under-investment," he said.

"This must be put to an end," said the chartered accountant-turned-politician, while presenting the budget for one of the largest railway networks in the world. "We have to make our Indian Railways a benchmark organisation in safety, security and infrastructure," he said in a speech peppered with several Hindi couplets.

Playing with words, he also invoked God (Prabhu) and said: "One of the first things I asked, 'hey prabhu' how will all this be possible." Then, amid laughter, he went on to add that while 'prabhu' as in god did not reply, he took it upon himself, the mortal 'prabhu', for overseeing the rebirth of Indian Railways.

Earlier the minister presented a white paper on Indian Railways, which he said will form a trilogy of what plans he had in mind for one of the largest such networks in the world along with his budget for 2015-16 and a Vision 2030 document to be presented later in the year.

He also set four goals to transform Indian Railways: Improved customer experience, safer travel, modern infrastructure and financial self-sustainability. "We will also create a separate department for taking care of cleanliness."

For the record, India boasts one of the oldest and the largest railroad networks in the world, ferrying some 23 million people, or a population the size of Australia, as also 2.65 million tonnes of goods on its coaches, each day.

It serves from 7,172 stations via 12,617 passenger and 7,421 freight trains on a track network spanning Baramulla in the Himalayan foothills of Kashmir to the southern tip of Kanyakumari in Tamil Nadu, and from Naharlagun in Arunachal Pradesh to the port town of Okha in Gujarat.

Source: Indo-Asian News Service

Economic Survey says double-digit growth possible, inflation easing

India's Economic Survey has projected growth at over 8 percent for the next fiscal and said inflation was easing while setting the agenda for "big-bang" reforms to further drive expansion, prune wasteful expenditure and promote investments in a green way. Tabled in parliament on February 27 by Finance Minister Arun Jaitley and authored by a team led by Chief Economic Advisor Arvind Subramanian, the annual report card on the state of the economy said the growth should now rise further and double digit expansion was a possibility.

But it also had a caveat. "The growth estimates of over 8 percent for the year is on expectations that the monsoon will be favourable, as it was forecast to be normal, compared to last year," it said, adding that such an expansion was necessary to address poverty.

"Double-digit growth can help in 'wiping every tear from every eye' and realising the aspirations of India's youth," the survey said, indicating this should also be an easier task for the government now with a clear political mandate for reform and a benign external environment. "Decisive shifts in policies controlled by the Centre combined with a persistent, encompassing, and creative incrementalism in other areas could cumulate to 'Big Bang' reforms."

It said Gross Domestic Product (GDP) growth in 2012-13 was 5.1 percent, which increased to 6.9 percent in 2013-14 and was now expected to further increase to 7.4 percent in 2014-15, as per advance estimates available with the government.

On the intended green actions, the survey said while the shift from a carbon subsidisation regime to one of taxation and from negative pricing on emissions to putting an implicit positive price was welcome, there was still a long way to go on reform of coal and petroleum pricing. On inflation, the survey said, there has been a fall of over 6 percentage points since 2013, even as the external sector, which includes exports and inflow of foreign funds, was returning to a path of strength and resilience. Industrial growth has also picked up now.

It also had some good news to report on the farm sector. "Foodgrain production for 2014-15 is estimated at 257.07 million tonnes and will exceed that of last year by 8.5 million tonnes."

It also called for three incremental steps to create a national national market for farm produce: Removing fruits and vegetables from list of regulated goods, policy support from states to create alternative or special markets in private sector, and liberal policy for foreign investment. The survey noted with concern the fall in productive investment in India in recent years. It said investment rate over the past years, as measured by gross capital formation (GCF) as a percentage of GDP declined from 38.2 percent in 2011-12 to 32.3 percent in 2013-14.

It also made a case for rationalisation of subsidies and said such doles did not appear to have had a transformative effect on the living standards of the poor. On the fiscal side, it said the government was committed to consolidation with revenue generation a priority. The survey said a close look at price subsidies, which are estimated at around Rs.3,78,000 crore, or 4.24 percent of GDP, reveal that they may not be the government's best weapon for fighting poverty.

Importantly, it also observed that the current subsidy regime indicates that rich households benefited more from such doles than the poor. Among various examples it dwelt upon for this conclusion, it said that subsidy on electricity can only benefit the relatively rich. At the same time, the survey said, eliminating or phasing out subsidies was "neither feasible nor desirable" and said the "JAM" trinity -- Jan Dhan Yojana, Aadhar cards and mobile phones -- will allow the government to deliver such doles in a targeted and less-distorted manner.

The survey also dwelt on Prime Minister Narendra Modi's pet project "Make in India" and said this key policy objective can be achieved by deciding what to make, giving priority to services and making some structural transformation in the skill sets of the labour force.

Equally important, it noted, was the removal of distortions that were preventing manufacturing to become an engine of economic growth, such as those in labour markets, capital markets, the land market and lack of sync between need for skilling and comparative advantage of labour force.

Source: Indo-Asian News Service

E-visa gives fillip to tourism sector: Economic Survey

Easing of the Indian tourism visa regime through the expansion of Visa on Arrival enabled by Electronic Travel Authorization (ETA) will give a fillip to foreign tourist arrivals in the country, the Economic Survey for 2014-15 said here on February 27.

"There was an increase in growth on both foreign tourist arrivals at 7.1 percent and foreign exchange earnings at 6.6 percent in the year 2014," the survey, which was tabled by Finance Minister Arun Jaitley in the Lok Sabha, said.

"However, India's share of world tourism is a paltry 0.6 percent of international tourist arrivals compared to 7.8 percent in France and 6.4 percent in the US," it added.

India now allows e-visa for 42 countries.

Source: Indo-Asian News Service

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Singapore firm commissions first power project in India

Singapore firm Sembcorp Industries's first power project in India has commenced commercial operation.

The firm announced completion of the first 660-megawatt unit of the Thermal Powertech Corporation India (TPCIL) plant in Nellore district of Andhra Pradesh.

The 1,320 MW coal-fired power plant in the coastal town of Krishnapatnam comprises two units of 660 MW each, with the second unit expected to begin commercial operation in the third quarter of 2015.

The approximately $1.5 billion power plant utilises supercritical technology, which allows for enhanced efficiency and reduced emissions compared to other conventional coal-fired power plants, the company said in a statement.

With the completion of this first unit, the plant has begun supplying power to the states of Andhra Pradesh and Telangana, helping to meet the increasing power demand in the southern region and supporting its economic growth.

TPCIL has already secured power purchase agreements for 900 MW, or almost 70 percent of the plant's capacity, of which 500 MW will be sold under a 25-year agreement with the Andhra Pradesh and Telangana power distribution companies.

Sembcorp owns a 65 stake in TPCIL through its wholly-owned subsidiary, Sembcorp Utilities, while Gayatri Energy Ventures, a wholly-owned subsidiary of Gayatri Projects, owns the remaining 35 percent.

Source: Indo-Asian News Service

TPG invests Rs 900cr in Manipal Health

Global private equity major TPG Capital Management is buying a 'significant minority stake' in Bengaluru-based hospital operator Manipal Health Enterprises (MHEPL) for $146 million, or a little over Rs 900 crore, the companies said in a joint statement.

The deal was first reported by TOI in its July 22 edition last year. Puneet Bhatia, partner and TPG Capital's head of India, said, "In MHEPL, we have identified a business with extensive global experience and expertise in healthcare, a sector supported by robust growth drivers and with a critical role to play for social advancement in India."

Part of billionaire Ranjan Pai's Manipal Education and Medical Group, Manipal Health owns and operates over 5,200 beds across 16 hospitals in India and one hospital in Klang, Malaysia. Counted among the top three hospital chains in the country, Manipal Health provides treatment to over 2 million patients annually.

"This investment allows MHEPL to access TPG's operational know-how and international experience while strengthening our financial position," said Pai, CEO and MD of the Manipal Group.

Source: The Times of India

Defence sector to be opened soon for lobbyists, agents

For greater transparency in defence deals, the government will soon open up the sector for lobbyists/agents, with the rider that companies will be heavily penalised if they violate stringent conditions, including disclosure of consultancy fee paid to their agents.

Inter-ministerial consultations are on to finalise a revamped defence procurement policy by April, and the norms on defence lobbyists/agents /middlemen are expected to be part of this policy, official sources told FE.

However, the government has decided that blacklisting of firms will be reserved only for the rarest of rare cases. This was because the UPA government had blacklisted as many as 12 firms, severely restricting the options of defence forces to source equipment and spare parts. Currently, many defence companies covertly use agents to strike deals, but they wash their hands off the agents' activities in case of wrongdoing.

According to defence ministry sources, the new norms will make it mandatory for companies to disclose the names of agents and the agency fees paid every year till the end of the contract.

The norms will also specify that the nature of the relationship between the company and its agent will have to be included in the contract signed with the government. This is to ensure that companies can be held responsible for the acts of agents including bribery and other illegal acts.

Firms failing to make such disclosures will have to pay a huge penalty in addition to the contract amount. Such companies and their officials would also face criminal charges. "The agent's fee or consultancy will have to be declared in advance. Also, companies must inform the defence ministry within 15 days if they hire an agent or change consultants midway into negotiations," said an official. "What is expected to be finalised at the meeting is a graded system of penalty depending on the enormity of the violation. The idea is to make violations prohibitively expensive so that there is no inducement to violate the conditions," he added.

The proposed changes in policy follow the new found pragmatism in the government as the action taken against companies by the previous government severely hit defence preparedness.

Citing an example — of "blacklisted" Tatra Sipox, the company that supplies specialised vehicles on which nuclear and other missiles are mounted and carried — about 10 % vehicles had to be grounded because of lack of spares, as investigations dragged on. Defence minister Manohar Parikkar finally allowed the forces to negotiate with another independent Tatra-Sipox entity that was not involved in the alleged wrongdoing.

Source: The Financial Express

India, Japan to carry out gas hydrate survey

India and Japan will be carrying out joint survey for gas hydrates using a Japanese drilling ship in the Indian Ocean next week, as part of a collaborative operation between India's National Institute of Oceanography (NIO) and the Japan Agency for Marine-Earth and Science Technology (Jamstech).

The announcement was made at the India-Japan Science Summit, where the two agencies signed a memorandum of understanding for joint collaborations in ocean research..

"As part of our collaboration in the field of geophysics, we are looking particularly at exploration of gas hydrates energy reserves. The Japanese drilling ship Chikyu is coming to our waters next week and will carry out a survey and explore jointly for gas hydrates," said S.W.A. Naqvi, director, NIO.

This is a part of the National Gas Hydrate Programme in which NIO is a participant.

The potential sites for locating gas hydrates are the Mahanadi basin, Krishna-Godavari basin, and locations off the West Coast of India.

"You require certain temperature pressure conditions, which mean high temperature and low pressure, for these gas hydrates to be formed and they occur buried in the sea floor. They can be located using geophysical surveys which we will perform," explained Naqvi.

Prime Minister Narendra Modi recently listed work on gas hydrates among the top 10 potential areas of research for India.

Naqvi said that it is exceedingly important for India to carry out research on gas hydrates given the country's dependence on imported fossil fuel.

"We have these huge deposits of gas hydrates in our exclusive economic zone and that is difficult to mine at this point but we need to evaluate the potential so that in future these will have to be explored and exploited," he added.

Other collaborative projects that the two agencies will carry out are related to upper ocean dynamics, especially the equatorial current system in the Indian Ocean and the Indian Ocean Dipole, both of which affect the monsoon. A third area that will be explored is climate change.

"The Indian Ocean is of common interest to many countries to understand the science behind various phenomena in our countries. Japan is also majorly affected by the monsoon and the Indian Ocean.

Hence it is important for countries to collaborate to improve research in these areas," said Hitoshi Hotta, executive director at Jamstech.

Source: Mint

Naidu invites Japan to invest in Andhra capital

Andhra Pradesh Chief Minister N. Chandrababu Naidu has invited Japanese firms to invest in the development of the new state capital and in various sectors which offer huge opportunities.

He promised the investors faster clearances, allotment of any amount of land, round-the-clock electricity supply, water and hassle-free business environment.

Naidu was addressing a seminar on "Expanding technology cooperation for smart community in Andhra Pradesh", organized by the New Energy and Industrial Technology Development Organization (NEDO) and Ministry of Economy Trade and Industry (METI), government of Japan.

About 100 Japanese delegates from 40 companies attended the seminar organised as a follow-up to Naidu's visit to Japan.

Naidu made a presentation on the investment opportunities in the capital region and also the special initiatives by his government to ensure ease of doing business.

The chief minister highlighted investment opportunities for Japanese investors in world-class capital city, smart villages, smart wards, renewable energy and energy efficiency.

He said the capital city, whose master plan is being developed by two companies from Singapore, would be a smart city.

He urged the Japanese firms to invest in various elements of smart cities like efficient use of water, clean energy, intelligent transport systems, smart governance and environment.

Naidu said the capital city being developed in Guntur and Vijayawada offers investment opportunities of $30 billion in the next decade.

He said metropolitan region of 7,068 sq km would have world class urban smart infrastructure facilities including world's largest ring road of 180 km.

Naidu asked the delegates to explore the opportunities for collaboration in urban infrastructure, manufacturing, agriculture, food processing and IT.

He promised dedicated industrial townships and industrial clusters for Japanese investments, single desk for all clearances and tax reforms to boost investment sentiments.

Naidu said Andhra Pradesh with 974 km coastline is strategically positioned to attract investment and become the logistics hub of southeast Asia.

He said the state with rich natural resource base and English speaking human resources offers tremendous investment opportunities. He said Vijayawada and Visakhapatnam would be global cities of the future.

Akio Isomata, Minister, Embassy of Japan in India, said 1,200 Japanese firms had their presence in India. He, however, said they were facing various problems relating to tax, regulations and infrastructure.

He said the Japanese investors were directly dealing with the states to overcome these problems. He was all praise for Naidu's leadership and vision.

Source: Indo-Asian News Service

NSE plans international exchange at GIFT SEZ

National Stock Exchange of India Ltd (NSE) has announced it is setting up an international exchange in a special economic zone (SEZ) being developed as the country's first International Financial Services Centre (IFSC) by Gujarat International Finance Tec-City Co. Ltd (GIFT).

The announcement comes ahead of the Union Budget which is expected to detail guidelines for IFSCs, which could facilitate offshore banking, currency convertibility and incentives to insurance and other financial services companies to operate from the SEZ, Mint reported on 12 January.

NSE's agreement with GIFT, signed on February 26, involves the setting up of an international bourse that will offer trading in equities, interest rates and currencies among other asset classes.

This comes around a month after BSE Ltd signed a similar deal with GIFT, entailing an investment of Rs.150 crore.

The two exchanges will work towards moving the centre of gravity of key trading segments back to India.

"In the absence of an IFSC in India, India has lost roughly 50% market share in the two most important India-related products: with rupee and Index being mostly traded on foreign platforms instead of onshore trading in such products," a GIFT statement released on 12 January had said.

Chitra Ramkrishna, managing director (MD) and chief executive officer (CEO),NSE, said: "We at NSE would like to be a part of the vision of the government to develop an international financial services centre in India.

This will help the nation compete with other similar destinations. This will allow Indian and international entities to deal in financial products and services from India, making GIFT-India as one of the foremost international financial centres in the world.

Ramkrishna said details like investment amount or the scale of operation will be worked out soon, with the new rules to finance SEZs expected soon.

GIFT, one of Prime Minister Narendra Modi's pet projects when he was chief minister of Gujarat and now projected as the first of 100 smart cities the government plans to build across India, is seen as

India's reply to the international finance centres of Dubai, Singapore and Hong Kong.

It is estimated that GIFT will provide 500,000 direct, and an equal number of indirect, jobs, which would require 62 million sq. ft of commercial, residential and social facilities, with a total investment of about Rs.78,000 crore over the next 10 years.

GIFT Co. is a 50:50 joint venture (JV) between Infrastructure Leasing and Financial Services Ltd (IL&FS) and the state government-owned Gujarat Urban Development Co. (GUDC). Of the 880 acres allotted to GIFT City, about 250 acres is earmarked for the IFSC.

This will be treated as an SEZ.

Ramakant Jha, MD and group CEO, GIFT City, said, "We welcome NSE at GIFT City to establish an international exchange. With the operating guidelines being issued by the ministry of finance, government of India, for IFSC, our aim is to make GIFT at or above par with other globally benchmarked financial centres.

This MoU (memorandum of understanding would help in attracting various international services and, thereby, create an eco-system for operation of an international exchange in the country.

The government, in consultation with the Reserve Bank of India, may also have to tweak the Foreign Exchange Management Act (FEMA) to accommodate the special needs of an IFSC.

The National Institute of Public Finance and Policy (NIPFP) submitted a concept note to the ministry of finance on 6 February detailing the objectives and the policy framework for setting up finance SEZs in India.

The 21-page report, titled Policy Framework for Finance SEZ, highlights the steps and short-term actions that may be adopted to start a finance SEZ.

It suggests that till the time the Indian Financial Code (which would provide a comprehensive framework for a world-class financial system) is not enacted, a specialized law for a financial SEZ can be passed.

Another alternative, it says, is to notify new guidelines as per the SEZ Act, 2005, as applicable to a finance SEZ.

The rationale for such a project, the concept note says, is the fact that an estimated Rs.1,334 crore per day, or Rs.2 trillion per year, for trading in rupee derivatives trading, is going to locations outside India.

The report proposes exchanges based in such SEZs can compete for global customers with the DGCX in Dubai or the SGX in Singapore.

The report suggests that taxation inside a finance SEZ has to be rationalized. GIFT's Jha is also hoping for an alternative dispute resolution system, similar to the special court in Dubai financial service centre.

Pradip Shah, who runs IndAsia, a corporate finance, private equity, and investment advisory, says that IFSCs will give a huge boost to the nation's gross domestic product.

He said that 12-13% of the UK's gross domestic product (GDP) comes from financial services, the highest such measure in all G7 economies. Ireland set up an IFSC in 1987 and it employs 32,700 people directly and contributes 7.8% to the Irish GDP, added Shah, who was the founder-managing director of Crisil Ltd, India's first and largest credit rating agency. He also assisted in the founding of Housing Development Finance Corp. Ltd (HDFC), India's first retail housing finance company, in 1977.

The US offers Delaware as a convenient location for registering firms—945,000 are registered there, generating revenues of such a scale that Delaware levies no sales tax.

Switzerland, according to Shah, manages $2.1 trillion of offshore money; Britain and its Channel/Caribbean islands manage $1.9 trillion, while Singapore has $1.3 trillion of offshore assets under its care.

Source: Mint

Ola acquires TaxiForSure in $200-mn deal

Ola Cabs has acquired its smaller rival in the taxi aggregator space, TaxiForSure, in a $200-million (Rs 1,200 crore) cash and equity arrangement.

This is the first major acquisition in the taxi-aggregator space in India.

Ola, already a leader in the personal transportation market with a valuation exceeding $1 billion (Rs 6,000 crore) and over 100,000 vehicles on its platform, will become a stronger entity through TaxiForSure's operator-led model.

The latter operates in 47 cities, with at least 15,000 vehicles on its platform.

Larger rivals Meru Cabs and Uber are on a discounting spree to corner as much market share as possible.

Meru has a fleet size of 15,000 and Uber is present in 11 cities, the second biggest geographical presence for the American giant outside the US.

Meru has been giving out discounts at a cautious pace. The belief among experts in the sector is that only two or three major entities would survive. Meru is already in talks with regional brands to expand its presence in smaller cities. It is aiming to raise $100-150 million from existing and new investors.

After the merger, Ola and TaxiForSure will continue to operate as separate entities.

TaxiForSure's leadership and 1,700 employees will continue to work with it, under Arvind Singhal (earlier the chief operating officer) as chief executive officer. Aprameya Radhakrishna and Raghunandan G, its founders, will contribute in advisory roles for a certain period.

"There is significant complementary value that this acquisition adds both on the supply and demand sides for Ola and TaxiForSure," Ola said.

It added, "The latter follows a different model of supply and distribution by working with cab operators, while Ola works with driver-entrepreneurs.

TaxiForSure has in the past also focused heavily on the economy segment of cab consumer, with innovative offerings like Tata Nanos as part of their fleet and Rs 49 as base fares.

For customers, drivers and operators on the TaxiForSure platform, there will be little change. Customers can continue to book a cab through the app, and the call centre and drivers will continue to get access to customers on TaxiForSure's technology platform."

Ola, founded in 2011, is one of the most vibrant start-ups from India. In four rounds of fundraising, it has been financed by Tiger Global, Matrix Partners, Sequoia Capital, Steadview Capital and, more recently, SoftBank.

Investors in TaxiForSure are Accel Partners, Bessemer Venture Partners and Helion Venture Partners.

Announcing the merger, Ola's co-founder & chief executive, Bhavish Aggarwal, said:

"Ola and TaxiForSure share the same vision of revolutionising urban mobility. TaxiForSure has a great team and they have built a very exciting business in a short time. There's a lot of complementary value in the strategy it follows."

TaxiForSure's Raghunandan G said: "Coming together with Ola will provide us with more opportunity to do what we do best."

Source: Business Standard

Loans could become cheaper as India's central bank cuts keys rates

Housing, auto and commercial loans could become cheaper with the Reserve Bank of India cutting key lending rates by 25 basis points in an unexpected move on on March 4 as it expected inflation to soften further, sending stock indices soaring during the bulk of the day.

Getting some positive cues from the national budget tabled last week, and sensing an sustained economic recovery, the repurchase (repo) rate has been cut to 7.5 percent from 7.75 percent and the reverse repo rate has been adjusted to 6.5 percent from 6.75 percent.

The cuts follow a far-reaching agreement between the government and the Reserve Bank of India (RBI) on Monday, under which the central bank will aim to bring the country's retail inflation below the 6-percent mark by January 2016 and to around 4 percent by the end of 2016-17.

The repo rate is the interest commercial banks pay for borrowing money from the central bank to meet short-term fund needs. The reverse repurchase rate is the interest central banks pays on short-term funds parked with it. A cut makes borrowing money cheaper for commercial banks.

The announcement, which came just ahead of the opening bell for stock markets, brought much cheer to sentiments, prompting the sensitive index (Sensex) of the Bombay Stock Exchange to open nearly 345 points higher, over the previous close at 29,593.73 points.

The key index soon breached the 30,000-point mark to touch a historic high of 30,024.74 points.

The situation was similar at the National Stock Exchange, where the Nifty also hit an all-time high.

But both indices came under a major spell of profit-taking during the last one hour of trading and ended in the red, losing between 0.72 and 0.82 percent as per provisional data. For the 30-share Sensex, it means an intra-day fluctuation of some 735 points.

Industry, too, welcomed the rate cuts, the second such downward revision in two months, even as some commerial banks, led by the largest private sector lendwer, the State Bank of India (SBI), indicated that they could pass on the rate cuts to their customers.

The finance ministry laued the decision and said it was a vote of confidence on the steps taken by the government on fiscal consolidation and would lower the cost of loans for people at large. "More rate cuts will depend on future data," Minister of State for Finance Jayant Sinha said.

"To summarise, softer readings on inflation are expected to come in through the first half of 2015-16 before firming up to below 6 percent in the second half," Reserve Bank of Governor Raghuram G. Rajan said in a statement.

"The fiscal consolidation programme, while delayed, may compensate in quality, especially if state governments are cooperative," said the governor who has otherwise been taking a rather conservative approach in dealing with the monetary policy, especially the interest rates.

"Given low capacity utilisation and still-weak indicators of production and credit off-take, it is appropriate for the Reserve Bank to be pre-emptive in its policy action to utilise available space for monetary accommodation."

In its monetary policy statement of Jan 15, 2015 the Reserve Bank had reduced the repo rate by 25 basis points, and said: "Key to further easing are data that confirm continuing disinflationary pressures."

But it maintained its interest rate stance in its sixth bi-monthly monetary policy statement of Feb 3 in the absence of new developments on inflation or on the fiscal outlook, awaiting signals on that count and from the national budget.

While the next bi-monthly policy statement will be issued April 7, 2015 the still weak state of some sectors and the global trends, prompted the central bank, in its own admission, to become more anticipatory to make changes immediate in its stand. In his statement on Wednesday, Rajan also lauded the Central Statistics Office (CSO) for the changes it made in the national income accounting, on which is based the country's gross domestic product estimation, to bring it up to international standards. "Yet the picture it presents of a robust economy, with growth having picked up significantly over the last three years, is at odds with still-low direct measures of growth of production, credit, imports and capacity utilisation as well as anecdotal evidence on economic cycle," he said.

"Nevertheless, the picture of a steadily recovering economy appears right," he added.

"Going forward, the RBI will seek to bring the inflation rate to the mid-point of the band of 4 percent (plus or minus 2 percentage points) provided for in the agreement, that is to 4 percent by the end of a two-year period starting fiscal year 2016-17."

Source: Indo-Asian News Service

Core industries grew at 3.9 percent in January

India's eight core industries such as coal, electricity, crude oil, cement and steel, grew at 3.9 percent in January 2015 compared to a growth of 6.5 percent during the corresponding month of last year, official data showed on March 2.

The index of eight core industries with a combined weightage of 37.90 percent in the Index of Industrial Production (IIP) stood at 174.8 in the month under review, the ministry of commerce and industry said in a statement.

Electricity generation, which has 10.32 percent weightage in the IIP, grew at 6 percent in January 2015 from a growth of 4 percent in the same month of the previous year.

Cement production grew at 3 percent in January 2015 from an increase of 7.7 percent in the corresponding month of last year.

Steel production was up 10.3 percent from a rise of 4.1 percent in January 2014. Coal sector grew marginally by 1.3 percent from 4.6 percent growth during the corresponding month of last year.

Refinery products increased by 1.5 percent from a rise of 29 percent during January last year.

The fertilizers sector too increased by 1.5 percent from a deceleration of 3.4 percent in the corresponding period of last year.

However, two out of the eight core industries registered negative growth during January 2015.

Crude oil output was lower by 0.2 percent in the month under review from a fall of 0.6 percent in output during the like period of 2014.

Natural gas production fell 13 percent from a deceleration of 14.5 percent in the corresponding month of last year.

The IIP, the barometer for measuring industrial output, had increased by a marginal 1.7 percent in December 2014.

Source: Indo-Asian News Service

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