Issue No 714 | February 07-13, 2017

WEEKLY ECONOMIC BULLETIN

सत्यमेव जयते
Economic Diplomacy Division
Ministry of External Affairs
Government of India

In this issue...

India's January M&A and PE activity jumps 55%: Report

India's mergers and acquisitions (M&A) and PE (private equity) activity last month rose by around 55 per cent to $3.01 billion worth of transactions, a report said.

According to Grant Thornton's annual dealtracker report, the industry in January witnessed $3.01 billion worth of transactions spread across 124 deals.

In the same month in 2016, the country's M&A and PE activity recorded 139 deals worth $1.94 billion.

"January witnessed around 125 transactions contributing over US$3 bn, which is a 55 per cent increase in values over the same month last year," Prashant Mehra, Partner at Grant Thornton India, was quoted as saying in a statement.

"The primary growth driver continues to be domestic M&As, which contributed over US$1.6 bn and over four times of the growth."

The assurance, tax and advisory firm's report disclosed that the domestic M&A momentum during the month under review aggregated to $1.61 billion across 23 deals, as against $0.37 billion across 24 deals in the corresponding period of last year.

Mehra cited that PE activity, on the other hand, continued to slip away both from a volume and value perspective.

"January saw around 80 transactions contributing just about US$650,000. This was a 40 per cent drop in value from last year," said Mehra.

"Cross-border activity seems to be an equal mix between inbound and outbound, contributing around half a million dollars."

Looking forward, Mehra predicted that with the visibility on GST (Goods and Services Tax) and fading effect of demonetisation, combined with the "pragmatic" Union Budget, domestic consumption and growth should see further acceleration.

"This will increase traction in domestic M&As as well as inbound investments. With specific boost to infrastructure, FDI (Foreign Direct Investment) and more money in the hands of the people, 2017 should be a very exciting year for deal making," he added.

Source: Indo-Asian News Service

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Budget 2017 gets a thumbs up from Moody's, Fitch

Finance minister Arun Jaitley's fourth budget has emphasized fiscal prudence while pushing for higher public investment—a "credit positive" for India's sovereign ratings, Moody's Investors Service said.

Rating company Fitch also reacted positively to the continued commitment to fiscal consolidation and a broad reform agenda displayed in the 2017-18 budget presented on Wednesday.

"We view the (budget) speech as consistent with the government's commitment to gradual fiscal consolidation and balanced growth, a credit positive for the sovereign ratings," Moody's Investors Service said in a report.

Jaitley chose to only marginally deviate from the fiscal consolidation road map by targeting a fiscal deficit equivalent to 3.2% of gross domestic product (GDP); he aims to bring it down to 3% in 2018-19.

The initial road map required the finance minister to contain fiscal deficit at 3% of GDP in 2017-18 from 3.5% in 2016-17.

"The revised fiscal consolidation path is not materially different from the previous road map and our projections. We expect the government will meet its deficit targets, based on achievable budget assumptions and demonstrated commitment to fiscal prudence. However, given significant spending commitments and structural hurdles to rapid increases in revenue collection, there will be limited room for slippage," the Moody's report said.

The credit assessor also favoured the recommendations of a panel led by former revenue secretary N. K. Singh that reviewed the Fiscal Responsibility and Budget Management (FRBM) Act.

The panel favoured making the debt-to-gross domestic product (GDP) ratio the new metric. It suggested targeting a debt-to-GDP ratio of 60% by 2023—40% of GDP for the central government and 20% for the states.

To achieve these targets, the panel has recommended a fiscal deficit of 3% of GDP for the next three years. But it included an escape clause for deviations up to 0.5% of GDP, based on triggers including far-reaching structural reforms in the economy with unanticipated fiscal implications, acts of war and farm distress.

"We consider the committee's targets to be achievable. They imply gradual medium-term fiscal consolidation, driven largely by higher nominal GDP growth and bolstered by improvements in government revenue collection. High and sustainable nominal GDP growth will depend on the recovery of the private investment cycle, which will in turn be contingent upon the successful implementation of current and future reforms," Moody's said.

The report also said the government's revenue projections are realistic though it cautioned the divestment targets appear ambitious. "The administration has budgeted gross tax revenue to rise by 12.2% year-on-year. This implies a tax buoyancy of about 1.04, which we consider to be realistic," it said.

The divestment target set by the government for 2017-18 is Rs72,500 crore, as against a budgeted target of Rs56,500 crore for 2016-17, which was revised down to Rs 45,500 crore. "A shortfall in disinvestment receipts could pressure the government to cut back in other areas of spending, including capital expenditure," it said.

The report also cautioned the government risks a slippage in expenditure projections because of uncertainty over compensation to be paid to states for potential shortfalls in revenue after the goods and services tax (GST) comes in, and outgo on account of 7th Pay Commission suggestions.

Moody's said the states' fiscal deficit targets may be missed because of uncertainty surrounding the final impact of demonetization and the impending GST on their revenues.

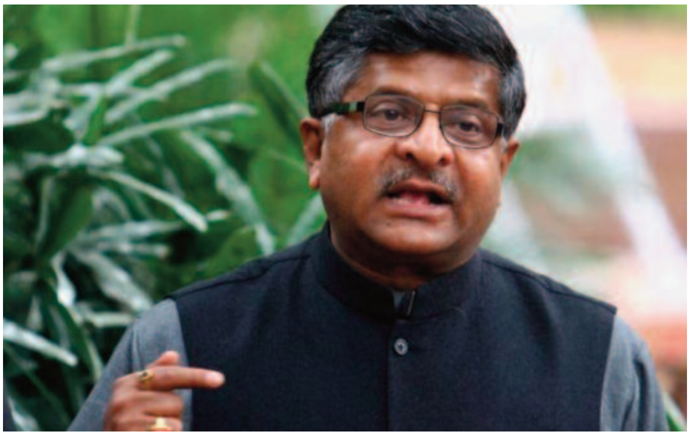
Fitch said: "The government's fiscal deficit to 3.0% of GDP has been pushed back by another year, but the general goal of addressing relatively weak public finances over the medium term is still in place."

Source: Livemint

BHIM app registration crossed 140 lakh: Prasad

The recently launched Bharat Interface for Money (BHIM) app has seen more than 140 lakh registration, IT Minister Ravi Shankar Prasad said.

"The recently launched BHIM app by the government of India will unleash the power of mobile phones for digital payments and financial inclusion. So far, over 140 lakh people have adopted the BHIM app," Prasad said.



He added that the government will launch two new schemes to promote the usage of BHIM -- Referral Bonus Scheme for individuals and a Cashback Scheme for merchants.

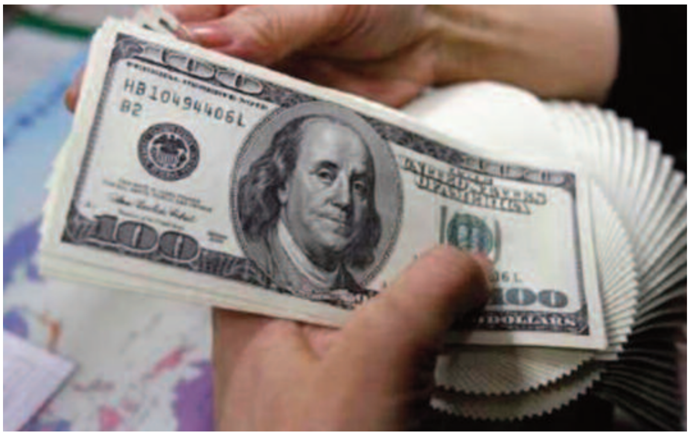
Aadhaar Pay, a merchant version of Aadhaar Enabled Payment System, will also be launched shortly. This will be specifically beneficial for those who do not have debit cards, mobile wallets and mobile phones.

"Digital economy aims for speed, accountability and transparency. We are also creating an eco-system to make India a global hub for electronics manufacturing," the minister said, adding: "Over 250 investment proposals for electronics manufacturing have been received in the last two years, totalling an investment of Rs 1.26 lakh crore."

Source: Indo-Asian News Service

FDI zooms 60 per cent to $4.68 billion in November

With the government taking steps to improve ease of doing business and relax regulations, foreign direct investment into the country surged by 60 per cent to USD 4.68 billion in November 2016.



The FDI stood at USD 2.93 billion in November 2015.

During the period, India received maximum FDI from Singapore, Mauritius, the UK, the US, the Netherlands and Japan, an official said.

Cumulatively, India attracted USD 32.49 billion foreign inflows in April-November period of the current fiscal as against USD 24.81 billion in the same period previous year.

The main sectors which have attracted foreign inflows during the eight months period of 2016-17 include services (USD 6.69 billion), telecom (USD 5.47 billion), computer hardware and software (USD 1.61 billion), electrical equipment (USD 2 billion) and information & broadcasting (USD 1.06 billion).

Foreign investments are considered crucial for India, which needs around USD 1 trillion for overhauling its infrastructure sector such as ports, airports and highways to boost growth.

A strong inflow of foreign investments will help improve the country's balance of payments situation and strengthen the rupee value against other global currencies, especially the US dollar.

To reduce one more layers of approval process, the government in the Budget proposed to abolish the Foreign Investment Promotion Board (FIPB) and further relax the FDI policy.

Source: Press Trust of India

Canadian institutional money pouring into India like never before

For Anuj Ranjan, the globetrotting India head of Brookfield, the fundamental investment thesis behind buying a large telecom towers portfolio from Reliance Communications was not all that different from taking over Hiranandani's 4.5 million square foot of swish office and shopping space in the financial capital.

The world's largest democracy with a billion plus population needs to communicate, share information as well as work and play to sustain its trillion dollar economy.

More importantly, both are scaled-up, income generating, operational assets which can be leveraged further using their global expertise to build out larger platforms. Similarly, they have high margins with low capital expenditure going forward and built-in escalators.

Toronto based Brookfield is the world's 2nd biggest manager of alternative assets like real estate and private equity with $250 billion of assets and have already overshadowed traditional Wall Street heavyweights Carlyle, KKR or even Apollo Global Managament. So capital has never been a handicap for Ranjan and his 1000 odd team on the ground.

Fresh from raising $14 billion to invest in infrastructure -- believed to be the largest single commitment to the sector of its kind -- the Candian firm has been scouting around for compelling stories across emerging markets like ours. So when both the Hiranandani and the Reliance towers came up for grabs last summer, Brookfield jumped head long.

By the end of the year, they wrote a $2.6 billion to stitch up both -- arguably among the largest FDI commitments in India in the year. The Brookfield Reliance Infratel transaction worth $1.6 billion alone is also the second-biggest private equity transaction ever in the country, behind Temasek's $2 billion investment in Bharti Telecom in 2007.

Call it Canada calling. The bulge bracket Canadian asset managers from pension or PE funds have been the biggest India Bulls in the last one year, whipping up a storm with their investment frenzy.

Between marque names like CPPIB, Caisse de dep t et placement du Quebec (CDPQ), Ontario Teachers or Brookfield and Fairfax, they have jointly committed around $7-8 billion across companies and funds so far, according to industry estimates.

This would be among the single-largest country-wide commitment towards India in recent times. Such Canadian transactions mirror the excitement of PE opportunities in India, which reached fever pitch in the peak vintage of 2007-2008.

This becomes even more striking once compared to FDI or trade data. Canada has never been a top investment source for us with bilateral trade touching a mere $6.5 billion in March 2016. That's only a tenth of neighbour US, the 5th largest FDI partner, as per the latest government figures.

"Our long investment horizon aligns to the financing and capital needs of India's economy, growing entrepreneur culture and the strength of business in the country," says Suyi Kim, Managing Director, Head of Asia Pacific at CPPIB.

From the building blocks -- airports, roads, power plants to warehouses, logistics parks and commercial real estate to financial services and even financial services firms and even ecommerce companies, their bets are becoming bolder and complex, cheque sizes bigger. Even “regulated sectors” like banking, airports or distress debt is fair game as are risky emerging bets like ecommerce. Last February, instead of safe havens like government securities, Ontario Teachers decided to put its pension capital to back a $200 million capital raise by Snapdeal.

By the time you will be reading this, probably the board of the sleepy community lender from Kerala and also one of the oldest private player in the country -- Catholic Syrian Bank -- would have given Prem Watsa-- Canada’s Warren Buffet and among the earliest champions of the India story -- their approval to acquire a controlling 51% slice of their bank through his flagship Fairfax Financial Holdings.

Late last November Watsa and his close confidante Deepak Parekh managed to swing RBI to allow the first takeover of an Indian bank by a foreign investor. This was Watsa’s 2nd bold bet within 1 year -- having bought into GVK’s Bangalore airport earlier in 2016.

“We are currently at the initial stages of seeing direct investments by the larger pension funds. As they get a better understanding of the market and get more confidence based on the track record of initial investments, we expect an increased allocation towards India as well as participation from other large North American, European and Australian pension funds,” feels veteran invetment banker Ashok Wadhwa, Group CEO, Ambit, who has advised several Canadian investors in the recent past.

Around the same time when PWC was doing a detailed dilligence of RCom’s towers for Brookfield during last Diwali, across the Atlantic, another investment prospect was hotting up. This too involved a blue blooded Canadian investor -- Canada Pension Plan Investment Board (CPPIB).

Four years after buying GlobalLogic, a Silicon Valley headquartered IT outsourcing firm started by 4 IIT-ians with core operations in India for $420 million, PE Group Apax Partners wanted to take some money off the table. CPPIB historically has been one of the biggest investors into Apax’s funds as a sponsor -- or limited partner (LP) in PE jargon speak -- and have been pressing them for co-investment or co-underwriting opportunities. In 2011, Apax had joined forces with them and another Canadian pension fund PSP Investments to buy medical devices firm Kinetic Concepts in US in a multi-billion dollar trade. Since then, CPPIB has been scouting for emerging technology companies.

Meanwhile, in just three years, GlobalLogic had doubled in size under Apax’s watch, so it could either cash out entirely or dilute partially and still enjoy the upside. It chose the latter and within 3 months of bilateral discussion, CPPIB closed its 1st technology services investment at a $1.5 billion valuation, to become co-owners of the company. Apax too laughed its way to the bank, raking in more than three times money on a four-year-old investment.

Among the largest in the world, CPPIB alone has invested over $3 billion in India since 2012, the largest commitment amongst all its peers. With GlobalLogic, it now gets to ride one of the hottest new megatrends.

NATURAL EVOLUTION

For most, the rising Canadian institutional interest is a natural progression that comes after the previous waves of Singaporean, Middle Eastern sovereign wealth fund interests. Historically though they have always been indirect investors through the global funds that they have backed and invested in as LPs. From KKR to Blackstone, from TPG to Bain, these relationships predates the Modi government.

Way back in 1994, CDPQ invested $250,000 in IndOcean’s fund -- the first instance of Canadian institutional money trickling into India. Then for almost 22 years, there was limited traction till CDPQ, CPPIB set up offices here, recalls a senior fund executive who did not wish to come on record. Even during the boom years of 2004-08, there was no Canadian except for Fairfax. But now as India increasingly become strategic, the involvement is proactive.

This has also led to a windfall for even our home grown PE executives. Several domestic funds like Renuka Ramnath's Multiples, True North (formerly IVFA) or even Kedaara Capital today count the Canadians like CPPIB or PSP Investments as among their key sponsors during fund raising. Its opened up a new market for them to tap as well.

"Earlier they used to invest through general partners like large PE funds, both domicile and global funds like ours. But now, they have started investing directly in big numbers. It's a growing trend. Their confidence in taking the macro India risk is good for the country and economy in a long run," agrees Sanjay Nayar, CEO, KKR in India.

But the aggression also changes the tried and tested industry dynamics. "Once they have tasted blood and built local capabilities, why would they share management fees and carry with their GPs (managers of the fund who execute the investments), " asked an India head of a global buyout fund on condition of anonymity.

That means in larger transactions in infrastructure or real estate, the big asset managers are creating direct competition to traditional bulge bracket PE names or the usual SWFs like GIC or ADIA. Alternatively, they are chasing co-investment opportunities. Both Blackstone and KKR for example teamed up with CPPIB when Lafarge's India assets came on the block or more recently to buy Bharti Infratel, India's largest telecom towers company.

"It's a complex market but moving in the right direction and is an important long-term destination for our capital. One of the reasons we established an on-the-ground presence with strong local talent was to help us understand and navigate this complexity," Kim adds.

SLOW YET STEADY

Compared to their US counterparts, the Canadians have been far more conservative in scoping out high growth emerging market opportunities. Its only in the last 3-4 years that they have looked beyond the usual happy hunting grounds of Canadian bonds, global equities (read US and other OECD countries) and hedge funds to adapt a far global and diversified portfolios.

For a country that is 40% reliant on its banks and financial institutions and another 40% on energy, volatile oil prices forced looking beyond the usual safe havens. For example CDPQ which looked to deploying just under $3 billion in India by the end of 2016 alone, buoyed by simpler rules, smoother implementation of policy and a central government that is almost "managerial" in fixing problems and removing roadblocks through structural reforms, only 8-9% of their $250 billion assets under management have so far been allocated for emerging markets including India.

In retrospect, this inherent conservatism perhaps saved the Canadian firms from the post Lehman meltdown when most US firms bruised badly. Similarly US PE groups that rushed into India during 2004-08 era too has had a chequered portfolio. Most, including the most sophisticated investors, had burnt while navigating the complexities of the local market and its makers. The Canadians in comparison had no baggage to deal with while convincing their headquarters.

It took Brookfield seven years after setting up its India outpost to break clutter and establish themselves as an owner and operator of high profile, chunky assets and complex businesses. In one of the largest commercial real estate transactions, Brookfield bought out Unitech Corporate Parks Plc. (UCP), a portfolio of six assets including special economic zones and information technology (IT) parks across the National Capital Region in 2014 for around Rs 4700 crore. Thereafter, last August, it took over distressed Gammon Infrastructure's six road and three power projects for an enterprise valuation of Rs 2000 crore. The Hiranandani portfolio will now help them to break into Mumbai while Reliance is a far larger pan India play.

"People ask us whether we are we a strategic buyer or a PE fund. In fact, we are a strategic that evolved into a private equity fund over a decade ago, and so we actually bring both together," Rajan had told ET in an earlier interaction.

"It's unlikely that Brookfield will go for vanilla growth oriented companies. They always look for opportunities with arbitrage of value creation," quipped an entrepreneur who has worked closely with them recently. "They are financial guys but with a deep understanding of business issues like contracts, operating assets." For most of them now, the wager is on the macro fundamentals even if the opportunities are specific and micro. "With average global growth at 2%, India's growth prospects are attractive.

As long term investors, we also recognize India's potential which rests on its economic fundamentals," said Anita Marangoly George, Managing Director, South Asia, CDPQ. "India's attractive labour force - young and growing – is one of its key assets. Progress is being made in India's governance through several structural reforms including the passage of the GST Bill and the Bankruptcy code, among others. All of these will contribute to strengthening the economic fundamentals of this country." For patient capital providers growth is increasingly becoming difficult to find around the world and as the world's 2nd fastest-growing major economy, India offers a runway "that looks exciting" over the next 10-15 years. As a fund manager who did not wish to be identified puts it, " growth rates are growth rates. They go up and down. What matters more is what's going on underneath."

"The global economic balance has been changing fast so a lot of the fund managers felt they too needed to allocate assets accordingly and build global capabilities. Moreover with some of the emerging markets like China and Brazil have slowed down in recent years making India that much more attractive," argues Vikram Gandhi, founder VSG Capital, a long time advisor to CPPIB. Some feel, Watsa's billion dollar India specific fund raised after his meeting with Prime Minister Modi in November 2014, months after the change of guard in Raisina Hill, was a watershed. "When Prem went out and raised a fund there was a call to action. It was a new government and there was more urgency than ever before," argues Watsa's chief consiliegre in India since 2011, Harsha Raghavan, MD & CEO of Fairbridge Capital.

But even for the 66-year old Watsa, who recently compared Modi with Singapore's Lee Kuan Yew while championing his efforts to crack down on crony capitalism, financial turnaround of state power distribution companies and pet projects like smart cities and Make in India, the UPA years threw enough opportunities like Thomas Cook, Ikya, Sterling Holidays to sink his teeth into. The Hyderabad born contrarion investor made his India debut back in 2001 picking up a 26% stake in ICICI Lombard, in 2001 through Hamblin Watsa Investment Counsel Fund and waited for a decade to write his next cheque to 9 per cent stake of brokerage firm IIFL in 2011.

SMART PARTNERSHIPS

"We look for local partners who we can work with for the long-term, whom we can scale up with over multiple cycles and are among the very best at what they do. And in India, we have established some very strong partnerships that we're confident will help us to realize our investment expectations," says CPPIB's Kim.

In December, it agreed to invest $300 million to buy into select mall assets of Atul Ruia-led Phoenix Mills. It already has JVs with Shapoorji Pallonji Group for office spaces, L&T for roads while with Kotak Mahindra Bank where it owns 6% with an option to go upto 10%, it has floated a $525 million stressed asset fund.

To navigate a complex market like India, it pays to have a local partner for critical mass and intelligence. CDPQ too is looking at creating an Rs 5000 crore asset reconstruction platform with home grown Edelweiss Financial Services while Brookfield and SBI look to launch a $1 billion distress debt fund.

Along with Tatas, ICICI Venture and 2 other SWFs from the Middle East, CDPQ has also launched a dedicated $850 million investment vehicle to scoop up troubled and stranded power units across the country.

While Tata Power ---- India's largest integrated power company --- will use its technical expertise to operate and resuscitate the troubled units and also handle the operation and maintenance post-acquisition as the asset manager, the financial investors will source deals, organise funds, conduct financial diligence, capital raising and debt refinancing. “Our core areas -- property, infrastructure, power and private equity, that is building materials and industrial businesses -- happen to be where a lot of the stress is. But the assets themselves are not stressed, but world class.

They just happen to belong to businesses that are stressed,” said Ranjan. But for their long term sustainability, stable policy is critical. “While the regulatory framework has improved significantly, it is key that these regulations remain consistent,” warns CDPQ's George. “The growth rate in several of the key sectors in India also makes it a highly competitive market. Valuation multiples too in most sectors are higher than those in most developed markets.” For Nayar, private investing is also fraught with unknown risks. “If something goes wrong, these fund managers will get nervous and may start withdrawing funds, which will be a major negative,” he puts in a word of caution. But for the moment it is India that is the bright splash in world of grey. As George's boss Micheal Sabia, Chief Executive Officer CDPQ, told a room full of attentive investors during his last trip to Mumbai, “India needs investors who focus on fundamental value and deep economic trends. In other words, India needs builders.” And here lies a niggling worry.

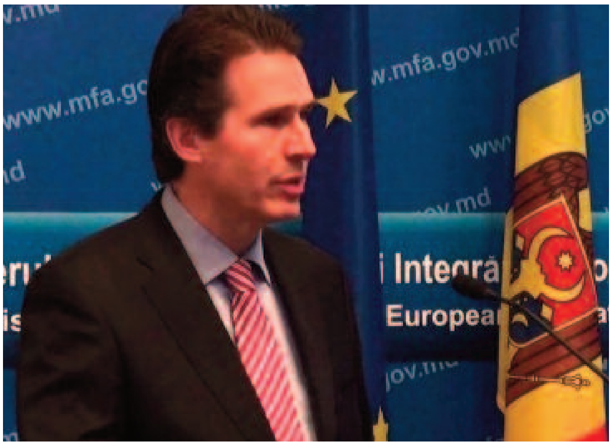
Many would say, meaty opportunities are still hard to come by in a market like ours. Much of the Canadian investments is still not flowing into as FDI to back physical assets but is largely flowing through equity markets. “Risk is not appropriately priced yet,” said a senior investment official who did not wished to be quoted. “Show me the opportunities where I can put in a few billions of dollars. Capital is not a problem when you have a trillion dollars in the pension pool, chunky deals are.”

Hopefully the Indo-Canadian corridor will make sure no one would be left complaining.

Source: The Economic Times

EU, India keen to deepen strategic partnership

The European Union and India underlined their desire to strengthen strategic partnership and to boost cooperation in many sectors, including political, security, trade, economy, human rights and environment.



"India is one of our four strategic partners in Asia. We want to build our relationship further to reflect the strategic nature of this partnership. We have had some difficult years behind us," said Gunnar Wiegand, Managing Director, Asia and Pacific, in the EU foreign service, known as the European External Action Service.

He was speaking at a debate on EU-India relations, hosted by the Foreign Affairs Committee of the European Parliament in Brussels.

"The strategic partnership is currently being shaped in a very tangible and complex global and European environment," he said referring to the Brexit referendum and to the new US administration.

"...We have agreed on an ambitious EU-India Action Plan 2020 on a broad range of common issues," said Wiegand.

He called for more EU-India cooperation on key global issues in the Middle East, Asia and Africa, and to strengthen trade and investment partnership, adding that the EU remains committed to a broad and comprehensive Free Trade Agreement.

The top EU diplomat also called for more high-level visits from India to Brussels.

Addressing the debate, India's ambassador to the EU, Manjeev Singh Puri, said: "The EU and India are the largest bastions of democracy. We need to come together and work to make things better for ourselves and the world. I believe we have a vested interests with each other.

"The European Union and India have a joint and shared interest in multipolarity and have a shared and joint interest in discharging global responsibility," he stated.

Puri noted that the EU and India agreed on a strategic partnership in 2004 and underlined that the two sides are cooperating in several areas, including security and counter-terrorism.

The last EU-India summit was held in Brussels in March 2016, just a week after the horrendous terror attacks in the Belgian capital.

Puri said that the visit of Indian Prime Minister Narendra Modi to Brussels last March was a very important sign to stress India's solidarity in the fight against terrorism.

He said the EU and India have been negotiating a broad-based trade and investment agreement for several years and recently high-level talks were held to re-launch these negotiations.

An EU-India summit is planned to be held in New Delhi later this year.

On his part, Geoffrey Van Orden, the chair of the European Parliament's delegation for ties with India, argued that "India, in spite of the fine words and cliches that we hear, is a much neglected country in terms of our EU relationship.

"Although there are strong bilateral relations, it is also neglected in terms of bilateral relations. There is so much more to be done."

He said talks are continuing to establish an EU-India friendship group in the Lok Sabha and said that members of the delegation will be visiting India shortly. Members of the Foreign Affairs Committee of the European Parliament are also expected to visit India later this month.

Two British Members of the European Parliament of Pakistani origin, Afzal Khan and Amjad Bashir, raised the issue of Kashmir during the debate. In reply, the Indian ambassador stressed that "Jammu and Kashmir is an integral part of India".

"My suggestion to you would be to tell the country of your birth to stop fomenting terror, stop being an epicentre of global terrorism and stop trying to export it across," added Puri.

Source: Indo-Asian News Service

Cabinet informed about India-France technology pact

The Union Cabinet was apprised of the signing of agreement between India and France to ensure exchange of best practices and technology.

The Cabinet meeting was chaired by Prime Minister Narendra Modi.

According to a release, a Memorandum of Understanding (MoU) of Cooperation will be signed between Technology Development Board (TDB), India, and Bpifrance, a public investment bank of France.

"The agreement will ensure exchange of best practices and setting up of coordinated measures to foster technological exchanges in the field of science, technology and innovation through collaboration between companies, organisations and institutions of France and India," read a release.

TDB, which comes under the Department of Science & Technology, has been constituted to promote development and commercialisation of indigenous technology and adaptation of imported technology for wider application.

As per the release, this agreement is aimed carrying out activities related to exchange of best practices in the field of science & technology through the TDB and Bpifrance.

Source: Indo-Asian News Service

India-UK deal to allow more flights to boost tourism and trade

India and the UK signed a MoU to ease restrictions on the number of scheduled flights between the two countries, following successful talks in India this week. Limits on flights from key Indian cities including Chennai and Kolkata have been scrapped, allowing for a greater range of flights for passengers while providing a boost to trade and tourism for the UK and India.

Building new links with important trading partners is a key part of the government's plans for a Global Britain, opening up new export markets and creating jobs and economic growth.

The agreement also opened all destinations in the UK for Indian carriers for code share flights, and reciprocally the UK carriers can also operate code share flights to any International Airport in India, through domestic code share arrangements.

The agreement was formally signed by Minister of Civil Aviation, Shri Pusapati Ashok Gajapathi Raju, on behalf of India and Lord Ahmad of U.K. during a visit to India where he led a delegation of British companies for the 2017 CAPA India Aviation Summit.

Indian Civil Aviation Minister Pusapati Ashok Gajapathi Raju, said "The increase in number of flights between the UK and India is encouraging news for our businesses and tourists. We already enjoy strong ties with the UK and we welcome such continued association which in the long run will not only encourage business activity, but also people-to-people contact. I am sure that this agreement will bring direct and indirect benefits to many sectors of the economies of our two countries".

Tourism from India makes an important contribution to the UK economy. In 2015, there were 422,000 visits from India to the UK, bringing more than £433 million to the economy.

Aviation Minister of U.K., Lord Ahmad said: "India is one of our closest allies and key trading partners and this new agreement will only serve to strengthen this crucial relationship. We are unlocking new trade and tourism opportunities which will boost our economies, create new jobs and open up new business links. This is great news for both the UK and India and is yet another sign that we are open for business and ready to build and strengthen our trade links."

India is a rapidly expanding and important market for aviation and the agreement signed today will allow airlines to develop new services and air routes.

The final decision on additional flights between the UK and India is a commercial one for airlines.

Source: Press Information Bureau

Railways plans massive track expansion in Arunachal Pradesh

Union ministry of Railways is readying for building massive railway infrastructure in Arunachal Pradesh, state bordering china. Railways will start survey of three railway tracks linking Tawang.

Railways are anticipating these projects will require investment of around Rs 50,000 to Rs 70,000 Crore.

China has often claimed Arunachal as part of its territory. Union minister of state for Railways, Rajen Gohain on Saturday said, "Together with ministry of Defence we are developing border communication. We will initiate survey for three new railways lines."

These railways tracks include Bhalukpung to Tawang, Silaphatar to Bama and Murkongselek via Rupai to Pasighat.

General Manager of North East Frontier Railway (NFR) (Construction), H.K Jaggi told said that the elevation of a track my range to 500 to 9000 feet. "We will first study the soil conditions and other geological conditions."

Railways planned to cover the length and breadth of Arunachal by railway network. The union budget 2017-18 has sanctioned survey of construction of new lines from Doom Dooma to Wakro via Simalguri, Namsai and Chowkham (96km), Dangri to Roing (60km), Lekhapani to Deban via Nampong (75 km),

Besides Tinsukia to Pasighat via Deomali Lekhapani Jairampur Kharsang Miao, Roing and Dambuk (300km).

Source: The Economic Times

IGI airport first in India to cross 5 crore flyer mark

In a first for any Indian airport, IGI Airport crossed the 5-crore passenger mark last year. The airport with three runways and as many terminals handled 5.5 crore passengers: 4 crore domestic and 1.5 crore international flyers. Mumbai was a distant second at 4.4 crore.

This was 21% higher than 4.6 crore passengers IGI had handled in 2015, according to figures furnished by the Delhi International Airport Pvt Ltd (DIAL).

Delhi's record comes at a time when the country set new highs for both domestic and international air travel last year, primarily because of low international oil prices that allowed airlines to offer cheap fares.

Almost 10 crore domestic passengers flew in India in 2016, up 23% from 2015's figure of 8.1 crore. The number of international flyers last year is likely to be over 5.2 crore, up almost 9% from the previous year's 4.8 crore.

India's international flyers generally grow at 10% year-on-year while domestic travellers, dependent on oil prices that determine airfares, has grown at over 20%+ in the recent past.

With Delhi and Mumbai alone accounting for almost 10 crore of the total (domestic-cum-international) traffic that is expected to be just over 15 crore in 2016, the two mega cities account for twothird of entire air traffic in India.

But with both these places facing challenges - Mumbai is majorly low on airport capacity while Delhi is seeing bottlenecks at its domestic budget terminal -the growth is bringing its own challenges.

Successive Union governments have been talking of clearing a second airport for Delhi, but there has been no concrete move on that front. The aviation ministry last year approved a revised master plan for IGIA under which it will get a bigger budget terminal; a new one and the fourth runway . However, DIAL has so far neither shared the details of that plan, nor given a timeline and cost estimate for executing the expansion work.

"IGI has huge tracts of open land where more terminals and another runway can be built. The problem area is Mumbai. Navi Mumbai is a very challenging site where hills have to be levelled and rivulets diverted.But apart from that site, there is no other place of that size available that can house Mumbai's second airport," said a source.

Source: The Times of India

GST to create Rs 36,000 crore software market in MSME segment

With the GST expected to be rolled out from September this year, there is a scramble among the software providers to have a bigger pie of the MSME segment whose invoicing and tax compliance IT requirements are estimated to create a Rs 36000-crore market.

Currently, only 90 lakh dealers out of the about 1.5 crore are using software for invoicing and filing returns and the rest are yet to adopt technology for this purpose, according to Mohit Bhambani, chief executive officer of city-based KDK Softwares. However, Bhambani said, there are about 1.6 crore MSMEs who are still not in the tax net. "GST will bring most of the more than 3 crore dealers into the tax fold and create a software market size of Rs 36,000 crore. Under the new regime companies would be required to show the tax they have paid while purchasing raw materials to claim deduction from their tax obligation," said Bhambani on the sidelines of a workshop organized for the startup community at Startup Oasis.

The tax compliance, accounting and invoicing software market is mostly concentrated in Bengaluru and Jaipur, accounting for 90% of the companies who are now building on capabilities to offer GST solutions. While the southern city is home to companies like Cleartax, Winman Software, and Tally Solutions, Jaipur also has the likes of KDK Softwares, CompuTax and Saginfotech leading the pack.

"Jaipur is the accounting capital of India producing 37% of the chartered accountants. On the other hand, Bengaluru is the Silicon Valley of India, the IT hub of the country. Development of tax filing and invoicing software requires both skills in equal measure, pretty much summing up why these two cities enjoy a leading edge," added Bhambani.

As most of the MSME sector will come under the GST regime, the size of client base is expected to grow manifold requiring additional workforce to meet the increasing demand.

Bhambani said KDK already has an employee base of 108 people and they will be hiring close to 100 professionals for its four locations in the country. While there are no formal assessment of the manpower requirement in the sector factoring in the GST regime, it is estimated the leading players will require an additional talent pool of 20,000 professionals.

Source: The Times of India

Cabinet approves ‘Pradhan Mantri Gramin Digital Saksharta Abhiyan’

The Union Cabinet chaired by the Prime Minister Shri Narendra Modi has approved ‘Pradhan Mantri Gramin Digital Saksharta Abhiyan’ (PMGDISHA) to make 6 crore rural households digitally literate.

The outlay for this project is Rs.2,351.38 crore to usher in digital literacy in rural India by March,.2019. This is in line with the announcement made by Finance Minister in the Union Budget 2016-17.

PMGDISHA is expected to be one of the largest digital literacy programmes in the world. Under the scheme, 25 lakh candidates will be trained in the FY 2016-17; 275 lakh in the FY 2017-18; and 300 lakh in the FY 2018-19. To ensure equitable geographical reach, each of the 250,000 Gram Panchayats would be expected to register an average of 200-300 candidates.

Digitally literate persons would be able to operate computers/digital access devices (like tablets, smart phones, etc.), send and receive emails, browse internet, access Government Services, search for information, undertaking cashless transactions, etc. and hence use IT to actively participate in the process of nation building.

The implementation of the Scheme would be carried out under the overall supervision of Ministry of Electronics and IT in active collaboration with States/UTs through their designated State Implementing Agencies, District e-Governance Society (DeGS), etc.

Background:

As per the 71st NSSO Survey on Education 2014, only 6% of rural households have a computer. This highlights that more than 15 crore rural households (@ 94% of 16.85 crore households) do not have computers and a significant number of these households are likely to be digitally illiterate.

The PMGDISHA being initiated under Digital India Programme would cover 6 crore households in rural areas to make them digitally literate. This would empower the citizens by providing them access to information, knowledge and skills for operating computers / digital access devices.

As the thrust of the Government is on cashless transactions through mobile phones, the course content would also have emphasis on Digital Wallets, Mobile Banking, Unified Payments Interface (UPI), Unstructured Supplementary Service Data (USSD) and Aadhaar Enabled Payment System (AEPS), etc.

Source: Press Information Bureau

At 19 million tonnes|year, India 2nd-largest LPG user in world

India has become the second-largest domestic LPG (liquefied petroleum gas) consumer in the world due to the Central government's rapid rollout of clean fuel plan for poor households and fuel subsidy reforms.

LPG consumption by households has reached 19 million tonnes, registering an annual growth rate of 10%.Consumption is expected to rise 20 million tonnes, backed by expanding consumer base in urban areas and rapid rollout of the `Ujjwala' scheme for providing LPG connections free of cost to five crore poor households by 2019.

The Ujjwala scheme has turned India into an example for energy experts from other emerging economies still struggling to provide clean fuel to their rural folks. No wonder the World LPG Association (WLPGA) -so far focused on developed economies -has chosen to hold its Asia summit in Delhi.

Barely nine months after being launched by the PM in May 2016, the scheme has covered 1.6 crore poor households, topping the target set for the entire 2016-17 financial year on the back of a massive rural outreach push. “It simply beats me how they achieved this,” WLPGA Yagiz Eyuboglu told a curtain-raiser session on Monday in a compliment to oil minister Dharmendra Pradhan.

“When we assumed office, we had a system of misdirected subsidies, rich and uppermiddle class were entitled to LPG subsidies. There were many duplicate connections and the subsidized LPG was diverted to commercial and industrial segments. As a result poorest of the poor never had access to LPG. In 2014, almost half of Indian households didn't have LPG connections. We decided to change the LPG landscape in India,” Pradhan said, giving an insight into the government's thinking behind the reforms.

Pradhan said reforms in the subsidy mechanism - elimination of ghost consumers and direct subsidy transfer -saved an estimated Rs 21,000 crore, or $3.2 billion, in the two years of the Modi government.

During this time, he said, Rs 40,000 crore, or $6.5 billion, in subsidy has been transferred directly to bank accounts of consumers.

Source: The Economic Times

India stands out as the only economy doing reforms: Jaitley

Finance Minister Arun Jaitley said that in the global scenario where economies were turning protectionist, India stands out as the only economy doing reforms.

"We stand out as the only economy doing reforms because the rest are going towards protectionism," Jaitley said here at the 96th annual session of Associated Chambers of Commerce and Industry of India (Assocham).

He listed opening of foreign direct investment in various sectors, Aadhaar legislation, Direct Benefit Transfer, demonetisation and the Goods and Services Tax (GST) in the series of latest reforms.

"India is prepared for reforms much more than it ever was. Bulk of public opinion favours reforms," he added.

"Taxation reforms are a work of progress. Universal Basic Income is an idea worth considering," Jaitley said.

Universal Basic Income is a reform if adequately implemented can eradicate poverty overnight, the Finance Minister noted.

The idea of Universal Basic Income (UBI) was mooted by the Economic Survey 2016-17 as an alternative poverty reduction mechanism in place of various ongoing social welfare programmes.

The Economic Survey, authored by Chief Economic Advisor Arvind Subramanian, pitched for a scheme to transfer a reasonable basic income to Indians below the poverty line.

The recommendation was based on a survey on misallocation of resources, which showed that districts where needs are the greatest are precisely those where state capacity is the weakest.

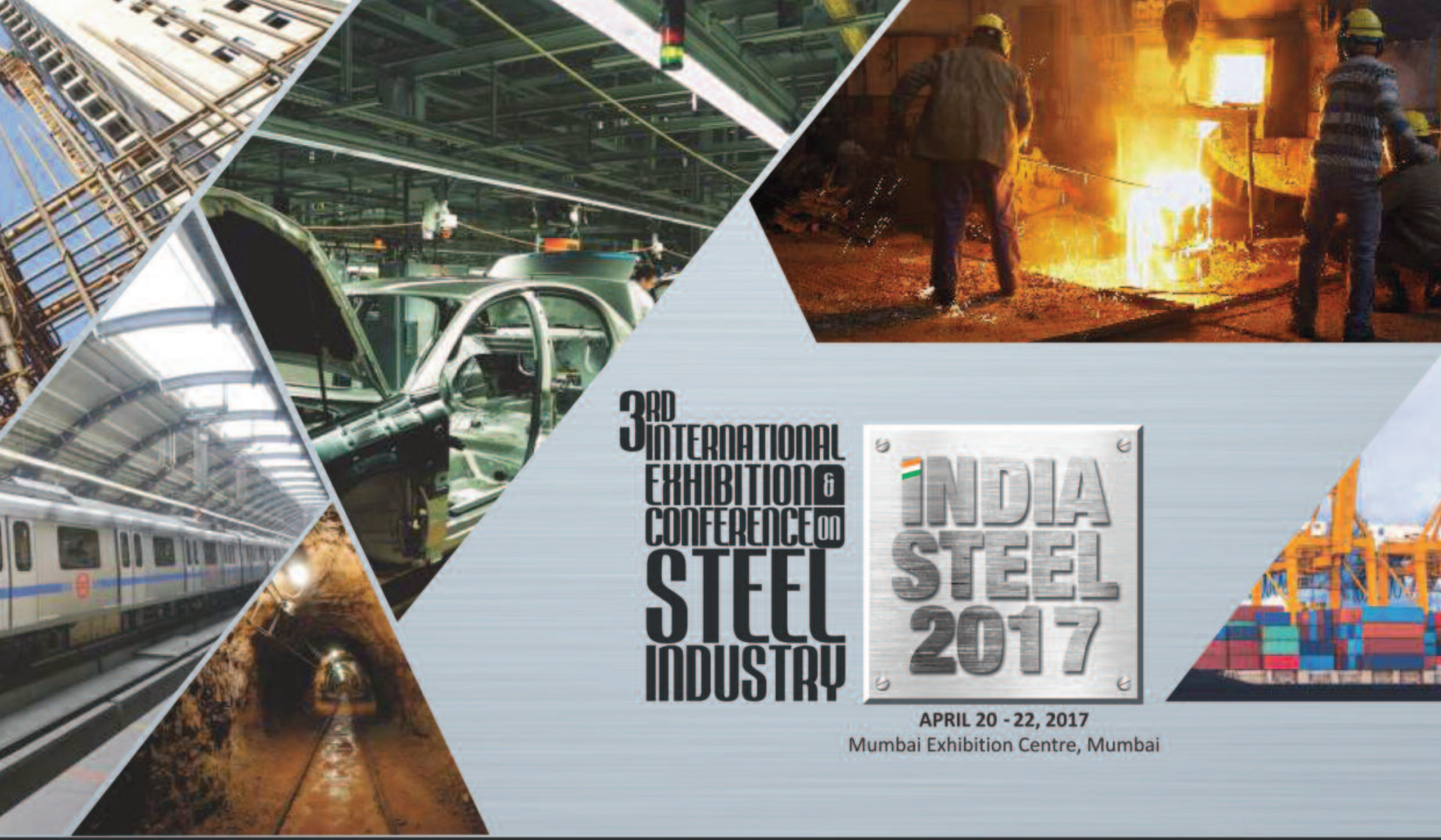
The survey's findings suggest that a more efficient way to help the poor would be to provide them resources directly, through a UBI.

Subramanian has said that it would entail making an unconditional cash transfer of about Rs 10,000-Rs 15,000 a year to every citizen and could replace more than 1,000 schemes the government runs for poverty elimination.

Jaitley had earlier said that the UBI was food for thought and the Centre and states need to develop a consensus on it.

"We give subsidies. The entitlement of subsidies is for the poor. World-over, it is the thought that ending the subsidies, we can target the poor households and put a certain money in their bank accounts," he had said.

Source: Indo-Asian News Service



Mining Opportunities

Federation of Indian chambers of commerce & Industry (FICCI) along with the Ministry of Steel is organizsng the third exhibition of INDIA STEEL from April 20-22, 2017 at Mumbai Exhibition Centre, Mumbai.

The exhibition cum conference will 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.

SHOW HIGHLIGHTS

- One of the focused exhibition cum conference on Steel in India
- 14,000 square meters of exhibition area
- CEOs' Round Table
- Live demonstration to showcase the equipments with latest technologies.
- More than 200 exhibitors across the steel sector
- Concurrent conference which would have brainstorming sessions on various aspects of steel
- International Country Pavilion
- Networking opportunities to hear from and meet key government regulators- both domestic and International
- Visitor from producer, user and raw material segment like, Construction Industry, Railways, Automobile Industry, Ship Builders, Road and Transports, Ports, Plant and Machinery Manufacturers, Mining etc

WHY VISIT?

- Network with leading industry players from India
- Identify new sourcing destinations
- Enter in Business Transactions
- Interact With Leading International Companies
- Find about sources of investments & funding
- Share key knowledge and new technologies
- Meet face-to-face with existing and new potential business

ADVANTAGE INDIA

- India is the world's third largest producer of crude steel and is expected to become the second largest producer by 2020.
- Steel production in India has increased from 81 million tonnes (mt) in 2013-14 to 88 mt in 2014-15 with the capacity being increased from 100 mt in 2013-14 to 110 mt in 2014-15.
- The steel sector contributes nearly 2% of the country's GDP and employs over 6 lakh people.
- The per capita consumption of total finished steel in the country has risen from 51 kg in 2009-10 to about 60 kg in 2014-15.
- The most important aspect for the Indian Steel industry is the huge availability of key raw material i.e. iron

सत्यमेव जयते
Ministry of Steel
Government of India

FICCI

www.indiasteelexpo.in

Issue no 714 | February 07-13, 2017

WEEKLY ECONOMIC BULLETIN

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Designed & Developed by
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