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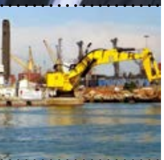





MAIN

## WTO Bali: India Successfully Organise Coalition on Public Procurement and Making Developing Nations More Competitive

IBEF, New Delhi, December 2013

The Union Minister for Commerce & Industry, Shri Anand Sharma addressing at the plenary Session of 9th Ministerial Conference of WTO, at Bali, Indonesia on December 04, 2013.

The Union Minister for Commerce & Industry, Shri Anand Sharma with his counterpart from South Africa, Mr. Rob Davies and Brazil's Foreign Minister, Mr. Luiz Alberto Figueiredo Machado, at IBSA lunch, on the Sidelines of WTO Ministerial, at Bali, Indonesia on December 03, 2013.

At the 9th Ministerial Conference of the World Trade Organisation (WTO) in Bali, held from December 3-6, 2013, India was able to build a coalition of developing countries including countries from Asia, Africa and Latin America resulting in gaining consensus in the defence of farmers and the poor. In his opening address at the WTO Plenary Session, Mr Anand Sharma, India's Minister of Commerce and Industry stressed that, "Historical imbalances in trade rules must be corrected to ensure a rule-based, fair and equitable order. The Doha Round, with its strong development mandate, unambiguously recognized the centrality of food security, livelihood security, and rural development in trade negotiations. It acknowledged the inherent imbalance and asymmetries in trade rules, and promised to correct historical distortions."

During four days of intense round-the-clock negotiations, the Minister led the group which managed to put forth their case despite other countries such as China and Brazil backing out leaving South Africa, Argentina, Kenya and Nigeria as the major allies.

As demanded by India, developing countries will now be able to continue with their public procurement programmes without fearing a possible breach in the ceiling. In addition, there were other gains for the developing countries making them more competitive in the international markets.

It is important to note that India has played a central role in re-energising the stalled Doha Round of talks over the last four years. It may be recalled that it was at India's instance that an informal Ministerial Meeting was convened in September 2009 in New Delhi, which for the first time broke the logjam and brought the negotiators back to the negotiating table in Geneva.

Also, the Trade Facilitation Package in WTO parlance aims at moving goods more efficiently across international borders, especially in the less-developed parts of Asia, Latin America and Africa and has the potential to add US$1 trillion to the global economy. The pact is expected to make it easier for Indian exports to deal with tough rules in the European markets.

## NSW Premier's Third Official Visit to India

The Indian Sun, 2 December 2013

New South Wales Premier, Mr Barry O'Farrell was on a week-long visit to India last December to promote trade and investment opportunities for the state. He met senior government and business leaders in Delhi, Ahmedabad and Mumbai, focussing on the infrastructure, education, financial services and tourism sectors. The Premier said India is a priority market for the State and he brings the message that, "NSW is open and ready for business with India.

"NSW and India are both pursuing ambitious infrastructure programs, with the Indian Government aiming to invest a staggering US$1 trillion in infrastructure in the five years to 2017. I am confident NSW has the strong infrastructure services capabilities that could support the delivery of many of these planned projects."

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He also added, "My visit also reaffirms our strong friendship with India, which was highlighted last month when NSW hosted the Regional Pravasi Bharatiya Divas (Overseas Indians Day) – the first time this event has been held in Australia. In 2012–13, India was Australia's largest source of permanent and skilled migrants and the Indian community is the fourth-largest migrant community in our country."

During his visit from the 2 to 9 December, he met the Chief Minister of Maharashtra, Mr Prithviraj Chavan and signed seven MOUs with the State to develop sectors such as agriculture, health, water management, higher and technical education, and museums. The Premier was reported saying that, "The NSW Government has agreed to a proposal put forward by the Indian government of Maharashtra that will see a group of farmers come to NSW to study a range of agricultural issues, including cropping techniques and patterns, as well as research into specific agricultural fields such as horticulture and viticulture." He said that farmers across NSW have a wealth of knowledge and experience that their Indian counterparts will have an opportunity to tap into as a result of the memorandum signed with NSW's sister-state, Maharashtra. Mr Farrell was hopeful that this will lead to more visits of NSW farmers to India as he felt, "People-to-people relationships, however they start, are the first step to two-way business and investment links." The Premier's delegation to India consists of about 20 leaders from the Australian state's finance, infrastructure, IT, mining and education sectors.

The Chief Minister of New South Wales, Australia, Mr. Hon. Barry O'Farrell calling on the Union Finance Minister, Shri P. Chidambaram, in New Delhi on December 03, 2013.

# Anand Sharma Expresses Optimism for Economy In 2014

India Department of Commerce, New Delhi, 1 January 2014

In a statement released by the Union Minister of Commerce & Industry Shri Anand Sharma, he expressed optimism for the economy in 2014 and said, "In 2013, India was rated as the most favoured investment destination globally. The bold decisions of the UPA Government for liberalizing Foreign Direct Investment Policy in key sectors such as civil aviation, retail and telecom have resonated with the global community and we have seen results in the last few months. The Government will continue its endeavour for liberalizing the FDI Policy further in the coming weeks to ensure that India retains its leadership position for attracting foreign investments."

The Minister also expressed his satisfaction that the manufacturing sector seems to be on the mend and that there is visible rebound in industrial activity. He said that in the coming months there will see a greater push for development of industrial corridors across the country and work will commence for establishment of the first few cities along the Delhi-Mumbai Industrial Corridor. He looks forward to greater foreign investment and technology collaborations as Indian manufacturing will also move up the value chain and acquire greater competitiveness globally.

Finally, he also gave reasons for optimism in the area of exports. He pointed out that in spite of weak demand in traditional markets, "Exports have done reasonably well and in the first eight months of the current financial year, exports touched US$204 billion, registering a growth of over six per cent over the same period last year. It was also reassuring that the trade deficit also came down to US$99.9 billion during this period as compared to US$129 billion during the same period last year. I am sure that in the remaining period of this financial year, exports will show a strong and dynamic growth."

# Mega power projects: Govt to boost supply

The Hindu Business Line, New Delhi, 3 January

The Indian Government on Thursday decided to further ease the Mega Power Policy in a move that will help nearly 25 projects with investments of more than Rs 1.6 lakh crore. This is expected to increase power availability in the country and also ensure that consumers are charged reasonably for electricity supply.

## BENEFITS

To benefit from this policy, the developer will have to tie up sales with distribution utilities through long-term power purchase agreements (PPAs). The amendment allows project developers to tie up for only 65 per cent of generation capacity through competitive bidding with the State distribution utilities against the earlier norm of 85 per cent. The amendment allows the developer to sell up to 35 per cent of installed/net capacity under regulated tariff as per the specific host State policy. This dispensation would be one time and limited to 15 projects located in the States having mandatory host State power purchase policy under regulated tariff. States such as Odisha, Chhattisgarh and Madhya Pradesh insisted on buying up to 25-30 per cent of electricity from power stations for their respective States. The Government has also extended the maximum time for furnishing final mega certificates to tax authorities to 60 months instead of 36 months from the date of import for provisional mega projects (25 projects).

The Mega Power Policy was introduced in November 1995 to provide impetus for setting up of large projects. Thermal power projects of

1,000 MW and hydel plants of 500 MW are eligible for benefits under the policy. The policy has been modified time and again to encourage development of the sector. It will also benefit supercritical projects that are awarded through international competitive bidding with the mandatory condition of setting up indigenous manufacturing facilities.

### DEVELOPMENT FUND

The Cabinet also approved setting up of the Power System Development Fund (PSDF). The projects taken up to strengthen the electricity transmission grid can source funding from this Rs 6,000-crore facility. "The utilities that break grid discipline pays fine. Part of the fine is paid to compensate any utility that encounters losses. Currently, about Rs 6,000 crore has been accumulated in the fund, which would now be utilised for grid strengthening projects," a senior Power Ministry official told Business Line.

Powering ahead will encourage setting up of large power plants, simplify procedure for grant of mega certificate, encourage capacity addition. The Power System Development Fund is to be used for creating necessary transmission lines. Renovation and modernisation of transmission and distribution systems to relieve congestion Fund is to be operationalised within three months.

# Investments in Karnataka Approved

The Hindu Business Line, 24 December 2013

The Union Commerce Ministry has approved some of the Karnataka Government's proposals that include the setting up a chilli park at Haveri. Addressing reporters after a meeting here to review the pending projects, Union Commerce Minister Anand Sharma said, "We have cleared the proposal. The land for setting up the chilli park will be finalised by the State government. Spices Board and the State government will take it forward."

The Ministry also cleared the Karnataka Government proposal to include pepper under the National Horticultural Mission (NHM). "Karnataka is the second largest pepper producer. The State will be brought under NHM. For setting up a pepper park, the State will co-ordinate with the Spices Board," said Sharma.

### EXPORT FACILITATION

To facilitate export from Karnataka, Commerce Ministry has approved a few more projects. Prominent among them are to take up construction of a convention centre. An assistance of Rs 20 crore is being given to Karnataka Trade Promotion Organisation (KTPO) to take up construction of the centre. In order to increase agri-exports from Karnataka, Agricultural and Processed Food Products Export Development Authority (APEDA) will take up construction of cold storage and warehousing facilities at the new airport (BIAL). "This will increase State's share of agri-exports and create additional infrastructure facility at the airport," said Sharma.

Of the seven mega leather clusters proposed in the country, Karnataka will get one. The regional sub centre of the National Institute of Design (NID) in Bangalore will be upgraded to a full-fledged campus. The Indian Institute of Packaging's proposal to set up a centre in Bangalore has been cleared. "A proposal was approved some time back but it will be taken up with the State government's help," said Sharma.

# Internet and Wi-Fi Plan for Rural Areas

The Government has approved a project for creation of National Optical Fibre Network (NOFN) to connect all the Gram Panchayats of the country through Optical Fibre Cable (OFC). It was reported on 18 December 2013 that this information was given in a written reply to a question in the Lok Sabha from Shri Kapil Sibal, Minister of Communications and Information Technology.

He said that NOFN is planned to connect all the Gram Panchayats (approximately 2,50,000 Gram Panchayats) in the country through optical fibre, utilizing existing fibres of Central Public Sector Undertakings (CPSUs) viz. Bharat Sanchar Nigam Limited (BSNL), RailTel and Power Grid Corporation of India Limited (PGCIL) and laying incremental fibre wherever necessary.

Dark fibre network thus created will be lit by appropriate technology thus creating sufficient bandwidth at Gram Panchayats (GPs) level. Non-discriminatory access to the network will be provided to all the telecom service providers and other access providers to launch various services in rural areas. The

project is being funded by Universal Service Obligation Fund (USOF) and is being executed by a Special Purpose Vehicle (SPV) viz. Bharat Broadband Network Limited (BBNL). BBNL is getting the project executed through 3 CPSUs viz. BSNL, RailTel and PGCIL.

Shri Sibal informed the House that three Pilot Projects have been completed to cover 30 Gram Panchayats of Arain Block in Ajmer District (Rajasthan), 15 Gram Panchayats of Panisagar Block in North Tripura District (Tripura), 14 Gram Panchayats of Paravada Block in Vishakapatnam District (Andhra Pradesh). 59 Gram Panchayats in these three Pilot Project Blocks have been provided with 100 Mbps bandwidth.

Presently, the survey work is being done by the three CPSUs and tenders for supply of material and execution of the project are under process in BBNL and 3 CPSUs. The fibre connectivity is to be delivered at the Gram Panchayat Bhavan or any other suitable location in the Gram Panchayat identified by the concerned State Government/Union Territory Administration.

The initial estimate for the project is Rs 20,000 Crore. The project is being funded by Universal Service Obligation Fund (USOF). Tri-partite Memorandum of Understanding (MoU) for free Right of Way (RoW) has been signed with all States including West Bengal & Union Territories (UTs) except the States of Haryana and Tamil Nadu and UTs of Chandigarh and Lakshadweep. Efforts are underway to sign the MoU with the remaining States and UTs.

# Indian Startups: Global competitiveness and innovation make them acquisition targets

The Economic Times, 3 January

The growing proficiency of Indian technology companies in building innovative products is drawing a great deal of attention from global corporations eager to acquire fresh ideas and skilled workers.

Applications that help ease online payments, offer security for data stored on multiple devices as well as those that help drive greater advertising revenue on mobile devices are some of the technologies on the shopping list of multinationals scouting for the right startup. In the next five years, experts say at least 40 technology ventures in India could be bought over by large corporations.

"A couple of them (startups) will be valued at over $1 billion (Rs 6,200 crore)," said Ravi Gururaj, an angel investor who heads the software product council at industry lobby Nasscom. He expects about half a dozen technology ventures to be valued at around $500 million (Rs 3,100 crore) while the rest will likely fetch a price of between $15 million (Rs 93 crore) and $50 million (Rs 311 crore).

A handful of such acquisitions have already set the ball rolling. Last November, Japanese engineering and electronics maker Hitachi acquired Prizm Payment Services, in a deal estimated at $250 million (Rs 1,547 crore). In mid 2013, South African media conglomerate Naspers bought online bus ticketing firm red-Bus for about $100 million (Rs 618 crore), giving it access to not only the large Indian market but disruptive technology as well.

"Multinational companies primarily look for talent and intellectual property that can compete at global level," said Prashant Gupta, group manager at Microsoft India (R&D). "There are early signs in India that such companies are emerging that can

Ravi Gururaj, Chairman of NASSCOM

meet these demands, especially in cloud-driven application lifecycle and big data," he said. The global software maker runs an accelerator programme in India for technology startups that has graduated 22 ventures so far and is poised to make its first venture investment this year.

Interest from Japanese corporations too is growing. Apart from the Hitachi deal, others such as NTT too have been active buyers. In 2012 Japan's NTT Communications bought a majority stake in technology firm Netmagic for about Rs 900 crore. "India is becoming the laboratory for products and services for the world," said Krishnan Ganesh, founder of online tutoring company TutorVista that was bought by the UK's Pearson group at an enterprise value of about Rs 1,000 crore.

After the acquisition, the number of students using the services of TutorVista has tripled to four million across both the local and the US market. Pearson now aims to replicate the TutorVista model in emerging markets such as Brazil, China and South Africa. In 2013, there were 100 merger and acquisition deals across the India's information technology industry. Of this, 31 whose value was announced were worth $1,906 million (Rs 11,807 crore), according to research firm Venture Intelligence.

The trigger for this growing M&A activity is the range of disruptive technology startups emerging out of India. Companies such as advertising network InMobi, data analytics company Mu Sigma and online retailer Flipkart have achieved a scale where they are valued at over $1 billion. "This is driven by leading-edge globally competitive technologies," said Naren Gupta co-founder and managing director of Nexus Venture Partners, an early investor in Netmagic and online retailer Snapdeal.

# Vodafone eyes Tata Tele

The Economic Times, New Delhi, 3 January


Vodafone is in early talks with the Tata Group to buy its controlling stake in Tata Teleservices to create India's largest telco by subscribers. Discussions are at an early stage and difficult at this stage to say what the outcome of these talks will be according to sources aware of the development.

The right of first refusal to the Tatas' 59.45 per cent stake in Tata Teleservices rests with its Japanese partner NTT Do-CoMo, which owns a little over one-fourth of the telecom company. But if the Japanese company refuses to buy out Tatas, the Indian partner has the right to exercise its 'drag along' rights and force NTT DoCoMo to sell its shares to the buyer of its choice.

According to the shareholders agreement between Tata Sons and NTT DoCoMo, if certain performance parameters and other conditions are not met by 31 March this year, and the Japanese partner decides to exit, Tata Sons is obligated to find a buyer for its shares. If it fails to find another buyer, Tata Sons would have to acquire NTT DoCoMo's stake.

Both Tata Teleservices and Vodafone declined comment for the Economic Times report. In case Vodafone manages to consummate this deal, it will mark a dramatic change in the pecking order of India's largest telcos. Traditionally, Bharti Airtel has been India's largest operator by subscribers, followed by Vodafone.

If the transaction happens, the Vodafone-Tata Teleservices combine, as per November 2013 figures, will become the country's No. 1 player in terms of subscribers with 248 million customers, overtaking Airtel's 196 million users.

# Utility Vehicle Market: Mahindra & Mahindra rides on hope of turnaround in 2014

The Economic Times, Mumbai, 3 January

This year, Mahindra & Mahindra, India's largest utility vehicle maker is slated to introduce a slew of seven to eight new products including facelifts (Scorpio) and variants, in a further bid to rustle up demand for its vehicles. The utility vehicle maker's strategy follows the response it received for its new variants that the company launched in the last six months, soon after the excise duties were increased on utility vehicles which resulted in demand beginning to contract.

ET learns, that over the next 12-18 months, M&M has lined up a major Scorpio facelift (June 2014), XUV facelift code named W207 (March 2015), new Maxximo load and passenger codenamed P405 and P 409 respectively (October 2014) and the new 0.5 tonne mini truck to replace Gio codenamed P601 (October to November 2014) to take on Tata Motors Ace Zip.

Pravin Shah, Chief Executive of Mahindra & Mahindra's Automotive Division, told ET, "There is an action packed initiative planned on all fronts for 2014-15. This will be before our new products on new platforms start rolling out in 2015-16. There will be action in each of the segments we play in. There could be major variants, totally different drive lines and face lifted models."

After hectic activity witnessed in FY-12 and FY-13, it was a relatively quieter year for M&M on the new products front. This coincided unfortunately with the overall sluggish demand environment, a sustained increase in diesel prices and hike in excise duty on utility vehicles, making matters worse for the company. On the back of high base of FY-13, wherein company posted a 33% growth, in April to December of FY-14, M&M's passenger vehicle sales has declined 18% year on year to 1.66 lakh units, whereas small commercial vehicle sales have remained flat.

Shah however attributes that new variants in Bolero, Scorpio and XUV, helped the company report a "mini-turnaround" in the last three months. According to ET's analysis, the average sales of Bolero increased 20% to 9000 units in Q3 over Q2 (7600), Scorpio sales increased 5%, quarter on quarter to 3800 units on an average.

And the introduction of new entry level variant of W4 has led to a jump of over 18% in XUV 500 average sales in Q3 to about 2750 units Vs 2100 units in Q2. Shah declined to reveal specific numbers, but said the company is planning to return to growth territory in FY-15.


# Australia seeks to export SolarGen tech to India

The Hindu Business Line, Hyderabad, 3 January

A fall in gold and non-oil imports help narrow India's trade gap to US$10.56 billion, almost half that in same month of 2012. The rupee's depreciation against the dollar has also had a positive effect. Boosted mainly by the rupee's weakness since July and a demand revival in key markets, India's merchandise exports in October soared to US$27.27 billion from US$24.03 billion in the same month last year - an increase of 13.47 per cent, the highest since 23.7 per cent seen in October 2011.

The increase in October, the fourth straight month of double-digit export growth rate, was in stark contrast with a dull phase from the beginning of the last financial year to June this year. In 2012-13, the country's total exports had fallen 1.76 per cent from the previous year to US$300.60 billion. The contraction had continued in May and June this year.

But India's exports have grown at a double-digit rate in each of the four months since July. During the July-October period, the rupee's value against the dollar declined 13 per cent compared with the year-ago period.

"We are seeing consistent double-digit export growth rates. All major sectors with significant contribution in the export market have shown a positive trend. We are confident of reaching the export target (of US$325 billion) this financial year," said Commerce Secretary, S R Rao, who released the data.

Rao said exports to all major regions of the US, Europe, Africa and ASEAN were rising. Those to South Asia and Latin America were, however, marginally low.

The total exports during the first seven months of the financial year through October rose 6.32 per cent to US$179.38 billion, compared with US$168.71 billion in the same period last year. Cumulative imports during the same period stood at US$270.06 billion, against US$280.73 billion, down 3.80 per cent. The total trade deficit during the April-October period reached US$90.68 billion, compared with US$112.03 billion during the corresponding period of 2012-13. The government aims to lower its current account deficit, which includes trade deficit, to US$60 billion in 2013-14, from US$88 billion the previous year.

The rupee's depreciation is helping narrow the trade gap, as outbound shipments are increasing. So, it seems the currency's fall, contrary to the general belief, is actually helping fight a soaring trade deficit.

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A study has also found that the technology developed by the CSIRO could help India's efforts towards achieving energy security. Some of the benefits include improved energy and food security by reducing natural gas consumption; new jobs created through local manufacturing and operation of the technology; the potential to produce solar liquid fuels for transport.

The study was funded by the Australian Government and undertaken by CSIRO in collaboration with the Solar Energy Corporation of India. It has also developed a concept design for a pilot scale SolarGas facility and identified numerous potential host sites suitable for such a pilot project.

Energy and energy security are critical issues for Australia and India, and we have much to offer each other by sharing our renewable technology expertise and technology, said Australia's High Commissioner to India Patrick Suckling while launching the study recently.

# Private equity firms invest Rs 940 crore in agri-logistics and cold chain industry in last three years

The Economic Times, Mumbai, 3 January

India, with an extremely high rate of food wastage, is seeing an increasing interest from private equity investors in the agri-logistics and cold chain industry, attracting high valuations for their scalable and high growth businesses.

PE firms have invested about $151.55 million (Rs 940 crore) in 11 companies in the sector in the past three years, according to Venture Intelligence. Sohan Lal Commodity received the largest investment of $33 million so far by Everstone, Mayfield, Nexus Ventures and ICICI Bank. More investments are lined up for the year ahead.

"There are at least 8-10 companies in the market looking to raise funds. Anybody who has annual revenue of more than Rs 10 crore is looking," said Hemendra Mathur, managing director, SEAF India Agribusiness International Fund.

Agri-logistics and cold chain companies, which are seeing revenue growth anywhere between 20 per cent and 100 per cent annually, are hoping to raise anywhere between Rs 15 crore and Rs 100 crore each, to scale operations across the country, a necessity for growing this business faster. Suri Agrofresh, which is half owned by Europe's Total Produce, is looking to dilute 10-20 per cent equity in the company, its managing director Hitin Suri told ET. It has been in talks with more than 10 private equity firms. Some other companies scouting for private equity are Origo Commodities, Dev Bhumi Cold Chains, Scheduler Logistics and IG International.

India, which is primarily an agrarian economy, ironically has limited cold chain, warehousing infrastructure in place. At least 40 per cent of all fruits and vegetables are lost in India between the grower and the consumer mainly due to lack of storage facility, weak transportation system and bad roads, according to a recent food wastage report by Institution of Mechanical Engineers "The primary growth driver is the government inefficiencies and massive shortage of storage, transport facilities," said Hetal Gandhi, managing director, Tano India Advisors.

Tano recently invested Rs 80 crore in Shree Shubham Logistics. Another huge growth driver, he said, is the increasing private participation in procurement of agricultural produce and rising demand from banks to manage agri-loan collateral. Private equity is hoping for first-mover advantage as this capital-starved, but fragmented sector slowly moves towards corporatisation.

Also, as organised retail players make inroads into the country while import of fruits and vegetable picks up, cold chain businesses are seeing fortunes grow. Investors are, however, unhappy with the high valuation expectations, which range from 15-20 times EBITDA multiple. Few organised players with fewer people with operational background are driving valuations high.

Many businesses in the sector are family-run and not open to outside control. The balance sheets also tend to be unreliable. This emerging sector is still nascent and in need of professional handholding. "The theory is that private equity will bring in a network of relationships, additional investors, corporate governance oversight and experience with mergers and acquisitions," said Nikhil Shah, senior director at Alvarez & Marshal India. He is advising many private equity players on opportunities in this space.

Though these businesses are growing fast and have potential to grow faster, the gross margins tend to be in the range of just 5-6 per cent. More domain expertise and knowledge could help weed out inefficiencies. Despite the seasonal and rainfall dependent nature of the business, private equity is betting on the potential scalability of organised players in the segment.

## Glaxo to spend US$1 billion to increase stake in its India unit

Brand India Pharma, Mumbai, 16 December 2014


GlaxoSmithKline Plc (GSK) plans to increase its stake in its Indian pharmaceutical unit to up to 75 per cent from 50.7 per cent through an open offer in a deal worth close to 629 million pounds (US$1 billion). With this deal in place, GSK is all set to spend almost US$2 billion in a year's time to increase its holdings in two listed Indian companies, underscoring the British drugmaker's drive to deepen its footprint in emerging markets.

Experts believe this is part of GSK's strategy to reduce its reliance on traditional prescription drug markets in western economies where sales are slowing down. GSK's Indian pharma subsidiary manufactures drugs for various areas covering segments like respiratory, cardiovascular, oncology, anti-infectives and dermatology.

# Govt clears Rs 3-lakh crore investments in public enterprises

The Hindu Business Line, New Delhi, 29 October

The Government has so far cleared pending projects involving Rs 3 lakh crore of investment by Public Sector Enterprises, according to O.P. Rawat, Secretary, Department of Public Enterprises.

O.P. Rawat, Secretary, Department of Public Enterprises

### TO DRIVE GROWTH

"This has been done in several of rounds of the Cabinet Committee on Investment. The total pending projects of PSEs involve about Rs 30 lakh crore,'' Rawat told newspersons on the sidelines of Golden Jubilee Celebrations at Institute of Public Enterprise (IPE) here on Thursday.

Pointing out that this was expected to drive growth in public sector, the official said the business figures of the first six months of the current financial year ended September 30, 2013 showed positive growth though the performance of PSEs was not up to the mark during 2012-13.

Going by the present trend, it was expected that public sector enterprises could grow by 15 per cent this year, he added. When asked on the performance of Bharat Heavy Electricals Ltd (BHEL), he said it was making losses due to pending projects and building up of huge inventory before receiving actual orders.

### MORE FUNDS FOR EDUCATION, R&D

To improve the performance of public sector enterprises, the Government is considering allowing Maharatna and Navaratna companies to take independent decision involving investments up to Rs 10,000 crore, Rawat said. At present Rs 5,000 crore is the upper cap in this regard. Earlier, addressing the gathering, P. Rama Rao, President, Board of Governors, IPE, said there was a need for greater investments in education, research and development. "The only group of companies which can show the way forward in this regard are public sector enterprises,'' he said.

# RBI allows foreign retail investments in tax-free rupee bond

The Times of India, Mumbai, 25 December

The Reserve Bank of India on Tuesday allowed foreign retail investors, including non-resident Indians, to invest in rupee-denominated tax-free non-convertible bonds. Funds raised through these bonds can be invested in infrastructure projects and in fixed deposits with banks.

RBI said in a statement, "It has been decided to permit resident entities, companies in India, authorized by the government of India, to issue tax-free, secured, redeemable, non-convertible bonds in rupees to persons resident outside India to use such borrowed funds for on lending, re-lending to the infrastructure sector and keeping in fixed deposits with banks in India pending utilization by them for permissible end-uses."


It said the move will widen the investor base, help in internationalizing the currency and open another window for foreign investors. At present, foreign institutional investors are not allowed to invest in tax-free infrastructure bonds issued by companies such as Power Finance Corporation, NAHAI, IIFL and Rural Electrification Corporation. Every year, the government allows some public sector companies to issue tax-free bonds. Global investors have shown interest in rupee-denominated bonds. Recently, International Finance Corporation, the private finance arm of World Bank, had raised Rs 1,000 crore in the US by issuing rupee-linked bonds to global investors. IFC plans to raise a total of $1 billion. In such currency bond, the foreign investor will get proceeds in rupee.

"This will help in increasing the market base by including small and wide ticket size into Indian debt market," said Ashutosh Khajuria, president (treasury) at Federal Bank. "It is one step towards internationalisation of the currency." Since the bonds are rupee-denominated, volatility in the currency will not have an impact on the issuer. To that extent, external debt will be taken care of.

# Lupin launches HIV drug in USA

Brand India Pharma, 24 December 2013

The Indian drug firm Lupin has launched the generic version of ViiV Healthcare's Trizivir tablets in the US market with 180 days of marketing exclusivity. The company released a statement that its US subsidiary Lupin Pharmaceuticals Inc has launched Abacavir Sulfate, Lamivudine and Zidovudine tablets in the US after the US District Court for the District of Delaware ruled that Lupin's generic version of Trizivir did not infringe on patents.

It may be noted here that the Indian drug firm had already received approval from the US Food and Drug Administration (USFDA) for the same. Since Lupin was the first applicant to file an abbreviated new drug application (ANDA) for Trizivir tablets and hence is entitled for 180 days of marketing exclusivity. Lupin's cumulative ANDA filings with the USFDA stood at 183, as on October 30, 2013 and the company has received 93 approvals to date. The sales of Trizivir tablets stood at US$111.6 million, according to the IMS MAT September 2013 data.

# Five more Indian port projects appraised `

In a media statement released on 27 December 2013, India's Ministry of Shipping announced that the Public Private Partnership Appraisal Committee (PPPAC), a high level governmental committee, has appraised five proposals in the Port Sector. These projects as listed below will now be recommended for grant of final approval by the Cabinet Committee on Economic Affairs (CCEA):

i) Development of a fourth Container Terminal at Jawaharlal Nehru Port Trust (JNPT) on Design, Build, Finance, Operate and Transfer (DBFOT) basis

ii) Development of Container Terminal at Ennore Port Limited (EPL) on DBFOT

iii) Development of Multipurpose Cargo at Mumbai Port Trust (MPT) on DBFOT

iv) Development of Mega Container Terminal at Tuna Tekra at Kandla Port (KPT) on BOT

v) evelopment of Container Terminal at Diamond Harbour at Kolkata Port Trust (KoPT) on BOT.

These projects are proposed to be awarded in the current financial year by various Major Ports for implementation under Public Private Partnership mode. The proposed projects are to create an additional capacity of 150 MMTPA with an investment of about Rs 17630 Crores.

This year, the Ministry of Shipping has so far conveyed approval for 16 projects against a target of 30 and the Major Ports have already awarded these projects. These already awarded projects include six under PPP and 10 under non-PPP mode and they are expected to add a capacity of 89 MMTPA with an investment of about Rs 4200 Crores.

## US Welcomes Indian firms

The Hindu Business Line, Hyderabad, 3 January

Nancy Powell, US Ambassador to India

The US will do more to help Indian companies of all sizes to set up operations there, said the US Ambassador Nancy Powell while addressing CII-AP members here.

The envoy welcomed Hyderabad-based businesses to participate in the Select-USA Road Show planned for April 2014.

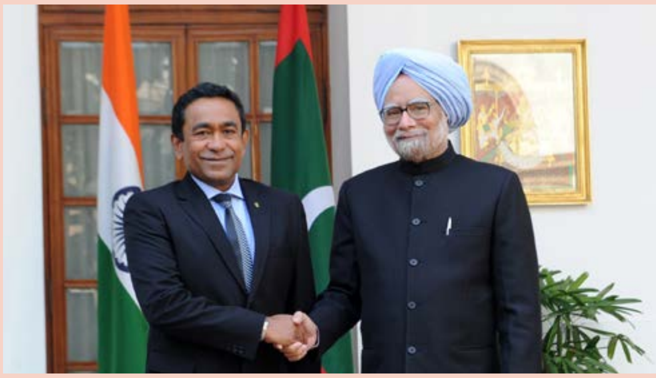
The initiative is promoted by the US Department of Commerce. In her interaction with CII members, Powell enumerated the many reasons why Indian investment in the United States is now easier than ever before, including record low energy costs, a streamlined approval process, world-class universities and labour, and access to over 20 additional markets through high-level bilateral and multilateral international trade agreements.

During the meeting, Rajesh Datla, past chairman of CII Andhra Pradesh, and Managing Director, Elico Ltd., shared his experience in doing business with the U.S. He pointed out that CII is focusing on establishing contacts amont small and medium enterprises in the two countries.

Earlier in his welcome address, Suresh Chitturi, Vice-Chairman, CII Andhra Pradesh, and Vice-Chairman & Managing Director, Srinivasa Hatcheries Ltd, said the Indo-US trade has become broad-based and multi-sectoral.

## India and Maldives sign pact on health co-operation

The Hindu Business Line, New Delhi, 3 January



The Prime Minister, Dr. Manmohan Singh meeting the President of the Republic of Maldives, Mr. Abdulla Yameen Abdul Gayoom, in New Delhi on January 02, 2014.

India and Maldives signed three agreements after delegation level talks between Maldives President, Abdula Yameen Abdul Gayoom, and Prime Minister Manmohan Singh here on Thursday. The pacts include an MoU on health co-operation.

India has extended standby credit of $25 m for imports from the country. It has agreed to consider favourably Maldives' proposal for import of diesel, petrol and aviation fuel.

Both sides agreed to address concerns of Indians in Maldives and Maldivians in India regarding consular and visa issues. The countries also agreed to consider a bilateral investment promotion and protection agreement at the earliest

Replying to Prime Minister Singh over amicable settlement of Maldives airport issue and other investor concerns, Gayoom said he was willing to work for a solution that makes both parties happy. Gayoom said that he came to India with a long shopping list and added "my delegation is not disappointed".

The newly elected President of Maldives, Abdula Yameen Abdul Gayoom, began his first trip abroad with a four-day visit to India on Wednesday. His visit comes in the backdrop of the island nation wanting to increase sourcing of products from India.

# e-BRC Project wins 2013 eASIA Award

India Department of Commerce, New Delhi, 2 December 2013

India's Directorate General of Foreign Trade's (DGFT) electronic Bank Realization Certificate (e-BRC) Project has won the 2013 eASIA Award under Trade Facilitation category. This was announced by Asia Pacific Council for Trade Facilitation and Electronic Business (AFACT) in Ho Chi Minh City, Vietnam on November 29, 2013.

This award is administered by AFACT and recognises the strides made in increasing transparency in governance structures, reducing the human interface and improving the ease of doing business in India. This project is a significant step in this direction and will contribute considerably in reducing the transaction cost of India's exporters. The e-BRC project created an integrated platform for receipt, processing and subsequent use of all Bank Realization related information by exporters, banks, central and state government departments. It was made mandatory with effect from August 17, 2012.

Bank Realization Certificate is required for discharge of export obligation and to claim incentives under Foreign Trade Policy. Earlier this certificate was issued by banks manually. BRC is also used by state government departments for refund of VAT. This initiative has reduced the cost of transaction for exporters by eliminating their interface with banks and enhanced the productivity of banks and DGFT. At the state level, Commercial Tax Departments of Maharashtra, Delhi, Odisha, Andhra Pradesh and Chhattisgarh have signed MoU with DGFT for receiving e-BRC data for VAT refund purposes. Many other states are in the process of signing MOUs. e-BRC project is a success story involving multiple stake holders, each with a different technology platform. This project is a live example of power of Business Process Reengineering (BPR) to improve service delivery.

# Entry of foreign universities in India

Press Information Bureau, New Delhi, 11 December


The Government has prepared the University Grants Commission (UGC) (Establishment and Operation of Campuses of Foreign Educational Institutions) Rules, 2013. Under the proposed Rules, Foreign Educational Institutions (FEIs) can set up campuses in India once the FEIs have been notified as Foreign Education Provider (FEPs) by the UGC, subject to fulfillment of certain eligibility conditions.

The Rules would ensure that only high quality foreign educational institutions are permitted to set up campuses and offer education services in the country, since only the top 400 institutions as per global rankings would be eligible to open campuses in the country.

Existence of high quality FEIs would contribute to enhancing existing capacity of higher education system; arresting the brain drain and drain of resources from the country; availability of education and research facilities of international standards; quality gains in Indian higher educational institutions through collaborations and partnerships etc. This would also facilitate higher investments in the higher education system including Foreign Direct Investment (FDI) in the higher education system.

Indian students would be benefitted with the entry and operation of FEP through access to globally renowned and quality academic institutions in Indian higher education sector at relatively lower costs. These FEPs would also add to the existing capacity in higher education in India.

The Ministry had sought comments and observations of the Department of Industrial Policy and Promotion (DIPP) and the Department of Economic Affairs (DEA) on the Rules. Both DIPP and DEA have supported the proposal. The HRD Minister, Dr M.M. Pallam Raju gave this information in a written reply in Lok Sabha today.

## Wipro tops in global R&D service provider segment

India's Ministry of Civil Aviation announced on 27 December 2013 the membership of the UN agency, the International Civil Aviation Organization (ICAO), along with TRAINAIR PLUS accreditation certificate has been accorded to Airports Authority of India (AAI).

The move was made after the successful inspection visit by Herve Touron from ICAO Air Navigation Bureau, at the state-run AAI's Fire Training Centre (FTC) in October. Joining the TRAINAIR PLUS programme means AAI's Fire Training Centre has access to a global sourcing of the training packages which are in line with ICAO's efforts to "improve safety and efficiency of air transport through establishment, maintenance and monitoring of high standards of training and competency of aviation personnel in a cost-effective manner." AAI Chairman V P Agrawal received the certificate and the plaque at ICAO's headquarters in Montreal, Canada.

## Biocon signs licensing pact with US-based Quark Pharma

Brand India Pharma, 18 December 2013


Indian biotechnology company Biocon has signed an agreement with US-based Quark Pharmaceuticals Inc. to develop a range of siRNA (small interfering RNA) based novel therapeutics.

Biocon said in a statement that the collaboration will help the Indian company to co-develop, manufacture and commercialise QPI-1007, a novel siRNA drug candidate for ophthalmic conditions, for India and other key markets. As part of the agreement, the deal will give Biocon access to Quark's innovative and proprietary siRNA technology platform that can be leveraged for the development of novel therapeutics for various unmet medical needs.

The Indian company hopes to use this technology for developing several other novel therapeutics. QuarkPharma CEO Daniel Zurr said the collaboration will position Biocon as the leading siRNA company in India and as an international player in this new drug category.

# Three academic institutes sign MoU with ICPE

The Union Minister for Heavy Industries and Public Enterprises, Shri Praful Patel witnessing the exchange of signed agreement for collaborative MBA and other short term/long term courses between IMI and International Center for Promotion of Enterprises (ICPU)-Slovenia, in New Delhi on December 19, 2013.

The Administrative Staff College of India (Hyderabad); Indian Institute of Public Administration (New Delhi) and International Management Institute (New Delhi) have signed MOUs with the International Centre for Promotion of Enterprises (ICPE).

According to a statement released by the Ministry of Heavy Industries & Public Enterprises on 19 December 2013, the Acting Director General, ICPE, who is visiting India signed the MoU with the Heads of these institutes in the presence of Shri Praful Patel, Minister of Heavy Industries and Public Enterprises. Secretary, Department of Public Enterprises (DPE), is currently the ex-officio President of ICPE Council. At the initiative of DPE, the academic / research ties between ICPE and some reputed Indian institutes have been strengthened.

ICPE was established in Ljubljana, Slovenia, at the initiative of the United Nations in 1974. Nineteen countries including India, Sri Lanka and Bangladesh are currently members of ICPE. One of the main objectives of ICPE is to promote and support enterprises in developing countries to foster their economic development, and in pursuit thereof share and undertake research, education, training, consultancy, documentation and publication of management related information.

It is expected that the signing of MoUs will go a long way in promoting professionalism and executive development in Public Enterprises of India and Slovenia, and will also open new avenues of co-operation and collaboration between them. The Institute of Public Enterprises, Hyderabad, is already has a Memorandum of Understanding with ICPE.

# India's Inland Water Transport System Expands

by Dr H. R. Keshavamurthy, Director (M&C), PIB, Kolkata

*The 2.5 times increase in the Government's budget for the IWT system in the 12th Plan, should encourage private investment in this booming sector*

Transportation of cargo through waterways has been in vogue in many parts of India since ancient times. Regular movement of powered vessels carrying daily needs to various destinations through rivers across the country, especially through River Ganga and River Brahmaputra was very prominent. It would not be an exaggeration to say that Inland Water Transport (IWT) is considered to be the back bone of transport link between mainland of India and NE Region and has been a life line for supply of essential commodities between Kolkata and Allahabad on Ganga and between Kolkata and Guwahati through Ganga- Brahmaputra routes since those days.

IWT is widely recognized as a cost effective, fuel efficient, and environment friendly mode of transport and is also the most suitable mode for transportation of bulk cargo, Over Dimensional Cargo and hazardous goods. As per National Transport Policy Committee Report (1980), the approximate length of navigable waterways in the country was 14,500 km. Inland Waterways Authority of India (IWAI) was formed in October 1986 for development and regulation of inland waterways.

### IWT INFRASTRUCTURE

Primary function of IWAI is development of National Waterways (NW) for shipping and navigation by creating IWT infrastructure, to make them a commercially viable mode of transport. NWs are declared by the Parliament through specific Acts and come under the purview of Union Government/IWAI. Other waterways remain in the purview of respective State Governments. On some stretches of waterways in Goa and Mumbai (which are tidal waterways) substantial IWT cargo movement takes place.

There are five NWs as of now, namely:

1. NW-1, the Ganga (Allahabad-Haldia-1620 km) declared in 1982
2. NW-2, the Brahmaputra (Dhubri – Sadiya -891 Km) declared in 1988
3. NW-3, the West Coast Canal (Kottapuram – Kollam) along with Udyogmandal and Champakara Canals– (205 km) declared in 1993
4. NW-4, the Kakinada-Puducherry canals along with Godavari and Krishna rivers (1078km) declared in 2008
5. NW-5, the East Coast Canal integrated with Brahmani river and Mahanadi delta (588 km) declared in 2008

Declaration of one more waterway, the NW-6, the Lakhipur- Bhanga stretch (121 km) of Barak River in Assam is under consideration of the Government. IWT infrastructure is being developed on the first three, NW-1, NW-2 and NW-3. For NW-4 and NW-5, which were declared in November 2008, preparation of Detailed Project Reports has been completed.

### IWT & KOLKATA

Kolkata has always been a very important inland water transport hub for eastern and north-eastern India. Even during pre-independence era, a proper berthing jetty was constructed by the colonial rulers here and was named as Garden Reach Jetties. These jetties however outlived their life and became defunct in 1980s.The Haldia-Allahabad stretch of River Ganga – Bhagirathi- Hooghly system was declared as National Waterway – 1 in 1986 and since then Inland Waterways Authority of India has been developing and maintaining IWT infrastructural facilities including loading / unloading facilities at various locations on this National Waterway which passes through the States of Uttar Pradesh, Bihar, Jharkhand and West Bengal. Two major ports viz. Kolkata Port and Haldia Port are connected with the waterway.

>> Continued from Page 05

Kolkata is also an important IWT hub for transportation of various cargo by IWT mode, not only for these States on the Ganga but also for the entire North Eastern Region. NW-1 is linked to the North Eastern Region through Indo-Bangladesh Protocol Route via Bangladesh connecting the NW-2 (Brahmaputra) and the proposed NW-6, the river Barak. As of now, this Protocol is valid up to 31st March, 2014. In the year 2004, IWAI established a floating terminal in BISN area of Kolkata from where regular export of fly-ash is made to Bangladesh through IWT mode every year. In addition to fly-ash, Over Dimensional Cargo (ODC), food grains, fertilizers, bitumen etc. are identified cargo for regular movement to various destinations along the NW-1, to Bangladesh and North East. There is also potential for movement of containers on NW-1. A recent study conducted by M/s RITES has projected IWT traffic of 1.5 million tonnes by 2018-19 and 3 million tonnes by 2031-32 at Kolkata

Considering the volume of cargo and the importance of Kolkata as a transport hub, IWAI has taken on long term lease of 4.5 hectares of land from Kolkata Port Trust in this area covering BISN, GR Jetty-1 and GR Jetty-2 for development of a multi-modal modern IWT terminal. This area has total river frontage of about 470 m which is a great asset from a navigation point of view. As a part of this IWT complex, IWAI has constructed a permanent RCC jetty at GR jetty-2 at a cost of Rs 38.47 crore through the Central Public Works Department. The jetty has been designed for mechanical handling of cargo and the terminal has road connectivity with State Highway and a water front of 210 meters.

## CARGO MOVEMENT

Cargo movement by IWT mode has generally been showing increasing trend over the years with increase of 54 per cent between 2004-5 and 2011-12. The overall cargo movement through IWT went up from 45.6 million tons in 2004-05 to 70.30 million tons in 2011-12, but declined to 34.60 million ton in the year 2012-13 due to shutting down of iron ore mining activity in Goa by the order of Supreme Court of India.

## BUDGETARY OUTLAY

Plan outlay for IWT sector has been increasing since the 11th Plan. In the 12th Plan the outlay for IWT sector is expected to be Rs 1500 crore which is about 2.4 times that of 11th Plan outlay of Rs 560 crore. There is a Central Plan Scheme providing 100 per cent grant to the States for development of IWT infrastructure on any waterway of the North East. For other States, Centrally Sponsored Scheme has been discontinued by the Planning Commission from 1st April, 2007. However, the Planning Commission has suggested that all the States can request for funds in their Annual Plans for IWT development.

Under the Centrally Sponsored Scheme, 35 projects of 15 States (Assam, Andhra Pradesh, Bihar, Goa,Himachal Pradesh, Karnataka, Kerala, Maharashtra, Madhya Pradesh, Manipur, Nagaland, Orissa, Tripura, Uttar Pradesh and West Bengal) costing Rs 107 cr were sanctioned by the Central Government during 10th Plan.

## NTPC COAL MOVEMENT PROJECT

NTPC's power plants at Farakka and Kahalgaon require imported coal amounting to more than five million tonnes per annum (MMTPA) which is brought through Paradip and Haldia ports. But due to capacity constraints of railways, these power plants regularly face shortage of coal. Further, due to low depth available at Haldia port, bigger ocean going vessels cannot go there to which, 70 per cent of imported coal is received at Paradip port and from there it is transported by railways. Both these power plants are located along Ganga River (NW-1) quite close to the river bank.

IWAI had been working with NTPC on the project of transportation of imported coal by IWT mode from Haldia to Farakka and Kahalgaon. In July 2010, NTPC gave written commitment of transportation of three MMTPA of imported coal from Haldia to Farakka by IWT mode for a period of seven years. Thereafter, IWAI and NTPC developed a project envisaging total investment from private sector. After open competitive bidding M/s Jindal ITF Ltd. were selected as operator and the project has been commissioned recently. NTPC has a dedicated railway line between Farakka and Kahalgaon power plants. Hence it is likely that they may transport further three MMTPA of imported coal for Kahalgaon power plant to Farakka by IWT mode under the same project.

Since there are several existing thermal power plants along Ganga and many more are going to come up, success of this pioneering project may pave way for many more projects for transportation of coal on NW-1 and possibly on other NWs as well and may also become a catalyst in reviving the inland water transport mode in the eastern and north-eastern parts of the country. IWAI has also identified a few more cargo specific projects with private sector investment for transportation of 3 MMTPA coal for NTPC's power plant at Barhin Bihar; Transportation of 0.5 MMTPA coal for NTPC's power plant at Bongaigaon in Assam; Transportation of food grains of FCI by IWT mode in Kolkata-Tripura (through Ashuganj); and within NW-2 (north banks); Andhra Pradesh to Tripura and transportation of fertilizers on NW-1.

## KALADAN MULTIMODAL TRANSPORT PROJECT

This project was conceptualized by the Ministry of External Affairs to provide alternative connectivity of Mizoramwith Haldia/Kolkata ports through Kaladan River in Myanmar. The project envisages Coastal Shipping/ Maritime Shipping from Haldia to Sittwe, IWT; from Sittwe to Paletwa (in Myanmar) and thereafter road from Paletwa to Mizoram. It is piloted and funded by the MEA at a cost Rs 342 crore. Construction of Sittwe port is in progress, about 50 per cent of the work has been done up to March 2013, and the work is likely to be completed by June, 2014.

Encouraged by the successful completion of project of transportation of imported coal by IWT mode from Haldia to Farakka, IWAI and NTPC have developed another similar project for transportation of three million tonnes per year of imported coal from Haldia to Barh power plant of NTPC which is also located on Ganga river, about 60 km downstream of Patna. This will encourage private investments in this booming sector where government has substantially increased budget support.

# Dr Shubhada Rao:
## Critical to Recover Investment Story in India

The Hindu Business Line, New Delhi, 01 November

The Senior President and Chief Economist, Yes Bank, shares her take on the Indian economy's prospects, on reversing the inflationary cycle, reining in the trade deficit and the levers of long term growth

Dr Shubhada Rao, The Senior President and Chief Economist, Yes Bank

Dr Shubhada Rao is responsible for the Economics Knowledge Banking providing macroeconomic research outlook at the Bank. She is also a member of the Bank's Asset and Liabilities Committee (ALCO). With over 22 years of experience in academia and industry, Dr Rao is also an active member of the Economics Committees of Industry Associations. As a reputed thought leader, Dr Rao has made detailed presentations on the Indian economy to State Dignitaries of many OECD economies, Consulates, Ministers and Secretaries of State of the UK & US among others. In this interaction with IBEF, Dr Rao talks about her expectations on the economy for the second half, and her view of the key levers expected to fuel its growth in the medium term. Following are excerpts of Dr Rao's interaction with IBEF.

***Q: Projections for GDP growth India's GDP growth for FY 2013-14 are predicting a marginal improvement in growth rates, with estimations ranging from 4.3 per cent to 5.9 per cent. What is your projection for the same?***

A: Yes, I think that in the last few quarters, we have seen the usual pillar of growth, which is consumption, also having reacted adversely to the downtrend in the investment cycle, and the shrinking scope of further fiscal stimulus should keep the consumption ticking strong. Over the last few quarters, we have seen a significant correction in consumption. As a result, in the first half, we are likely to see growth at somewhere close to 4.5 per cent. The important issue is how we see it going forward. I think that between the two drivers of growth, India has always traditionally been a consumer-driven story driven by 1.2 billion people. But the time when we saw India's growth coming close to nine per cent on an average was essentially also driven by a very strong investment cycle that India witnessed between 2004 and 2008. However, post-Lehman, we haven't really seen any meaningful recovery in the investment cycle and as a result, India's growth potential has been decelerating over the past couple of years.

It's very important that we need to see a strong recovery in this growth of investments, which unfortunately may have to wait out until maybe two quarters or so. But we are seeing incipient signs of recovery there. The government has been taking active steps to de-bottleneck some of the projects, which have seen various issues on mining, land acquisition, etc. that were preventing those projects from progressing any further. So therefore, going forward in the second half, we probably could see growth cross the five per cent mark and for the full year, we could see a five per cent growth.

Consumption is likely to get a very strong backing from the rural economy, as agriculture is expected to perform extremely well thanks to the supernormal monsoons that we had this year. So I think that if I had to look at two key drivers of growth in this fiscal year going into the next two quarters, the first would be a bounce back in the consumption story for India, which had seen some deceleration over the last quarters.

And another factor that we see as providing adequate support to growth is the resumption in our export story. Let's not forget that India's currency has seen a depreciating trend, not just in the last few months or the last one year, but over the last two years. As a result, India's exports have become more attractive with a small recovery in the global demand conditions, particularly led by US. I think that exports are one area where we see a strong support coming. So to answer and summarise your question – where do we see growth coming from – essentially rural consumption, exports and probably some recovery in the investment cycle, at a slow pace, though. So we could see five per cent growth as a whole for the current fiscal year.

Going forward, I think that the steps that the government has been taking on addressing the most critical impediments on various projects spanning from infrastructure to other facilities – I think that is going to be critical in helping investment recovery. So in the next year, it would become even more important to monitor the recovery in the investment cycle. Consumption, as I said, is and has always been the growth support, which we expect to get back on track over the next 2-3 quarters.

***Q: The Indian economy has gone through a rather prolonged phase of low growth and high inflation. How do you see it trending in the coming quarters?***

A: In the last couple of years in fact, we have seen a phenomenon of decelerating growth and accelerating inflation, and unfortunately the stickiness and persistence in that inflation. Now that has really created a lot of difficulties for the policy makers because inflation is being driven not just by the rupee weakness and as we call it imported inflation, but importantly through food articles and primary articles. That is something that pinches hard all the people, particularly the lower strata.  So it is important to address the supply side constraints, particularly in the agriculture sector. Reforms are needed to alleviate some of the issues, which bother agriculture in terms of lack of adequate infrastructure, warehousing, cold storages, et al, as also to pay adequate attention to the distributional aspects of the agricultural produce.

We need to address the inflation coming from primary food articles and that is where we have seen persistent double digit inflation. So going forward, I think that no doubt good monsoons have provided a very strong hope that food articles inflation will began to ease, but what it will also be needed to get combined with is some easing pressure on the fuel, and that essentially is a function of the global crude oil prices. If crude oil prices remain, say, between US$105-110 a barrel, we hope to see limited damage on to that fuel inflation story. But there, I think that the other argument that prevails is the lack of adequate pass-through. For instance, in diesel pricing, we are still awaiting a pass-through of global prices, which has artificially capped the diesel prices and therefore does not get reflected in inflation. But if we assume fuel prices getting revised and if we also expect food inflation to ease, I think by the end of March this (fiscal) year, we could see inflation averaging at somewhere around six per cent, which, no doubt, is going to be lower over the last two years in comparison.

India has remained a high inflation story in the last three years, where inflation has persisted over six to seven per cent, definitely not something that policymakers would be comfortable with. The RBI has adequately articulated on its comfort zone in terms of the inflation band remaining somewhere between 4.5 to five per cent, and over the medium term at around three per cent. I think that for that, we need a very strong effort being built into addressing major supply side constraints, particularly emanating in the agriculture sector, as also allowing some of the industrial environment to thrive in creating domestic excellence in production.

We are importing some of the items where we have competency, but probably where we have not added adequate efforts into. I think that if we are able to do that in combination, we will be able to see a more structural kind of easing of inflation. But till such time, India may probably continue to live with elevated inflation. I think that it is extremely important and of utmost urgency that we address agriculture inflation as quickly as we can.

***Q: While the government has taken steps to control spending, India's exports are also trending upwards. How do you see the fiscal deficit and current account deficit moving in the coming quarters?***

A: We started the year with a twin deficit problem, wherein the major concern was on the runaway nature of the current account deficit, where we had seen imports surging ahead, led by unproductive items like gold in particular. And that actually caught the attention of the policy makers. We saw current account deficit go as high as 6.7 per cent in one of the quarters and has remained consistently higher than the comfort zone of the RBI and the government (which is at 2.5 to three per cent). So this year that has gone by did see trade deficit numbers being alarmingly high, particularly led by, as I said, high gold imports.

Because of policy issues, India's manufacturing sector was importing more coal than warranted; oil prices kept the oil import bill fairly elevated; and some of the manufacturing sector issues also compelled us to import more than was warranted in manufacturing sector items. As a result of this, we saw that the trade deficit numbers zoomed in the first quarter of this year. Though, I must add, it was probably acting with alacrity that the RBI and the Government of India put forth very strong hindrances to gold imports, as also began to ease some of the hurdles, particularly relating to coal imports.

As a result, issues with respect to the trade deficit have begun to ease very quickly and I think that the estimates, which were ranging from US$85-90 billion as we started the year as a current account deficit for the full year, have been corrected very sharply by all analysts including ourselves. Our current estimate for current account deficit for the full year stands at around US$60 billion with downside bias, which basically implies deficit being at around three to 3.2 per cent of GDP. I would say that this is definitely a very impressive improvement from what we saw last year at 4.8 per cent.

I would, however, like to add that efforts need to carry on in terms of improving the structural nature of the trade account. We definitely need to pay more than adequate attention on reviving our domestic manufacturing capabilities. We definitely need to bring down our inflation in a sustained manner, so that gold imports are not necessarily attractive and they do not provide very strong positive returns, so that the demand for gold would naturally begin to ease. So there is a lot of homework to be done to bring a structural positive nature of current account deficit remaining within the 2.5-3 per cent range. But till such time, I think that we would be happy to see the CAD numbers coming in much lower thanks to the speed at which policy makers acted on various stress points.

Coming to the fiscal deficit, I think that there are no two ways about it that we do see a very strong commitment from the Finance Minister on adhering to the fiscal targets, particularly as they have a spill over impact on high government borrowings, keeping interest rates elevated, not to mention the concerns of the rating agencies. It is therefore very important to maintain a fiscal discipline. With a weak economy, it is undoubtedly going to be a challenging task to maintain that number at around 4.8 per cent. While we have little doubt on the ability of the Finance Minister to maintain that number, what would be probably of larger concern to us is the quality of fiscal adjustment in this year, because there are compulsions.

We have seen a weak economy translating into lower tax revenues, weak equity markets for a large part of the year not allowing the government to embark on its disinvestment programme, there were some delays in telecom spectrum auction announcements as well. So these concerns will definitely have a role to play in terms of some of the potential risks of fiscal deficit being breached. On the expenditure side, as I said, the subsidies are something that we need to really work hard on in terms of freeing fuel pricing to the extent possible.

The next year being an election year, it may not be an easy task to undertake, but India needs to look structurally and not short term. Unless and until we cap the subsidies, we are going to be utilising the most precious of resources in an unproductive way, and that's not what makes for a good economy. I think we definitely need to sort out our fiscal arithmetic in a more meaningful manner, and it would involve hard decisions, difficult processes, but the bottomline is that it would pave the way for more sustainable growth. So fiscal deficit as a headline number may not be a concern, but the quality of adjustment is probably something that would get compromised. But given some of the concerns that have been raised by rating agencies and also domestically in terms of the risk of crowding out, adhering to 4.8 per cent is first and foremost a very important job at hand for the Finance Minister.

***Q: Considering the current scenario and future prospects, what fundamental drivers of the Indian economy are expected to propel us in the coming years in your view? Also, what are India's most important advantages over other large economies?***

A: I am glad you asked this question, because in the last two years, what has happened to this economy sometimes does not allow us to pay adequate attention to some of the small turnaround kind of scenarios that are emerging. And I think that in the medium term, what would become critical are all efforts to recover and help recover the investment story in India. India has an insatiable appetite for entrepreneurship. I think that needs to get whetted with a very strong policy framework, be it on taxation or fiscal issues. To my mind, a very important piece that we need to address is the resources policy – the mines and minerals/commodities policy. I think that a large part of our sustainable growth story will come into being if we are able to sort out and clearly etch out the path for some of these issues – be it on the fiscal or the commodity space. Let's not forget that India has very brilliant blueprints for growth. If I were to look at infrastructure, I think that spearheaded by something like a Delhi-Mumbai Industrial Corridor and all the industrial corridors being announced in the south, those by themselves will be such fantastic growth multipliers in the years to come. If we are able to sort out our power sector, our road sector, etc. I think what clearly needs to be done is sequencing of reforms, laying out a very clear policy framework.

I keep raising the issue of taxation and the fiscal frame, because it is important for both domestic and global players to have the biggest comfort on issues like taxation; issues on the path of opening up of various sectors; because that would incentivise the players to stay put and stay invested in those sectors. If there are any apprehensions on the longevity of the steps taken or the measures taken, there would be some tentativeness in the steps taken by the players – both domestic and global. So it is important to have a very strong policy framework, which would then attract all kinds of investors. India is a great growth story.

We always say that the fundamentals remain strong, but you need to nurture those fundamentals to remain strong. I think that what the Reserve Bank of India is doing is right in that in the near term, you definitely need to put all your efforts and focus into containing inflation; because a high inflation environment can never help in sustaining growth for a long period of time.

For sustaining growth, you need inflation to remain anchored. That is where the role of monetary policy becomes very important. I think that if I were to sum up and put a perspective into what the medium to long term growth prospects are that firstly, India has a great demography story, with population remaining young, lower dependence on the pensioners and therefore great potential for savers. I think that this, in itself, makes a great story. It makes a great story for overseas players that India is a great market. I think that if the global players get it right that India is a volume game and not a price game, I think they would have cracked it. You have to cater to a large market, so the pricing has to be attractive enough for them to penetrate across the market spaces. As I said, the enablers are there and the economy has multiple levers.

The one thing that I did not speak about is GST and DTC. These are expected to create a more sound fiscal situation, and therefore it would help in attracting private sector investment in a much larger magnitude than it is currently. We need a fiscal structure that is essentially not prone or vulnerable to the shocks that we have been seeing in the recent times. So till such time, we put issues of subsidies, you know, closer to doing away with subsidies where they are not needed, and identifying the target population for those subsidies where they are needed, I think that will help to plug some of the leakages that we see in subsidy disbursement.

There is a lot of work to do in agriculture investment. Investment in agriculture capital formation, as we know it, remains at five to eight per cent as a ratio to GDP. To my mind, that is something that India really needs to scale up, because we have a huge potential and a large part of the food inflation that we have been witnessing over the last few years is more of a manifestation of lack of investments in the agriculture sector. We have new sectors – media and entertainment, all our knowledge-based sectors, pharma, automotive, etc. I think that India has multiple growth levers. All we need to do is tap the potential, harness them, allow them to grow and flourish with a very clear policy framework. Then I think that India's growth could get back to eight to nine per cent.

Global growth conditions need to improve. Only then we can talk about why India cannot grow at nine to 10 per cent in the medium term. We have all the enablers and the potential. All we need to do is a careful crafting of the policy so that Indian entrepreneurship and consumerism is fully realised, which would help India to grow at a much stronger and attractive destination.

***Q: Bad loans in the banking system have been cited as a cause for concern. Data points out that the NPAs for the top 40 listed banks in India have increased by 38 per cent or around Rs 35,424 crore for the first half of the current financial year. How do you see them going forward?***

A: There are two points to note here. Firstly, it is clear that any weak economic cycle is bound to have an impact on the asset quality of the banking sector. And as we have seen over the last two quarters or over the last two years, there has been deceleration in growth. We have seen some of the policy concerns. All these have naturally put some stress on the banking sector asset quality. Does that imply that the asset is bad, or is it that it is just not being able to post a return for the time being? I think there has to be a distinction made. Are the projects viable or are they not viable? The answer is that they are viable. It's only that there are temporary mismatches in terms of cash flows. So inherently, they are not bad assets. They need, perhaps, in the near term, some hand holding, be it through the regulators, allowing the banking sector to restructure, because per se, they are not bad loans. They only need help in tiding over the short term funding gap and once that is recognised, probably those projects will be able to become more productive and quickly productive in terms of giving returns. So I think that the weak economic activity definitely has resulted in the asset quality getting stressed.

Banks should be very proactive. Risk mitigation comes to the fore, and banks need to have a strong and proactive risk management. Also, in terms of preserving your balance sheet, I think it is very important to have strong provisioning, early recognition, and as long as the bank management is proactive in these aspects, I think that the temporary stress that is being witnessed in the banking sector will be well managed. At Yes Bank, we have been able to do that very effectively in terms of early recognition of stress and also adhering to very sound and proactive practices. As a result, our net NPLs even after provisioning remain under six basis points. So I think that it is very important for every bank to recognise in terms of early warning indicators and having very strong risk management practices, so that even though the weak economy is translating into asset quality getting under stress, the banking sector is able to withstand those pressures by adhering to good and sound practices.

As far as durability of the stress is concerned, as I said, we are looking at the second half of this year turning better as compared to what we witnessed between April and September of FY 2013-14. Quite clearly, that should also begin to help and translate into some of the concerns getting addressed. The second point, of course, is the government's proactive stance in now looking through the CCI route in quick clearances of projects, which have seen hurdles. I think as soon as we see quick resolution to many of those projects, particularly in the infrastructure sector, I think that the banking sector would see a positive spill over of that in terms of the stress beginning to recede from those assets, particularly in the infrastructure sector. So I think that it would take a while for the entire banking system to probably heave a sigh, but definitely, I think the regulator and the government should remain proactive in helping out genuine cases of projects getting addressed my some of the resolution mechanisms.

## INDIA CHRONICLE | EXPO CALENDAR


### FOOD & GROCERY FORUM INDIA

Food & Grocery Forum India is one of the largest food and beverage sector trade shows in India. The event serves as a convenient channel for business interaction among noted corporate stakeholders and decision makers who operate in this sector. Hosted at the Bombay Convention & Exhibition Centre (BCEC), the show is highlighted by the presence of eminent industry speakers and business delegates too, who take part in topical conference sessions. Participants are also helped to get familiar with the latest industry trends and business opportunities. Special tasting sessions and exciting competitions are also arranged during the event. More than 150 exhibiting companies take part in the event, looking to promote a varied array of frozen food, additives, raw materials, beverages and several other related items. The show is organized over a span of two days and brings in over 6000 well qualified professional visitors too. A total area of 5000 square meters is occupied by this systematically held business event.

**HIGHLIGHTS**

The main highlights of the Food & Grocery Forum India are:

- Informative conference sessions.
- Excellent networking and brand building opportunities.
- The Coca-Cola Golden Spoon Awards.

Date: **23 - 24 January 2014**
Venue: Bombay Convention & Exhibition Centre (BCEC), Mumbai,India
Website: www.foodandgroceryforumindia.com


### SOURCE ZONE

Source Zone features among the key fabrics and apparel sourcing shows that are organized in India. The event brings together more than 10000 well targeted buyers, along with other top level corporate authorities. Participating companies can get in touch with leading traders and exporters and get bulk product orders. New and viable strategies to increase market share figures and brand presence are also closely discussed upon here. Attendees can get to see a diverse collection of trendy fabric items, embroidered products, trimmings and a plethora of other associated services at this event, which is held over a span of three days. The total number of exhibitors showcasing their products here is in excess of 100. Topical business award ceremonies are conducted here as well.The prevailing trends from international markets are also brought under the purview of the discussions hosted during this event.

**HIGHLIGHTS**

The chief highlights of the Source Zone show are:

- Opportunity for buyers to analyze the widest spectrum of existing and emerging products and services at the best rates.
- One to one interaction with the biggest garment manufacturers and exporters.
- 7000 members of AEPC are potential buyers of Fabrics, Accessories and Trims.

Date: **22 - 24 January 2014**
Venue: Apparel House Gurgaon, India
Website: www.sourcezonefair.com

**FOOD STYLE EXPO**
**03 - 05 JANUARY 2014**
CHENNAI TRADE CENTRE
CHENNAI, INDIA
www.eventstiger.com

**SWAYAMVAR BARODA**
**04 - 06 JANUARY 2014**
HOTEL SURYA PALACE
BARODA, INDIA
www.swayamvarthebridalexhibition.com

**ELECRAMA**
**08 - 12 JANUARY 2014**
BENGALURU INTERNATIONAL EXHIBITION CENTRE BANGALORE, INDIA
www.elecrama.com

**THE ECONOMIC TIMES ACETECH AHMEDABAD**
**10 - 12 JANUARY 2014**
AHMEDABAD EDUCATION SOCIETY GROUNDS AHMEDABAD,INDIA
www.etacetech.com

**PETROTECH**
**12 - 15 JANUARY 2014**
INDIA EXPO CENTRE AND MART
GREATER NOIDA, INDIA
www.petrotech.in

**INFASHION**
**17 - 18 JANUARY 2014**
BOMBAY CONVENTION & EXHIBITION CENTRE (BCEC) MUMBAI, INDIA
www.indiainfashion.com

**INDIA SHOES & ACCESSORIES FORUM**
**17 - 18 JANUARY 2014**
BOMBAY CONVENTION & EXHIBITION CENTRE (BCEC) MUMBAI, INDIA
www.isaf.in

**TIMES SHAGUN-MUMBAI**
**17 - 19 JANUARY 2014**
MUMBAI J.W. MARRIOTT
MUMBAI, INDIA
timesshagun.com

**TEX-TRENDS INDIA**
**20 - 22 JANUARY 2014**
PRAGATI MAIDAN
NEW DELHI,INDIA
www.textrendsindiafair.com

**CONVERGENCE INDIA**
**21 - 23 JANUARY 2014**
PRAGATI MAIDAN
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www.convergenceindia.org

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