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STATE GOVERNMENT

Namma Metro gets a Rs 2,500 Crore Push

The Bangalore Metro Rail Corporation has been allocated Rs 2,566 crore in the State budget. A huge chunk of this will go towards funding Metro Phase-II works. The Union budget last month had allocated Rs 1,399 crore for Metro.

Speaking to Express, BMRCL Managing Director Pradeep Singh Kharola said, “The sum of over Rs 2,500 crore is the highest in a year allocated by the State government. Along with the Centre's allocation, we have nearly Rs 4,000 crore on hand now. There will be no paucity of funds to carry on works related to Phase-II and the Outer Ring Road (K R Puram to Silk Board line) project now.”

Phase-II is set to cost Rs 26,405 crore and work has already begun along two stretches. An official said that 20 per cent of it would be funded by the Union government, 34 per cent by the State government and the remainder will be mobilised through loans. The budget reiterated that Innovative Financing will play a crucial role in mobilising the Rs 4,200-crore ORR line.

BMRCL, BDA discussing cost sharing

By taking part in the development of the road where the K R Puram junction stands, BMRCL will be involved in road works for the second time. “We are already developing the road between Jayanagar and Silk Board Junction. We will now be involved in the K R Puram Junction area,” the MD said. “The details of cost sharing are still being discussed with the Bangalore Development Authority,” he added.

BDA Engineer Member P N Nayak said, “The Silk Board and K R Puram junctions constantly have traffic jams. The Detailed Project Report to decongest the roads is being developed.”

Source: Indian Express: March 16, 2017

Issue of Certificate of Origin

Bangalore Chamber of Industry and Commerce (BCIC) has been authorized by the **Directorate General of Foreign Trade (DGFT)** to issue the **Certificate of Origin (Non Preferential)** to exporters for products manufactured in India. This Certificate is an integral part of the export document process.

MEMBERS	Rs.50 per Certificate of Origin
NON - MEMBERS	Rs.100 per Certificate of Origin

Contact : Mr. Prithvi
Secretary

Bangalore Chamber of Industry and Commerce
No. 3/4, 3rd Floor, C Block, Unity Buildings, JC Road, Bangalore – 560 002
| Phone (91) (080) 22223321, 24-25| Fax: (91) (080) 22232233 | Website : www.bcic.in

KGF Satellite City to Decongest Bengaluru

The state government is drawing up plans for developing a new city at Kolar Gold Fields (KGF). This time, the government has decided on 11,000 acres belonging to Bharat Gold Mines Limited (BGML), a public sector enterprise of the Union government which was closed in 2001.

Global tenders will be invited for preparing the Detailed Project Report (DPR) and designing the city, which would be developed with private participation. The proposed city could enable to relocate around 20 lakh population of Bengaluru, said Minister for Urban Development Roshan Baig.

A Special Purpose Vehicle (SPV) would be formed to implement the proposed project with participation of private investors. However, the cost of the new city would be known only after the preparation of the DPR by the global agency, he said.

All factors such as underground drainage, sewerage, road, electricity, housing, drinking water would be taken into consideration while developing the city.

Water from desalination plants

Meeting drinking water needs of the proposed city would be the biggest challenge and the state government for the first time is keen to tap sea water for the purpose by setting up desalination plants.

These plants would be set up in Udupi (Rs 735.30 crore), Mangaluru (Rs 253.61 crore), Saligrama (Rs 76.71 crore) and Kundapura (Rs 154.42 crore).

These plants would be established as joint ventures with Israel-based IDE and Vagas, an Indian firm.

Water through desalination plants would be brought to KGF through the Yettinahole project pipelines.

The neighbouring Tamil Nadu government has already commissioned two desalination plants for meeting drinking water needs of Chennai, said Baig.

As for developing other proposed satellite towns, Baig said Rs 400 crore loan would be sought from the Asian Development Bank (ADB) for developing Devanahalli. According to the feasibility report, the estimated cost of developing the town would be Rs 2,800 crore. Doddaballapur, Harohalli, Dobaspet and Bidadi too will be developed as satellite towns.

Source: Indian Express: March 8, 2017

Karnataka's GSDP Growth Rate Falls to 6.9%, Below National Average
Fiscal deficit narrows down to 2.12% from 2.79% in 2015-16

The state is expected to show a Gross State Domestic Product (GSDP) growth of 6.9% for fiscal year 2016-17 as against 7.3% during 2015-16, less than nationally expected average of 7%, as per the Economic Survey of Karnataka for 2016-17. The cause for the drop in the growth is attributed to decline in the growth rate of industry and services sectors.

While the manufacturing sector is expected to grow at 2.2% compared with 4.9% during the previous year, the service sector is expected to grow at 8.5% as against 10.5% in the previous year.

“Advance estimates show that Karnataka's GSDP at constant (2011-12) prices is expected to grow at 6.9% and reach Rs 8,71,995 crore in 2016-17,” the survey said. “The advance estimates of all-India GDP at constant (2011-12) prices is expected to grow at 7%,” it added.

There has been marginal decrease in the composition of GSDP of agriculture and allied activities and industrial sector from 11.77% and 24.7% in 2015-16 to 11.68% and 23.68% in 2016-17, respectively. However, there has been a marginal increase in the composition of the services sector from 63.53% to 64.64%.

The per capita income of Karnataka at current prices is estimated to be Rs 1,59,893 during 2016-17 as against Rs 1,46,416 for 2016-17, according to the survey. For the fiscal under consideration, the state has estimated a fiscal deficit of 2.12%, declining marginally from 2.79% in 2015-16. The revenue receipts saw a growth of 11.06%, to Rs 1,30758 crore in 2016-17, as compared with Rs 1,17,731 crore in 2015-16.

The state also saw the inflow of foreign direct investment worth $1,697 million for the first nine months of the current fiscal year, which amounted to 4.73% of the total FDI inflow into India. From April 2000 to December 2016, Karnataka attracted a total of $21,938 million of investment, constituting 6.76% of FDI inflow into India.

“The major adversaries for the investors are bureaucratic hassles, infrastructural deficiencies and power shortages,” the survey showed. “The government has taken several steps to address them,” it added. In a positive development, unemployment showed a southward trend in the state. The number of job seekers as per the live register of employment exchanges was 3.34 lakh in December 2016, as against 3.41 lakh in March 2016, down 1.9%.

The state, famous for its IT prowess, contributed 38% to the software and services exports from India for the fiscal year 2015-16, according to the survey. The exports from software/services for the fiscal under consideration stood at a whopping Rs 1,99,822 crore, while the total exports from the state stood at Rs 3,25,414 crore.

Source: Deccan Herald: March 16, 2017

Bengaluru Suburban Train Work may start Soon

Bengaluru's long-pending demand for a suburban rail network may soon be a reality with railway minister Suresh Prabhakar Prabhu announcing that the foundation stone for the project will be laid in a month or two.

Chief minister Siddaramaiah, too, supported the demand and urged the minister to lay the foundation stone for the project as early as May. "I'm with the people who are demanding a suburban train. The Centre must consider completing the works at the earliest," he said. The CM reminded the minister that his government had set aside Rs 345 crore for the project in its budget for 2017-18 and is ready to spare land too, which is estimated to cost over Rs 10,000 crore.

In January, Suresh Prabhu and Siddaramaiah signed a memorandum of understanding (MoU) for development of the suburban railway system in Bengaluru with 50:50 cost-sharing.

Suresh Prabhu said DigiPay will be installed at the main railway stations of Karnataka and declared Kranthi Veera Sangolli Rayanna Railway Station, Yeshwantpur Railway Station and Bangalore Cantonment Railway Satiation as 100% cashless transaction-enabled.

Source: Times of India Mar 27, 2017

Now, Select Firms to get KIADB?Lands on Lease-cum-Sale Basis

In an effort to woo investors, the state Cabinet decided to allow allotment of Karnataka Industrial Areas Development Board (KIADB) lands on lease-cum-sale basis for single unit complexes, affordable housing projects and projects undertaken by public sector undertakings.

Entrepreneurs who obtain direct consent from farmers for purchasing the land to set up single unit projects will be allowed to hold the land on lease-cum-sale basis for 15 years. The absolute sale deed will be issued after 15 years if the project is completed. For affordable housing, the sale deed will be issued soon after completion of the project, as per the new rules.

Currently, land is allotted only on 99-year lease to all industrial projects. The government will soon amend the Karnataka Industrial Policy, 2014-19 to allow allotment of lands on lease-cum-sale basis. The decision will have retrospective effect from August 2014 when the 99-year lease rules come into effect, Law and Parliamentary Affairs Minister T B Jayachandra has said.

Besides, KIADB will allot lands for projects undertaken by state and Central public sector undertakings and joint venture between them on lease-cum-sale deed. “PSUs and SPVs (special purpose vehicles) set up jointly by the state and the Centre such as Bangalore Metro Rail Corporation Ltd had been requesting the government to issue sale deed for land allotted to them. Besides, housing projects cannot be implemented unless sale deed is issued to the land,” he said.

The state government used to allot KIADB lands on lease-cum-sale deed basis till 2014. The Cabinet also approved a proposal to prepare a new health policy for the state. The Health and Family Welfare department will prepare the policy based on Millennium Development and Sustainable Goals, which envisages use of technology in public healthcare delivery, he said.

The Cabinet decided to take up construction of court complexes and residential quarters for judicial employees in various parts of the state at a cost of Rs 1,011.07 crore. The Centre was supposed to bear 60% cost of the total Rs 1,011.07 crore under the 13th Finance Commission. But, there is no indication of it releasing the money. Hence, it has been decided that the state will implement the project using its own resources, Jayachandra added.

Source: Deccan Herald: March 2, 2017

Karnataka Among 7 States Selected for Groundwater Project

Karnataka is among seven states selected by the Union Water Resources Ministry for the World Bank-aided National Groundwater Management Improvement Scheme (NGMIS) on a pilot basis.

The ministry selected Karnataka, Gujarat, Haryana, Madhya Pradesh, Maharashtra, Rajasthan and Uttar Pradesh based on an alarming drop in the groundwater table due to over exploitation.

NGMIS envisages sustainable groundwater management with people's participation, an official in the Ministry told DH.

The entire project costs around Rs 6,000 crore and will be implemented over a period of six years, said the official.

The seven states identified for the project represent 25% of the overexploited blocks in the country.

According to the ministry, in India, 245 billion cubic metres of goundwater is drawn every year. This represents about 25% of the total global groundwater drawn. With the over 80% of rural and urban domestic water supplies in India depending on groundwater, the government is working on its better management for socioeconomic development, said the official.

As part of its efforts to rejuvenate water sources, the ministry has already started mapping ground water where there is highest exploitation. The mapping also helps understand sustainability of drawing groundwater and its contamination, said the official.

Source: Deccan Herald: March 10, 2017

BCIC INFORMATION DIGEST

	Mechanical Data (Width x Height)	Advertisement Tariff (Monthly)	
Full Page	18 cm x 26 cm	Back cover (Colour)	Rs. 7,500/-
Half Page	18 cm x 13 cm	Inside front cover Colour	Rs. 5,000/-
Book Size	21 cm x 29.7 cm	Back inside Cover (Colour)	Rs. 5,000/-

AGRICULTURE & FOOD PROCESSING

Press Information Bureau
Government of India
Ministry of Food Processing Industries

14-March-2017

FDI in Trading of Food Products

Ministry of Food Processing Industries has held three meetings on 17.03.2016, 03.08.2016 and 27.02.2017 with Ambassadors and High Commissioners in India of various foreign countries namely Australia, China, Canada, France, Indonesia, Japan, Korea, Netherland, Poland, Russia, Singapore, UK, New Zealand, UAE, Thailand, Germany, Belgium, Brazil, USA, Malaysia, Mexico, Switzerland, Spain and Italy. These meetings were facilitated by the Ministry of External Affairs, Government of India and were attended by Ambassadors/High Commissioners/representatives of Embassies/High Commissions in India, of these countries.

In the first two meetings, the foreign Missions were apprised about the recent path breaking policy initiatives of Government of India allowing 100% FDI in manufacturing under automatic route and 100% FDI in trading, including e-commerce, in respect of food products manufactured and/or produced in India. The Ministry of Food Processing Industries further explained them the opportunities available as a result of these policies for the investors of their country to invest in India in the Food Processing sector for exploring new food business tie-ups as well as expansion of their food business already existing in India. They were also asked to further disseminate the information in this regard to the investors of their country.

In the latest meeting held on 27.02.2017, Ministry of Food Processing Industries invited all the foreign Missions present in the meeting to participate in the mega international food event, World Food India 2017, to be held in New Delhi from 3rd – 5th November 2017 to showcase the various investment opportunities in India in the food processing and food retail sector.

Ministry of Food Processing Industries has already sanctioned new Mega Food Parks, Cold Chains infrastructure and Food Testing Laboratories, which are normally equipped with latest technology and modern infrastructure in their units/plants.

The Ministry is also encouraging organization of seminars, workshops and conferences to exhibit opportunities in the food processing sector and Make in India initiative in all fields including latest equipment and technologies. New policy initiatives such as Ease of doing business, Make-in-India and 100% FDI policy in manufacturing of food products and trading of food products manufactured/produced in India, will also help to bring latest technologies to this sector.

The increase in FDI in the Food Processing sector and retailing of food products will encourage creation of more food processing infrastructure including backward and forward linkages, cold storages, etc. which will in turn benefit the farmers in realizing remunerative prices for their produce and will create opportunities for generating more employment.

ECONOMIC & CORPORATE AFFAIRS

Press Information Bureau
Government of India
Ministry of Corporate Affairs

30-March-2017

MCA: Clarity on Applicability of Threshold Exemption Limits

The Ministry of Corporate Affairs (MCA) has undertaken a major reform in the regulation of combinations under the Competition Act, bringing India in line with the global practice. The Act which was passed by Parliament in 2002 had initially provided for notice of combinations to be given by enterprises, as per Section 5 of the Act, on a voluntary basis. However, this Section was amended in 2007 making the notice mandatory.

In 2011, in response to concerns expressed by various stake holders, the Government had issued a notification exempting an enterprise, whose control, shares, voting rights or assets are being acquired has either assets of the value of not more than Rs. 250 crores in India or turnover of not more than Rs. 750 crores in India from the applicability of Section 5 of the Competition Act, 2002, for a period of 5 years. These limits were enhanced to Rs. 350 crores and Rs. 1000 crores, respectively, in March, 2016.

It was, however, noted by the Government that the said notification was being applied to Combinations which resulted only from acquisition but was not extended to Merger/Amalgamation and Acquiring of Control Cases. It was also noted that where only a segment/portion/business of an enterprise was being combined with another enterprise, the relevant assets and turnovers attributable to the target segment/portion/business were not being considered and instead the transferor's total assets and turnover were being considered for determining the applicability of the exemption.

Stakeholders had been voicing their concerns over the issue and in keeping with the Government's principle of Minimum Government and Maximum Governance, the Ministry has issued fresh notifications No. S.O. 988 (E) and No. S.O. 989(E) dated 27.03.2017 wherein, the Central Government intends to provide

(i) Clarity on the applicability of the threshold exemption limits to all forms of combinations as referred under Section 5 of the Act.

(ii) Clarity on the methodology to be adopted for calculating the relevant assets and turnover of the target when only a portion or segment or business of one enterprise is being combined with another.

With the issue of these notifications, combinations falling within the threshold limits would not require to be filed before the Competition Commission of India. The reform is in pursuance of the Government's objective of promoting Ease of Doing Business in the country and is expected to make India a more attractive destination for Foreign Direct Investment. The notification is expected to enable greater freedom to industry in taking legitimate business decisions towards further accelerating India's economic growth.

भारतीय प्रतिभूति और विनिमय बोर्ड
Securities and Exchange Board of India

CIRCULAR

CFD/DIL3/CIR/2017/21 **March 10, 2017**

All Listed Entities who have listed their equity and convertibles
All the Recognized Stock Exchanges

Dear Sir/Madam,

Sub: Schemes of Arrangement by Listed Entities and (ii) Relaxation under Sub-rule (7) of rule 19 of the Securities Contracts (Regulation) Rules, 1957

1. SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "listing regulations") place obligations with respect to Scheme of Arrangement on Listed Entities and Stock Exchange(s) in Regulation 11, 37 and 94.
2. Regulation 11 of the listing regulations, inter-alia, provides that any scheme of arrangement / amalgamation / merger / reconstruction / reduction of capital etc. to be presented to any Court or Tribunal does not in any way violate, override or limit the provisions of securities laws or requirements of the Stock Exchanges. Regulation 37 of listing regulations provides that the listed entities desirous of undertaking scheme of arrangement or involved in a scheme of arrangement shall file the draft scheme with Stock Exchange(s) for obtaining Observation Letter or No-objection Letter, before filing such scheme with any court or Tribunal. Regulation 94 of the listing regulations requires Stock Exchanges to forward such draft schemes to SEBI in the manner prescribed by SEBI.
3. SEBI Circular No. CIR/CFD/CMD/16/2015 dated November 30, 2015 lays down the detailed requirements to be complied with by listed entities while undertaking schemes of arrangements.
4. Sub-rule (7) of rule 19 of the Securities Contracts (Regulation) Rules, 1957 (hereinafter referred to as "the SCRR") provides that Securities and Exchange Board of India (SEBI) may, at its own discretion or on the recommendation of a recognised Stock Exchange, waive or relax the strict enforcement of any or all of the requirements with respect to listing prescribed by these rules.
5. In consultation with the stock exchanges and market participants, it has been decided to revise the regulatory framework for such schemes of arrangement. Certain regulations as mentioned in this circular have been amended. The details of revised requirements to be complied with are given in **Annexure-I**.
6. **Applicability:** The schemes filed after the date of this circular shall be governed under this circular. The Schemes already submitted to the stock exchange in terms of SEBI Circular No. CIR/CFD/CMD/16/2015 dated November 30, 2015, shall be governed by the requirements specified in that circular

भारतीय प्रतिभूति और विनिमय बोर्ड
Securities and Exchange Board of India

CIRCULAR

SEBI/HO/CFD/DCR1/CIR/P/2017/22 March 15, 2017

To

All Registered Merchant Bankers
All Recognized Stock Exchanges

Dear Sir / Madam,

Sub: SEBI (Substantial Acquisition of Shares & Takeovers) Regulations, 2011 ('SAST Regulations')

1. SEBI vide Circular No. SEBI/CFD/DCR/SAST/3/2011/11/22 dated November 22, 2011 has, *inter-alia,* issued the format for submitting the draft letter of offer (DLOF) with SEBI in terms of SAST Regulations and certain instructions to be followed by merchant bankers while filing the DLOF .

2. Accordingly, Merchant Bankers have been filing the DLOF and certain information about the acquirer, target company, promoter etc. as per the prescribed format.

3. It has been decided, in consultation with market participants, to revise the time period for which information is required to be filed with SEBI, in line with the provisions relating to maintenance of records under the Companies Act, 2013. The format and instructions prescribed vide aforementioned Circular shall stand modified as given at **Annexure**.

4. This circular shall be applicable to all the offers where the draft letter of offer is filed with SEBI after the date of this Circular. Merchant Bankers are advised to follow the said updated format and instructions while filing the draft letter of offer with SEBI.

5. This circular is issued in exercise of the powers conferred under Section 11 read with Section 11A of the Securities and Exchange Board of India Act, 1992.

6. This circular is available on SEBI website at www.sebi.gov.in under the categories "Legal Framework" and "Takeovers".

Yours faithfully,

Amit Tandon
Deputy General Manager
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amitt@sebi.gov.in

भारतीय प्रतिभूति और विनिमय बोर्ड
Securities and Exchange Board of India

Annexure

Amendments to General Instructions

1. **Amendment to Clause 12(b)**
   This clause shall stand omitted.

2. **Amendment to Clause 12 (d)**
   The clause shall be substituted with the following:

   *"Status of compliance with the applicable provisions of the SEBI (SAST) Regulations with respect to details of the acquisitions, if any, made by the Acquirer and PAC in the TC during the financial year in which the Public Announcement has been made and for a period of eight financial years preceding the financial year in which the Public Announcement for instant open offer has been made. In case where an open offer has already been made in respect of the TC during the past eight financial years by any person, the aforesaid information shall be provided from the date of expiry of offer period of such previous open offer. **The illustrated format for submission of the above mentioned document is placed here.**"*

3. **Amendment to Clause 12 (e)**
   The clause shall be substituted with the following:

   *"The changes in capital structure of TC during the current financial year in which the Public Announcement has been made and for a period of eight financial years preceding the current financial year in which Public Announcement has been made. In case, where an open offer has already been made in respect of the TC in the past eight financial years by any person, the aforesaid information shall be provided from the date of expiry of offer period of such previous open offer. **The format for submission for the above mentioned document is placed here.**"*

4. **Amendment to Clause 12 (i)**
   The clause shall be substituted with the following:

   *"Status of compliance with the applicable provisions of the SEBI (SAST) Regulations/ with respect to details of the acquisitions, if any, made by the promoter/ promoter group in the TC during the financial year in which the Public Announcement has been made and for a period of eight financial years preceding the financial year in which the Public Announcement for instant open offer has been made. In case where an open offer has already been made in respect of the TC during the past eight financial years by any person, the aforesaid information shall be provided from the date of expiry of offer period of such previous open offer. **The illustrated format for submission for the above mentioned document is placed here.**"*

Amendments to Format of the Standard letter of offer

5. **Amendment to Clause 4.1.4, 4.2.4, 4.2.7**
   The clauses 4.1.4, 4.2.4 and 4.2.7 shall stand omitted.

FINANCE

Press Information Bureau
Government of India
Ministry of Finance

06-March-2017

Cabinet Approves India's Accession to the Customs Convention on International Transport of Goods

The Union Cabinet chaired by the Prime Minister Shri Narendra Modi has given its approval for India's accession to the Customs Convention on International Transport of Goods under cover of TIR Carnets (TIR Convention) and for completion of necessary procedures for ratification, for its entry into force.

The Convention will help Indian traders to have access to fast, easy, reliable and hassle free international system for movement of goods by road or multi- modal means across the territories of other contracting parties.

By joining the convention, the need for inspection of goods at intermediate borders as well as physical escorts en route shall be obviated due to reciprocal recognition of Customs controls. Customs clearance can take place at internal Customs locations thereby avoiding clearances at Border Crossing Points and ports that may often be congested. Movement under the TIR can be allowed by checking only the seals and the external conditions of the load compartment or the container thereby reducing border delays, transport and transaction costs thereby leading to increased competitiveness and growth for the trade and transport sectors.

Compliance with the Convention shall ensure enhanced security in the supply chain as only approved transporters and vehicles are allowed to operate in terms of the Convention. As the TIR Carnet represents a guarantee for Customs duties and taxes and traffic in transit, there is no need for payment of such taxes and duties en route. The TIR carnet also serves as a Customs declaration, and hence it precludes the need to file multiple declarations satisfying national laws of the different transiting countries. The TIR Convention can be an instrument for movement of goods along the International "North-South" Transport (INSTC) Corridor and would be helpful in boosting trade with the Central Asian Republics and other Commonwealth of Independent States (CIS), particularly using ports in Iran like the Chabahar port.

The proposal does not result in any direct financial implication for the Government of India as it pertains to India's accession to an international convention.

Background:

The Customs Convention on International Transport of Goods under cover of TIR Carnets, 1975 (TIR Convention), is an international transit system under the auspices of the United Nations Economic Commission for Europe (UNECE) to facilitate the seamless movement of goods within and amongst the Parties to the Convention. At present there are 70 parties to the Convention, including the European Union.

Press Information Bureau
Government of India
Cabinet

22-March-2017

Cabinet Approves proposal to Establish a Fund of Fund for Start-ups

The Union Cabinet chaired by the Prime Minister Shri Narendra Modi has approved the following proposals with regard to the Fund of Funds of Start-ups (FFS) which was established in June, last year with a corpus of Rs. 10,000 crores.

i. Alternate Investment Funds (AIFs) supported by FFS shall invest at least twice the amount of contribution received from FFS in Start-ups qualifying as per the Gazette Notification G.S.R.180 (E) dt. 17/02/2016. Further, if the amount committed for a Start-up in whole has not been released before a Start-up ceases to be so, the balance funding can continue thereafter.

ii. It was also decided that operating expenses for carrying out due diligence, legal and technical appraisal, convening meeting of Venture Capital Investment Committee, etc. would be met out of the FFS to the extent of 0.50% of the commitments made to AIFs and outstanding. This will be debited to the fund at the beginning of each half year; i.e. April 1 and October 1.

Background

The Union Cabinet in its meeting held on 22/06/2016 had approved the proposal to establish a Fund of Funds for Start-ups (FFS) with a total corpus of Rs.10000 crore, with contribution spread over the 14th & 15th Finance Commission cycles based on progress of implementation and availability of funds. It was decided that the FFS shall contribute to the corpus of Alternative Investment Funds (AIFs) for investing in equity and equity linked instruments of various start-ups at early stage, seed stage and growth stages.

The FFS is being managed and operated by Small Industries Development Bank of India (SIDBI). FFS contributes to SEBI registered Alternative Investment Funds (AIFs) that may go up to a maximum of 35% of the corpus of the AIF concerned.

The Cabinet on 22.06.2016 had decided that the corpus of Fund of Funds along with counterpart funds raised by the AIFs in which FFS takes equity would be invested entirely in Start-ups. It has been pointed out to the Department during its interactions with various stakeholders that investors in the AIFs would prefer that the portfolio of AIFs is adequately diversified to manage the investment risks appropriately and if the entire pool of funds of the AIF is invested in Start-ups, it poses unacceptable risks to the investors of such AIFs.

The other issues raised by stakeholders were that the process of funding of Start-ups by AIFs is long drawn which starts from pitching by a Start-up, commitment by the AIF and then release of funds in tranches. Thus it is possible that before release of the final instalment the turnover of the Start-up crosses Rs. 25 crores but it still needs funds to meet its growth requirements. Besides, Start-ups need access to funds through various stages of their life cycle, viz. early stage, seed stage and growth stage.

It was also pointed out to the Department by SIDBI that the present provisions don't provide for SIDBI to get compensated for activities done post sanction to AIFs.

These decisions have been taken to in the backdrop of the above concerns.

Risk Management and Inter-bank Dealings: Operational flexibility for Indian subsidiaries of Non-resident Companies

March 21, 2017

Madam / Sir,

Attention of Authorised Dealers Category – I (AD Category – I) banks is invited to the Foreign Exchange Management (Foreign Exchange Derivative Contracts) Regulations, 2000 dated May 3, 2000 (Notification No. FEMA. 25/RB-2000 dated May 3, 2000) issued under clause (h) of sub-section (2) of Section 47 of FEMA, 1999 (Act 42 of 1999), as amended from time to time and Master Direction on Risk Management and Inter-Bank Dealings dated July 5, 2016, as amended from time to time.

2. With a view to providing operational flexibility to multinational entities and their Indian subsidiaries exposed to currency risk arising out of current account transactions emanating in India, the extant hedging guidelines have been amended as per the terms and conditions in the Annex I to this circular. An announcement to this effect was made in the Statement on Developmental and Regulatory Policies of Reserve Bank of India dated October 4th, 2016 (para. 9).

3. Necessary amendments (Notification No.FEMA No.384/2017-RB dated March 17, 2017) to Foreign Exchange Management (Foreign Exchange Derivatives Contracts) Regulations, 2000 (Notification No. FEMA.25/RB-2000 dated May 3, 2000) (Regulations) have been notified in the Official Gazette vide G.S.R.No.260 (E) dated March 17, 2017 a copy of which is given in the Annex II to this circular. These regulations have been issued under clause (h) of sub-section (2) of Section 47 of FEMA, 1999 (42 of 1999).

4. AD Cat-I banks may bring the contents of this circular to the notice of their constituents and customers.

5. The directions contained in this circular have been issued under Sections 10(4) and 11(1) of the Foreign Exchange Management Act, 1999 (42 of 1999) and are without prejudice to permissions/ approvals, if any, required under any other law.

Yours faithfully

(T Rabi Sankar)
Chief General Manager

[Annex I to A.P. (DIR Series) Circular No. 41 dated March 21, 2017]

Operational flexibility for Indian subsidiaries of Non-resident Companies

1. Purpose

To provide operational flexibility for booking derivative contracts to hedge the currency risk arising out of current account transactions of Indian subsidiaries of Multi-National Companies (MNCs).

2. Users

Non-resident parent of an Indian subsidiary or its centralised treasury or its regional treasury outside India.

3. Products

All FCY-INR derivatives, OTC as well exchange traded that the Indian subsidiary is eligible to undertake as per FEMA, 1999 and Regulations and Directions issued thereunder.

4. Operational Guidelines, Terms and Conditions for hedging

The transactions under this facility will be covered under a tri-partite agreement involving the Indian subsidiary, its non-resident parent / treasury and the AD bank. This agreement will include the exact relationship of the Indian subsidiary or entity with its overseas related entity, relative roles and responsibilities of the parties and the procedure for the transactions, including settlement. The ISDA agreement between the AD bank and the non-resident entity will be distinct from this agreement.

ii. The non-resident entity should be incorporated in a country that is member of the Financial Action Task Force (FATF) or member of a FATF-Style Regional body.

iii. The AD Bank may obtain KYC/ AML certification on the lines of the format in Annex XVIII of the Master Direction on Risk Management and Inter Bank Dealings, as amended from time to time.

iv. The non-resident entity may approach an AD Cat-I bank directly which handles the foreign exchange transactions of its subsidiary for booking derivative contracts to hedge the currency risk of and on the latter’s behalf.

v. The non-resident entity may contract any product either under the contracted route or on past performance basis, which the Indian subsidiary is eligible to use.

vi. The Indian subsidiary shall be responsible for compliance with the rules, regulations and directions issued under FEMA 1999 and any other laws/rules/regulations applicable to these transactions in India.

vii. The profit/ loss of the hedge transactions shall be settled in the bank account and books of accounts of the Indian subsidiary. The AD bank shall obtain from the Indian subsidiary an annual certificate by its Statutory Auditors to this effect.

viii. The concerned AD Bank shall be responsible for monitoring all hedge transactions (OTC as well as exchange traded) booked by the non-resident entity and ensuring that the Indian subsidiary has the necessary underlying exposure for the hedge transactions.

ix. AD banks shall report hedge contracts booked under this facility by the non-resident related entity to CCIL’s trade repository with a special identification tag.

[Annex II to A.P. (DIR Series) Circular No. 41 dated March 21, 2017]

RESERVE BANK OF INDIA
Financial Markets Regulation Department
Central Office
Mumbai

Notification No.FEMA.384/RB-2017

March 17, 2017

Foreign Exchange Management (Foreign Exchange Derivative Contracts) (Amendment) Regulations, 2017

In exercise of the powers conferred by clause (h) of sub-section (2) of section 47 of the Foreign Exchange Management Act, 1999 (42 of 1999), the Reserve Bank hereby makes the following amendments in the Foreign Exchange Management (Foreign Exchange Derivative Contracts) Regulations, 2000 (Notification No. FEMA 25/RB-2000 dated May 3, 2000), namely:-

1. Short Title and Commencement

(i) These regulations may be called the Foreign Exchange Management (Foreign Exchange Derivative Contracts) (Amendment) Regulations, 2017.

(ii) They shall come in to force from the date of their publication in the Official Gazette.

2. Amendment under Schedule II: In the Foreign Exchange Management (Foreign Exchange Derivative Contracts) Regulations, 2000 (Notification No. FEMA 25/RB-2000 dated May 3, 2000), in Schedule II, after the existing para 6, the following shall be added, namely:

A non-resident may enter into a foreign exchange derivative contract with an Authorised Dealer bank in India to hedge an exposure to exchange risk of and on behalf of its Indian subsidiary in respect of the said subsidiary's transactions subject to such terms and conditions as may be stipulated by the Reserve Bank from time to time.

(T Rabi Sankar)
Chief General Manager

LABOUR / COMMERCE AND INDUSTRY

Press Information Bureau
Government of India
Ministry of Commerce & Industry

27-March-2017

Development of Trade and Commerce

The Government has implemented certain new initiatives for the overall development of Trade and Commerce in the Country in the Foreign Trade Policy announced on 01.04.2015. The initiatives are listed below:

Rationalization of multiple Schemes: The New Foreign Trade Policy (2015-20) was launched on 1st April, 2015 with a focus on supporting both merchandise and services exports and improving the 'Ease of Doing Business'. DGFT consolidated 5 different incentive schemes under the earlier Foreign Trade Policy 2009-14 for rewarding merchandise exports into a single scheme, namely the Merchandise Exports from India Scheme (MEIS). MEIS aims to incentivize export of merchandise goods produced/manufactured in India. Rewards @ 2-5% under MEIS are payable as a percentage of realized FOB value of covered exports, by way of the MEIS duty credit scrip, which are transferable and can also be used for payment of a number of duties including the basic customs duty. At present, 7914 tariff lines at 8-digit HS Codes are covered under MEIS scheme.

DGFT launched a new Services Exports from India Scheme (SEIS) in the FTP 2015-2020. The Scheme provides rewards to service providers of notified services who are providing service from India. The rate of reward under the scheme is based on net foreign exchange earned. The present rates of reward are 3 % and 5%.

The Government has introduced the Interest Equalization Scheme on Pre & Post Shipment Rupee Export Credit with effect from 1.4.2015. The scheme is available to all exports under the notified tariff lines [at ITC (HS) code of 4 digit] and exports made by Micro, Small & Medium Enterprises (MSMEs) across all ITC (HS) codes. The rate of interest equalisation is 3% per annum.

In addition the Government continues to provide the facility of import of duty free raw materials for exports through schemes like Advance Authorisation, Duty Free Import Authorisation (DFIA) and duty free import of capital goods for exports through Export Promotion Capital Goods (EPCG) Scheme.

The Scheme for Deemed Export encourages 'Make in India' initiative by neutralizing the duty paid on inputs either imported or domestically sourced through refund of terminal excise duty and duty drawback at brand rate.

The Government has also taken the following measures for ensuring ease of doing business under the new Foreign Trade Policy 2015-20:

* Reducing number of Documents: Number of mandatory documents required for exports and imports have been reduced to 3 each.
* Introduction of simplified e-IEC: Applications for Importer Exporter Code(IEC)has been simplified and only two documents are required to be

uploaded along with the digital photograph while applying for IEC. eIEC has been introduced w.e.f. April 1, 2016 doing away with the issuance of physical copy of IEC. IEC has been integrated with e-BIZ portal of DIPP so that firms have choice to use either DGFT portal or e-Biz portal for making an application. IEC and EPCG applications have been integrated with e- Nivesh portal implemented by PMG set up by Cabinet Secretariat.

* Online Inter-ministerial consultations have been initiated for considering applications for issue of authorizations for export of SCOMET items (Special Chemicals, Organisms, Materials, Equipment and Technologies) to reduce processing time of applications.

* Sharing of export proceeds realization Data: DGFT shares exports proceeds realization data generated by the electronic bank realization certificate (eBRC) system with 17 agencies. The eBRC system captures details of the foreign exchange received by exporters through the banking channel.

* DGFT has simplified various 'Aayat Niryat Forms'(format for making applications under Schemes of FTP)bringing in clarity in different provisions, removing ambiguities and enhancing electronic governance.

A new scheme called Trade Infrastructure for Export Scheme (TIES) has been announced by the Government with the objective to enhance export competitiveness by bridging gaps in export infrastructure, creating focused export infrastructure, first mile and last mile connectivity for export oriented projects and addressing quality and certification measures. The Central and State Agencies, including Export Promotion Councils, Commodities Boards, SEZ Authorities and Apex Trade Bodies recognised under the EXIM policy of Government of India are eligible for financial support under this scheme.

Indian Trade Portal launched by Department of Commerce and managed by FIEO displays information useful for export import. It contains the Trade enquiries uploaded by Indian trade missions, Tariff and Trade data of India's major trade partners, Export Market Reports and Trade Agreements etc.

The Government is implementing the Niryat Bandhu Scheme with an objective to reach out to the new and potential exporters and mentor them through orientation programmes, counseling sessions, individual facilitation etc., on various aspects of foreign trade for being able to get into international trade and boost exports from India.

The performance indicating profit loss of the companies for the years 2014-15 and 2015-16 and till the 3rd quarter of 2016-17 are not available with the Department of Commerce.

India is a signatory to the World Trade Organization and is committed to Free and Fair Trade. Import/export take place depending on demand and supply. Goods consumed by people vary in terms of characteristics and parameters given the differentiated nature of consumer demand. In a globalised and interdependent world, no country can remain isolated. The Government has also been taking timely measures in order to boost the exports. The Government regularly takes stock of the changing dynamics at the global and regional level; and based on the inputs from the stakeholders including industry & trade bodies/associations and think tanks, FTP is revised/improved.

Notification on Extending Retirement Age from 58 to 60 Years

GOVERNMENT OF KARNATAKA

No:LD 72 LET 2013

Karnataka Government Secretariat,
Vikasa Soudha,
Bangalore, Dated:27-03-2017.

NOTIFICATION

Whereas the draft of the the Karnataka Industrial Employment (Standing Orders) (Amendment) Rules, 2009 was published as required by sub-section (1) of section 15 of the Industrial Employment (Standing Orders) Act, 1946 (Central Act XX of 1946), in Notification No: LD 282 LET 2009, dated: 07.12.2009 in Part IV-A of the Karnataka Gazette Extraordinary dated: 07.12.2009, inviting objections and suggestions from all the persons likely to be affected thereby within thirty days from the date of its publication in the Official Gazette.

And whereas the said Gazette was made available to the public on 07.12.2009.

And whereas the objections and suggestions received in this regard have been considered by the State Government.

Now, therefore, in exercise of the powers conferred by sub-section (1) of section 15 of the Industrial Employment (Standing Orders) Act, 1946 (Central Act XX of 1946), the Government of Karnataka hereby makes the following rules, namely:-

RULES

1. **Title and commencement** :- (i) These rules may be called the Karnataka Industrial Employment (Standing Orders) (Amendment) Rules, 2017.

(ii) They shall come into force from the date of their publication in the Official Gazette.

2. Amendment of Schedule-I :- In the Karnataka Industrial Employment(Standing Orders) Rules, 1961, in Schedule-I:

(i) under the heading "Model Standing Orders prescribed under Rule 3(1) : A- For workmen excluding clerks and other ministerial staff", in the entries at Sl.No.15-A, for the words and figures "58 years" the words and figures "60 years" shall be substituted.

(ii) under the heading "Model Standing Orders prescribed under Rule 3(1) : B- For Clerks and other Ministerial Staff", in the entries at Sl.No. 22-A, for the words and figures "58 years" the words and figures "60 years" shall be substituted.

By order and in the name of
the Governor of Karnataka,

(L. S. Srikanta Babu)
Deputy Secretary to Government,
Department of Labour.

Press Information Bureau
Government of India
Ministry of Micro, Small & Medium Enterprises

20-March-2017

Ministry of MSME Establishes Rs 130 Cr. Technology Centre at Bengaluru

Ministry of MSME has launched a Programme "Technology Centre Systems Programme (TCSP)". The programme envisages establishment of 15 new Technology Centres (TCs) and upgradation of existing 18 TCs (Autonomous Bodies) under the Ministry, at an estimated cost of Rs.2200 crore including World Bank funding of USD 200 million. The existing TCs have been extending technological support, apart from providing skilled manpower to industries, especially MSMEs for the past few decades. Present Programme would enhance the access to the cutting edge technologies and skilled manpower by the industries, thereby making them globally competitive.

One of the 15 new Technology Centres (TC) is being set up at Bengaluru. The estimated cost for setting up of Centre is Rs.129.5 crore. This Technology Centre will be ESDM focused and provide Training in electronic design & manufacturing, VLSI, PCB D/M, Electronic assembly, repair etc. The Technology Centre will have facilities for PCB manufacturing/ testing machine, 3D manufacturing machine, Testing and calibration Machine. This Technology Centre will be major support to local ESDM industries in testing calibration, product assessment.

The construction process for the TC building has been initiated. M/s Saket Infra Developers Pvt Ltd has been awarded the work for construction of the building for an area of 13537.38 sq. meters. The Tata Consulting Engineers are the construction management consultant for the project.

Issue of Certificate of Origin

As you are all aware, Bangalore Chamber of Industry and Commerce (BCIC) has been authorized by the Directorate General of Foreign Trade (DGFT) to issue the Certificate of Origin to exporters for the products manufactured in India. This Certificate is an integral part of the export document.

We hereby request you to kindly utilize this unique service offered by the Chamber. The Secretariat has been strengthened effectively to provide you the Certificate within the shortest time keeping in mind your utmost requirement and convenience.

We therefore earnestly request you to avail this facility and also give us an opportunity to serve you and interact on a regular basis.

For Members we charge Rs.50/- per certificate

For Non Members we charge Rs.100/- per certificate