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STATE GOVERNMENT

Karnataka Tweaks Aerospace Policy

Karnataka Cabinet has approved amendments to the Karnataka Aerospace Policy 2013-23 to make the State a favourable destination for maintenance, repair and overhaul (MRO) investments.

The State Law and Parliamentary Affairs Minister TB Jayachandra said, "The amendment pertains to providing special incentives for the development of the MRO sector to complement the incentives provided in the Civil Aviation Policy and also provide incentives for the first two MROs in the state on case-to-case basis."

The policy also offers incentives for an exclusive defence park. A fully integrated defence and aerospace infrastructure facility is also planned in Bengaluru.

"This is being planned in view of the Centre opening up the defence production sector through exclusive defence parks. The state plans to tap huge investments in the sector," he said.

For the development of MRO centres in the state, the state government had earlier planned the cluster approach, making Bengaluru the hub. In the amended policy, the state government is planning south cluster (Bengaluru, Mysuru, Managaluru and Tumkuru).

Tumkuru hub

Tumkuru is an emerging hub where HAL is building its helicopter plant at Gubbi. Bangalore Aerospace Park at Devanahalli and MRO centres at BIAL and Mysore, and a defence manufacturing cluster at Managaluru are also being planned.

The amendments have been made in view of the 33 project proposals received at 'Invest Karnataka' meet held early this year. The proposals are to the tune of Rs. 14,520 crore with the potential to generate over 10,000 jobs.

Jayachandra said state government is determined to demolish all buildings, including massive malls and apartment blocks, built on major storm water drains in Bengaluru. It also includes massive apartment block built by Prestige Developers in Bellandur area.

The demolition drive by the BBMP to clear encroachments on storm water drains during recent rains had come under criticism as people alleged that while homes of the poor were being demolished, large buildings belonging to the rich and influential builders were spared.

"We will demolish all buildings illegally built on such drains, be it a massive apartment blocks, malls or an ordinary house," he said.

Source: Business Line September 1, 2016

Karnataka Tree Cover Enhancement Policy 2016' to Safeguard Trees

The 'Karnataka Tree Cover Enhancement Policy 2016', drafted for the first time in the State, comes at a time when the green cover in non-forest areas is increasingly becoming a victim of rampant urbanisation. The need for this policy is perhaps seen in the recent Forest Survey of India report. Though the green cover of the State has apparently gone up to nearly 19 per cent (an additional 2 per cent is sparse plantations), it is well short of the National Forest Policy (of 1988) that had recommended 33 per cent forestland.

The numbers are stark considering that non-forest areas of Bengaluru Urban, Kolar and Shivamogga have themselves seen a loss of 261 sq. km in a matter of two years before the report was released.

It is in this context that the policy intends to "promote and incentivise growing of trees" in non-forest areas, which are "suitable for planting and owned or under occupancy by government departments, government and non-government institutions, private layouts, and individuals, including farmlands".

Punati Shridhar, Additional Principal Chief Conservator of Forests (Social Forestry), said among the prime issues the policy aims to tackle is funding. At present, the Forest Department provides seedlings, and Rs. 45 per sapling for three years, to farmers, while schemes under the Employee Guarantee Act target marginal farmers. "If we can get funding, we can scale up these schemes, provide Rs. 100 per sapling as grant to take care of trees, as well as transport seedlings to farmers or gram panchayats...We want to look at a prescription for this," he said.

The policy seeks to create a 'tree enhancement fund' funded by various fees and afforestation charges. Similarly, government projects would keep aside a small percentage of money for this fund. The aim is to increase the coverage of "profitable" trees such as mahogany, teak, and silver oak in private plantations. "We are chalking out ways to help agro-forestry through incentives, as well as plantations in government lands or in institutions," said T.M. Vijay Bhaskar, Additional Chief Secretary (Forest, Ecology and Environment).

Source: The Hindu September 29, 2016

Steel Flyover On Airport Road Gets Cabinet Approval

The elevated steel flyover project has got Cabinet approval. It promises to speed up traffic between Hebbal and Basaveshwara Circle. At the same time, the stretch will lose much of the greenery. It is expected to be completed in two years' time frame.

The eight-lane 6.7-km flyover will come at a cost of Rs. 1,791 crore. The work has been awarded to L&T Mumbai and NCCL Hyderabad. The Cabinet was informed that it would be completed in 24 months and would handle around 2.68 lakh vehicles a day. It would entail acquisition of just four acres, of which one acre is private property.

However, it will mean the loss of 812 trees. "The Bangalore Development Authority plans to plant 60,000 saplings in various layouts (as compensation)," says the Cabinet note. Much of the trees will be cut on Palace Road, which was slated for widening after a recent High Court order gave the green signal for the same, said an official. The State government believes the project will eliminate congestion at Sanjay Nagar, Mehkri Circle, Kaveri junction, Windsor Manor, High Grounds and Basaveswara Circle.

However, Sanjeev Dyamannavar, founder of civic group Praja, said the 'ill-conceived' project would simply shift traffic choke points. "Faster routes can be developed even now by merely expanding the existing flyovers while also developing alternative roads to the airport from east Bengaluru. With the steel flyover, the administration is just shifting congestion to the entry and exit points of the flyover," he said.

He believes the money would have been better spent implementing mass transit projects envisioned under the Comprehensive Traffic and Transportation Plan (2007)

Source: The Hindu September 29, 2016

Bengaluru Leads Among Cities with best IT & ITES Workplaces

Bengaluru has been ranked as the most popular location for IT companies in the second annual list of 'India's Best Companies To Work For in IT & ITeS, 2016'. The list was compiled by The Great Place To Work Institute, which assessed 145 top IT firms based on employee perceptions and an audit of company practices.

The study found that the city accounts for the headquarters of nearly one-quarter (24 percent) of the best workplaces this year, including Happiest Minds, Intuit, Cisco, Salesforce and EMC India. Bengaluru is also the base for 21 percent of the companies assessed by the study. Bengaluru, Noida, Chennai, Mumbai, and Gurgaon together account for more than three-fourths (76 percent) of the best companies in IT & ITeS, according to the study.

Overall, unique benefits, work-life balance and fair pay were found to be the foundations for a superior employee experience.

Among startups, firms with less than five years of operation, it was found that they offered a far superior experience in all areas covered in the survey compared to more established organisations. Top three areas were celebrations at work, tolerance to mistakes and accessibility of managers.

Employee engagement in the study is measured through a Trust Index and Culture Audit. Employees at the participating companies anonymously complete the Trust Index measuring their levels of trust in terms of 5 dimensions: credibility, respect, fairness, pride and camaraderie.

Feedback captured through this Index carries a 2/3rd weight. The remaining 1/3rd of the score is derived from the Culture Audit, a questionnaire seeking to understand the company's policies, processes and overall values.

Source: Deccan Herald September 17, 2016

Government to Return 13,788 acres Acquired for Industrial Corridor to Owners

The state Cabinet on Wednesday decided to drop the acquisition of 13,788 acres of land meant for the proposed Suvarna Karnataka Industrial Corridor project. The land will be returned to the original owners.

The Karnataka Industrial Areas Development Board (KIADB) had identified 1,21,386 acres for the corridor project in 2009 and initiated the acquisition process for 80,182 acres. But the board has failed to acquire 39,258 acres even nine years after issuing the preliminary notification. Hence, the Cabinet dropped acquisition of 13,788 acres of these lands in the first phase. The land will be returned to the original owners, Law Minister T B Jayachandra told reporters after the Cabinet meeting.

These lands are located in Mysuru, Tumakuru, Chitradurga, Davangere, Chikkamagaluru, Vijayapura, Raichur and Belagavi districts. The KIADB is supposed to complete the acquisition process within two years. Delay in the acquisition had resulted in a lot of inconvenience to the original landowners who are mostly farmers. They were neither able to grow anything on the lands nor were they able to raise loans on them, he added.

The minister said the government would drop more lands from the acquisition process, if necessary. "The then government in 2009 had acquired lands recklessly and created land banks. Moreover, a large chunk of these lands is under dispute," he added. He, however, avoided replying to a question whether the government would drop the corridor project. The KIADB had not given monetary compensation to the original landowners. The government has already done away with the land bank system.

The then BJP government headed by B S Yeddyurappa had proposed the corridor in order to fuel industrial growth in the backward regions of the state. The corridor was planned to extend from Mysuru to Vijayapura, covering 11 districts and 20 major towns.

Source: Deccan Herald September 22, 2016

Bengaluru to House 11,500 Start-Ups by 2020

Bengaluru is the fourth most innovative city and is the second fastest growing start-up ecosystem in the world.

"The city hosts diverse industries spanning machine tools, electronics, defence, aeronautics, garments, medical, bio-tech and a host of research institutes, both national and International. In fact, by the year 2020, estimates are that city is likely to host around 11,500 start-ups, showing the power of innovation in the city," said Prof Shivram Mallavalli at the India International Innovation Fair (IIIF) 2016.

Prof Malavalli, is the resident Chairman at San Francisco - Bangalore Sister City Initiative, and has 32 years of industrial and research experience and has been the architect in the establishment, sustenance and growth of the first Science & Technology Entrepreneurs Park (STEP) in the country.

IIIF is a first innovation event targeted at start-ups, hosted in Bengaluru, the innovation capital of India. "Bengaluru has emerged as a global economic hub with a vast pool of highly skilled professionals and will thus be an exemplary test market and an ideal host for the Fair 2016," said Mallavalli.

Emphasizing the need of innovation R V Deshpande, Karnataka Minister for Large & Medium Industries & Infrastructure Development said, "Sir M Visvesvaraya had said either industrialise or perish, now is the time to either innovate or perish. The Government of Karnataka extends its whole hearted support to IIIF as the policy of the Govt. is to encourage and support start-ups. Karnataka is set to build the future of India and hence it is time to innovate and invest in the state,"

Bengaluru is poised to be the most innovative city in the world, in the next three years, he added.

Source: Business Line September 10, 2016

AGRICULTURE & FOOD PROCESSING

Platform for Cooperation in Sustainable Agriculture

Press Information Bureau
Government of India
Ministry of Agriculture

23-September-2016

The BRICS Agriculture Ministers meeting in New Delhi, has agreed to set up a platform for developing and sharing models for sustainable agriculture. The platform which will be a virtual facility aims to promote food security, sustainable agricultural development and poverty alleviation through cooperation amongst the members.

The meeting held under India's Chairmanship for the first time and presided over by the Minister for Agriculture and Farmers' Welfare, Shri Radha Mohan Singh also resolved to promote climate resilient agriculture technologies and improve capacity for exchange of information. In a joint statement issued at the end of the two -day meeting of the BRICS Agriculture and Agrarian Development Ministers the participating countries agreed to declare year 2016 as the International Year of Pulses in line with the declaration made by the UN General Assembly.

The BRICS meeting was attended by the Agriculture Ministers from Brazil, Russia, India, China and South Africa.

Earlier addressing the BRICS summit in the morning, the Agriculture and Farmers' Welfare Minister, Shri Radha Mohan Singh spoke about India's effort in reducing the input costs of farmers through Soil Health Card Scheme and the PM Krishi Sinchai Yojna (micro-irrigation).

Besides soil health card and micro irrigation, the Minister also underlined the importance given to organic farming by the NDA Government.

The Minister said in order to take on the adverse effects of climate change, India has embarked upon a slew of initiatives by undertaking a National Action Plan on Climate Change. Another initiative in this direction is National Mission for Sustainable Agriculture to transform Indian Agriculture into a Climate Resilient Production System through suitable adaptation and mitigation measures such as promoting location specific integrated/composite farming systems, soil and moisture conservation measures, comprehensive soil health management, efficient water management practices and main streaming rain fed technologies.

ECONOMIC & CORPORATE AFFAIRS

Inviting Applications for Empanelling Experts as Mediators or Conciliators

e-mail: rd.northwest@mca.gov.in

Tele No. 079-27473867
Fax No. 079-27438371

Government of India
Ministry of Corporate Affairs
Office of the Regional Director, North Western Region,
'ROC BHAVAN', Opp. Rupal Park, Nr. Ankur Bus Stand,
Ahmedabad, Gujarat – 380 013

NOTICE FOR INVITING APPLICATIONS FOR EMPANELLING EXPERTS AS MEDIATORS OR CONCILIATORS

The Ministry of Corporate Affairs (MCA) has empowered the Regional Director(s) to prepare and maintain / update the Mediation and Conciliation Panel of eligible experts in pursuance of Rule 3 (1) of Section 442 of the Companies Act, 2013 who are willing to be appointed as mediator or conciliator in this Region.

2. In pursuance to the above, Regional Director, North Western Region, Ahmedabad, Gujarat invites applications from willing and eligible persons to be selected and included in the panel of experts as "Mediator or Conciliator" who may provide relevant services to parties as may be allowed by the Central Government or Tribunal (Company Law Tribunal or Appellate Tribunal) under the Companies (Mediation and Conciliation) Rules, 2016.

3. The Panel shall be placed on the website by MCA (www.mca.gov.in) until any other website is notified as prescribed under Rule 3(1) of the Companies (Mediation and Conciliation) Rule, 2016 (M & C Rules). Copy of the said Rules are available on the MCA website (www.mca.gov.in)

4. The experts willing to be empanelled as Mediators or Conciliators must possess the following qualification:

(a) Has been a Judge of the Supreme Court of India; or

(b) has been a Judge of a High Court; or
(c) has been a District and Session Judge; or
(d) has been a Member or Registrar of a Tribunal constituted at the National level under any law for the time being in force; or
(e) has been an officer in the Indian Corporate Law Service or Indian Legal Service with fifteen years' experience, or
(f) is a qualified legal practitioner for not less than ten years; or
(g) is or has been a professional for at least fifteen years of continuous practice as Chartered Accountant or Cost Accountant or Company Secretary; or
(h) has been a Member or President of any State Consumer Forum; or
(i) is an expert in mediation on conciliation who has successfully undergone training in mediation or conciliation.

5. The eligible Applicants possessing requisite qualifications may apply for the Selection as experts for empanelment as Mediators or Conciliators to the Regional Director, North Western Region, Ahmedabad. The applicant must be a citizen of India. All applications may be filed online and / or in the physical form on or before 08th November, 2016 failing which they will not be considered as eligible applications. The application form shall be in Form No. MDC-1 annexed to the Companies (Mediation and Conciliation) Rules, 2016

6. The application may be forwarded in Soft Copy and / or Physical / Hard copy on the abovementioned address or at e-mail ID of the Regional Director (rd.northwest@mca.gov.in).

7. Applicants may provide their e-mail ID and mobile number in the online application and / or in the physical application. ***The last date for receiving applications is 8th November, 2016.***

(J.K. JOLLY) 22/09/2016
REGIONAL DIRECTOR
NORTH WESTERN REGION, AHMEDABAD

FINANCE

Cabinet Approves Merger of Rail Budget with General Budget

Press Information Bureau
Government of India
Ministry of Finance

21-September-2016

The Union Cabinet has approved the proposals of Ministry of Finance on certain landmark budgetary reforms relating to (i) the merger of Railway budget with the General budget, (ii) the advancement of the date of Budget presentation from the last day of February to the 1st of February and (iii) the merger of the Plan and the Non-Plan classification in the Budget and Accounts. All these changes will be put into effect simultaneously from the Budget 2017-18.

Merger of Railway Budget with the General Budget:

The arrangements for merger of Railway budget with the General budget have been approved by the Cabinet with the following administrative and financial arrangements-

(i) The Railways will continue to maintain its distinct entity -as a departmentally run commercial undertaking as at present;

(ii) Railways will retain their functional autonomy and delegation of financial powers etc. as per the existing guidelines;

(iii) The existing financial arrangements will continue wherein Railways will meet all their revenue expenditure, including ordinary working expenses, pay and allowances and pensions etc. from their revenue receipts;

(iv) The Capital at charge of the Railways estimated at Rs.2.27 lakh crore on which annual dividend is paid by the Railways will be wiped off. Consequently, there will be no dividend liability for Railways from 2017-18 and Ministry of Railways will get Gross Budgetary support. This will also save Railways from the liability of payment of approximately Rs.9,700 crore annual dividend to the Government of India;

The presentation of separate Railway budget started in the year 1924, and has continued after independence as a convention rather than under Constitutional provisions.

The merger would help in the following ways:

- The presentation of a unified budget will bring the affairs of the Railways to centre stage and present a holistic picture of the financial position of the Government.

- The merger is also expected to reduce the procedural requirements and instead bring into focus, the aspects of delivery and good governance.
- Consequent to the merger, the appropriations for Railways will form part of the main Appropriation Bill.

Advancement of the Budget presentation:

The Cabinet has also approved, in principle, another reform relating to budgetary process for advancement of the date of Budget presentation from the last day of February to a suitable date. The exact date of presentation of Budget for 2017-18 would be decided keeping in view the date of assembly elections to be held in States.

This would help in following ways:

- The advancement of budget presentation by a month and completion of Budget related legislative business before 31st March would pave the way for early completion of Budget cycle and enable Ministries and Departments to ensure better planning and execution of schemes from the beginning of the financial year and utilization of the full working seasons including the first quarter.
- This will also preclude the need for seeking appropriation through 'Vote on Account' and enable implementation of the legislative changes in tax; laws for new taxation measures from the beginning of the financial year.

Merger of Plan and Non Plan classification in Budget and Accounts:

The third proposal approved by the Cabinet relates to the merger of Plan and Non Plan classification in Budget and Accounts from 2017-18, with continuance of earmarking of funds for Scheduled Castes Sub-Plan/Tribal Sub-Plan. Similarly, the allocations for North Eastern States will also continue.

This would help in resolving the following issues:

- The Plan/Non-Plan bifurcation of expenditure has led to a fragmented view of resource allocation to various schemes, making it difficult not only to ascertain cost of delivering a service but also to link outlays to outcomes.
- The bias in favour of Plan expenditure by Centre as well as the State Governments has led to a neglect of essential expenditures on maintenance of assets and other establishment related expenditures for providing essential social services.
- The merger of plan and non-plan in the budget is expected to provide appropriate budgetary framework having focus on the revenue, and capital expenditure.

Enquiry or Investigation in respect of Document/ Evidence relating to Income Declaration Scheme (IDS)

Circular No. 32 of 2016

F.No.299/124/2016/IT-Inv.III
Government of India
Ministry of Finance
Department of Revenue
Central Board of Direct Taxes
(Investigation Division)

Ground Floor, E-2, ARA Centre,
Jhandewalan Extn. New Delhi-110 055.
Date: 01/09/2016.

Sub: Enquiry or investigation in respect of document/evidence relating to Income Declaration Scheme (IDS), 2016 found during the course of Search u/s 132 or Survey action u/s 133A of the Income-tax Act,1961-regarding;

1. The Income Declaration Scheme, 2016 (hereinafter referred to as 'the Scheme') came into effect on 1st June, 2016. To address doubts and concerns raised by the stakeholders, the Board has issued five sets of FAQs vide Circular Nos. 17, 24, 25,27 & 29 of 2016. To allay apprehensions relating to the income/asset declared under the Scheme vis-à-vis search and survey action by the Income-tax Department, the following clarification is issued.

2. It is clarified that wherever in the course of search under section 132 or survey operation under section 133A of Income-tax Act, 1961, any document is found as a proof for having already filed a declaration under the Scheme, including acknowledgment issued by the Income-tax Department for having filed a declaration, no enquiry would be made by the Income-tax Department in respect of sources of undisclosed income or investment in movable or immovable property declared in a valid declaration made in accordance with the provisions of the Scheme.

Sd/-

(Amit Mohan Mittal)
Under Secretary to the Government of India
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India Climbs Steadily in the Global Competitiveness Index

Press Information Bureau
Government of India
Ministry of Finance

28-September-2016

The Union Finance Minister Shri Arun Jaitley said that in an extremely positive development, data released today by the World Economic Forum (WEF) shows that India's ranking in the Global Competitiveness Index (GCI) has improved by 16 places for the second year in a row. According to the latest ranking, he said that India is placed 39th among 138 countries, ahead of BRICS countries other than China which is ranked 28th.

The Finance Minister Shri Jaitley further said that the India's rank has steadily improved from 71 in 2014-15 to 55 in 2015-16 and to 39 in the latest report. With this improvement in its ranking, India has covered a long distance and is well on its way to emerge as a major player in the global economy, he added.

The Global Competitiveness Index released by the World Economic Forum is one of the major studies which indicates how a country scores in the scale of global competitiveness. The Index is calculated by aggregating indicators across 12 pillars which again are clubbed together in three broad sub-indices, namely basic requirements, efficiency enhancers and innovation and sophistication factors. The report covers both business and social indicators which, directly or indirectly, impacts the competitiveness of the country in the global arena.

The landmark improvement in the Global Competitiveness rankings India is in consequence of the structural reforms and policy initiatives taken by GOI in the last two years and should be viewed as an encouragement to us to continue with the agenda of reforms which would further streamline economic decision making and help us move up on the index of global competitiveness.

The 12 pillars underlying GCI include Institutions, Infrastructure, Macroeconomic environment, health and primary education, higher education and training, goods market efficiency, labour market efficiency, financial market development, technological readiness, market size, business sophistication and innovation. India's competitiveness has improved this year across the board, in particular in goods market efficiency, business sophistication and innovation. The macroeconomic environment also improved due to better monetary and fiscal policies and lower oil prices.

The Report analyses how India's competitiveness score had stagnated between 2007 and 2014 till the new government took office and undertook a range of reforms including opening the economy to foreign investors and international Improvements in infrastructure which were small and faltering during most of the past decade, actually picked up after 2014 when the government increased public investment and speeded up the approval procedures. Similarly, the institutional environment deteriorated until 2014, as mounting governance scandals and inefficiencies led to a loss of trust in public administration but this trend was reversed in 2014. Macroeconomic conditions also followed a similar path and the country was able to keep a lid on inflation and reduce both the current account and fiscal deficits. India also ranks 8th in the strength of investor protection. There is however no room for complacency and Government will continue to focus on areas which need improvement. In the coming months and years, significant improvement in goods market efficiency may be expected from the implementation of the Goods and Services Tax which will reduce fragmentation of the domestic market.

LABOUR / INDUSTRY & COMMERCE

Government Announces Enhanced Support Under Merchandise Exports from India Scheme of the Foreign Trade Policy

Press Information Bureau
Government of India
Ministry of Commerce & Industry

22-September-2016

In the backdrop of the continued challenging global environment being faced by Indian exporters, Department of Commerce has extended support to certain new products and enhanced the rate of incentives for certain other specified products under the Merchandise Exports from India Scheme (MEIS). This has been implemented through DGFT public Notice No 32 dated 22.09.2016.

The following are the major highlights of the support: -

Addition of new products –

2901 additional products falling under different product categories have been added. These include items in the following areas:

Many items of traditional medicines like Ashwagandha herbs and its extracts, other herbs, extracts of different items.

Certain marine products, sea feed items.

Onion dried, processed cereal products and other value added items of plastics, lather articles, suitcases etc.

Industrial products under different categories, including engineering goods, fabrics, garments, chemicals, ceramics, glass products, leather goods, newspapers, periodicals, silk items, made ups, wool products, tubes, pipes etc.

Increase in MEIS rates –

Rates of 575 product items falling under 11 products categories have been increased. These products include products of iron and steel, handicrafts, moulded and extruded goods, rubber, ceramic, glass, auto tyres and tubes, industrial machinery engineering items, IC Engines, machine tools / parts, items of wood, paper, stationary, footwear, auto seats, steel furniture, prefabs, items under the category of butter, ghee and cheese, dried egg albumin and rubber products.

With this the total number of items covered under the scheme has been increased from 5012 to 7103. The total support extended by Government of India under the scheme has been enhanced from the present Rs 22,000 crore to Rs 23,500 crore per annum.

Task Force on Innovation

Press Information Bureau
Government of India
Ministry of Commerce & Industry

16-September-2016

Innovation is widely recognized as a central driver of economic growth and development. The Global Innovation Index (GII) aims to capture the multi-dimensional facets of innovation. India's ranking in GII-2016 jumped 15 places to 66th position. Aiming to strengthen the eco-system of innovation in the country, and thereby further improve India's ranking in GII, the Department of Industrial Policy & Promotion has decided to set up a Task Force on Innovation.

Global Innovation Index (GII) 2016 was recently launched in which India has retained the top rank in Information and Communication Technology Service Export for more than last three years. India is the top-ranked economy in Central and Southern Asia, and shows particular strengths in tertiary education and R&D, including global R&D intensive firms, the quality of its universities and scientific publications. India also over-performs in innovation relative to its GDP. India ranks second on innovation quality amongst middle-income economies. As per the report, "India is a good example of how policy is improving the innovation environment". India moved up across all indicators within the Knowledge Absorption sub-pillar. It has also exhibited a solid performance in the GII model's newly incorporated research talent in business enterprise, where it ranks 31st

Recognizing India's potential to reach great heights in innovation, the Commerce & Industry Minister, Smt. Nirmala Sitharaman had directed the setting up of a Task Force which would take forward innovation in India.

The Team comprises of Government officials and experts from private organisations - Mr. Naushad Forbes (Co- Chairman, Forbes Marshall Group), Dr. Anil Wali (MD, FITT, IIT Delhi), Mr. Gopichand Katragadda (CTO, TATA Sons), Mr. Kris Gopalakrishnan (Executive Vice Chairman, Infosys), Dr. Nikolai Dobberstein (Partner, A.T. Kearney Limited), Mr. Rajeev Srinivasan (Adjunct Faculty, Innovation IIM-B).

Representative from the Department of Science and Technology and the Convenor of the Task Force Mr. Rajiv Aggarwal, Joint Secretary, DIPP. The Task Force will assess India's position as an innovative country and suggest measures to enhance the innovation eco-system in India and thus improve India's ranking in the GII.

Cabinet Approves Simplification and Liberalisation of the Foreign Direct Investment Policy, 2016 in various sectors

Press Information Bureau
Government of India
Ministry of Commerce & Industry

31-August-2016

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

1. **Radical Changes for promoting Food Products manufactured/produced in India**

   It has now been provided that 100% FDI under government route for trading, including through e-commerce, is permitted in respect of food products manufactured and/or produced in India.

2. **Foreign Investment in Defence Sector up to 100%**

   Earlier FDI regime permitted 49% FDI participation in the equity of a company under automatic route. FDI above 49% was permitted through Government approval on case to case basis, wherever it is likely to result in access to modern and 'state-of-art' technology in the country. In this regard, the following changes have inter-alia been brought in the FDI policy on this sector:

   i. Foreign investment beyond 49% has now been permitted through government approval route wherever it is likely to result in access to modern technology or for other reasons to be recorded.

   ii. FDI limit for defense sector has also been made applicable to Manufacturing of Small Arms and Ammunitions covered under Arms Act 1959.

3. **Review of Entry Routes in Broadcasting Carriage Services**

   FDI policy on Broadcasting carriage services has also been amended. New sectoral caps and entry routes are as under:

<table>
<tr><th>Sector/Activity</th><th>New Cap and Route</th></tr>
<tr><td>5.2.7.1.1
(1) Teleports (setting up of up-linking HUBs/Teleports);
(2) Direct to Home (DTH);
(3) Cable Networks (Multi System operators (MSOs) operating at National or State or District level and undertaking upgradation of networks towards digitalization and addressability);
(4) Mobile TV;
(5)Headend-in-the Sky Broadcasting Service (HITS)</td><td rowspan="2">100%

Automatic</td></tr>
<tr><td>5.2.7.1.2 Cable Networks (Other MSOs not undertaking upgradation of networks towards digitalization and addressability and Local Cable Operators (LCOs))</td></tr>
<tr><td colspan="2">Infusion of fresh foreign investment, beyond 49% in a company not seeking license/permission from sectoral Ministry, resulting in change in the ownership pattern or transfer of stake by existing investor to new foreign investor, will require FIPB approval</td></tr>
</table>

4. **Pharmaceutical**

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

5. **Civil Aviation Sector**

(i) The earlier FDI policy on Airports permitted 100% FDI under automatic route in Greenfield Projects and 74% FDI in Brownfield Projects under automatic route. FDI beyond 74% for Brownfield Projects is under government route.

(ii) With a view to aid in modernization of the existing airports to establish a high standard and help ease the pressure on the existing airports, 100% FDI under automatic route has now been permitted in Brownfield Airport projects.

(iii) As per the earlier FDI policy, foreign investment up to 49% was allowed under automatic route in Scheduled Air Transport Service/ Domestic Scheduled Passenger Airline and regional Air Transport Service. This limit has now been raised to 100%, with FDI upto 49% permitted under automatic route and FDI beyond 49% through Government approval. For NRIs, 100% FDI will continue to be allowed under automatic route. Foreign airlines would continue to be allowed to invest in capital of Indian companies operating scheduled and non-scheduled air-transport services up to the limit of 49% of their paid up capital.

6. **Private Security Agencies**

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

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

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

8. **Animal Husbandry**

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

9. **Single Brand Retail Trading**

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

Background:

In last two years, Government has brought major FDI policy reforms in a number of sectors viz. Defence, Construction Development, Insurance, Pension Sector, Broadcasting Sector, Tea, Coffee, Rubber, Cardamom, Palm Oil Tree and Olive Oil Tree Plantations, Single Brand Retail Trading, Manufacturing Sector, Limited Liability Partnerships, Civil Aviation, Credit Information Companies, Satellites- establishment/operation and Asset Reconstruction Companies. Measures undertaken by the Government have resulted in increased FDI inflows at US$ 55.46 billion in financial year 2015-16, as against US$ 36.04 billion during the financial year 2013-14. This is the highest ever FDI inflow for a particular financial year. However, it was felt that the country has potential to attract far more foreign investment which can be achieved by further liberalizing and simplifying the FDI regime.

Accordingly, Union Government radically liberalized the FDI regime on 20th June, 2016 with the objective of providing major impetus to employment and job creation in India. This was the second major reform after the last radical changes announced in November, 2015. Changes introduced in the policy included increase in sectoral caps, bringing more activities under automatic route and easing of conditionalities for foreign investment. The amendments were aimed at further simplifying the regulations governing FDI in the country and make India an attractive destination for foreign investors. Most of the sectors with these changes have now been brought under automatic route for FDI, except a small negative list. The amendments have made India the most open economy in the world for FDI.

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