E-Newsletter for February 2017

Consulate General of India, Munich

Budget 2017: 10 key focus areas:

1. **Black money/NPA**: No cash transactions above Rs 3 lakh; Govt to seize assets of defaulters fleeing country
2. **Political funding**: Cash donations capped at Rs 2,000; anything above that to be in cheque/via digital mode; amendment to RBI Act for issuance of electoral bonds; all parties required to file returns within specified time
3. **Corporation Tax**: MAT to stay, but carry-forward period extended to 15 years from 10 years; Tax rate for companies with sub-Rs 50 crore revenue reduced to 25 per cent from 30 per cent.
4. **Digital economy**: 2 new schemes to promote BHIM app including cashback scheme for merchants; Aadhar payment option for those who don’t have mobile phones; Focus on rural and semi-urban areas; govt plans to expand financial inclusion fund
5. **Rural Economy** Total allocation for Rural, Agricultural & Allied sectors for 2017-18 is a record 1,87,223 crores up 24 per cent from last year; MGNREGA allocation hiked to Rs 48,000 crore from Rs 38,500 crore.
6. **Financial sector:** FIPB to be scrapped; Panel to study legal framework for spot and derivative market in commodities; creation of integrated public sector oil major; Pradhan Mantri Mudra Yojana: Lending target at Rs 2.44 lakh crore
7. **Railways**: Capex and development expenditure of railways at Rs 1,31,000 crore; 3,500 km rail lines to be commissioned. Railways to implement end-to-end connectivity for some commodities with the help of logistics firms.
8. **Infrastructure**: Rs 64,000 crore allocated for national highways;

amendments to AAI Act to enable monetisation of land resources; Rs 2 lakh crore for transport sector; Bharat Net allocation set at Rs 10,000 crore; total infra allocation at Rs 3.96 lakh crore

9. **Poor and underprivileged classes**: Affordable housing to get infra status; Allocation hiked to Rs 1,84,000 crore for schemes women and children; plan to eradicate leprosy by 2018, TB by 2025; Allocation to scheduled castes hiked to Rs 52,393 crore, scheduled tribes to Rs 31,920 crore
10. **Youth energisation**: Innovation fund for secondary education; UGC reforms -- Colleges to be identified based on ranking and given autonomy; Rs 4,000 cr set aside for skill acquisition.

To boost Skill India Mission, Govt sets aside Rs 17,000 cr. in Budget.

The government has set aside over Rs 17,000 crore for skilling, employment generation and providing livelihood to millions of youth who enter the workforce every year, giving Skill India Mission - Prime Minister Narendra Modi's pet project- a major leg up.

The total sector outlay for 2017-18 has been pegged at Rs 17,273 crore, 16% higher than 2016-17's revised estimate of Rs 14,870 crore. Finance Minister Arun Jaitley, in his budget speech on Wednesday, announced at least half a dozen skilling initiativesnot just for the youth but also for women to ensure gender parity. The biggest initiative under the programme is the launch of SANKALP (Skill Acquisition and Knowledge Awareness for Livelihood Promotion Programme) at an investment of Rs 4,000 crore to provide market relevant training to 350 million youths. Besides, the ministry would set up 100 India International Skills Centers that will conduct advanced courses in foreign languages to help youngsters prepare for overseas jobs.

Govt abolishes two decades old FIPB, to bring more FDI policy easing reforms.

Finance minister Arun Jaitley has proposed abolition of the Foreign Investment Promotion Board (FIPB), a move that sets the stage for more reforms in the FDI policy. Housed in the finance ministry's Department of Economic Affairs, the FIPB is an inter-ministerial body responsible for processing of FDI proposals and making recommendations for government approval. It was initially constituted under the Prime Minister's Office in the wake of the economic liberalization drive of the early 1990s. The government is also considering further liberalization of the FDI policy and will make necessary announcements in the due course, the minister said. Experts said they will wait to see if abolition of the FIPB will bring about ease of doing business and simplify procedures.

Government to play active role in making India a global semiconductor hub.

The ministry of electronics and information technology (Meity) is revising its policy framework towards making India a global semiconductor hub, which will see the government taking a more active role, including initial investment, in a bid to attract private sector players. Research firm Frost & Sullivan estimates that India's semiconductor demand would bring economic opportunity worth$50 billion by 2020 across segments that include $30.3 billion from telecom products and equipment alone. Chip-level manufacturing is core to Prime Minister Narendra Modi's ambitious Make in India programme that may attract big-ticket investment with the entire ecosystem including design and re-search & development, and potential job opportunities.

FDI inflow zooms 18% to $46 billion in 2016: DIPP

Foreign direct investment (FDI) in India grew 18 per cent during 2016 to touch $46 billion, data released by the Department of Industrial Policy and Promotion (DIPP) showed. The country attracted FDI of $39.32 billion in 2015.The main sectors which attracted the highest foreign inflows include services, telecom, trading, computer hardware and software and automobile.

Bulk of the FDI came in from Singapore, Mauritius, the Netherlands and Japan. The government has announced several steps to attract foreign inflows. The measures include liberalization of FDI policy and improvement in business climate. The Finance Minister had announced in the Budget 2017-18 to further relax foreign investment norms and phase out the Foreign Investment Promotion Board (FIPB). Foreign investments are considered crucial for India, which needs around $1 trillion for overhauling its infrastructure sector such as ports, airports, and highways to boost growth. A strong inflow of foreign investments will help improve the country's balance of payments situation and strengthen the rupee value against other global currencies, especially the US dollar.

Microsoft keeps India on the highest cloud.

Microsoft chief executive Satya Nadella reaffirmed the company's commitment to India by unveiling a slew of India focused product rollouts, including a lighter version of Skype in Mumbai. Skype Lite, a lighter version of the video and voice calling software, has been especially designed for use in India's patchy telecom networks. With just a 13 MB footprint, the app allows communication and collaboration over low bandwidth networks including 2Gconnections and has features specifically designed for India including managing SMS by removing clutter, mobile data and WiFi usage monitoring, India-focused Skype bots and power saving functionality. The app will also have Aadhaar based verification feature built-in, with Microsoft partnering with India stack for this feature. In keeping with the Indian government's ambition of enabling smart cities, Microsoft is also looking to leverage its cloud technologies to work with the Maharashtra government on the 'Smart Villages' program.

India's simplified laws attracting FDI from China.

The simplification of Indian laws and regulations towards ease of doing business has drawn "significant" interest from Chinese companies to make investments in the country. The interest of Chinese companies in investing in India has enhanced significantly following the simplification of laws and regulations and the Indian government's determined stance to attract foreign direct investment (FDI)," says China's former Vice Foreign Minister Lu Xinhua.

The bilateral trade between India and China crossed $70 billion during 2015-16, while India's trade deficit with China stood at $53 billion. Of the total $288.51 billion FDI equity inflows that India received during April 2000-March 2016, China contributed $1.36 billion.

Niti Ayog launches 'India Innovation Index'.

NITI Aayog CEO Amitabh Kant launched "India Innovation Index", the nation's first online innovation index portal which will rank states based on their innovations. Inaugurating the portal, he said that it will be a “first-of-its-kind online platform” where Global In-novation Index (GII) indicators and India-centric data from various states will be updated periodically. This will be a one-stop data warehouse and will track progress on each indicator at the Na-tional level and the State level on real-time basis. The access to the portal will be hosted on the NITI Aayog website. Data collated on this portal will not only be used to ameliorate current data gaps with respect to the GII, but be the prime source for the India In-novation Index,” a government statement said. The index was launched in collaboration with Department of Industrial Policy and Promotion (DIPP) and Confederation of Indian Industry (CII). India currently ranks 66th out of 128 countries on the GII 2016.