

- *Development of six multi-modal airport hubs*

India will soon boast of multi-modal international airport hubs across its landscape, similar to the one proposed in Nagpur.

The Government is planning to develop

multi-modal hubs in six metros that would cater not only to commercial airlines but will

also have Cargo and MRO(maintenance, repair and overhaul) facilities. Top sources in the civil aviation ministry reported that the cities identified as for the proposed hubs will be developed, talks have been initiated for a public-private partnership for developing these hubs.

The ministry has also proposed that these hubs be granted a special Economic Zone (SEZ) status, similar to what Nagpur currently enjoys.

- *More FDI expected in Indian Realty*

A move is taking place within the government to liberalize the norms for Foreign

- **Development of Multi-modal Airport Hubs at Amritsar, Ahmedabad ,Hyderabad, Tiruvananthapuram, Kolkata and Guwahati**
- **These Hubs to be granted a Special Economic Zone (SEZ) status.**

Direct Investments (FDI) in Real Estate. The department of industrial policy and promotion (DIPP) has circulated a Cabinet

note proposing waiver of two conditions—the three-year lock-in on foreign investment and the minimum investment criteria of \$5 million for joint ventures or \$10 million for wholly-owned ventures. The waiver has been sought for real

estate projects, including hotels, according to a government official. The proposal has been justified on the ground that it would boost tourism and hospitality, sectors identified by the government as vital job creators.

At present, 100% FDI is permitted in hotels and tourism as well as real estate. However, realty FDI faces a three-year lock-in—the investor cannot sell his stake during this period. If one wishes to exit before three years, one will have to take the permission of the Foreign Investment Promotion Board (FIPB).

There are also the stipulations for development of at least 10 hectares of land, and completion of at least 50% of the scheduled construction in five years of obtaining all statutory clearances, in addition to the minimum capitalization norm mentioned above. These conditions do not apply to the hospitality sector.

The proposal, however, may not go down well with RBI and the finance ministry. In fact, RBI wants curbs imposed on FDI in real estate and had written to the finance

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ministry asking it to make FIPB approval mandatory for foreign investment in the sector. At present, FDI in real estate is via the automatic direction.

- **Stock Exchange On Revival Path:**

Long forgotten as dead and buried

Regional Stock Exchange (RSE) is now

appear to be rising from the ashes, thanks

to an infusion of fresh capital. The last few

months have witnessed a surge of interest

from both foreign and private players to

pick up stake in the RSEs. Where

- **Nasdaq, the largest electronic equity securities trading market in the US, is looking to partner with Ahmedabad Stock Exchange(ASE)**
- **German multinational Bank, Deutsche Bank is eyeing ownership of 5% stake in the Delhi Stock Exchange (DSE).**
- **The rising interest in the RSE's can be because of the new FDI norms allowing foreign investments upto 49% in stock exchanges, depositories & clearing corporations, with a capon single investment, direct or indirect at 5%.**

Nasdaq, the largest electronic equity securities trading market in the US, is looking to partner with Ahmedabad Stock Exchange, then German Multinational German multinational Bank, Deutsche Bank is eyeing ownership of 5% stake in the Delhi Stock Exchange (DSE). Even BSE has recently picked up 5% stake in the Calcutta Stock Exchange (CSE) Undoubtedly the rising interest in the RSE's can be attributed to the new FDI norms, which allow foreign investments up to 49% in Stock Exchange, depositories & clearing corporations, with a capon single investment, direct or indirect at 5%.

Already companies such as NYSE Group, General Atlantic, Goldman Sachs and Softbank Asian Infrastructure Fund own a 5% stake each in NSE

for around \$460-490-mn. Similarly German Exchange, Deutsche Boerse AG and Singapore Exchange hold 5% stake each in BSE. Even the commodity exchanges have found takers. While NYSE, Citigroup and Merrill Lynch own stake in MCX, Goldman Sachs and interconditional Exchange have brought stake in NCDEX.

The reason of triggering the interest of such big players in RSEs is said to be the Corporatisation of Exchanges. With the Indian economy on an upswing, analysts expect the SMEs to play a huge role in future exchanges. And RSEs are expected to provide these companies a stepping ladder to stardom.

- **Boardcast Sector: Perfectly Prepared**

Sector regulator Trai (Telecom Regulatory Authority of India) on Monday launched a consultation process to review FDI policies in the broadcasting sector. It said that investments from abroad could have a role as a source of funding besides bringing in

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- Trai has pointed out that while the delivery of television signals through satellite based technology (DTH) has a FDI cap of 20%, the same product when delivered through cables attracts a FDI cap of 49%.

other benefits also such as new technology international best practices and access to export markets.

Last month FDI policy in the broadcasting sector was set for a review and the Information and Broadcasting (I&B) ministry had sought Trai's recommendations to 'review and restructure' the foreign direct investment (FDI) policy in broadcasting. This includes news and non-news as well as teleport, DTH, satellite radio,

Headend-In-The-Sky (HITS), cable Operators and FM radio.

At the same time, the regulator has also sounded a word of caution and said that several countries have been cautious in relaxing restrictions on foreign ownership in the media sector for a number of reasons.

The important among them include preserving cultural knowledge/ practices, social and cultural values as well as national security concerns. Trai says that India too must consider these factors.

Trai has, therefore, sought the views of all stakeholders on five key issues – quantum of foreign investment (FI) limit and sub-limits for FDI and FII. And within this limit, permission for foreign investment through the automatic route or need for a sub-limit beyond which FIPB approval be required, classification of different segments of broadcasting sector into carriage services and content services for the purposes of laying down foreign investment limits and standardization of methodology for calculation of foreign investment limits in different segments of broadcasting sector.

Justifying the move for a comprehensive review, Trai said: “Presently, the policy regarding Foreign Investment (FI) is not uniform across different segments of the broadcasting sector. In view of the divergence in FI limits for different segments, the need to undertake a review of the FI policy for the broadcasting sector has been highlighted time and again by the Authority.”

"This is necessary for consistency in policy and a level-playing field among competing technologies in view of convergence of broadcasting and communication

technologies."

For instance, Trai has pointed out that while the delivery of television signals through satellite based technology (DTH) has a FDI cap of 20%, the same product when delivered through cables attracts a FDI cap of 49% while adding that that no cap has been specified for IPTV which can be delivered on telecom infrastructure.

However, the FDI cap for telecom companies who will offer IPTV is 74%. "While there could be a case for restricting FDI on certain technologies, it is not clear if the full implications of these variations have been understood and acknowledged," Trai added.

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