



NEWSLETTER

India to grow at 5.5% in FY'15: FICCI

India's economic growth is likely to pick up and reach 5.5 per cent in 2014-15 as industrial output will recover to expand at 3.3 per cent, says FICCI. The Economic Outlook Survey by the industry chamber pegs agriculture and services sector growth in the next financial year, starting April 1, at 3.3 per cent and 7 per cent respectively. It also estimates that growth in the fourth quarter of the current fiscal will pick up marginally to 5 per cent.

Further, the median forecast for fiscal deficit as a per cent of GDP stands at 4.4 per cent for 2014-15. This is higher than the 4.1 per cent estimate announced in the Interim Budget last month. Subsidy burden continues to be a bothering factor and can lead to fiscal slippages, according to the economists polled by FICCI. On the external sector, the survey pegs current account deficit (CAD) to remain in the comfort zone at 2.2 per cent in 2014-15. Moreover, the rupee value is projected at 61 against the US dollar by March-end 2015.

Forex reserves rise USD 954.6 million to USD 294.3 billion

The country's foreign exchange reserves rose by USD 954.6 million to USD 294.36 billion on account of gains in the value of gold reserves, the Reserve Bank said today. In the previous reporting week, the reserves had dipped by USD 383.7 million to USD 293.41 billion

Cabinet likely to consider FDI in Railways in coming weeks

The department of industrial policy & promotion (DIPP) will push for a decision on foreign direct investment in railways in coming weeks before the general elections are announced after putting in a mechanism to address concerns raised by the home ministry. The DIPP has proposed that a core committee within the Railways ministry should examine all proposals of foreign direct investment

(FDI) from the perspective of security before giving a final clearance. Ministry as formulates an internal core committee in this regard which vet all the FDI Proposals and also ensures that railways projects with private or foreign investments are not detrimental to overall national interests.

The DIPP has sent the note to the Cabinet, seeking approval to allow 100% FDI in railway in infrastructure such as elevated rail corridor projects, freight terminals, suburban corridors, dedicated freight lines and high-speed train systems. The proposal could be taken up in coming week before the elections are announced and the model code of conduct kicks in.

As per the proposal, the core committee will comprise officials with technical and security expertise to examine each proposal. FDI proposals in railways will not have to go to the Foreign Investment Promotion Board (FIPB).

China is interested in investing in India's railways, among other infrastructure sectors, as per the five year trade and economic planning cooperation report by the Chinese working group submitted to the Indian government. China is keen to fund electrification, high-speed trains, wagons, last-mile connectivity and gauge conversion in India's railways.

The proposal is part of the FDI reforms' drive revived by the government last year that led to raising of FDI caps in some sectors, along with changing of entry route to automatic. A decision on easing restrictions on FDI in construction and housing is also pending with the Cabinet.

While the DIPP has received comments on FDI in e-commerce, opening up of e-commerce is unlikely within the tenure of this government.

New Companies act is in force from April 1, 2014

After a significant amount of uncertainty and delay, the Companies Act 2013 (the Act) is finally a reality. True to form, the substantive provisions of the Act and the Final Rules (Rules) to implement the Act have been notified only a few days prior to the date of the Act's applicability. Even though the regulators may argue that the Act and draft rules have been in public domain for several months, notification of the final law sufficiently in advance of the effective date is essential for a smooth transition. In any case, the Act represents a major change in corporate law and would significantly impact the governance framework in the country.

IBM to invest \$100 million globally for new consulting model

IT giant IBM has said it would invest \$100 million on global expansion of its consulting services capability, and would set up eight new Interactive Experience Labs around the world, including one in Bengaluru. As part of this expansion plan, IBM will hire 1,000 employees across the globe to create new models of engagement through data and design. As our clients redefine how they engage with their customers or employees, they discover that the traditional digital agency model has limits. We're closing those gaps with this integration of world-class design and IBM Research, book-ended by strategy consulting and our strength in Big Data," said Bridget van Kralingen, senior vice president of IBM Global Business Services. Besides Bangalore, the company will set up the new labs at Beijing, Groningen, London, Melbourne, New York, Sao Paulo, and Shanghai.

These labs will provide clients the opportunity to work side-by-side with researchers and consultants as well as experts in experience design, mobile and digital marketing, the company said.

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