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NEWSLETTER



RISE OF FOREIGN DIRECT INVESTMENT IN INDIA

The major purpose behind '*Make in India*' initiative is job creation and skill enhancement in all the major sectors of the economy. In September 2014, the Government increased the foreign investment upper limit with an aim to promote India as an important investment

destination and a global hub for manufacturing, design and innovation.

The Government of India is taking various measures like opening FDI in various sectors of the economy and improving ease of doing business. Agriculture, Civil Aviation, Courier Service, Defense, Education, Pharma, Railway, Telecom, Tourism, Food products are some sectors under the '*Make in India*' initiative where 100 per cent FDI is permitted.

Sectors that attract maximum FDI include services, trading, automobile, and power. The state-wise analysis shows Delhi, Haryana, Gujarat, and Andhra Pradesh together attracted more than 70% of total FDI.

Make in India initiative of the government and its outreach to all investors has made a positive investment climate for India. Countries such as Japan, China, France, and South Korea announced their intention to invest in India in various Industrial and Infrastructure project.

India, Russia plan Free Trade Agreement in Eurasian region



India and Russia, both looking to undertake joint economic projects in the resource-rich Eurasian region and expected to launch a process to create a free trade zone under the Eurasian Economic Union (EAEU).

India will soon formalise the Foreign Trade Agreement with EAEU and the announcement of it, is likely to be made following the annual summit. Both the countries have accepted a report prepared by the Joint Feasibility Study Group on India-EAEU FTA.

EAEU comprises Russia, Belarus, Armenia, Kazakhstan and Kyrgyzstan. India's FTA with EAEU is expected to open up a huge market with a trade potential of \$37-62 billion. The current trade between India and the five Eurasian countries is \$11billion. The FTA with the Eurasian countries would diversify the new markets in India. India has a targeted trade of \$30 billion with the five EAEU countries by 2025 and \$15 billion annual investment, according to one of the officials.

Exporters to get tax refund under GST within 7 days

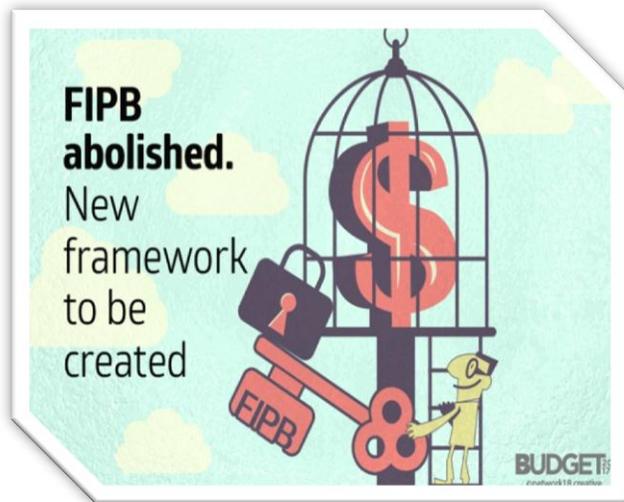


The officials of Commerce Ministry have assured exporters that they would get their refund tax claims within seven days under the new goods and services tax (GST) regime.

GST Council has been fairly seized of the tax refund issue under the new indirect tax regime, to be rolled out from July 1.

On the refund, 90 per cent of the advanced paid money (by exporters in the GST regime) will be refunded within 6 to 10 days, post which an interest of about 6 per cent will be given for any delay by the government to exporters.

However, officials from Ministry have asked the GST Council to consider formulating an alternative mechanism for small and medium exporters on the issue of payment of taxes.



FIPB ABOLISHES

The Union Cabinet on 24th May, 2017 approved winding up of the 25-year-old Foreign Investment Promotion Board (FIPB), which has been vetting FDI proposals requiring government approval. The decision to abolish FIPB was taken by the Cabinet, chaired by Prime Minister Narendra Modi.

FIPB will be replaced by a new mechanism under which the proposals will be approved by the ministries concerned as per the standard operating procedure approved by the Cabinet, he added. The proposals in sensitive sectors will require the home ministry's approval.

Currently, only 11 sectors, including defence and retail trading, require government approval for foreign direct investment (FDI). There could also be a provision for quarterly review of pending proposals by the economic affairs secretary and annual review by the finance minister.

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