Daily Economic News Summary: 24 June 2015

1. Start-ups get funding boost: SEBI sets easier IPO norms, halves listing time to six days

Source: **First Post** (Link)

The Securities and Exchange Board of India (Sebi) took a slew of decisions that would encourage new technology start-ups to list on the domestic bourses rather than go overseas to raise funds. The Sebi said it plans to set up an Institutional Trading Platform for listing these companies, halved the listing time to six days from the date of the public offer and also did away with the need to issue cheques.

The Sebi said the ITP will be open to a broad range of technology companies, throwing the alternative listing platform for a larger number of firms to tap the "fast-track" route for raising funds. The new rules, which were widely expected, are aimed at luring startups that may have considered an overseas listing, given India has stringent requirements for regular IPOs. About 3,100 startups in India have raised $7.2 billion in venture capital and private equity funding since 2013 — most of it going to technology companies, according to Thomson Reuters data.

2. Trade pact with India top priority: Australia

Source: **Times of India** (Link)

Concluding the comprehensive economic cooperation agreement (CECA) with India by the year-end remains Australia's number one trade priority, said the country's trade and investment Minister Andrew Robb.

Robb has visited India four times since September as Australia has pitched strongly for the CECA. He met Prime Minister Narendra Modi, commerce minister Nirmal Sitharaman and other senior officials.

"There is nothing to suggest that we won't get it finished by the end of the year. That was a deadline set by Prime Minister Modi and Prime Abbot and it is very tight but it is Australia's number one trade priority to get this economic agreement concluded by the end of the year," Robb told a news conference on the sidelines of the India-Australia CEO's forum.

3. India may oppose BRICS proposal for cooperation in e-commerce

Source: **Live Mint** (Link)

India is coming under mounting pressure at international forums to open up its retail e-commerce sector to foreign investment. Not only has Japan been pressing for setting up a working group on e-commerce in the regional comprehensive economic partnership (RCEP), but now Russia is set to push for an agreement on ecommerce at a Brics trade ministers' meeting scheduled to take place in Moscow on 7 July.

As discussions intensify in an expert group on e-commerce in the Brics grouping (Brazil, Russia, India, China, South Africa), trade minister Nirmala Sitharaman is expected to adopt a defensive posture on the issue, which is sensitive for the National Democratic Alliance government.

"Russia and China are pushing for an agreement on crossborder trade through e-commerce. We are slightly defensive on the ecommerce agenda at Brics. The main reason is that our domestic policies on ecommerce are still evolving," a government official said, speaking under condition of anonymity. The official said the only offensive interest that India has at the Brics meeting is to promote greater cooperation among micro, small and medium enterprises (MSME). "We are proposing to build an MSME portal at the Brics level," the official added.

4. FinMin reduces penalty for customs duty fraud by 10%

Source: **Economic Times** (Link)

The penalty in cases of customs duty fraud has been reduced by 10 per cent by the Finance Ministry. Section 28 of the Customs Act, 1962, has been amended and now the amount of penalty payable in cases involving fraud, collusion, willful mis-statement or suppression of facts with the intent to evade payment of duty, shall be fifteen per cent instead of 25 per cent.

Also, there will be a penalty not exceeding ten per cent of the duty sought to be evaded or Rs 5,000, whichever is higher, for improper export and import of goods. Sections 112 and 114 of the Customs Act which, respectively provide for penalty for improper import and export of goods, have been amended by insertion of new clauses to provide for a penalty of up to 10 per cent of the duty sought to be evaded or Rs 5,000, whichever is higher, according to Finance Act, 2015.

5. Top US multinational firms like Microsoft, Amazon seek fast infrastructure clearance to set up units in India

Source: **Economic Times** (Link)

Top US multinational firms want the Centre to nudge state governments to move expeditiously on infrastructure clearances and address concerns over country's data security and intellectual property rights (IPR) regime. The issues were discussed in a meeting with finance minister Arun Jaitley in San Francisco, which was attended by top notch US firms such as Microsoft, Amazon, Oracle, Hewitt Packard, Visa, Franklin Templeton, Google, Cisco, Ebay, Qualcomm and Blackberry among others.

"Investors looking to set up physical facilities want the Centre to nudge states to ensure faster clearances," said an industry representative, who attended the meeting set up by the Confederation of Indian Industry (CII) in partnership with US-India Business Council. *"Perception of these firms on government's willingness to address these issues is a huge positive sign,"* he added.

6. Government draws up plan to create *"milk grid";* will push to seek tariff cut to less than 5%

Source: **Economic Times** (Link)

India has drawn up a plan to create a 'white grid' or a milk grid in South Asia that will seek to replicate the success of the 'white revolution' launched in the 1970s, two government officials familiar with the development told ET. The proposed regional milk grid will benefit dairy farmers in the region by linking milk surplus countries with the deficit ones, they said. New Delhi will also push for tariff reduction to less than 5% under the South Asia Free Trade Area (SAFTA) agreement to facilitate the grid.

"Many of our neighbours are importing a lot of milk powder. We are suggesting that just like the energy grid, let there be a milk grid to facilitate liquid milk trade between these countries so that the dairy farmers of these countries benefit instead of the countries outside the region, sending milk powder," said a commerce department official.

****

By Harsha Hazarika