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No Big Bang, but Indian Budget 2015 goes for growth, investment and 'something for everybody'

India's Finance Minister Arun Jaitley on 28 February unveiled a budget that aims to ramp up growth, aided by a slowed pace of fiscal deficit cuts and a raft of tax measures to put private domestic and foreign capital to work. In his first full-year budget since Prime Minister Narendra Modi's landslide election victory last May, Mr Jaitley said the country's economy was about to take off. PM Modi tweeted that the budget would "further reignite our growth engine". The Finance minister Arun unveiled a Budget that sought to push growth by proposing to cut the corporate tax rate by five per cent over four years to make India competitive with Asean economies, increased public spending and deferred the controversial GAAR by two years.

He abolished wealth tax, but introduced an additional two per cent surcharge on the super-rich with annual incomes of over Rs 1 crore.

To balance pro-corporate steps with pro-poor measures, Mr Jaitley, in his first full-fledged Budget, announced a slew of low-cost pension and insurance schemes, including Atal Pension Yojana, Pradhan Mantri Jeevan Bima Yojna and Senior Citizen Welfare Fund, among others.

The middle class and the salaried, who enthusiastically supported Prime Minister Narendra Modi's rise to power last year, were mainly left high and dry, with a token hike in tax exemption on health insurance and an additional tax deduction of Rs 50,000 for contributions to the New Pension Scheme. There was no hike in the personal income-tax exemption limit this time.

What will, however, pinch them a lot more is the hiking of the service tax rate from 12.36 per cent to 14 per cent, which will make more expensive a host of services, from mobile phone bills, eating out at restaurants, air travel, cable and DTH services, visiting beauty parlours, courier service, credit and debit card-related services, among others.

Mr Jaitley also proposed a two per cent Swachh Bharat cess, which will be imposed on selected services on a future date. The finance minister pushed the fiscal deficit target of three per cent by one year to 2017-18, and set a fiscal deficit target of 3.9 per cent for 2015-16. He sought to use the fiscal space to push public spending, since private investment is down.

In a bid to address the concerns of FIIs and foreign investors, Mr Jaitley exempted their income from MAT and reduced the rate of income-tax in royalty and fees for technical services from 25 per cent to 10 per cent. He allowed overseas investments in Alternative Investment Funds (AIFs) — a new class of pooled-in investment vehicles for real estate, private equity and hedge funds, among others.

To tackle the problem of black money, Mr Jaitley has proposed to bring a tough law to check flow of black money abroad, which will include rigorous imprisonment of up to 10 years.

The finance minister junked Direct Tax Code, a high-profile direct tax reform proposal that was pushed by the UPA government. "People who urged us to undertake 'big bang' reforms also say that the Indian economy is a super giant, which moves slowly but surely," said Mr Jaitley in his speech.

He also announced an overhaul of monetary policy, a bankruptcy code and the creation of a new public debt management agency. Mr Jaitley has proposed to introduce the long-awaited Goods and Services Tax from April 2016, which will be a major indirect tax reform.

He proposed to raise funds for the railways, roads and irrigation sectors by issuing tax-free infrastructure bonds.

The net impact of all direct and indirect tax proposals in the next fiscal will result into a revenue gain of Rs 15,068 crores for the government. While direct tax proposals will lead to a revenue loss, indirect taxes will be in surplus. “My direct tax proposals would result in revenue loss of Rs 8,315 crores, whereas the proposals in indirect taxes are expected to yield Rs 23,383 crores. Thus the net impact of all tax proposals would be a revenue gain of Rs 15,068 crores,” Mr Jaitley said. The gross tax revenue in 2015-16 is estimated to rise by 15.83 per cent to Rs 14.49 lakh crores, up from Rs 12.51 lakh crores in 2014-15 (as per revised estimates). From non-tax revenue sources, the total mop-up is estimated to rise 1.79 per cent to Rs 2.22 lakh crores. As per the revised estimates for current fiscal FY15, it is pegged at Rs 2.18 lakh crores.

The government proposed raising Rs 69,500 crores from disinvestment and strategic sale in state-owned companies.

“India is over the days of incremental change and is waiting for a quantum jump,” Finance Minister Arun Jaitley said at the beginning of his Budget speech on Saturday as he read out the government’s first, full economic document that is being seen as a major test for Prime Minister Narendra Modi's stomach for free-market economics and his promises for a much-needed roadmap to reform.

Jaitley did not disappoint as infrastructure got a boost of Rs 70,000 crore for this year. He made a few key announcements, among which were a second unit of the Kudankulam nuclear power station, five ultra mega power projects, a mechanism for self employment to support all aspects of a start-up business and a boost to UPA’s MNREGA of Rs 5,000 crore. He also put another Rs 1,000 crore in the Nirbhaya fund.

He came out with a strict law to deal with the “menace of black money”, unfurling stringent punishment for defaulters. Undisclosed income would be taxed on maximum marginal rate, he said, adding penalty would be 300 per cent of original tax. He said the proposed ‘Benami Property Transaction Bill’ would stop black money transactions in real estate.

He abolished the wealth tax and added an extra two per cent on the super-rich. Existing exemptions for individual tax payers is to continue, he said. Service tax, on the other hand, has been hiked to 14 per cent.

“I intend to create a direct tax regime, which will be internationally competitive and I would also like to discourage cash transactions to curb the menace of black money," Jaitley said.

Here are the highlights of Finance Minister’s Budget speech:

The rupee has become stronger by 6.4 per cent

Estimated GDP is 7.4 per cent, we have to think in terms of a quantum jump

One of the achievements of my government has been is to conquer inflation

Domestic and international investors are seeing us with renewed hope

Our objective is to improve quality of life and to pass benefits to common man

Will achieve target of building 6 crore toilets, 50 lakh toilets already constructed

Expect the CPI inflation to remain close to 5 per cent towards the end of year

The three achievements of our government have been – ‘Jan Dhan Yojana’, transparent auctions and ‘Swachh Bharat Abhiyan’

Domestic and international investors are seeing us with renewed hope

Our actions have not only being confined to core and macroeconomic areas alone

The latest CPI inflation is 5.1 per cent and WPI inflation is negative

We are round the clock, round the year government

The credibility of Indian economy has been re-established, the world is predicting that it's India's chance to fly

States more empowered more than before

Tax buoyancy is low, however, we will meet the promise of fiscal deficit of 4.1 per cent of GDP this year

2 crore houses in rural India, 4 crore in urban India by 2022

Agricultural income is under stress, have to increase investment in infrastructure

Manufacturing has declined from 18 per cent to 17 per cent of the GDP

Public Investment needs to step in to catalyse the investment in PPP

2015-16 GDP seen between 8-8.5 per cent, best in five years

Rs 6335 crores has been so far transferred directly as LPG subsidies to consumers

We intend to achieve to achieve fiscal deficit of 3 per cent in 3 years

National unified market for farm produce

Need a well-targeted system of subsidies rather than to cut subsidies

Double-digit growth seems feasible soon

Roadmap to achieve fiscal deficit of 3% of GDP in three years, target is 3.9% in 2015-16, 3.5% in 2016-17, 3% in 2017-18

Monetary Policy Committee to formed to target inflation

Mudra bank to refinance micro finance institution under PM's 'Mudra scheme'

Will bring a bankruptcy code in the year 2015-16 that will meet global standards and provide for judicial capacity

An accident insurance cover of Rs 2 lakh for a premium of Rs 12 per month

Will also launch the 'Atal pension yojana', which will provide a defined pension

Government is committed to bring a universal social security system for all

Government to contribute 50 per cent f beneficiary premium in its new accounts opened before December 31, 2015

Propose a new scheme of providing physical aids for senior citizens living below poverty line

Investment in infrastructure will go up by 70,000 crore in 2015-16

Propose the 'Nayi Manzil' scheme for youth

GST will put in place state of art indirect tax system by April 1, 2016

New scheme called 'Nayi Manzil' to enable minority youth without school leaving certificates to get employment

Tax-free infrastructure bonds for projects in railways and roads

Second unit of Kudankulam nuclear power station to be commissioned in 2016

PPP model of Infrastructure to be re-vitalized and re-aligned

5 ultra mega power projects through transparent auction system of 4,000 MW

Government is establishing a mechanism for 'self employment' to support all aspects of start-up business

Will enhance the allocations to MNREGA by 5,000 crore

Intend to create a direct tax regime, which is internationally competitive on rates

Unclaimed deposits of Rs 3,000 crore in EPF to be used for benefit of senior citizens

Discourage transaction in cash to discourage black money

Propose to introduce a gold monetisation scheme

Propose to work on developing Indian gold coin, which carries the Ashok Chakra. It will help recycle gold available in country

Will deepen Indian bond market at par with the world standards

Government to do away with distinctions between FII and FDI and replace it with Composite Caps

Have decided to provide another 1000 crores to Nirbhaya fund

After success of visas on arrival in 43 countries, propose to increase the countries covered under this scheme to 150

Will increase visa-on-arrival facility from 43 to 150 countries

Propose to increase visa-on-arrival to 150 countries to increase tourism

To allocate Rs 75 crore for electric vehicles

Aim to make India manufacturing hub of the world

Propose to setup an IT-based student financial aid system under the PM 'Vidya Laxmi scheme'

Government proposes to bring in a regulatory reform law

Putting scam, scandal and corruption behind us, Parliament needs to look into a procurement law and how it will shape

Defence Budget enhanced to Rs 2,46,727 crore rupees

Revive growth, investment for jobs to youth

Rs 13, 12, 2000 crore for non-planned expenditure

GST is expected to play transformative role in the way our economy functions

It has been our endeavour in the last 9 months to foster a stable taxation policy

Corporate tax reduced from 30% to 25% for next four years

Exemptions for individual tax payers to continue

Propose to enact a comprehensive new law on black money

Non-filing of returns, or filing of returns with inadequate information will attract rigorous imprisonment

Concealment of income will be prosecutable with rigorous imprisonment

Quoting PAN a must for all purchases above Rs 100,000

Foreign Exchange Management Act to allow for seizure of foreign assets

'Benami' property transaction bill to tackle black money transaction in real estate soon

High corporate tax with too many exceptions gives us worst of both worlds, we neither get revenues nor investments

Implementation of GAAR deferred for two years, will be applied from 2017

Govt to abolish wealth tax

Retrospective tax provisions will be avoided

Tax department to put out a clarification on indirect transfer of assets and dividend paid by foreign firms

Reduced taxes on technical services to 10% from 25%

Propose to reduce rate of basic custom duty on certain imports to minimize impact of duty inversion

100 per cent tax exemption in CSR activities for Clean Ganga fund and Swachh Bharat

According to black money law, provision of punishment up to 10 years

Increase in exemption limit of health insurance premium from Rs 15,000 to Rs 30,000

Clean energy cess increased from Rs 100 to 200 per metric ton of coal to finance

For middleclass, for contribution to National Pension Scheme, exemption raised from Rs 1,00,000 to Rs.1,50,000

All contributions to Sukanya Samridhi scheme to be tax-free

Cigarettes and tobacco products set to get costlier

Transport allowance increased from Rs 800 to 1600 per month

While reading out the first Budget of the NDA government, Finance Minister Arun Jaitley said "incremental change will not take India anywhere, we need a quantum jump."

He lauded the fact that CPI inflation was 5.1 per cent and WPI inflation was negative. The rupee is stronger by 6.4 per cent, Jaitley said, adding his government was "round-the-clock, round-the-year".

Jaitley sounded optimistic as he announced that GDP was 7.4 per cent, and that his government had been able to "conquer inflation". In keeping with Modi's promises for a 'Swachh Bharat', the finance minister said the government targets at building six crore toilets of which 50 lakh have already been constructed.

He said the "three achievements of the government had been – Jan Dhan Yojana, transparent auctions and the Swachh Bharat Abhiyan".

Jaitley admitted that agricultural income was under stress and that his government would have to invest in infrastructure. “Manufacturing has declined from 18 per cent to 17 per cent of the GDP, he said, adding that public investment needs to step in to catalyse investment in public-private partnerships.

The finance minister kept focus on rural India and announced plan to build two crore houses in rural areas and four crore in urban India by 2022.

Jaitley said the government intends to achieve fiscal deficit of three per cent in the next three years – “target is 3.9 per cent in 2015-16, 3.5 per cent in 2016-17 and 3 per cent in 2017-2018”. “Double digit growth seems feasible soon,” he said. He said a monetary policy committee would be formed to target inflation.

He announced a national unified market for farm produce and said the country needed a “well-targetted system of subsidies than the cutting of subsidies”.

Jaitley said investment in infrastructure would go up by Rs 70,000 crore in 2015-16. He also announced that GST would put in place state-of-the-art indirect tax system by April 1, 2016. Tax-free infrastructure bonds would also be introduced for projects in railways and roads.

Setting aside Rs 13,122,000 crore for non-planned expenditure, Jaitley said it was necessary to revive growth and investment to provide jobs for the youth.

Reaping the benefits of low global prices for oil, India's main import, Modi's government saw itself in a sweet spot with spare cash to modernise ageing roads and railways without busting fiscal deficit and inflation targets.

"Let us stop unnecessary expenditure so that money can reach the poor," Modi told Parliament on 27 February after a finance ministry report committed to bringing the fiscal deficit down to 3 per cent of gross domestic product -- from more than 4 per cent at present -- in the medium-term.

"We believe in optimum utilisation of our infrastructure," he had said. An overhaul of economic data has propelled India to the top of the league of fast-growing major economies, and the current account deficit is projected to fall below 1 per cent next year, which would help stabilise the rupee and build up reserves.

But expectations for a further shift in expenditure from subsidies to infrastructure were sky high among investors who made India the best performing stock market in Asia after China last year on hopes that Modi's government brings sweeping reforms to labour, tax and land laws. Spanish bank BBVA described the Budget as "the best opportunity for India to kick-start major structural reforms". The rally has continued this year on expectations that legislative reform will push ahead stalled private investment and consumer demand, and reverse a decline in corporate earnings to make Asia's third-largest economy a global growth driver.

The stakes are high after a part-year Budget that disappointed investors just after the government took over last year with a large majority in the lower house of Parliament. Analysts warn that Indian stocks are overvalued and that equity markets could see a sell off of 6-8 per cent if the pro-growth measures in the Budget fell short of expectations.

India’s Economic Survey projects FY16 GDP growth rate at 8.1-8.5%

The Economic Survey 2014-15, tabled in Parliament by finance minister Arun Jaitley on 27 February, projects an acceleration in economic growth rate to levels of 8.1-8.5 per cent in fiscal 2015-16, boosted by the cumulative impact of reforms and benign inflation.

The Survey also bases its projection on a likely monetary policy easing facilitated by lower inflation and improved inflationary expectations and, of course, a normal monsoon.

Using the new estimate (with 2011-12 as the base), GDP growth at constant market prices for 2015-16 is expected to accelerate to between 8.1 and 8.5 per cent and further to double digits above 10 per cent in the following fiscal.

India's economy grew at a faster pace of 6.9 per cent in 2013-14 as well, according to a new series of gross domestic product (GDP), against the 4.7 per cent estimated earlier under the earlier series. It also indicated that the growth during 2014-15 could touch eight per cent on the back of better farm output. The Central Statistical Office had projected growth at 7.4 per cent for current fiscal.

The Survey noted that several reforms have been undertaken and more are on the anvil. The introduction of the goods and services tax and expanding direct benefit transfers can be game-changers, it said. The major reforms undertaken by the government include deregulation of diesel prices, direct transfer of cooking gas subsidy, increasing the limit on foreign direct investment in defence and insurance, and the ordinance on coal mine allocation.

Low margins bite

Over the medium term, the Survey said growth prospects will be conditioned by the ''balance sheet syndrome with Indian characteristics'' that has the potential to hold back rapid increases in private sector investment.

The Survey estimates the stock of stalled projects at about 7 per cent of GDP, accounted for mostly by the private sector. Manufacturing and infrastructure account for most of the stalled projects.

This has weakened the balance sheets of the corporate sector and public sector banks, which in turn is constraining future private investment, completing a vicious circle. Despite high rates of stalling, and weak balance sheets, the stock market valuations of companies with stalled projects are quite robust, which shows the disconnect between real economy and the stock market.

Combining the situation of Indian public sector banks and corporate balance sheets suggests that the expectation that the private sector will drive investment needs to be moderated. In this light, public investment may need to step in to ramp up capital formation and recreate an environment to crowd-in the private sector.

Private investment must be the engine of long-run growth. However, there is a case for reviving targeted public investment as an engine of growth in the short run to complement and crowd-in private investment, it said.

''India can balance the short-term imperative of boosting public investment to revitalise growth with the need to maintain fiscal discipline. Expenditure control, and expenditure switching from consumption to investment, will be key,'' it added.

External economy

Even as the Survey stated that macro economic situation in the country has improved significantly in the current year, it raised concerns over growth pattern in exports, construction and mining activities.

The outlook of low oil prices and falling imports is favourable for the current account deficit and its financing, the Survey noted, even as it warned against unchecked forex inflows.

''A likely surfeit, rather than scarcity, of foreign capital will complicate exchange rate management. Reconciling the benefits of these flows with their impact on exports and the current account remains an important challenge going forward.

''India faces an export challenge, reflected in the fact that the share of manufacturing and services exports in GDP has stagnated in the last five years. The external trading environment is less benign in two ways: partner country growth and their absorption of Indian exports have slowed, and mega-regional trade agreements being negotiated by the major trading nations in Asia and Europe threaten to exclude India and place its exports at a competitive disadvantage," the Survey pointed out.

"Structural shifts in the inflationary process are underway due to lower oil prices, deceleration in agriculture prices and wages, and dramatically improved household inflation expectations. Going forward inflation is likely to remain in the 5-5.5 per cent range, creating space for easing of monetary conditions," the Survey stated.

However, the Survey said, India must adhere to the medium-term fiscal deficit target of 3 per cent of GDP. This will provide the fiscal space to insure against future shocks and also to move closer to the fiscal performance of its emerging market peers.

India must also reverse the trajectory of recent years and move toward the golden rule of eliminating revenue deficits and ensuring that, over the cycle, borrowing is only for capital formation. India's economic survey pegged growth at more than 8% for the next fiscal and said inflation was now declining, while also setting the agenda for reforms needed to further drive the expansion, prune wasteful expenditure and promote productive investment.

Tabled in parliament on 27 February by finance minister Arun Jaitley and authored by a team led by chief economic adviser Arvind Subramanian, the annual report card on the state of the economy said the growth should now rise further and double digit expansion was a possibility.

On inflation, the survey said, there has been a fall of over 6 percentage points since 2013, even as the external sector, which includes exports and inflow of foreign funds, was returning to a path of strength and resilience. Industrial growth has also picked up now. It also had some good news to report on the farm sector. "Foodgrain production for year 2014-15 is estimated at 257.07 million tonnes and will exceed that of last years by 8.5 million tonnes."

It also made a case for rationalisation of subsidies and said such doles did not appear to have had a transformative effect on the living standards of the poor. On the fiscal side, it said the government was committed to consolidation with revenue generation a priority.

India's exclusion from mega trade pacts is worrisome
Sluggish growth in manufacturing as well as services exports coupled with India's exclusion from the mega regional trade pacts that US and Europe are negotiating with other Asian economies will adversely impact the Indian economy slowing down export buoyancy even further, according to the Economic Survey 2014-15.

"Trade outcomes have been stagnating. The trading environment is becoming more challenging as the buoyancy of Indian exports has declined with respect to world growth, and as the negotiation of megaregional trading arrangements threatens to exclude India," the survey, tabled in the Parliament.

For the first time the economic survey explicitly underlined the imminent dangers of India not being party to the mega trade agreements - Trans-Pacific Partnership (TPP) and Trans-Atlantic Trade and Investment Partnership (TTIP).

"In the context of the slowdown in both world growth and India's export buoyancy, any possible exclusion from the mega-regionals would be additionally worrisome," the survey stated.

The TTIP is a free trade agreement being discussed between US and the European Union (EU) and is in final stages of negotiations. On the other hand, TPP is negotiated amongst US, Canada, Japan, Australia, Singapore, Vietnam, Brunei, Malaysia, Mexico, Chile, New Zealand and Peru.

Besides tariff liberalization, both these agreements are expected to usher in higher level of standards with stricter intellectual property provisions in global trade, much beyond the benchmark set by the World Trade Organization (WTO).

"There will not only be the standard diversion emanating from Indian exporters having to face higher tariffs in large, growing markets, but increasingly they will have to contend with different and higher product and sustainable development standards, placing them at an even greater disadvantage," it said.

Although India is party to yet another ambitious proposed trade pact such as the Regional Comprehensive Economic Partnership (RCEP), it might prove to be too beneficial for the exporters because the overall standards in this agreement will be much weaker compared to TPP and TTIP.

The Economic Survey has also hinted towards a possibility of India joining the TPP in the future if the country has to integrate with global value chains by way of greater tariff liberalization under the current free trade agreements (FTA).

As a result, the survey suggested "significant upgrading of Indian trade capability" if ever the country wants to participate in the mega trade pacts. This is because these large and diverse trade pacts will not only seek drastic tariff liberalization and setting of higher standard, it will also have provisions that will be much ahead of the reforms India is undertaking at present.

Global Intellectual Property Index: India's dismal run continues

India continues its dismal run in Global Intellectual Property Index score, occupying the 29th position among 30 countries. According to the 2015 IP index by Global Intellectual Property Center (GIPC) of US Chamber of Commerce, the US, the UK, Germany, France, and Singapore top the 30-country list on robustness of IP system. Argentina, Indonesia, Vietnam, India and Thailand take up the last five places in the latest report. In 2014, India was ranked last among the 25 economies surveyed.

The latest GIPC Index mapped the IP environment of 30 economies that constitute 80 per cent of global gross domestic product with scores evaluated on 30 indicators indicative of a robust IP system. "India is not a contracting party to any of the international treaties included in the GIPC Index, nor has India concluded an FTA (free trade agreement) with substantial IP provisions since acceding to the TRIPS (Trade-Related Aspects of Intellectual Property Rights) Agreement," the report said. When it comes to protection of patents, India could manage just one mark (out of a highest possible of seven).

However, the silver lining to India's dismal performance on IP environment was that the report acknowledged the efforts by the new government to make fundamental changes in the country's IP framework. "The draft national IPR policy recognised the fundamental links between IP, innovation, and the successful development of innovative products," the report said. It further noted that "new bilateral dialogue mechanisms between the US and India - including the high-level IP Working Group of the Trade Policy Forum - have potential to elicit positive changes to India's IP system". The report termed the decision to revise the country's Preferential Market Access policy as "a positive step".

The US government has been pushing India on IPR-related issues, while the Indian government has held that the country's IP regime is WTO-compliant. India is in the process of strengthening head count in IP offices across the country to reduce backlogs and pendency in patent and trademark offices.

Green energy to create over a million jobs in India

India's goal of generating 100 Giga Watt of solar energy by 2022 could create one million jobs, while the parallel target of achieving 60GW of wind energy would generate an additional 180,000 jobs, a new study says. The analysis by the Council on Energy, Environment and Water (CEEW) and the Natural Resources Defence Council (NRDC), titled 'Clean energy powers local job growth in India', also said that it will also improve the energy access for Indian citizens and help fight climate change.

"Achieving Prime Minister Narendra Modi's recently announced 100 gigawatt (GW) solar energy goal by 2022 could create as many as one million jobs while greatly improving energy access for Indian citizens and fighting climate change," the analysis said. It further said that achieving India's proposed target of 60GW of wind energy by 2022 would also generate an additional 180,000 jobs. The analysis finds that these one million jobs will come from project planning, construction, installation and operations required to meet this solar goal. "Clean and renewable energy is going to be a growing share of India's energy mix in the coming years and decades.

In addition to contributing to energy access and mitigating greenhouse gas emissions, there is a clear third benefit which is jobs," said Arunabha Ghosh, chief executive officer of CEEW. In January, Narendra Modi and President Barack Obama solidified their shared commitment to fighting climate change and accelerating clean energy, creating joint programmes to scale up renewable energy and create jobs through innovative transnational investment strategies. "That commitment came on the heels of Modi government's announcement in November 2014 to quintuple the National Solar Mission goal for scaling up solar energy, increasing the target from 20GW to 100GW of grid-connected solar energy by 2022," the statement said.

Meanwhile, Prime Minister Narendra Modi on Sunday made a strong pitch for making renewable sources like solar and wind power affordable, even as he asserted that this green energy push was not to impress the world, but to bridge India's energy deficit. He also said India is working on building a consortium of 50 countries with abundant solar radiation, to pool research and technological advancements to improve its accessibility to the poor and in the remote areas. Inaugurating the first Renewable Energy Global Investors Meet (RE-Invest), Modi also talked about "seven horses of energy" and said India has so far focused on thermal, gas, hydro and nuclear power and efforts should now shift to solar, wind and biogas.

About 60 per cent of India's electricity comes through coal and the country has so far been resisting pressure to commit to any emissions targets on the grounds that it could hamper its economy and hurt the poor. This, however, cannot go on indefinitely, he said. On the first day of the three-day event, as many as 293 companies, including NTPC, Suzlon and Reliance Power, have committed to set up plants to generate 266 GW of renewable energy in five years, while country's largest lender, SBI committed Rs75,000 crore for generation of 15,000 MW of clean energy over a period of five years.

India well behind US, Europe in software products

Despite having the “fastest growing” and “third largest” software product start-up system in the world, India remains far behind America and Britain when it comes to this technology segment. According to industry body Nassom’s Strategic Review for FY15, for a segment that saw worldwide spending of $420 billion in 2014, India’s software product revenues are estimated at only $6.1 billion in FY15.

Nasscom has estimated a growth of 12 per cent in the Indian software product sector in FY15, nearly the same that has been pegged for the information-technology (IT) services sector, despite the former’s low base as against the $146 billion (domestic and export revenue) estimate for IT services during the year.

Even within this small segment, start-ups are only five to 10 per cent of total revenues, dominated by multinational companies that account for 40-45 per cent of the segment, Nasscom said. Product-cum-services companies make for 20-25 per cent of the segment. According to Nasscom, 91 per cent of software product exports across the world are from the US and Europe.

“The product ecosystem is maturing rapidly, with over 4,000 product firms — an eclectic mix of multinatinal corporations, large integrated firms, mid-sized pure play product firms and emerging start-ups,” Nasscom said in its Strategic Review for 2015. “In terms of revenue size, the industry is fairly concentrated, with the top 11 players (aggregated across all segments, origins and engagement models) accounting for around 30 per cent.”

While Indian entrepreneurs have been working to build ‘world class’ products, Nasscom said, the domestic market is the mainstay for the software product segment, unlike other ones where exports are stronger. Of the $6.1 billion revenue estimated for FY15, Nasscom expects domestic revenue to be $4.2 billion and exports to touch $1.9 billion. In an earlier report, Nasscom had said India had the third largest base of software product start-ups in the world. It estimates India has close to 3,100 start-ups, with a little over 800 new ones every year. Nasscom estimates India to have 11,500 start-ups by 2020, employing 250,000 persons.

Banking, financial services and insurance have been the front-runners in consumption of software products, Nasscom said.

“The Indian software product segment has gained significant domain knowledge and talent expertise over the years, with key skills in demand, including core technology and product management, along with sales and marketing activities due to growing focus on global customer markets,” Nasscom said. “With the increasing number of senior industry professionals moving into this segment, either in established firms or as entrepreneurs, the Indian product industry has greatly benefited from this heterogeneous talent pool.”

India to join top global league with proposed black money law

India will join the league of countries like Singapore, UK and the US with its proposed law to check black money, under which those hiding income and evading tax in relation to foreign assets can be slapped with a prison term of up to ten years.

In fact, the proposed imprisonment penalty, as also the monetary penalty, could be higher than many other countries in most of the cases.

The new law would also provide for a penalty for such concealment of income and assets at the rate of 300 per cent of tax, while offenders will not be permitted to approach the Settlement Commission. Non-filing of return or filing with inadequate disclosure of foreign assets will itself be liable for prosecution with punishment of rigorous imprisonment up to seven years.

Under the US laws, the federal penalties for each count of conviction of tax crimes include prison term of maximum one year and a fine of US dollar 100,000 for failure to file a tax return, false withholding exemptions, and delivering or disclosing false tax documents.

Besides, the penalties include prison term of up to ten years and a fine of US dollar 100,000 for "conspiracy to defraud with respect to false refund claims".

Other penalties include a maximum of three years in prison and a fine of US dollar 250,000 for obstructing or impeding an investigation and filing or preparing a false tax return, and a maximum of five years in prison and a US dollar 250,000 fine for tax evasion, failure to pay taxes, conspiracy to commit a tax offense or conspiracy to defraud.

In the UK also, the 'top tax criminals' of the year 2012 -- a list of 32 individuals -- were given a total of over 150 years imprisonment.

The UK's tax authorities have recently put in place tougher penalties for those who hide assets and income abroad, by doubling the maximum penalty for offshore tax evasion to 200 per cent of the tax dues.

Under the Singapore's Income Tax Act, any person convicted of intentionally evading tax or assisting any other person to evade tax may be penalized four times the amount of tax undercharged and may also be fined an amount not more than 50,000 Singapore dollars or jailed for up to 5 years, or both.

Besides, Singapore's Goods and Services Act provides that any person convicted of intentionally evading tax or assisting any other person to evade tax may be penalized three times the amount of tax undercharged and may also be fined an amount of 10,000 Singapore dollars or jailed for up to 7 years, or both.

While the proposed law in India has been largely welcomed, industry body Assocham on Sunday said the government should avoid "over-kill and rush job" in its efforts to check foreign assets' concealment.

Finding a "suitable" husband, wife in India "will become increasingly difficult"

Marriage is an almost universal institution for men and women in India today. But by 2050, women could find it more difficult to find an eligible partner, particularly if they have been educated at university or college level, according to new research published in the journal, Demography.

A significant proportion of men in India currently marry women less educated than themselves. The research theorises that if current social norms persist by 2050 whereby university-educated or college-educated men are more desirable spouses than women similarly educated, there will be a 'mis-match' in numbers of 'suitable' men and women.

Their model assumes that without a change in contemporary norms, the proportion of never-married women aged 45-49 will go up from 0.07 per cent in 2010 to nearly 9 per cent by 2050, with the most significant increase experienced by university-educated women. Their model also shows a rise in the percentage of unmarried men, particularly amongst those with little education.

The study involved researchers from the University of Oxford; the Center for Demographic Studies, Barcelona; and Minnesota Population Center, USA. They harmonised existing data on current marriage patterns by age and education and applied these to population projections on the likely age, sex and educational attainment of the population in India by 2050 to develop scenarios for future marriage patterns.

There is huge social pressure in India for men and women to get married. The researchers analysed data from the National Family Health Survey for India (2005-06) and the India Socio-Economic Survey (1999, 2004) that show less than one per cent (0.6 per ent) of all women and 1.2 per cent of all men remain unmarried by the age of 50. More than half (54.4 per cent) of the marriages in which the groom went to university involved brides schooled to primary or secondary level. Just over one quarter (26.6 per cent) of women who had completed university 'married down', choosing less educated spouses, with most female graduates (73.4 per cent) having husbands of a similar educational background. The (mean) average age for getting married the first time was just under 25 for men and just under 20 for women, with men around four years older, on average, than their wives, according to the data.

Existing population projection data (from the International Institute for Applied Systems Analysis and Vienna Institute of Demography) shows that by 2050 there will be around 92 men for every 100 women aged 25-29 with a university education, as compared with 151 men for every 100 women from the same age group educated at university in 2010.

The paper suggests that if projected marriage patterns were solely focused on the age-sex structure of the future population in India, men rather than women would have a problem finding suitable marriage partners by 2050. However, once education is factored in, the pool of suitable marriage partners for women shrinks –- if current eligibility criteria apply to future populations. For men, the percentage unmarried at the age of 50 also rises from 1.4 per cent in 2010 to 5 per cent by the age of 50, with the least educated likely to have the most trouble finding a wife. Previous academic literature has suggested that men in India could be short of potential wives mid-century due to the skewed sex ratios at birth in India's population.

This is the first time that academic research has also taken into account the effect of education as well as expected changes in the age-sex structure for future marriage patterns in India. Lead author Ridhi Kashyap, from the Department of Sociology at the University of Oxford, said, "In contrast to the East and Southeast Asian experience where non-marriage has become much more common, marriage in India remains universal. "Traditional roles and expectations for women and men in India persist despite the significant social and demographic changes witnessed in recent years. This research shows that the rigid social structure still experienced in India will need to bend so age and education are not barriers to future unions. Otherwise, this research suggests the prospects of marriage for many in the future will diminish, particularly for highly educated women and men with little education."
