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Six-year wait ends for up to 49% FDI in insurance

The logjam over the legislative route to economic reforms were resolved, with the National Democratic Alliance (NDA) government getting a green signal for the insurance Bill, 2015, from the Rajya Sabha. The Bill was passed by voice vote in the Upper House late on 12th March.

The Bill, already passed by the Lok Sabha, seeks to increase the cap on foreign direct investment (FDI) in the insurance sector from 26 to 49 per cent.

The government managed to bring the Congress on board in the matter, amid opposition from the Trinamool Congress and the Left parties. Sources say the government told the Congress as the 2008 insurance Bill had been brought in by the United Progressive Alliance regime, it was the "UPA's baby". The Congress also agreed to a seven-day deadline given to a Rajya Sabha select committee to consider the Mines and Minerals (Development and Regulation) Act.

On the 12th , the insurance Bill was passed with the support of Opposition parties such as the Congress, the All India Anna Dravida Munnetra Kazhagam and the Nationalist Congress Party, besides allies such as the Shiv Sena and the Shiromani Akali Dal. Several parties, such as the Trinamool Congress, the Dravida Munnetra Kazhagam, the Samajwadi Party and the Bahujan Samaj Party, however, walked out.

The Left parties insisted on a vote on their two amendments to the Bill, which were defeated. These parties and the Samajwadi Party demanded the 2008 Bill, pending before the House and sent to a select committee, be withdrawn.

The Bill has had a tumultuous journey through the past six years, initially being sent to a standing committee under the UPA regime, when 88 amendments were introduced but no headway made amid stiff Opposition from the Bharatiya Janata Party (BJP).

But with a change of government at the Centre, the BJP changed its stance and sent the Bill to a select committee of the Upper House. BJP MP Chandan Mitra was the chairman of the panel.

Both Mitra and Jayant Sinha, minister of state for finance, said the Bill would increase insurance penetration in rural areas.

Of the estimated Rs 44,500 crore required in the insurance sector through the next five years, Rs 21,805 crore is expected to be through FDI flows.

Mitra has said the Bill will also open the reinsurance market and help bring health insurance to a larger section.

Supporting the Bill, the Congress's Rajeev Gowda said it was the UPA's brainchild. He, however, added the BJP had taken a U-turn on the Bill.

"We don't take U-turns. Think of the tragedy: This Bill could have been passed in 2008 if they (the NDA) had been on board!"

A LONG JOURNEY

•2004: Then finance minister P Chidambaram proposes to raise FDI cap in private insurers from 26% to 49% in the first Budget of UPA-I

•2008: UPA-I tables the Insurance Laws (Amendment) Bill to this effect

•2011: Standing committee on finance, headed by former finance minister Yashwant Sinha, recommends against raising FDI cap from 26%

•2012: Cabinet clears a revised Bill to raise FDI cap to 49%

•2014: Bill is referred to a select committee, headed by BJP MP Chandan Mitra

•2015: Cabinet approves amendments in line with select committee recommendations

•2015: Ordinance issued to this effect, as Parliament isn't in session

•2015: Old Bill withdrawn in RS; new Bill passed

The Insurance Laws (Amendment) Bill has been hanging fire since 2008. Several global insurers have since gone bust and many have shrunk their empires. Companies such as UK's Standard Life and Aviva are a pale shadow of what they were at the turn of the century when they entered into joint venture partnerships even as the Indian ventures have grown.

While almost all insurers initially offered their Indian partner the right of first refusal, the larger companies such as ICICI, HDFC, SBI and the Birlas have made it clear that any stake sale will take place at market value. In several cases, the foreign partners are in a capital conservation mode and domestic partners are likely to turn to private equity investors to get a better price. Also, a small stake sale to a private equity investor helps the joint venture partner in price discovery. Industry officials say that up to $8-10 billion) of fresh capital will flow in by way of equity investment in life, health, non-life companies and other intermediaries in the insurance sector.

Over Rs 1,000 crore a day: Foreign inflows cross $11-billion mark in 2 months

With an average of over Rs 1,000 crore a day, the net foreign fund inflows into Indian capital markets have crossed $11 billion (over Rs 68,000 crore) in little over two months so far in 2015.

The analysts expect the inflows to further accelerate going ahead, following assurances in the Union Budget to revisit controversial issues like GAAR (General Anti Avoidance Rule).

The Foreign portfolio investors (FPIs) have bought shares worth a net amount of Rs 31,256 crore till March 5 this year, while in the debt segment, their net inflows stand at Rs 37,296 crore, taking the total to Rs 68,552 crore (USD 11.08 billion), as per the data compiled by the Central Depository Services Ltd (CDSL).

Overseas investors witnessed a net inflow of Rs 24,563 crore February, while the same in the previous month January stood at Rs 33,688 crore.

FIIs (Foreign Institutional Investors) were rechristened as FPIs last year under a new regulatory regime that has made it easier for them to invest in India.

Market participants attributed the robust inflows to positive investor sentiment driven by the government's announcement of several reform measures in recent months and expectations of more announcements in the Union Budget.

They further said that inflow will continue in the coming months, as Finance Minister Arun Jaitley announced a slew of measures to attract overseas investment in the country in his Union Budget.

In 2014, the net investment by overseas investors in debt markets was Rs 1.59 lakh crore, while the figure for equities stood at Rs 97,054 crore. Overall net investment by foreign investors stood at Rs 2.56 lakh crore last year.

To soothe investors' nerves, Jaitley deferred the controversial GAAR by two years, saying its immediate applicability can create 'panic' in markets.

Besides, the new rules would be put in place after resolving "certain contentious issues" and the implementation would eventually happen with prospective effect, he said. "Today I still feel there is vulnerability in Indian economy in terms of attracting investments.

"...If I bring in GAAR now with or without amendment, it will create panic in the market. This is not the stage where I can afford allowing investors to run away or investment not to come... Inadequate investment can also affect rupee-dollar parity," Jaitley said.

Religare Enterprises' Chairman and MD Sunil Godhwani said that the deferment of GAAR rules will improve business confidence in India and help attract global fund flows.

FDI doubles to $4.48 billion in January, highest in 29 months

Foreign direct investment (FDI) in India more than doubled to USD 4.48 billion in January, the highest inflow in last 29 months.

In January 2014, the country had received USD 2.18 billion in FDI. It was in September 2012 that India had attracted FDI that was worth USD 4.67 billion.

During the April-January period of the current fiscal, the foreign inflows have grown by 36 per cent, year-on-year, to USD 25.52 billion, according to data from Department of Industrial Policy and Promotion (DIPP).

The inflows were at USD 18.74 billion during the same period a year ago.

Amongst the top 10 sectors, telecom received the maximum FDI of USD 2.83 billion in the 10-month period, followed by services (USD 2.64 billion), automobiles (USD 2.04 billion), computer software and hardware (USD 1.30 billion) and pharmaceuticals (USD 1.25 billion).

During the period (April-January), India received the maximum FDI from Mauritius at USD 7.66 billion, followed by Singapore (USD 5.26 billion), the Netherlands (USD 3.13 billion), Japan (USD 1.61 billion) and the US (USD 1.58 billion).

In 2013-14, FDI stood at USD 24.29 billion as against USD 22.42 billion a year earlier.

Healthy inflow of foreign investments into the country helped India's balance of payments (BoP) situation and stabilized the value of rupee.

India is estimated to require around USD 1 trillion over five years to overhaul its infrastructure sector, including ports, airports and highways to boost growth.

Government is taking steps to boost FDI in the country.

It has relaxed FDI norms in sectors including insurance, railways and medical devices.

Foreign fund flows to Indian capital markets in 2015 near $13 bn

Overseas investors have pumped in over $3 billion in the Indian capital markets this month, to take total foreign fund inflows to nearly $13 billion since January this year.

Foreign portfolio investors (FPIs) have bought equity shares worth Rs11,813 crore ($1.9 billion) from 2 to 27 March while the debt market saw inflows of Rs8,912 crore ($1.43 billion), taking the total to Rs20,725 crore ($3.33 billion), as per the data compiled by Central Depository Services Ltd.

Taken together, the inflows of foreign investment in the country's capital markets (equity and debt segments) have gone up to Rs79,000 crore (about $12.75 billion) so far this year.

Against this, net foreign inflows into India's equity markets stood at Rs97,054 crore in the whole of 2014 while overseas investments in the debt market stood at Rs1,59,000 crore during the year. Overall net investment by foreign investors in 2014 stood at Rs2,56,000 crore last year.

Foreign fund inflows are expected to get a further boost once Parliament approves some key legislation related to insurance, coal allocation and mining and the finance ministry follows up Budget assurances on a review of the controversial General Anti-Avoidance Rule.

Market participants attributed the robust inflows to positive investor sentiment driven by the measures announced by finance minister Arun Jaitley to attract overseas investment in the country in the recent Union Budget.

No reason why India can’t resume 8-9 p.c. growth: IMF

Calling for a whole set of structural reforms, the International Monetary Fund has said there is no reason why India could not resume an eight or nine per cent or even higher growth rate in the coming years.

The IMF has at least at this stage pegged a kind of medium-term growth for India at around “7 3/4 per cent if, a lot of the structural reforms can be introduced.”

“There’s certainly no reason why India could not resume 8, 9, even higher growth path going forward, but it will take some time to introduce these measures,” Assistant Director and Mission Chief for India in the IMF’s Asian and Pacific Department, Paul Cashin told reporters.

Joining the conference call from India, Fund’s Senior Resident Representative, Tom Richardson, said, “We have for a couple of years and continue to urge a whole set of structural reforms that are going to be business-friendly, going to be growth enhancing. Including, particularly in the power sector.”

“In addition, land acquisition, land rights going to be very important to clarify that and to move forward in a way that allows projects to kind of be initiated clearly and implemented.

“We see a number of agricultural sector reforms to improve the efficiency of the farm sector more generally.

Observing India still has a fairly heavily state-dominated food system and the whole public distribution for food is unusual by international standards, Richardson said IMF wants to see ways of moving toward more market-based agricultural outcomes.

Direct benefit transfer, using cash transfers to provide the subsidies and the food security act are going to be a way to move in that direction, he added.

“Finally, from an infrastructure standpoint, a lot of the infrastructure will have to be public infrastructure,” he said.

Cashin also said, “We certainly see India’s near-term growth has improved, and the balance of risks is now more favourable in the economy. Helped by increased political certainty, some good policy actions, and better business confidence.”

“In terms of risks we see the main external risk to India being from a resumption of global financial market volatility.

But we also recognise that India is much better positioned to deal with such volatility than it was in the middle of 2013.

The current account deficit is much smaller now, and India has bulked up on reserves which they can certainly use to smooth consumption in the presence of such shocks,” Cashin said.

"On the domestic side, we still see weaknesses in the public sector banks in terms of NPLs and so on. Also, corporate balance sheets, given the amount of external borrowing, could also pose risks to the economy," he said.

"On the upside, if oil prices continue at their low level, and even maintain longer than current projections indicate that would be an upside risk for India, and would definitely help contain inflation and both external and fiscal imbalances," he added.

Noting that credit growth in India has been rather "tepid" in recent years, he said IMF would certainly hope that with the new monetary policy framework bringing down inflation.

"Focusing on that then we would see real interest rates rising, proper remuneration for savers," he said.

"But nonetheless, we would also hope as the fiscal deficit comes down the SLR (Statutory Liquidity Ratio) requirements would continue to be reduced and we and you certainly not the governor and the RBI have been reducing the SLR numbers certainly over the last year or two.

"So we would support that continuing as the fiscal deficit comes down. Hopefully that would improve monetary policy transmission in the financial system," Cashin said.

The IMF also justified its decision to project a lower growth rate for India as compared by the projections done by the Indian government.

"The actual projections, just to make clear, is for this fiscal year, 14-15, we're projecting around 7 1/4 percent growth. It's next fiscal year we're projecting 7 1/2, 15-16," he said when asked about the growth rate projection 8.1 to 8.5 per cent in the economic survey.

"So, what accounts for those differences? I guess there's several reasons. We note that the CSO itself had a projection of about 7.4 per cent. We've come in at 7 1/4. Our previous projection under the old series was about 5 1/2, so it's quite an increase," he said.

IMF cautions India against domestic, external headwinds to growth

Even as the government is looking to revive domestic economy, the International Monetary Fund (IMF) has cautioned it against companies' weak balance sheets, government-run banks' deteriorating asset quality, and external shocks — all of which might impede the recovery.

In its country report on India, under Article IV of its agreement, IMF also advises the government to look at the quality of fiscal consolidation by augmenting tax collections and reducing subsidies, instead of lowering capital expenditure. Though the report was prepared on February 13 — before the Union Budget for 2015-16 was presented on February 28 — it says the target of narrowing the Centre's fiscal deficit to three per cent of gross domestic product (GDP) by 2016-17 could be challenging. The Budget deferred the timeline for this target by a year.

At a time when there are talks that India might clock up to 8.5 per cent economic growth rate next financial year, compared with the projected 7.4 per cent this year, thanks to new GDP data, IMF's projections seem to temper some of the exuberance. Its estimates are based on GDP at factor cost (excluding indirect taxes), a parameter not used in official projections any more.

The international body has projected India's economy to annually grow at the rate of 6.3 per cent to 6.7 per cent in the next five years. That is lower than the average annual GDP expansion of eight per cent seen in the five years preceding the global economic slowdown of 2008.

By the revised methodology for calculating GDP, and taking 2011-12 as the new base year (against the earlier 2004-05), IMF projects India's economy to grow 7.2 per cent in 2014-15 and 7.5 per cent in 2015-16. Both rates are lower than the government estimates — 7.4 per cent projected for 2014-15 in the advance estimates and 8.1-8.5 per cent pegged for 2015-16 by the Economic Survey.

IMF attributes the slower projected growth rate to the presence of supply-side bottlenecks and structural challenges. It assumes no substantial legislative changes while making these projections. Some, however, see this as a little unreasonable, given that several reform Bills are under consideration in Parliament.

The report also has a word of praise for the Narendra Modi-led central government. It says the new government, coming to power on expectations of economic reforms, has initiated these. Diesel price deregulation, raising of natural gas prices, labour market reforms and those related to coal are some such initiatives.

But IMF warns that “much remains to be done to raise potential growth, in areas of reforming factor and product markets, many of which are on the concurrent list, and thus will require consensus building to implement”.

The Fund says credit growth is anaemic at present, reflecting weakened balance sheets of public-sector banks (PSBs) and lower demand for bank credit among companies. These are headwinds to growth.

It says any further deterioration in PSBs’ asset quality could constrain their credit supply. It attributes asset-quality issues to weak economic growth in the past and delays in implementation of infrastructure projects. IMF pins its hopes on capital markets (both corporate bonds and equities) to help contribute to financing growth.

It also points to corporate vulnerabilities, saying the share of loss-making companies and those with a leverage ratio above two in total debt increased respectively to 22.9 per cent and 31.4 per cent during 2013-14, though the share of firms with interest coverage ratio below one fell by 2.5 percentage points to 13.8 per cent.

Quoting the Reserve Bank of India’s annual report for 2013-14, it says infrastructure, textiles, engineering, metals & products, chemicals, and mining accounted for 36 per cent of bad assets as of March 2014, subject to greater stress. It also points to unhedged funds of companies.

India’s representative at IMF, Rakesh Mohan, says in a statement on IMF report that though the macroeconomic situation is improving, some challenges to putting the economy back on a sustainable high-growth path remain.

He, along with senior advisor Janak Raj, says investment activity remains weak as some segments of the corporate sector are overleveraged and its related impact shows on banks’ balance sheets.

“A full-blown recovery of the private sector is thus being restrained. Fiscal consolidation could also have some impact on the speed of economic activity. Our authorities are, therefore, trying to strike a fine balance between supporting the recovery and pursuing a prudent fiscal policy,” the statement says.

Though India’s external vulnerabilities have moderated since September 2013, due to effective policy actions and strengthened external buffers, risks remain, says IMF.

The Fund adds the spillover of a volatility in the global financial market, including from unexpected developments in the course of US monetary policy normalisation, could be very disruptive for India.

The warning assumes importance against the backdrop of the US reporting robust job data for February, sparking off talks of a withdrawal of its bond-purchase programme.

In their interactions with IMF, Indian authorities, however, said fundamentals of India’s economy were stronger, reserves were higher, and markets seemed to be distinguishing India from other major emerging-market economies. But they also recognised risks, including those from lower global growth and higher oil prices stemming from geopolitical events.

In the event of external volatility, IMF recommends exchange-rate flexibility as a key shock absorber; it will allow an orderly depreciation of the rupee, with judicious forex intervention in both spot and forward markets, and through liquidity provision through swaps.

Though inflation has dropped substantially, IMF advises RBI to continue maintaining a tight monetary stance, as supply-side issues of inflation are yet to be sorted out. RBI, though, has cut the key repo rate twice recently.

The Fund prescribes a tight monetary stance in the event of volatility in external fund flows as well, to make it costlier to short the rupee, to temporarily bolster the capital account position, and to contain the inflationary impact of an exchange-rate depreciation.

The report also talks of the monetary policy framework and inflation targeting. An agreement for this, though, has already been signed between the finance ministry and RBI; the constitution of this monetary policy committee remains to be worked out.

IMF says the target of keeping inflation in the band of four per cent (plus/minus two per cent) requires ramping up of food supply, in line with a strong consumption demand, especially given that food items have a high weight on the consumer price index.

Reform on anvil that would change the face of India

In vibrant democracies like India, with multiple veto centres, it is "unreasonable" to expect "big bang reforms", country's top economist has said.

In his maiden public appearance in Washington after being appointed as India's Chief Economic Advisor last year, Arvind Subramanian, also told a top American think-tank this week that India is "still very much a recovering economy, not a surging economy".

He said though it was unreasonable to expect big bang reforms announcement in annual budget, the new "Government is moving ahead" slowly but steadily with a series of key policy and fiscal reforms that "would change" the face of India in the years to come.

"This budget maintains and accelerates the reform momentum," he said.

"Big bang reforms in robust -- what I say frustratingly vibrant democracies such as India -- are the exception, rather than the rule. In countries like India power is so dispersed, there's so many veto centres -- the Centre, the states, different institutions.

"You know, the power to do, undo, block, is so extensive, that, you know, it's a bit unreasonable," Subramanian said in his address to the prestigious Peterson Institute for International Economics.

"India is neither in crisis or was neither in crisis. I mean, nor is it one of those places where you can just pull these levers and expect a big bang reform. So the argument we were making is this is just a completely unreasonable standard to apply to India," Subramanian told the global financial think-tank, where he worked before being appointed as India’s Chief Economic Advisor.

In his power-point presentation on the annual Indian budget presented by the Union Finance Minister, Arun Jaitley, he said it focusses on key areas including push for public investment.

"We are pushing growth via public and private investment. It is not coming at the cost of fiscal consolidation. It's accompanied by an improvement in the quality of fiscal consolidation. So this is a big part of the budget," he said.

"The impulse to growth has to come in the short run from public investment. And that's going to depend to a great extent upon implementation capacity in the public sector," he said.

Green signal for two big-ticket FDI proposals in Railways

In line with Prime Minister Narendra Modi's "Make in India" campaign, Railway Minister Suresh Prabhu has finally given green signal to the two much awaited big-ticket FDI proposals for setting up diesel and electric locomotive plants in Bihar at a cost of Rs 2,400 crore.

Ending the suspense over the fate of Madhepura electric locomotive plant and Marhora diesel locomotive plant, Railways has finalised the financial bidding for the high-value joint venture projects after considerable delays, re-thinking and prolonged due diligence amid repeated revision of bidding documents.

The Request for Proposals (RFP) containing financial bidding documents for both the plants are ready and the shortlisted bidders have been intimated the same, said a senior Railway Ministry official.

While four global firms -- Alstom, Siemens, GE and Bombardier -- have been shortlisted for the proposed electric locomotive factory at Madhepura, two multinationals -- GE and EMD - are vying to bag the diesel locomotive plant at Marhora.

The estimated cost of the factories is about Rs 1,200 crore each. The financial bidding will be opened on August 31 and there will be two pre-bid meetings held in between, the official said.

With the government allowing 100 per cent FDI in the railway sector, setting up of the two locomotive plants in joint venture model is crucial for Railways to give a boost to its infrastructure. The two projects are among top eight infrastructure projects being monitored by the PMO.

The Madhepura plant will manufacture 800 electric locomotives of 12,000 horse power (HP) over 11 years. While five electric locomotives will be imported, 795 will be manufactured at Madhepura, as per the bidding condition.

Marhora plant will produce 4500 HP and 6,000 HP diesel locomotives using state-of-the-art technology.

In the course of about 10 years after commissioning, the proposed Marhora plant is expected to manufacture about 1,000 diesel-electric locomotives, that is 100 locomotives annually.

While 700 diesel locomotives will be equipped with 4,500 horse power (HP), 300 diesel locomotives will be manufactured with 6,000 HP, said the official.

Economic Survey: India needs a $1-trillion forex kitty to boost geo-political power

India needs to substantially scale up its foreign exchange reserves to safeguard the economy against external vulnerabilities, the Economic Survey stated, adding that a ''war-chest'' of a minimum $1 trillion can help India bolster its geo-political influence in an increasingly inter-connected economic world.

''If power used to flow from the barrel of a gun, in an increasingly inter-dependent economic world, hard and soft power derive from a war-chest of foreign exchange reserves…China's abundant reserves have highlighted this fact,'' said the survey for 2014-15 tabled in Parliament.

''China, in its own heterodox and multiple ways, is assuming the roles of both an International Monetary Fund and a World Bank as a result of its reserves,'' it added.

Chief Economic Advisor Arvind Subramanian in his maiden survey said a larger issue on the external front is geo-strategic. The Survey noted that an increase in financial inflows has helped the country shore up foreign exchange reserves ($328.7 billion at the end of January 2015 against $292.0 billion at end-March 2014) and lessen the vulnerability concern that led to serious stress last year.

However, reconciling the benefits of the financial inflows with their impact on exports and the current account remains an important challenge going forward, the Survey pointed out. Since acquisition of reserves ''is not costless'', the survey said there is also a need to undertake a cost-benefit analysis.

In the first half of 2014-15, India's foreign exchange reserves increased by $18.1 billion on BoP basis (that is excluding valuation effect).

The Survey says India is the second-largest foreign exchange reserve holder among major economies with current account deficit, after Brazil.

While a prudent external debt policy and management with a focus on sustainability, solvency and liquidity helped India contain the increase in size of external debt to moderate level, the country's total external debt stock at end-March 2014 stood at $442.3 billion (8.0 per cent) over the end-March 2013 level, according to the Survey.

The rise in the external debt during the period was due to long term debt particularly NRI deposits and commercial borrowings.

At the end of September, 2014, a long-term debt accounted for 81.1 per cent of the total external debt vis-a-vis 79.8 per cent at the end of March 2014 and short term debt accounted for 18.9 per cent of the total external debt vis-à-vis 20.2 per cent at the end of March 2014. The net external commercial borrowings also increased from $2.4 billion in 2013-14 to $3.4 billion in 2014-15.

As per the Economic Survey, the outlook for the external sector is perhaps the most favorable since the 2008 global financial crisis and especially compared to 2012-13, when elevated oil and gold imports fuelled a surge in the current account deficit.

The global economy is likely to gain strength if lower global crude petroleum prices drive demand recovery process in emerging markets and this looks certain to boost global aggregate demand.

On the issue of India's merchandise trade, the Survey noted that India's exports increased manifold over the last ten years - from $195.1 billion in 2004-05 to $764.6 billion in 2013-14 - helping to improving India's share in global exports from 0.8 per cent to 1.0 per cent, However, India's share of imports rose from 1.7 per cent in 2004-95 to 2.5 per cent in 2013-14.

Emphasising the link between foreign exchange reserves and geo-political influence, the report said that China has de-facto become one of the lenders of last resort to governments experiencing financial troubles.

According to the survey, reserves provide a cushion against shocks, creating economic and financial resilience.

They also create geo-political influence.

''The question for India, as a rising economic and political power, is whether it too should consider a substantial addition to its reserves, preferably its own reserves acquired though running cumulative current account surpluses, possibly targeting a level of $750 billion-$1 trillion over the long run,'' it said.

TCS Europe's top employer third time in a row

Tata Consultancy Services has been named as the top employer in Europe for the third consecutive year by a top employers certification agency, citing the Indian IT major as an "exceptional performer" in nine core human resources areas.

TCS, the leading IT services, consulting and business solutions organization, has been certified as top employer in eight European countries - the UK, Belgium, the Netherlands, Germany, Switzerland, Sweden, Denmark and Norway by Top Employers Institute.

The company has been recognized as an exceptional performer across nine core human resources areas -- talent strategy, workforce planning, onboarding, learning and development, performance management, leadership development, career and succession management, compensation and benefits, and organizational culture.

TCS was ranked as the overall number one in a process that assessed 688 organizations across Europe.

Only companies that have been certified as a top employer in at least five individual countries in Europe are eligible for the award.

In the UK, the company secured the certification for the fifth year in a row while it was certified for the third consecutive year in Belgium, the Netherlands, Germany and Switzerland, and for the second time in Sweden and Denmark.

For the first time, the company was certified in Norway. "We are honoured and delighted to have been rated as the leading employer for the third consecutive year. TCS is the IT services market leader in customer satisfaction in Europe," TCS Executive Vice President and Global Head, Human Resources Ajoy Mukherjee said in a statement.

"We believe that the main driver of satisfaction is our extremely talented workforce of 318,000 global professionals, and our relentless focus on hiring and retaining the best talent across Europe will continue," Mukherjee said.

The Top Employers Institute is an independent organization that identifies top performers in the field of Human Resources worldwide.

David Plink, CEO, Top Employers Institute, said, "TCS has been able to prove that they focus on the employee work experience and have a highly consistent application of HR policy practice and alignment across all countries."

Apart from Europe, TCS is also a recognized as a Top Employer in Latin America and North America.

The annual international research undertaken by the Top Employers Institute recognizes leading employers around the world -- those that provide excellent employee conditions, nurture and develop talent throughout all levels of the organization, and which strive to continuously optimize employment practices.

Blackmoney: Swiss banks seek fresh undertakings from Indians

Seeking to come clean on illicit funds amid intense Government pressure, Swiss banks have asked their Indian clients to provide fresh undertakings to ensure that untaxed money is not stashed in their accounts. Swiss banks, long perceived to be safe havens for parking unaccounted funds, have also started asking for auditor certificates from high net worth individuals and corporate clients to vouch for the “clean status” of their money.

The latest development comes at a time when India is aggressively making efforts to bring back illicit money parked by its citizens overseas and Switzerland has also agreed to co-operate on the issue. Sources said that Swiss banks are asking their Indian customers to provide fresh undertakings that all taxes have been paid on funds deposited by them in these accounts. According to them, banks are also asking both corporate and individual clients to furnish auditor certificates certifying “clean status” of funds, assets and income related to their accounts. Such directives are believed to have been issued to high networth individuals, wealth management and portfolio management clients, they added. Queries sent to banking majors, including HSBC and Credit Suisse, related to the issue, did not elicit immediate response.

Indian authorities are already pursuing cases related to its citizens who had kept unaccounted funds in HSBC Switzerland, after receiving a list of names from the French Government few years back. According to sources, HSBC has been asked by Indian authorities to show cause why action should not be initiated against it in case of non-cooperation with regard to “suspected tax evaders and offenders of tax crimes”.

Besides, HSBC has come under regulatory cross hairs in multiple jurisdictions including India, following an expose that revealed thousands of entities allegedly parked their illicit funds at its Swiss branch. o curb the blackmoney menace, a Supreme Court constituted special investigation team is probing various cases

while the government would soon be coming out with a stringent that provides for hefty penalties as well as imprisonment for stashing away unaccounted money.

Recently, Finance Minister Arun Jaitley had said that all efforts are being made to bring to book those who have been named in the HSBC bank list of black money holders and there are evidence against them. There were as many as 628 names in the HSBC list.”We have in this process found that the total incomewhich is evaded is to the extent of Rs3,250 crore for which there is a tax impact. That assessment has been completed,” Jaitley had said about the HSBC list.

“In more than 200 of those cases, assessment have been completed, demands have been placed on them. In some cases recovery have been made... Additionally, in about 77 of those cases, criminal prosecution have already been finalised. The details of each one of them are with us,” Jaitley had told the Rajya Sabha this month. Meanwhile, the Swiss government is slowly moving towards automatic exchange of tax information with various jurisdictions, including India.

In March, Swiss government said talks on automatic exchange of tax information with India would begin at the “earliest” once the domestic procedures are in place. Citing discussions between officials of both sides last October, a Swiss Federal Department of Finance spokesperson had said talks on automatic exchange of tax information would start at the earliest once the domestic procedures are completed in Switzerland.

Last year, Indian and Swiss officials held high level deliberations on boosting co-operation with regard to the black money problem. “Switzerland took note of the interest expressed by India and it was agreed between Revenue Secretary Shaktikanta Das and State Secretary Jacques de Watteville that talks will commence at the earliest after completion of Swiss domestic procedures regarding the approval of the legal foundations for automatic exchange of information,” the official had said.

The Government’s proposed legislation to curb blackmoney problem provides for prosecute those stashing illicit wealth abroad with 10 year rigorous imprisonment, among other provisions. ‘The Undisclosed Foreign Income and Assets (Imposition of Tax) Bill, 2015,’ proposing that it would come into effect from April 1, 2016. According to the Government, the legislation would provide a one-time compliance opportunity for a limited period to persons who have any undisclosed foreign assets which have hitherto not been disclosed for the purposes of income-tax. Such persons may file a declaration before the specified tax authority within a specified period, followed by payment of tax at the rate of 30 per cent and an equal amount by way of penalty. Outside this window, a tax would be levied at a flat rate of 30 per cent, while the penalty would be 90 per cent of the undisclosed income.

7 Indian cities see growth in number of super-rich

Seven Indian cities, including the financial capital Mumbai and political hub Delhi, have been named among Asia Pacific' top 20 cities in terms of growth in number of multi-millionaires, a report said.

Pune, Hyderabad, Bangalore, Chennai and Kolkata are the other Indian cities in the list of 20 cities in Asia Pacific (APAC) for the decade ended December 2014, said the report by New World Wealth. Ho Chi Minh City, Vietnam topped the list.

A millionaire (or HNWI) is an individual with net assets of USD 1 million or more, whilst a multi-millionaire is an individual with net assets of at least USD 10 million, as per the report titled 'Fastest growing cities for the super-rich'.

Pune saw the fastest growth in terms of number of super-rich people which increased from 60 in December 2004 to 250 in December 2014, a jump of 317 per cent. After Pune, Mumbai witnessed the sharpest rise in number of multi-millionaires.

As of December 2014, it was home to 2,690 multi-millionaires. During the period, the number of multi-millionaires in Hyderabad increased from 160 to 510. In Bangalore the number increased from 140 to 440, Delhi (430 to 1,350), Chennai (130 to 390), Kolkata (210 to 570).

The report further said, "In terms of country performance, major countries that registered 200 per cent plus growth included: Russia, Brazil, China, India, Indonesia and Vietnam. All were emerging markets".

Meanwhile, the US has emerged as the top country in the world for resident multi-millionaires with 1,83,500 super-rich persons followed by China (26,600) and then Germany (25,400).

The report noted that over the past 10 years, worldwide multi-millionaire numbers have grown by 71 per cent. A region-wise analysis shows that South America was the stand out, with multi-millionaire growth of 265 per cent over the 10-year period.

Other top performers included Australasia (182 per cent growth) and Africa (142 per cent growth).

As per the report, currently there are over 13 million millionaires in the world (as of December 2014) and around 495,000 of these individuals can be classified as multi-millionaires. India has been ranked at the 8th place on the list with 14,800 multi-millionaires. Hong Kong topped the ranking of cities for resident multi-millionaires, followed by New York and London. Mumbai was the only city on the list with 2,700 multi -millionaires.

EU to launch probe into e-commerce to remove competition barriers

The European Commission (EC), the executive arm of the European Union (EU), will launch an inquiry into the e-commerce sector to remove competition restrictions that have been preventing cross-border sale of goods.

''We are designing this sector inquiry with one main goal in mind. We intend to identify what hampers competition in e-commerce when sales straddle national borders,'' competition commissioner Margrethe Vestager said in a release.

It is not well known why people are reluctant to shop abroad, the commissioner said.

Apart from language barrier and different national rules, it is apprehended that companies themselves undermine cross-border trade by erecting technical barriers such as geo-blocking, which prevents consumers from accessing certain websites on the basis of their residence, or credit-card details.

At a press conference in Berlin, the commissioner seemed to point finger at the likes of e-commerce giants Amazon, Netflix and others which may limit deals or contents depending on where the consumer is located.

''I, for one, cannot understand why I can watch my favourite Danish channels on my tablet in Copenhagen – a service I paid for – but I can't when I am in Brussels. Or why I can buy a film on DVD back home and watch it abroad, but I cannot do the same online,'' Vestager said.

A consumer trying to buy a pair of Italian shoes on the website, may be redirected because online traders often discriminate on the basis of customers' residence or web address, she said.

''We want to focus on the barriers to the cross-border sale of goods and digital content erected by private companies, especially in their distribution contracts,'' the commissioner added.

The process will involve gathering information from a large number of firms in every country of the EU, manufactures, merchants of goods sold online and the companies that run online platforms such as price-comparison and marketplace websites.

EC has conducted similar inquiries in the past in sectors such as energy, financial services, and pharmaceuticals which turned useful for the competition law and general legislation, the commissioner said.

In 2010, the commission had initiated a probe into internet giant Google Inc's alleged abuse of its dominant position in search market for preferential treatment of its own search products, such as travel or shopping search, above its rivals. Complaints were filed by the likes of Microsoft, Tripadvisor and Yelp. The case remains still unresolved.

The proposed e-commerce inquiry is closely linked to the overall strategy of the EC in advancing the digital single European market.

''Several EC departments are working on the digital single market at the moment. Understanding and facilitating cross-border online commerce is an important part of the contribution of the competition department,'' Vestager said.

''We simply cannot miss the opportunities offered by technologies that – in principle – are indifferent to the borders between countries and continents.''

She further added that a well-functioning digital single market could add about €340 billion to the GDP of the EU.

EU's vice-president for digital issues Andrus Ansip said that he wanted to abolish so-called geo-blocking of website content across Europe.

The commissioner proposes the inquiry to begin in May and expects preliminary findings in mid-2016.