Europe India Chamber of Commerce

Newsletter

Issue: 101 Volume: 10 October 2016

**EICC set to host TIPS 2016 in Brussels**

The Europe India Chamber of Commerce is set to host the 4th Trade and Investment Partnership Summit 2016, which will feature decision makers, business leaders and speakers from the field of trade and economy.

The EICC will gather a long list of key experts at The Business Summit, to provide indept knowlege of the opportunities that lie for Indian and European companies for business and econom ic collaboration with valuable information about how to enhance EU-India cooperation.

The panel discussions will focus on:

Inbound and Outbound Investment: India Grows from Strength to Strength – What Role for Europe?
Fourth Industrial Revolution: Disruptive Innovation and Digital Collaboration - Opportunities for India and the EU
Ease of doing Business in India: Economic Policy Reforms - Booster for "Make in India"
Addressing 21st Century Challenges: How to Leverage Green Growth Opportunities
EU, BREXIT and India – Changing Landscapes
Changing Dynamics in the EU-India Relations – The Way Forward - Launching of "The Modi Doctrine"

The Chamber has invited Indian Finance Minister Mr. Arun Jaitley to deliver Key Note address. As reported in our last Newsletter, the Chamber's Chairman Dr. Ravi Mehrotra in his letter said "Europe India Chamber of Commerce (EICC) is honored to invite you to deliver the Key Note address at the opening of its annual flagship event, the Trade and Investment Partnership Summit (TIPS) 2016 which will take place in Brussels on 8 November 2016. This is our Chamber's 8th Annual Business Summits and the 4th TIPS."

The objective of the Trade and Investment Partnership Summit (TIPS) is to create awareness on international business opportunities and feasibility of cross-border expansion for Indian and European business. The Summit will make comprehensive overview on the strategic fundamentals of India-EU bilateral relationship in content and context and will suggest ways to give it a strategic dimension through a full spectrum of presentations and debate. In this sense the TIPS 2016, a unique business and leadership platform, will bring together business leaders, thought leaders, policy makers, regulators, representatives of the European Commission and trade and business bodies and government representatives from Europe and India with an eye to create an innovative way to strengthen the existing trade and economic partnership between European Union and India.

During last two years the Government of India has taken several economic policy reforms aimed at inviting foreign investment in India and as recently as in June the government announced sweeping liberalization of the FDI rules. With these changes, India is now the most open economy in the world for FDI. In the summit, the current FDI regime in India and business opportunities for the European companies will be exclusively discussed. The TIPS 2016 thus will provide business leaders and decision makers with the opportunity to discover and analyze how Indian companies and firms can serve as potential partners of European businesses. The Summit will offer you an opportunity to share your perspective on the economic reforms from your industry point of view and also your expectations from the government.

The Summit is being jointly organized in association with the Embassy of India and in collaboration with Eurochambres and BusinessEurope and other important chambers of commerce, trade bodies and business organisations of Europe. A total of specially invited 200 participants from India and European countries will attend.

During the TIPS, the book **"The Modi Doctrine" -** *New Paradigms in India's Foreign Policy* – will be launched in conjunction with the Dr. Syama Prasad Mookerjee Research Foundation of India.

Britain's decision to exit from the EU has shaken the global market, trade and business and will have far reaching effect on Britain's trade relations with Europe. Europe has a central place in the history of India's engagement with the international community. Against the backdrop of an uncertain global economy, and impact of Brexit on the global trade, and how this will affect EU-India trade and economic relations, businesses need to remain ahead of the curve. In view of this extra ordinary development sweeping Europe, the EICC within the framework of the TIPS, will organize a Colloquium titled: **EU, BREXIT and India – Changing Landscapes,** to discuss the challenges and opportunities for Indian business in the new scenario. EICC is inviting business leaders, strategists, political personalities and Think Tanks to share their perspective.

**Chamber's Board of Directors and AGM meeting on 7 November 2016**
The EICC Board of Directors meeting and the AGM which will be held in Brussels on 7 November. The venue of the meetings is **The Hotel "**Meeting Room : " 26.Three''
**Boulevard de Waterloo 38, 1000 Brussels**

- The Meeting the Board of Directors will start at 1500hrs and will end at 1700hrs. The Annual General Body Meeting will start immediately at 1700hrs and will end at 1830hrs followed by a cocktail**.**
- Only Board Members are invited to attend the Board meeting starting at 1500 hrs and those who are not the members of the Board but whose presence would be required will be individually communicated.
- The AGM is open to all members of the Chamber including the Board Members.
- This time around we have mentioned time line against all agenda items so that we are focused and are within the expected time slots.

The Meeting agenda has been circulated to the members. The coming Board Meeting is very important for our Chamber for various reasons. This is the first time that Board and AGM will meet after the BREXIT and what relations EICC should evolve with Britain due to Britain's exit from the European Union will be discussed and future course of action will be decided.

Also, owing to pressing business and other responsibilities some members of the Board have not been able to contribute, continue their association, participate or give any time to guide the Chamber's mission, they shall be leaving the membership of the Board. We shall definitely miss them but we shall continue to seek their cooperation and guidance.

**India jumps 16 spots on Competitiveness Index; largest gain by any country on WEF rankings**

India jumped 16 places for the second year in a row to the 39th rank on the World Economic Forum's (WEF) Global Competitiveness Index 2016-17. It was ranked 55th in 2015-16. This is the largest gain made by any country on the list.

Switzerland was ranked the most competitive country for the eighth consecutive year, followed by Singapore, the United States, the Netherlands and Germany.

The rankings measure countries' performance on three indicators — basic requirements, efficiency enhancers, and innovation and sophistication factor. Performance on these in turn is measured through sub-indicators.

"Thanks to improved monetary and fiscal policies, as well as lower oil prices, the Indian economy has stabilised and now boasts the highest growth among G20 countries. Recent reform efforts have concentrated on improving public institutions (up 16), opening the economy to foreign investors and international trade (up four), and increasing transparency in the financial system (up 15)," said the report.

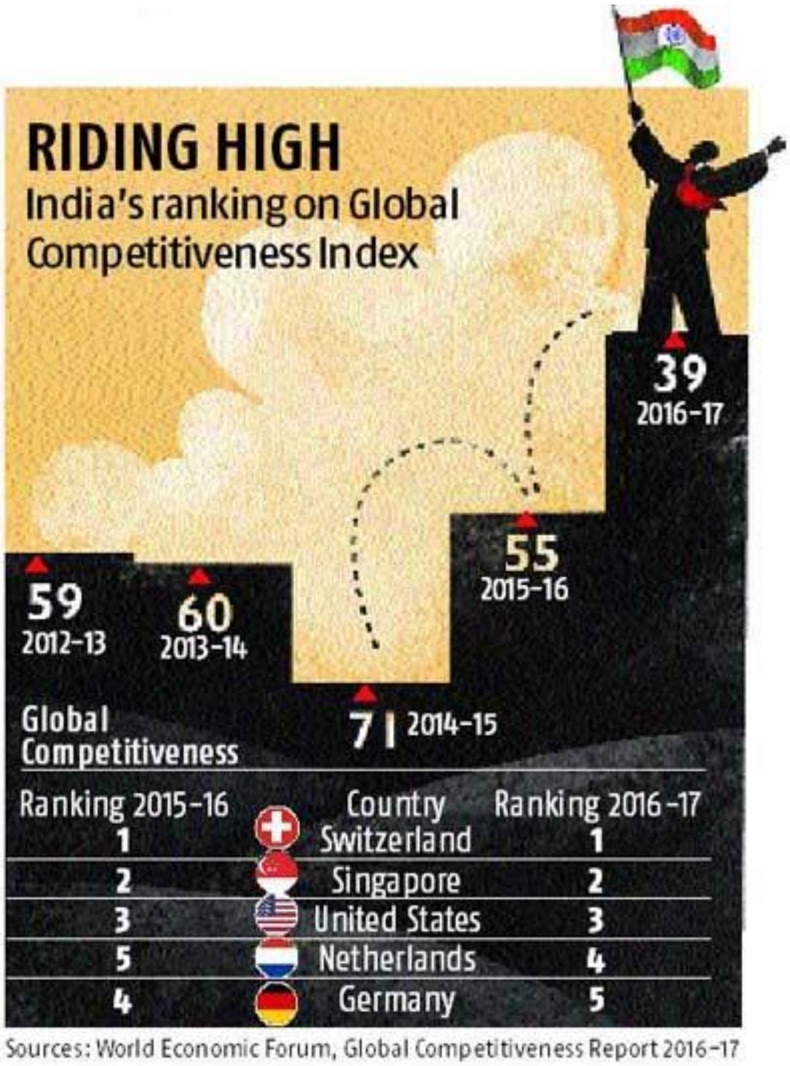
On basic requirements, India jumped from 80th in 2015-16 to 63rd this year, with improvements seen in indicators such as institutions, infrastructure and macroeconomic environment. However, a mild slippage was observed on the health and primary education indicators.

On institutions, the country has jumped from 60th rank last year to 42nd, driven largely by improvements in indicators such as diversion of public funds and irregular payments and bribes, efficiency of legal framework in settling disputes, strength of auditing and reporting standards, and protection of minority shareholders.

While an improvement on the former is likely to be the result of government initiatives aimed at curbing corruption, the latter probably reflects measures taken on corporate governance and related party transactions by authorities such as the Securities and Exchange Board of India (Sebi). Surprisingly, on reliability of police services, the country moved from 86th in 2015-16 to 53rd in 2016-17.

On infrastructure, the country's ranking improved from 81st last year to 68th, with progress seen in the overall quality of infrastructure, roads, railways, port and electricity supply.

However, despite this, the "Lack of infrastructure (68th) and ICT use (120th) remain bottlenecks. Improvement has been slow in recent years and further investment will be necessary, especially to connect rural areas and make sure they can equally benefit from and contribute to the country's development," it added.



Sources: World Economic Forum, Global Competitiveness Report 2016-17

Interestingly, the WEF report suggests the country has made significant progress on higher education and training. On the quality of education system, it has jumped from 43rd last year to 29th, from 63rd to 44th on quality of math and science education, and from 48th to 30th on extent of staff training.

The country has also made rapid progress on prevalence of foreign ownership (from 96th in 2015-16 to 72nd in 2016-17) and on business impact of rules on foreign direct investment or FDI (from 92nd last year to 71st this year). Presumably, this was driven by the government's initiatives to ease FDI norms.

The WEF report also says India has made tremendous progress on labour market efficiency with its ranking improving from 103rd in 2015-16 to 84 in 2016-17. Within this, India has jumped from 86th to 67th rank on cooperation in labour employer relations, 25th to 15th on hiring and firing practices, 47th to 33rd on pay and productivity, and 86th to 66th on reliance on professional management.

Notwithstanding the 16 place jump, the WEF report says "a lot needs to be done. The labour market is segmented between workers protected by rigid regulations and centralised wage determination (112th), especially in the manufacturing sector, and millions of unprotected and informal workers."

**India signs euro 7.8-bn deal for 36 Rafale fighters**

On Friday 23 September, India drew the curtain on a tortuous, nine-year selection process for a medium, multi-role fighter, signing up to buy 36 Rafale fighter aircraft from French aerospace vendor, Dassault, for euro 7.8 billion (Rs 58,000 crore).

In New Delhi, Defence Minister Manohar Parrikar signed an inter-governmental agreement (IGA) with his visiting French counterpart, Jean-Yves Le Drian; while officials signed commercial components of the actual contract.

"Rafale is a potent weapon which will add to the capability of IAF," Parrikar said.

Senior ministry of defence (MoD) officials, speaking anonymously after the signing, said the average cost of each Rafale was fixed at euro 91.7 million (Rs 686 crore). This included 28 single-seat fighters, each costing euro 91.07 million (Rs 681 crore); and eight twin-seat fighters priced at euro 94 million (Rs 703 crore).

Surprisingly, the contract for 36 fighters has no "options clause". This means the Indian Air Force (IAF) must operate just two squadrons of this new fighter — the seventh type in the IAF inventory — or negotiate afresh for additional Rafales.

With 36 bare-bones aircraft costing euro 3.3 billion, the remaining euro 4.5 billion is for spares, logistics and weaponry, say MoD officials.

This includes a stockpile of Meteor "beyond visual range air-to-air missiles" (BVRAAMs), which can shoot down enemy fighters that are 120-140 kms away. Each Meteor missile, built by Franco-British-Italian vendor MBDA, has a ticker price of some euro 2 million. The Meteor is currently integrated into three fighters — the Eurofighter Typhoon, Gripen NG and Rafale.

The contract also includes a stock of the million-dollar SCALP missile — a French acronym for General Purpose Long Range Standoff Cruise Missile — also known as the Storm Shadow. The SCALP, which can be fired from standoff ranges at ground targets 500 kilometres away, allows the Rafale to strike heavily-defended airfields, military headquarters and strategic infrastructure.

Like the Mirage-2000 that Dassault supplied the IAF earlier, the Rafale can be modified to carry nuclear weapons. Its long operating range — it can strike targets more than a thousand kilometres away — make it especially suitable as an aerial nuclear delivery platform.

Following the model of the C-17 Globemaster III procurement from the US, a large share of the Rafale payout is for "performance based logistics" (PBL). This means that for the first five years of a Rafale's service, Dassault will supply all spares and components, including engines, and technicians needed to keep the fighter flying. The vendor is liable to ensure that 75 per cent of the fleet is available at all times.

The IAF has the option to extend PBL to 12 years, subject to a fresh contract being negotiated for the next seven years. Says a top ministry official: "We are currently getting 55-56 per cent availability from the Sukhoi-30MKI fleet. The Rafale will give us 20 per cent more."

Air power experts note that this sounds better than it actually is. Over a fleet size of 36 Rafales, an extra 20 per cent amount to 7 extra fighters operational at any time.

MoD officials cite Dassault's claim that the Rafale's quick "turnaround time", or the time between two sorties, allows each fighter to do five operational sorties each day. While this claim would need verification during actual usage, the IAF has determined during trials that the Rafale's engine can be replaced in just 30 minutes, compared to eight hours for replacing a Sukhoi-30MKI engine.

The contract stipulates that the first Indian Air Force (IAF) Rafale must be delivered within 36 months, i.e. in September 2019. The entire order must be delivered within 67 months, which means the last Rafale must join the IAF by April 2022.

Even though this is a significantly slower induction rate than what the MoD had promised, Dassault will be hard pressed to deliver in this time frame. It was building 11 fighters per year for the French air force and navy, which are likely to slow down induction. Last year, Egypt and Qatar ordered 24 Rafales each. It is not clear how quickly Dassault can raise production or how it will sequence these commitments.

Indian officials say some delay was inevitable because the IAF demanded a range of India-specific improvements to customise the Rafale and “make it more potent than the French air force Rafales”.

These include operational features like “helmet mounted display sights” that allow pilots to aim their weapons merely by looking at a target; a “radar warning receiver” to detect enemy radar and “low band jammers” to foil it; a radio altimeter, Doppler radar, extreme cold weather starting-up devices for airfields like Leh, and others.

The contract requires the IAF to pay a 15 per cent advance of about Rs 8,700 crore on Friday. Since, the IAF budget does not cater for this, an additional allocation would be needed. Another 25 per cent would be paid next year, for which the IAF would have to budget Rs 14,500 in addition to its other commitments. The balance amount would be paid to the vendor at stipulated delivery milestones over the coming years.

MoD officials say one of their biggest achievements during price negotiations was to peg annual cost inflation at the actual inflation level; or a maximum of 3.5 per cent. Earlier contracts with French vendors had stipulated annual inflation at 4-4.5 per cent.

“Actual inflation in Europe is barely one per cent, while we were paying four per cent. That means we have saved about three per cent per year; or Rs 4,000-14,000 crore over the contract period, depending upon the actual inflation in Europe”, says a senior MoD official.

The Rafale contract makes French vendors, Dassault and Thales, responsible for discharging offsets worth 50 per cent of the contract value, i.e. Rs 29,000 crore. While the vendors get to choose their offset partners, the contract stipulates that 74 per cent of the liability value must be discharged through component exports from India. There is also a “technology sharing component”, amounting to six per cent of the total offsets, which the vendors will negotiate with the Defence R&D Organisation.

**GST Council settles exemption, control issues**

The GST Council agreed on exemption thresholds and dual control over assessees on the second day of its first meeting recently.

The council also decided to subsume all cesses in the goods and services tax (GST) and discussed ways of compensating states.

The states and Centre agreed to keep entities with Rs 20 lakh annual turnover out of the GST, barring 11 northeastern and hill states, where the threshold will be Rs 10 lakh.

The Rs 20 lakh cut-off was arrived at after a debate, in which states like Uttar Pradesh sought a Rs 10 lakh threshold, while others like Delhi sought Rs 25 lakh.

An agreement was also reached on the prickly issue of dual control, where the Centre agreed to grant states exclusive administrative control of assessees with annual turnover of up to Rs 1.5 crore in goods, while retaining exclusive control throughout in services.

“All decisions today by the GST Council were taken on the basis of consensus,” said Finance Minister Arun Jaitley, who chairs the council.

Central and state officials will have powers to assess entities with annual turnover above Rs 1.5 crore, in the case of goods.

A ‘cross-empowerment’ model is being discussed to ensure a taxpayer with an annual turnover above Rs 1.5 crore deals with only one authority for all taxes. Jaitley said there would be cross-examination either by officers from the Centre or state to avoid dual control.

“Which assessee is assessed by who will be decided on the basis of the risk assessment by the Centre and state. Whichever of the two authorities has a higher risk assessment will assess it,” Jaitley said.

Only five per cent of the cases would be audited under the GST regime, against 70-80 per cent by some states now, he said.

The Centre will train state officers to deal with service tax cases to allow them to administer assessees with annual turnover up to Rs 1.5 crore at some point in the future.

The next meeting of the council on September 30 will finalise rules on exemptions. The GST rate and slabs will be decided at a three-day meeting from October 17.

Alternatives were discussed for compensating states for any loss of revenue in the new tax regime. A state can be compensated if its revenue under GST falls short of the average tax earnings in the best three years out of the previous five. Secondly, of the five years, two outliers are left out and the average is taken. Thirdly, a base year can be set and a particular growth rate for tax revenue can be decided for all states.

“The methodology and formula for payment will be worked out in the next meetings,” Jaitley said.

The council also resolved that all cesses will be subsumed in the GST. “All items, including cess, will be included in the GST,” Jaitley said, adding the council was working on a draft compensation formula that could be adopted at the next meeting of the council on September 30.

The compounding tax threshold for traders has been set at Rs 50 lakh. Those with an annual turnover between Rs 20 lakh and Rs 50 lakh will have the option of paying a tax rate of one to two per cent instead of the full GST rate.

DELIVER THE GOODS

Major decisions taken at the meeting

- Exemption from GST for annual turnover less than Rs 10 lakh for N-E, hill states
- Exemption from GST for annual turnover less than Rs 20 lakh for rest of India
- Annual turnover less than Rs 1.5 crore to be assessed by states, in case of goods
- Annual turnover greater than Rs 1.5 crore to be assessed under dual control
- Service tax assessees to be vetted by Centre, at present 1.1 million service taxpayers

• Base year of compensation to be 2015-16

Future meetings of GST Council

• September 30: To approve draft rules

• October 17-19: To decide rates and slabs

*In Next Big GST Step, Cabinet Clears Council Which Will Fix Rate*

In the next big step towards meeting an April 1, 2017 deadline to implement the mega reform Goods and Services Tax Bill, the Union Cabinet has approved the setting up of a GST Council which will fix the rate of the single tax that will replace a slew of indirect taxes across the country.

This follows President Pranab Mukherjee's nod last week to the bill that amended the Constitution to enable the biggest tax reform since Independence.

The first meeting of the GST council, which will have finance ministers from states as its members and will be chaired by Union Finance Minister Arun Jaitley, will be held on September 22 and 23, the government said in a release. "We are so far ahead of time schedule in implementing Goods and Service Tax," said Revenue Secretary Hasmukh Adhia.

The council will decide on the tax rate, which is still a point of contention, will recommend the basket of taxes that GST will replace and the ones that will be kept out and will also recommend the contours of a dispute resolution mechanism.

Since both houses of parliament passed the bill unanimously in the monsoon session last month, 17 states have ratified GST. It needed 15, or half of India's 29 states to approve it. Tamil Nadu's ruling AIADMK had opposed GST and walked out before the voting began on the Bill in both houses.

But, now is when it could get into rougher waters. While opposition parties are united in demanding that the standard GST rate be capped at 18 per cent, the states want it closer to 20 per cent to increase their revenues.

The Council will also decide if GST will have different slabs - a lower rate for essentials and a higher one for what are seen as luxury goods and one for services.

To meet the April deadline, the centre could need to look at convening the winter session of parliament by the first week of November, a fortnight earlier than usual, sources said.

Two related bills have to be presented for Parliament's approval then - the crucial Central Goods and Service Tax or CGST bill which will make it a law and the Integrated GST Bill. States will meanwhile approve their own GST bills.

The CGST bill will be based on the recommendations of the GST council and opposition parties will insist that it fixes the rate of GST.

**India to ratify Paris Agreement on Oct 2**

Prime Minister Narendra Modi has announced the country would ratify the Paris Agreement on October 2, Mahatma Gandhi’s birth anniversary.

This marked an end to uncertainty and flip flops that had gripped India's climate change diplomacy ever since the failure to attain the Nuclear Suppliers Group (NSG) membership in June this year.

Modi announced his government's decision in Kozhikode, Kerala, at the national conclave of the Bharatiya Janata Party (BJP).

The ratification requires a simple Cabinet approval at a time of the prime minister's choosing and not a Parliamentary approval.

The announcement comes after the government's attempt to link country's ratification of Paris Agreement with the US putting its weight behind India's bid to win a NSG membership came to naught.

A successful linkage was hinged on two factors.

One, that the outgoing US President Barack Obama is keen to have the Paris Agreement come in to force before his term gets over as his legacy; and two, India's ratification would be essential for it.

The linkage, drawn up at the highest level in the government in June, lacked credibility to start with. India's emission reduction commitments under Paris Agreement do not require a substantial increase of nuclear power in the future energy mix.

After linking the ratification to producing more nuclear power, implying the need for NSG membership (and a more robust support from the US for it), the government changed its tone in September. On the side-lines of G20 talks, the government claimed ratification would not be possible this year because of procedural concerns.

Regardless of the reason proffered in public, the decision at the highest level to not ratify the Paris Agreement left the rest of government to mull the consequences within the climate diplomacy arena.

But within days, the government re-calibrated its line in public yet again, claiming it was making all the efforts to ratify but remained uncertain if it could do so in time for end-2016. The diluted line was to deflect from the obvious reading that India was playing a manoeuvre against the US in the hope of getting better support for its NSG membership.

It was the first sign of emerging understanding in the government that the gambit was failing. And, the gambit did fail when about 30 more countries ratified the Paris Agreement last week taking the total tally to 60.

This included almost all major emerging economies including China, Brazil, Argentina and others. EU remained the only key developed country group yet to join, but it, too, on Friday announced that it would collectively ratify the global climate compact before November. This promised to leave India isolated and embarrassed about the brinkmanship around climate talks as US President Obama looked on track to get the legacy gift without India's help.

The agreement requires 55 countries accounting for 55 per cent of the global greenhouse gas emissions to ratify in order for the pact to come into force. 60 countries adding up to 48 per cent emissions have already done so and both the necessary thresholds would have been crossed by countries by October leaving India behind — risking global opprobrium. The annual climate negotiations are to begin on

November 7 and an informal meeting of environment ministers is planned for October — both in Morocco.

**Indian Govt plans special funds for entrepreneurs, start-ups**

Once launched, the funds will be in addition to the already announced Rs 10,000 crore fund-of-funds for start-ups.

The government plans to launch special funds for youngsters in the age group of 16-21 years and 21-26 years, with an aim to support and nurture entrepreneurship among the youth.

"It's on the drawing board. We have accumulated funds worth Rs 9,000 crore under the technology cess category, and we want to definitely use this and we may launch incubation centres, innovation hubs and even funds. This country requires investments of Rs 10,000 crore annually if we want to give boost to entrepreneurship," said Minister of State for Science and Technology and Earth Sciences Y S Chowdary, at the sidelines of the 11th edition of ISBA (Indian Science and Technology Entrepreneurs Park and Business Incubators Association)

Once launched, the fund will be in addition to the already announced Rs 10,000 crore fund-of-funds for start-ups. In June this year, the Cabinet approved the establishment of fund-of-funds for start-ups with the Small Industries Development Bank of India (SIDBI) for contribution to various Alternative Investment Funds, registered with the Securities and Exchange Board of India.

Chowdary also stated that the current infrastructure for supporting entrepreneurs in India is lacking and needs a bigger push.

Over the last two years, funding to several government departments supporting incubation in India has seen a spurt. H K Mittal, advisor, Department of Science and Technology (DST), said that the support for incubators has gone up by almost 10 times. "DST's finance has gone up by at least 4.5 times, to Rs 180 crore for FY17. Several of our programmes like 'Power of Idea', Eureka and Entrepreneur-in-residence have seen their fund corpus going up. Our seed support programme has gone up five times. We can now fund start-ups starting from Rs 50 lakh to Rs 1 crore," he added.

That is not all, the venture capital debt guarantee programmes will soon get a go ahead from the Department of Industrial Policy and Promotion. Talking on the Rs 10,000 crore corpus at the event, SIDBI CMD Kshatrapati Shivaji said: "The idea to create a fund-of-funds was to give push to domestic venture capitalists (VCs). We have already committed Rs 800 crore across 19 VCs, which in turn will mobilise the investments."

The event also saw the signing of the first Indo-US Joint Early Stage Fund with a corpus of $40 million. About 50 per cent of the contribution for the fund comes from incubators that come under ISBA and the India Electronic and semiconductor association, while the rest of the funds will be contributed by high net worth individuals based out of the US and serial entrepreneurs like Roambee Corporation CEO Sanjay Sharma and Syam Appala. At present, ISBA supports and funds 100 incubators across India.

**India stumbles on bilateral treaty talks**

This has led to negotiations slowing down and signing of BITs, with India's major global partners taking more time than previously anticipated.

After initial confidence among government officials that India would swiftly sign bilateral investment treaties (BITs) with partner nations, it has now emerged that a number of countries, including the US, Canada and the European Union (EU) nations, have expressed reservations on some issues, including international arbitration.

This has led to negotiations slowing down and signing of BITs, with India's major global partners taking more time than previously anticipated, Business Standard has learnt.

Senior government sources say most countries, with whom India is negotiating the signing of BITs, have reservations about the fact that India's BIT allows foreign companies and related aggrieved parties to seek international arbitration, only if they have exhausted all domestic dispute redressal mechanism or legal options.

This provision does not sit well with partner nations, who want unconditional access to international arbitration. As a result, negotiations are delayed.

Business Standard had reported in July that India was close to signing BITs with the US, Canada and Cambodia. Negotiations with countries like the UK, Australia and EU nations were also said to be advancing at a fair clip.

In late July, Cabinet gave its approval for signing of BIT with Cambodia. The others, however, will now not be signed any time soon.

Officials maintain the finance ministry and the ministry of external affairs will continue negotiating to get partner nations to sign BITs, but added that there would be no broad revisions to the BIT provisions. Sources also say that while India wants to treat local and foreign investors on an equal basis, all countries are asking for special treatment for their investors.

"The finance and external affairs ministries will continue negotiating with renewed focus. While there will be minor changes in BITs signed with each nation, it is unlikely the contentious provision (of domestic legal recourse before international arbitration) will be dropped or amended," said a senior official, who did not wish to be named.

However, experts differed. "Countries sign BITs, so that the interests of their companies are protected in foreign markets. If the provision for international arbitration is missing or conditional, what is the point in signing a BIT?" asked Professor Prabhash Ranjan of the South Asian University.

BIT, the model draft of which was cleared by the Union Cabinet in December 2015, is expected to eventually replace the existing bilateral investment protection and promotion agreements (BIPPAs) that India has signed with 72 nations. India will also sign BITs with countries it has had no comprehensive investment agreements with before, including the US.

BIT keeps taxation out of its ambit, with the idea that foreign companies finding themselves in a tax row with the government will not be able to invoke the investment treaty their parent country has signed with India, as is the case with BIPPA.

The model BIT states that India or any other country cannot nationalise or expropriate any asset of a foreign company unless the law is followed, is for the public purpose and fair compensation paid. Public purpose is not defined in any treaty India has signed with other nations. The BIT states that dispute-resolution tribunals, including foreign tribunals, can question ‘public purpose’ and re-examine a legal issue settled by Indian judicial bodies.

Every little BIT helps

• Major partner nations oppose Indian bilateral investment treaties on international arbitration clause

• Foreign firms can seek international remedies, only if Indian judicial remedies are exhausted

• BIT with Cambodia approved by Cabinet earlier this year

• Govt was confident of early signing of BIT with the US, Canada, Australia and EU nations

**Financial scams committed every 15 seconds in UK**

The first half of the financial year saw a financial scam committed every 15 seconds in the UK, prompting a new campaign to highlight the risks.

The Financial Fraud Action (FFA) recorded over a million cases of card, cheque, phone or online fraud from January to June, which came as a 53-per cent increase on the same period last year.

The FFA, funded by banks and payment card firms, had been purveying advice to help prevent fraud. Though losses are often refunded by banks, not every case qualifies for a refund.

The anti-fraud Take Five campaign, backed by the police, the banking industry and consumer groups, aimed to ensure people did not become easy targets due to their busy lives.

Take Five encouraged people to pause and think before they responded to any financial requests or handed over any personal details such as pin numbers or passwords.

"We are asking people to take five - to take that moment - to pause and think before they respond to any financial requests and share any personal or financial details," said Katy Worobec, director of FFA.

Home office security minister Ben Wallace, said, "The impact of financial fraud can be devastating on victims, with fraudsters using increasingly cunning and convincing tactics. They prey on people who are trying to get on with their lives but in a moment where they are busy or distracted become vulnerable.''

The incidents involved either payment card, cheque, online banking or telephone banking fraud.

Some criminals had also posed as police officers at victims' front door claiming their bank account was at risk from thieves and urging them to transfer cash to a so-called 'safe account' immediately.

Among the more common frauds were email deception known as phishing - and phone and text-based scams, known as vishing and smishing.

**India holds its global edge in BPM sector with $28 billion revenue**

Focusing on the evolution of the Indian Business Process Management (BPM) sector and the role of new technologies in creating a strategic roadmap for the future, the National Association of Software and Services Companies (Nasscom) hosted two-day Nasscom BPM Strategy Summit 2016 in Bangalore.

Growing at a CAGR of over 8 per cent, the BPM industry clocked total revenue of $28 billion during FY2016. With a share of over 25 per cent of the total IT-BPM exports, the industry added 49,000 employees to its workforce, at a rate of 4.7 per cent, taking the total no. of employees to 1,086,000.

Nasscom also discussed the preliminary recommendations of its Consumer Interest Protection Task Force (CIPTF) in dealing with reputational risk. These recommendations will be shared with the government and other relevant agencies in greater detail.

The recommendations identify the following intervention points to address cases of tech fraud, and enhance consumer interest protection.

i. Prevention via development of a common code of practice featuring standards security, privacy and ethical practices

iii. Investigation through an independent govt. investigation agency with the jurisdiction and power to co-ordinate between governmental agencies and departments.

The Indian BPM industry is a leader in the outsourcing business with revenues of $28 billion, this leadership position is built by providing high quality services as-well-as confidence to overseas clients that data of their customers would be safe and secure in India.

The recommendations and action points put forth by Nasscom Consumer Interest Protection Task Force, will help create a more secure ecosystem for the industry, enabling it to focus on growing from strength to strength. For the BPM industry to grow to $50 billion by 2020, the BPM Council has taken certain focused initiatives to enable this progress.

The BPM Council has focused on rebranding and repositioning the industry from the supply and demand side respectively. In addition to this, the council is working on building a Centre of Excellence on data sciences and capacity development for emerging players and skill and talent.

Nasscom also announced the Top 10 BPM exporters in India for the year 2016. Genpact Ltd. leads as top exporter followed by Tata Consultancy Services Ltd.

-----------