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EU-UK relations dies with 'Thank you and goodbye': Theresa May triggers Brexit

Prime Minister Theresa May formally began the United Kingdom's divorce from the European Union today, saying there was "no turning back" from a decision pitching her country into the unknown and triggering years of fraught negotiations.

Nine months after Britons voted to leave, May notified EU Council President Donald Tusk in a letter that Britain was quitting the bloc it joined in 1973.

"The United Kingdom is leaving the European Union," May later told parliament in London. "This is an historic moment from which there can be no turning back."

The prime minister, an initial opponent of Brexit who won the top job in the political turmoil that followed the referendum vote, now has two years to settle the terms of the divorce before it comes into effect in late March 2019.

May, 60, has one of the toughest jobs of any recent British prime minister: holding Britain together in the face of renewed Scottish independence demands, while conducting arduous talks with 27 other EU states on finance, trade, security and other complex issues.

The start of the formal Brexit process comes a day after the Scottish Parliament backed a bid to hold a second independence referendum that would break up the UK, adding another layer of uncertainty for investors to navigate.

The outcome of the divorce negotiations will shape the future of Britain's $2.6-trillion economy, the world's fifth biggest, and determine whether London can keep its place as one of the top two global financial centres.

European shares rose today following a late surge on Wall Street, while the sterling was the biggest loser on major currency markets ahead of the formal triggering of Brexit.

Sterling hit a one-week low of $1.2378 before jumping back to $1.25. Sterling has lost 25 cents against the dollar since the 23 June referendum.

For the EU, already reeling from successive crises over debt and refugees, the loss of Britain is the biggest blow yet to 60- year efforts to forge European unity in the wake of two world wars.

Its leaders say they do not want to punish Britain. But with nationalist, anti-EU parties on the rise across Europe, they cannot afford to give London generous terms that might encourage other member states to break away.

European Council President Donald Tusk said invoking Article 50 was not a happy occasion. "There is nothing to win in this process -and I am talking about both sides. In essence, this is about damage control.

"We already miss you. Thank you and goodbye."

Scottish First Minister Nicola Sturgeon tweeted, "Today, the PM will take the UK over a cliff with no idea of the landing place. Scotland didn't vote for it and our voice has been ignored."

Liberal Democrat leader Tim Farron said, "I believe the prime minister is twisting the will of the people, leaping into the abyss without any idea of where our country will end up.

"Theresa May has chosen the hardest and most divisive form of Brexit, choosing to take us out of the single market before she has even tried to negotiate."

May's notice of the UK's intention to leave the bloc under Article 50 of the EU's Lisbon Treaty was hand-delivered to Tusk in Brussels by Tim Barrow, Britain's permanent representative to the EU.

Barrow gave the letter to Tusk, the EU summit chair and former Polish prime minister, in the Council President's offices on the top floor of the new Europa Building, according to a Reuters photographer in the room.

That moment formally set the clock ticking on Britain's two-year exit process.

The 6-page letter set a positive tone for the talks though it admitted that the task of extracting the UK from the EU was momentous and that reaching comprehensive agreements within two years would be a challenge.

May wants to negotiate Britain's divorce and the future trading relationship with the EU within the two-year period, though EU officials say that will be hard given the depth of the relationship.

"We believe it is necessary to agree the terms of our future partnership alongside those of our withdrawal from the EU," May told Tusk in her letter, adding that London wanted an ambitious free trade agreement with the EU.

"If, however, we leave the European Union without an agreement the default position is that we would have to trade on World Trade Organisation terms," she said.

May has promised to seek the greatest possible access to European markets but said Britain was not seeking membership of the 'single market' of 500 million people as she understood there could be no "cherry picking" of a free trade area based on unfettered movement of goods, services, capital and people.

Britain will aim to establish its own free trade deals with countries beyond Europe, and impose limits on immigration from the continent, May has said.

'Special Partnership'

In an attempt to start Brexit talks on a conciliatory note, May said she wanted a special partnership with the EU though she laced that ambition with a clear linkage of the economic and security relationship.

EU leaders will welcome assurances of a constructive approach and appreciate a commitment to remain a close partner for the EU, as well as the explicit recognition that Britain cannot retain the best bits of membership after leaving.

They may be less warm to an implication that Britain could live with a breakdown of talks on trade coupled with what might be seen as a threat to disrupt the security and counterterrorism cooperation for which Britain, as a member of the US-backed Anglophone Five Eyes system, is highly valued.

"We should work together to minimise disruption and give as much certainty as possible," May said. "Weakening our cooperation for the prosperity and protection of our citizens would be a costly mistake."

Tusk said the EU would seek to minimise the cost of Brexit to EU citizens and businesses and that Brussels wanted an orderly withdrawal for Britain.

European Union unveils draft guidelines for big Brexit talks

In draft guidelines for the Brexit talks released to the bloc's 27 other capitals, EU President Donald Tusk said outlining future trade ties would not take place until "sufficient progress" was made resolving thorny topics such as borders and budgets.

European Council President Donald Tusk said the bloc's duty is to limit the damage - minimising uncertainty for citizens, businesses and member states.

In the first business fall-out since May's Brexit notification, the prestigious Lloyd's of London insurance market said it would open a new Brussels subsidiary to ensure smooth operations in the EU.

"The UK is now on the other side of the negotiating table". The far-right candidate Marine Le Pen also aims to take France out of the European Union if she can not secure a return of significant powers and sovereignty from Brussels.

"It is clear both sides wish to approach these talks constructively, and as the prime minister said this week, wish to ensure a deep and special partnership between the United Kingdom and the European Union", he said.

The EU's roadmap on Brexit negotiations leaves the United Kingdom and Spain to discuss what agreements will apply to Gibraltar, a British overseas territory on the edge of Spain that Spain has wanted back since it ceded it more than three centuries ago.

"In an increasingly unstable world, that collaboration is more, not less, important for us all", she wrote in the Irish Times.

A first response from the European Union to Britain handing in its notice will come from Tusk when he issues draft "negotiating guidelines.

There is a certain chapter in the letter which says "we [the UK] wants to cooperate on security and the fight against terrorism, but then we need a good deal on trade".

The European Parliament said Britain would violate law if it negotiates trade deals with individual companies before it leaves the EU.

Once endorsed by leaders at a summit on April 29, these will pave the way for talks which the EU's chief negotiator Michel Barnier expects to start in about two months.

Mr Tusk was addressing a joint news conference with Prime Minister Joseph Muscat at Castille, in which he presented the draft Brexit negotiating guidelines.

Speaking in Malta on 31st March morning, Tusk admitted that Brexit talks would be hard and perhaps even confrontational but stressed that the European Union does not seek to punish Britain for its decision to leave. But once there is a tentative consensus between the two sides on the reciprocal treatment of citizens in each other's nations, billions in budget commitments, legal clarity for companies working in Britain and a solution for Ireland's border with the United Kingdom, the European Union says it would be willing to look ahead

India's biggest tax reform Bill GST passed in the Lok Sabha

The Lok Sabha (Lower House) has passed four GST or Goods and Services Tax-related bills putting the government on course for the launch on July 1 of the country's biggest tax reform since Independence. GST will subsume a slew of indirect taxes levied by the Centre and states, transforming India into a single market. The bills will now be presented in the Rajya Sabha or Upper House of Parliament. Calling it a "very significant step forward", Union Finance Minister Arun Jaitley said, "We seem to be on time... (we are) reasonably optimistic about meeting the deadline".

CGST provides for a maximum tax of 20 per cent in a four-tier tax structure of 5, 12, 18 and 28 per cent as approved by the GST Council. It has also proposed a peak rate of 40 per cent as an enabling provision for financial emergencies. A Union Territory GST Bill will take care of taxation in UTs of Chandigarh, Andaman and Nicobar Islands, Lakshadweep, Dadra and Nagar Haveli and Daman and Diu.

A Bill on Integrated-GST to be levied and collected by the centre on inter-state supply of goods and services, was also introduced in the Lok Sabha.

The IGST law provides for a maximum tax of 40 per cent.

Jaitley also introduced a fourth legislation called GST (Compensation to States) Bill, 2017 that provides for mechanism for making good any loss of revenue of states from introduction of GST in first five years of rollout.

Another mirror legislation of CGST, called State-GST, will amalgamate all state taxes like VAT, will be levied by states and has to be approved by all state legislatures. Together, CGST and SGST will enable the GST incidence of 40 per cent.

The CGST Bill also provides for e-commerce companies to collect tax at source at a rate not exceeding 1 per cent of net value of taxable supplies, out of payments to suppliers supplying goods or services through their portals. To protect small businesses, the CGST provides for a tax of no more than 1 per cent of turnover for manufacturers with annual turnover of up to Rs50 lakh. A 2.5 per cent tax is prescribed for suppliers. To ensure that benefit of lower taxes is passed on to consumers, an anti-profiteering measure has been incorporated in the law. It provides for constituting an Authority to examine whether input tax credits availed by any registered taxable person, or the reduction in the price on account of any reduction in the tax rate, have actually resulted in a commensurate reduction in the price of the said goods and / or services supplied by him. The law provides for arrest, ordered by no less than a Tax Commissioner, in case of suppression of any transaction or evading taxes. A person convicted is punishable by up to 5 years of imprisonment and / or fine. The Compensation Law provides for levy of cess on top of the peak rate of approved tax (28 per cent presently) on paan masala, tobacco, aerated waters, luxury cars and coal to create a non-lapsable fund for compensating states.

Touted as the biggest taxation reform since independence, GST is expected to boost GDP growth by up to 2 per cent. The government proposes to roll out GST by 1 July. "The Integrated Goods and Services tax Bill provides for ...Tax on all inter-state supplies of goods and services or both except supply of alcoholic liquor for human consumption at a rate to be notified not exceeding 40 per cent, as recommended by the GST Council," said the statements of objects and reasons of the IGST bill.

The 40 per cent would be apportioned equally between the Centre and the states.

The GST will unify India into a common market eliminating a string of central and state levies.

Central taxes such as the central excise duty, additional excise duty, additional customs duty and service tax will all be merged into one CGST.

State levies such as VAT, sales tax, entertainment tax, purchase tax, mandi tax, luxury tax, octroi and entry tax will be subsumed into SGST.

The Centre will levy the central GST and integrated GST, while states will impose the SGST. Several countries have implemented GST or another form of a value-added tax, but Canada is the closest to India with a dual structure.

The new indirect tax is expected to shore up government revenue and spur economic growth by 1-2 percentage points.

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Foreign Investment Pours In, Will Help Bridge Current Account Deficit

Deutsche Bank AG estimates that foreign direct investment touched $37.4 billion April-January, on track to exceed the previous fiscal year's about $45 billion, with signs of recovery in the economy. Economists are betting that India has seen the back of the impact of its unprecedented cash ban, prompting foreigners to pour in investment that's crucial to help bridge a widening current account deficit.

Deutsche Bank AG estimates that foreign direct investment touched $37.4 billion April-January, on track to exceed the previous fiscal year's about $45 billion, with signs of recovery after a plunge late last year as the U.S. prepared to tighten policy and India announced demonetization. Overseas investors' holdings of Indian stocks and bonds have also picked up, rising more than $8 billion in 2017.

While Asia's third-largest economy is forecast to grow at one of the fastest paces in the world, Prime Minister Narendra Modi needs this money. Domestic private investment is slumping and the central bank's shift to a neutral policy stance makes it unlikely to recover soon. Meanwhile U.S. President Donald Trump's threatened crackdown on immigration risks further slowing service exports and remittances, key revenue earners for India.

"India's current account deficit is being financed in large part by foreign direct investment inflows," said Shilan Shah, Singapore-based economist at Capital Economics. "This is a positive reflection of Prime Minister Modi's policies to encourage direct investment, and should make India less vulnerable to shifts in global risk appetite."

The shortfall in the broadest measure of trade widened to $7.9 billion in October-December from $3.4 billion the previous quarter, data showed last week. However this was smaller than the $12 billion gap estimated in a Bloomberg survey, as a smaller trade deficit offset a drop in service exports and remittances.

Ever since its current account deficit ballooned to a record in 2013, Indian policy makers have been trying to shrink the shortfall and safeguard the economy from global swings. Finance Minister Arun Jaitley in February proposed to get rid of a bureaucratic barrier to FDI and the government says India is now one of the most open economies in the world.

Modi may be comforted by the recent stabilization in global oil prices after a brief rebound, economists say. The goods and services tax, scheduled for July, is expected to simplify compliance, boost revenue and make it much easier to do business in India.

"We expect reforms in the FDI space to continue which, along with the focus on improving ease of doing business conditions and GST implementation should help to sustain the positive momentum in the period ahead," said Kaushik Das, Mumbai-based senior economist at Deutsche Bank. India's $2 trillion economy is forecast to grow 7.1 percent in the year through March, though that may be downgraded once there's more clarity on the impact of the cash ban. There's also the risk that food prices will jump in the nation of 1.3 billion as global reflation picks up and the U.S. tightens policy.

For now though, investors are attracted to India's growth potential and the rupee, which is forecast to earn investors 2.6 percent by March 2018 -- including interest -- the second-best in Asia after Indonesia's rupiah.

"We believe this is testament to India's high growth rate, large potential and ongoing economic reforms," said Sonal Varma, Singapore-based chief India economist at Nomura Holdings Inc., "We expect this trend to continue."

India refuses to accede to European Union requests; post-March, investors to have no legal cover

Fresh investments by European companies in India and vice versa after April 1 won't enjoy legal protection under any bilateral arrangement, as India has decided not to accede to requests by the European Union, or any other bloc or nation, to extend the validity of the current bilateral investment promotion and protection agreements (BIPAs) beyond March.

However, existing investors could enjoy protection for an additional 10-15 years even after the expiry of the agreement due to a sunset clause attached to these pacts, official sources told FE. For instance, the agreement with the Netherlands extends protection to investments made before the date of termination for 15 years more. India has made it clear that all such bilateral investment agreements with other nations, modelled after an earlier text, will become null and void on April 1, 2017, and that both existing and fresh pacts have to be based on the new model text approved by the Cabinet in December 2015, one of the sources said.

According to the new model text, a foreign company can drag the government to international arbitration in case of any dispute on investments, including tax matters, only after exhausting remedial options available under Indian laws (mainly courts), said analysts. However, the earlier text on which the extant bilateral investment pact is based allows a foreign firm to directly go for international arbitration for dispute resolution.

India had informed the EU a year in advance about the expiry of the old pacts by the end of March 2017, and stressed the need for renegotiating the investment agreements on the basis of the new model investment text. Still, the EU didn't offer a date for starting the renegotiation process, ostensibly because it was grappling with Brexit.

However, late last month, on a visit to India, Geoffrey Van Orden, the chair of the European Parliament delegation for relations with India, said the EU would want India to extend the validity of the bilateral investment pact (beyond March). As part of the visit, Van Orden met finance minister Arun Jaitley and commerce and industry minister Nirmala Sitharaman, among others.

India's decision comes at a time when many European companies have announced plans for multi-billion-dollar investments in India (French companies alone would invest as much as 8 billion euros in India over two to three years, France's ambassador Alexandre Ziegler said last year). Indian firms, too, have been redrawing their investment plans for the EU after Britain's decision last year to exit the bloc.

Analysts said India had to renegotiate the investment agreements, based on the earlier text, with various nations to avoid risks of frequent international arbitration. Vodafone in 2013 had invoked the India-Netherlands bilateral investment treaty, seeking resolution to the tax demand imposed on it by the Indian government through the enactment of a law with retrospective effect to sidestep a Supreme Court judgment that had gone in the company's favour. Last year, Cairn Energy said it had initiated an international arbitration to seek $5.6 billion in compensation from the Indian government in case a retrospective tax demand of Rs 29,047 crore was not scrapped.

Last year, the EU had expressed concern on the fate of investment treaties between some of its members and India after the finance ministry had written to various countries seeking a review of all such pacts within a year, using the new investment text. Under the European Commission (EC) framework of law, EU members have delegated their power to the EC in Brussels to negotiate on trade or investments on their behalf.

India had signed a total of 83 bilateral investment treaties since 1994, including those with some EU members. EU nations like Germany, France and the Netherlands are among the top ten foreign direct investment sources for India since April 2000, while the UK — which has decided to exit the EU — is the third-largest source. Analysts have said India can have a separate pact with the UK now that the latter has decided to pull out of the EU.

Separately, India also recently revised its Double Taxation Avoidance Agreement with Singapore, having tweaked its tax treaties with Mauritius and Cyprus earlier last year, as the country aims to plug the loopholes that were used by companies to avoid legitimate taxes.

Let's talk investment treaty before free trade pact, Canada tells India

Canada is throwing its weight behind an early "progressive" bilateral investment treaty (BIT) with India before it concludes a bilateral free trade agreement (FTA) to ensure a stable and predictable environment for its investors.

"Canadian pension funds and other investors feel that the absence of an FIPPA (Foreign Investment Promotion and Protection Agreement), popularly referred to as BIT, is kind of restricting the scope and volume of investments they can make in India. For me it is very important that we work to put that in place very quickly," Canadian Minister of International Trade François-Philippe Champagne said in an interview with BusinessLine.

This means that India will have to soon sort out Canada's apprehensions on certain provisions of the model BIT such as the Investor State Dispute Settlement (ISDS) mechanism — which lays down that a foreign investor cannot go for international arbitration without exhausting all domestic options — if it wants progress on the FTA.

Champagne is in India to take forward talks on the proposed FTA, formally known as the Comprehensive Economic Partnership Agreement (CEPA), and the FIPPA. He met Finance Minister Arun Jaitley and Commerce & Industry Minister Nirmala Sitharaman.

The Canadian Minister pointed out that while his country recognises the importance of signing both agreements as soon as possible for trade relations to reach their full potential, the FIPPA is a simpler agreement and can be signed earlier. "We are closer with respect to FIPPA because it is a more simple agreement (compared with the CEPA). In terms of timing we may have one before the other, but we are very committed to both," he said.

With the US, under President Donald Trump, pulling out of the ambitious Trans Pacific Partnership (TPP) agreement which also included Canada, the latter is focussing on intensifying its trade ties with Asia, specifically India and China.

While not getting into the technicalities of Canada's problems with India's model BIT based on which New Delhi wants to draft the FIPPA, Champagne said that Canada wants the agreement to be "progressive", like all its international pacts including the one with the European Union.

Progressive elements

"Canada has been very clear that in every agreement we do we want to see progressive elements. Yes, we are talking with India about progressive elements in our pacts. That is what people expect from us," he said.

In the last bilateral meeting with India's trade team earlier this year in Vancouver, Canada had reportedly said that the ISDS in India's model BIT is a cause of concern as there is no guarantee when a dispute will get resolved in Indian courts.

Canada has become a big source of investments for India with over $12 billion pouring in from companies such as Scotiabank, Sun Life Financial and McCain Foods in the last two years alone. It holds huge potential for India, as the country's outward investments crossed $750 billion in 2015.

Aadhar could become global template, says World Bank

A new internet is being built: it has 1.1 billion users, a third of the worldwide web. Indian banks are running transactions on it and Microsoft has embedded it into Skype.

The biometric identifier program Aadhaar - or 'foundation' in Hindi - has taken on a life of its own, authenticating loans and job seekers, pensions and money transfers across India, reports Bloomberg. And last week's landslide state election win could embolden Prime Minister Narendra Modi to push Aadhaar beyond its early cost-saving goal, even as questions are raised about the security of its data and the proliferation of private companies seeking to profit from the information it stores.

Other countries are also looking at similar programme, but research shows it's best to develop one standardised system so people can carry their IDs wherever they go in the world, said Paul Romer, chief economist at the World Bank.

"The system in India is the most sophisticated that I've seen," Romer said. "It's the basis for all kinds of connections that involve things like financial transactions. It could be good for the world if this became widely adopted."

Identification is the first step to accessing services such as health and education in a world where 1.5 billion people can't prove who they are. The United Nation's Sustainable Development Goals aim to provide legal IDs to all by 2030, triggering the creation of a range of platforms that offer basic rights to citizens of poorer countries while allowing those in the advanced world granular control over their digital data, such as school or medical records, and streamlining immigration.

An ambitious government-run project - just like the internet at the time of its creation decades ago - Aadhaar began in 2009 to target payments to the poor across India's vast hinterland.

Other governments are already interested in its potential. Countries such as Tanzania, Afghanistan and Bangladesh have visited India to talk about the system, said Nandan Nilekani, billionaire co-founder of the technology company Infosys Ltd and former chairman of the Unique Identification Authority of India, which created Aadhaar.

Russia, Morocco, Algeria and Tunisia have also indicated their interest in Aadhaar, R S Sharma, chairman of the telecom regulatory authority of India, told the Mint newspaper in July 2016.

"They're all keen to see how they can replicate this in their countries," Nilekani told Bloomberg by phone. "This is a great example of how governments can build the most modern digital public infrastructure, and make it available as a public good to everybody."

Helps inclusion: WB

In its World Development Report 2016, the World Bank said "a digital identification system such as India's Aadhaar, by overcoming complex information problems, helps willing governments to promote the inclusion of disadvantaged groups."

Here's how it works: a unique 12-digit number is assigned to Indian residents, backed by biometrics including fingerprint and iris scans stored in a central database. If an individual wants to open a bank account or buy a mobile SIM card, they need to provide their Aadhaar number and place their finger on a scanner. This action permits the bank or utility to ask the Aadhaar database to verify their credentials.

Earlier, a sheaf of documents were needed as proof of identification, a tough task in a country of 1.3 billion where 40 per cent aren't registered at birth and 30 per cent can't even read or write their own name.

About 99 per cent of adult Indians hold an Aadhaar ID that links to some 84 government services, which will soon include the whole of India's food distribution system, the world's biggest welfare programme. Aadhaar is saving Modi's administration about $2 billion a year and this could rise to $7 billion by March 2018, or 0.35 per cent of gross domestic product, according to research firm CLSA.

Private sector benefits

The private sector is also benefiting from Aadhaar. Reliance Jio Infocomm Ltd., controlled by India's richest man Mukesh Ambani, sold 100 million sim cards in six months - or about seven each second - by using this system to verify customers' IDs, while Google is in talks with the government to use Aadhaar.

Smaller companies are creating blood donation registries based on it, and people can withdraw money or make cashless transactions using Aadhaar without needing a secret code or even a card. India is upgrading hardware to ensure the Aadhaar can carry out 100 million authentications a day, lawmakers were told last week. Microsoft Corp in February created a lightweight version of Skype for Indians, who can use Aadhaar to identify themselves.

"What's happening is Aadhaar servers are saying 'yes, this person is who they are saying they are'," said Eve Maler, vice president of innovation and emerging technology at ForgeRock Inc, who's worked with governments including New Zealand on data protection. The question is, she says, "how much information comes along with that authentication event"?

'Big Brother'

For all its potential, Aadhaar has also been criticized as enabling the creation of a 'Big Brother' surveillance state.

Indeed, Modi opposed Aadhaar before coming to power, saying it violated national security and the privacy of citizens. Now he counts it as a key part of his push to move India towards cashless transactions and save money on the payment of social security benefits.

"Centralized databases, even if the information contained therein on any one individual is kept to a minimum, pose a risk," said Dakota Gruener, executive director at ID2020, a public-private partnership that aims to create digital IDs for refugees.

The individual's "root identity" should be treated as a fundamental right and anyone wishing to do ill - even a government - shouldn't be allowed to alter or delete it, she said.

There has been no incident of misuse of Aadhaar biometrics leading to identity theft and financial loss during the last five years, the issuing authority said in a statement on 5 March, in response to a spate of news reports about breaches.

However in a briefing it said it had shut 12 private websites and 12 mobile applications and was on the verge of closing 26 more for illegally obtaining Aadhaar numbers or enrolment details.

The debates surrounding Aadhaar - identity proofing, privacy - are similar to those playing out in the wrangling over the revision of standards governing the internet, as government and business struggle to find the perfect tool to authenticate people's identity and safeguard their data.

The UK announced in 2010 it was scrapping a plan for a national identity register after objections that it infringed on civil liberties, but it continues to issue biometric residence permits for foreigners. France is debating a mega database for biometric details of citizens. The US Federal Trade Commission said identity theft complaints were the second-most reported in 2015, even as calls intensify to create a biometric identification for all legal US workers.

Aadhaar is designed on the principle of "optimal ignorance", said Nilekani. While Aadhaar knows you're using the system to identify yourself on Skype, for example, it's never privy to the details of the call. Microsoft says it deletes all Aadhaar data once the call has been disconnected.

The problem is not so much with Aadhaar, said Romer, who founded a technology company in 2000, but with the many private firms collecting large amounts of data about people.

"It should be part of the policy of the government to give individuals some control over the data that the private firms collect and some control over how that data is used," he said.

Rating agencies too wary, India deserves upgrade: OECD

In a much-needed shot in the arm, the Organisation for Economic Cooperation and Development (OECD) has pitched for a rating upgrade for India, saying global rating agencies had become "overtly cautious" and conservative in not revising India's rating for last 14 years.

Angel Gurria, secretary general, OECD"I believe India deserves a better rating," said Angel Gurria, secretary general of OECD.

He said the rating could be changed to "neutral" and then "positive". "With the kind of reform programmes that you are putting out they can't fail to notice so this should have been done."

On why India's rating has not been changed in the last 14 years despite it being a very different country in this time, Gurria said, "Well, let me try a couple of considerations. First what do the Rating agencies do? Rating agencies calculate the likelihood of default on a borrower's credit. India is in investment grade, in the lower rung."

He further said, "Do I believe that the rating agencies today should increase India's rating? Absolutely. And I think they will."

He added that the rating agencies are cautious because "they got it so wrong with the (global economic) crisis".

"They were part and parcel of why the crisis actually happened. By putting all those AAA ratings, on those banks full of mortgages ... and we got the biggest ever crisis in our lifetimes," Gurria said.

The OECD secretary general gave an analogy of the proverb once bitten twice shy when he said, "We have a saying in Mexico that when you burn yourself with milk then you would be blowing even on the yogurt, you don't wanna get burnt again."

Gurria said rating agencies have become "so overtly cautious" as they "don't want to be caught being overly aggressive".

"Now they are erring on the other side. Because they were too exuberant and now they are conservative. And of course the better place is the middle," he said.

India has often criticised the methodology used by rating agencies like Moody's and pushed aggressively for an upgrade. Rating agencies on the other hand cite concerns over the country's debt levels and fragile banks for their refusal to upgrade.

The government feels the rating agencies have not accounted for a steady decline in the India's debt burden in recent years and have ignored its levels of development when assessing their fiscal strength.

The Economic Survey too has questioned the complex methodology saying if per capita GDP is a key to upgrading sovereign rating, as suggested by Standard & Poor's while maintaining status quo on India's rating in November 2016, then poorer countries might be provoked into saying, "Please don't bother this year, come back to assess us after half a century."

Artificial Intelligence to have dramatic impact on business by 2020: TCS study

Tata Consultancy Services has unveiled its seventh Global Trend Study titled, Getting Smarter by the Day: How AI is Elevating the Performance of Global Companies. Focused on the current and future impact of Artificial Intelligence (AI), the study polled 835 executives across 13 global industry sectors in four regions of the world, finding that 84 per cent of companies see the use of AI as ''essential'' to competitiveness, with a further 50 per cent seeing the technology as ''transformative.''
Widespread AI adoption expected across job functions

Exploring the views and actions of decision makers from global companies with average revenues of $20 billion, the study revealed AI is spreading across almost all areas of a company. The biggest adopters of AI today are, not surprisingly, IT departments, with two-thirds (67 per cent) of survey respondents using AI to detect security intrusions, user issues and deliver automation.

However, by 2020, almost a third (32 per cent) of companies believe AI's greatest impact will be in sales, marketing or customer service, while one in five (20 per cent) see AI's impact being largest in non-customer facing corporate functions, including finance, strategic planning, corporate development, and HR.

Companies participated from a range of industries, including automotive, banking and financial services, energy, healthcare, life sciences, industrial manufacturing, and retail. This cross-sector level of insight highlighted AI's workplace impact as an important supplemental force for the next few years. Examples include guiding customer service representatives to more quickly resolve customer problems and anticipate future purchases, quickly and securely reconciling mass overnight transactions for financial institutions, or giving time back to HR professionals by managing the time consuming on-boarding processes for new hires.

As for the ongoing debate regarding AI's impact on jobs, business executives in the study estimated net reductions in each function by 2020 of between 4 per cent and 7 per cent. However, companies with the biggest revenue and cost improvements from AI see the need for at least three times as many new jobs in each function by 2020 because of AI, as compared to companies with the smallest AI-related revenue and cost improvements. AI is already being used to automate certain processes and drive efficiencies, help employees be more productive and devote more time to more strategic business needs, and create new work and services that were not possible in the past.

''As companies begin to gain a better understanding of AI's application for business, they will realise the significant impact of this transformative force. This is reflected in our Global Trend Study, which shows that forward-thinking companies are beginning to make major AI investments,'' said K Ananth Krishnan, chief technology officer of TCS. ''Given the increasing digital disruption across every industry and the public sector, AI should become a key and integrated component of an organisation's strategy.''

AI investments and returns rising; North America and Europe lead the charge

As AI becomes a mainstream technology, financial investments in AI are set to rise, as 7 per cent of companies each earmarked at least $250 million toward AI in 2016 and 2 per cent already plan to invest more than $1 billion by 2020 – likely looking to gain a competitive advantage as early adopters.

The Global Trend Study revealed a clear correlation between investments in AI and business impact. The companies that realised the greatest AI-related revenue improvements and cost reductions spent five times more on the technology than the companies with the lowest AI-related revenue and cost improvements. In turn, leaders generated average revenue increases of 16 per cent from AI initiatives in 2015 versus 2014, whereas laggards saw a modest 5 per cent revenue growth. At a regional level, North American companies were the leading investors in AI in 2015, with an average per-company spend of $80 million, followed by Europe with $73 million, Asia-Pacific with $55 million and Latin America with $51 million.

Cyber security top of mind when adopting AI

Executives participating in the Global Trend Study across all regions and sectors rated the top four factors as most important to AI gaining widespread acceptance and driving business benefits. Almost seven out of 10 (68 per cent) companies currently use AI to detect and prevent potential hacks and security threats to their systems. And moving forward, the other key factors include developing cognitive systems that continually learn, have the ability to make reliable and safe decisions based on masses of data, and gain the confidence of managers to trust what AI is advising them to do.

About The 2017 Global Trends Study

The seventh annual Global Trends Study from TCS surveyed 835 leading executives from companies in four global regions, with an individual mean annual turnover of $20bn. The four regions surveyed were

North America (including Canada), Europe (UK, Germany, France, Denmark and Switzerland), Asia-Pacific (India, China, Australia, and Japan) and Latin America (Brazil and Mexico).

India fails to move up the ladder in human development index: UN report

India has made little progress in improving the lives of its people despite all its economic reforms, ranking a lowly 131 among the 188 countries surveyed for human development, a new UN report says. India, the third-largest Asian economy, has been bracketed alongside its poorer South Asian neighbours, including Bangladesh, Nepal and Myanmar.

The huge inflows of foreign capital into the country has not in any way helped the country move up from its 2014 ranking, as per the Human Development Report for 2015.

However, 63 per cent Indians were ''satisfied'' with their standard of living in 2014-15, the latest report has found.

The report, released annually by the UN Development Programme, said India's rank of 131 puts it in the ''medium human development'' bracket, which also includes nations like Bangladesh, Bhutan, Pakistan, Kenya, Myanmar and Nepal.

India's HDI rank value in 2015 stood at 0.624, which had increased from 0.580 in 2010. Its life expectancy at birth stood at 68.3 years in 2015 and the Gross National Income (GNI) per capita $5,663, the report said.

On the perception of feeling safe 69 per cent answered ''yes'', while on freedom of choice, 72 per cent female responders answered they were ''satisfied'' as compared to 78 per cent for male. India's score for overall life satisfaction was 4.3 on a scale of 1-10, according to the report.

On perceptions about government, 69 per cent said they had trust in the national government for the 2014-15 period while 74 per cent said they had confidence in the judicial system. It lauded measures like the National Rural Employment Guarantee Programme taken in India to generate employment. ''Creating jobs through a public works programme targeted at poor people can reduce poverty through income generation, build physical infra- structure and protect poor people against shocks. The National Rural Employment Guarantee Programme in India and the Rural Employment Opportunities for Public Assets Programme in Bangladesh are prime examples.''

The report noted that increasing clean energy investments in India by 1.5 per cent of GDP a year for 20 years will generate a net increase of about 10 million jobs annually in the country, after factoring in job losses from retrenchments in the fossil fuel industries. Although the average human development improved significantly since 1990, the report said, the progress is uneven, with systemic discrimination against women, indigenous peoples and ethnic minorities.

It said while many people have greater access to education, health and sanitation, more focus needs to be paid to who has been excluded and why. ''By eliminating deep, persistent, discriminatory social norms and laws, and addressing the unequal access to political participation, which have hindered progress for so many, poverty can be eradicated and a peaceful, just, and sustainable development can be achieved for all,'' said UNDP Administrator Helen Clark.

Titled Human Development for Everyone, the report authored by the Director of the Human Development Report Office, Selim Jahan, said that one in three people worldwide continue to live at a low level of human development. Women and girls are systematically excluded by economic, political, social and cultural barriers, according to the report measured by the Human Development Index – a ranking of countries based on strides made with a peace-centric model of progress.

''Women tend to be poorer, earn less, and have fewer opportunities in most aspects of life than men,'' it said. The report also points to ''dangerous practices,'' such as female genital mutilation and forced marriage, which continue to hamper the development of women and their inclusion in society. In addition to women and girls, the report points to ''patterns of exclusion and lack of empowerment'' of people in rural areas, indigenous peoples, ethnic minorities, people with disabilities, migrants and refugees, and members of the lesbian, gay, bisexual, transgender and intersex community.

The report calls for far greater attention to empowering the most marginalised in society, and recognises the importance of giving them greater voice in decision-making processes.

EU agency suspends 300 medicines tested by Indian CRO

The European Medicines Agency (EMA), Europe's medicines regulator, has recommended the suspension of over 300 generic drug approvals and drug applications citing "unreliable" tests conducted by Indian contract research firm Micro Therapeutic Research Labs.

The EMA has recommended suspending a number of nationally approved medicines for which bioequivalence studies were conducted by Micro Therapeutic Research Labs at two sites in India. Bioequivalence studies are usually the basis for approval of generic medicines.

EMA said the suspensions can be lifted once alternative data establishing bioequivalence are provided.

Such supporting data has already been provided for several of the medicines reviewed and EMA's Committee for Medicinal Products for Human Use (CHMP) recommended that these medicines can remain on the market.

The agency also recommended that medicines not yet authorised but which are being evaluated on the basis of bioequivalence studies from these sites should not be authorised until bioequivalence is demonstrated using alternative data.

The EMA said the review by CHMP concluded that data from studies conducted at the sites between June 2012 and June 2016 are unreliable and cannot be accepted as a basis for marketing authorisation in the EU.

EMA said the studies are unreliable because of problems in the way data and documents were managed at the sites. As a result, several medicines approved in the EU have been suspended.

However, there is no evidence of harm or lack of effectiveness of medicines authorised and being evaluated in the EU on the basis of studies at the sites.

Some of the medicines which have been recommended for suspension may be of critical importance (e.g. due to lack of available alternatives) in certain EU Member States. Therefore national authorities can temporarily postpone the suspension in the interest of patients. Member States should also decide whether recalls of the affected medicines are needed in their territories.

The CHMP's recommendation concerning these medicines will now be sent to the European Commission for a legally binding decision valid throughout the EU.

Micro Therapeutic Research Labs is a contract research organisation (CRO) which conducts the analytical and clinical parts of bioequivalence studies, some of which are used to support marketing authorisation applications of medicines in the EU.

The review of medicines studied by Micro Therapeutic Research Labs was started after inspections to check compliance with good clinical practice (GCP) by Austrian and Dutch authorities in February 2016. The inspections identified several concerns at the company's sites regarding misrepresentation of study data and deficiencies in documentation and data handling.

Commission presents White Paper on the future of Europe: Avenues for unity for the EU at 27

As announced in President Juncker's 2016 State of the Union speech, the European Commission has presented a White Paper on the Future of Europe, which forms the Commission's contribution to the Rome Summit of 25 March 2017.

As we prepare to mark the 60th anniversary of the EU, we look back on a peace spanning seven decades and on an enlarged Union of 500 million citizens living in freedom in one of the world's most prosperous economies. At the same time, the EU has to look forward at how it will carve a vision for its own future at 27. The White Paper sets out the main challenges and opportunities for Europe in the coming decade. It presents five scenarios for how the Union could evolve by 2025 depending on how it chooses to respond.

European Commission President Jean-Claude Juncker said: "60 years ago, Europe's founding fathers chose to unite the continent with the force of the law rather than with armed forces. We can be proud of what we have achieved since then. Our darkest day in 2017 will still be far brighter than any spent by our forefathers on the battlefield. As we mark the 60th anniversary of the Treaties of Rome, it is time for a united Europe of 27 to shape a vision for its future. It's time for leadership, unity and common resolve. The Commission's White Paper presents a series of different paths this united EU at 27 could choose to follow. It is the start of the process, not the end, and I hope that now an honest and wide-ranging debate will take place. The form will then follow the function. We have Europe's future in our own hands."

The White Paper looks at how Europe will change in the next decade, from the impact of new technologies on society and jobs, to doubts about globalisation, security concerns and the rise of populism. It spells out the choice we face: being swept along by those trends, or embracing them and seizing the new opportunities they bring. Europe's population and economic weight is falling as other parts of the world grow. By 2060, none of our Member States will account for even 1% of the world's population – a compelling reason for sticking together to achieve more. A positive global force, Europe's prosperity will continue to depend on its openness and strong links with its partners.

The White Paper sets out five scenarios, each offering a glimpse into the potential state of the Union by 2025 depending on the choices Europe will make (see Annex). The scenarios cover a range of possibilities and are illustrative in nature. They are neither mutually exclusive, nor exhaustive.

Scenario 1: Carrying On - The EU27 focuses on delivering its positive reform agenda in the spirit of the Commission's New Start for Europe from 2014 and of the Bratislava Declaration agreed by all 27 Member States in 2016. By 2025 this could mean: Europeans can drive automated and connected cars but can encounter problems when crossing borders as some legal and technical obstacles persist.

Europeans mostly travel across borders without having to stop for checks. Reinforced security controls mean having to arrive at airports and train stations well in advance of departure.

Scenario 2: Nothing but the Single Market – The EU27 is gradually re-centred on the single market as the 27 Member States are not able to find common ground on an increasing number of policy areas. By 2025 this could mean: Crossing borders for business or tourism becomes difficult due to regular checks. Finding a job abroad is harder and the transfer of pension rights to another country not guaranteed. Those falling ill abroad face expensive medical bills.

Europeans are reluctant to use connected cars due to the absence of EU-wide rules and technical standards.

Scenario 3: Those Who Want More Do More – The EU27 proceeds as today but allows willing Member States to do more together in specific areas such as defence, internal security or social matters. One or several "coalitions of the willing" emerge. By 2025 this could mean that: 15 Member States set up a police and magistrates corps to tackle cross-border criminal activities. Security information is immediately exchanged as national databases are fully interconnected.

Connected cars are used widely in 12 Member States which have agreed to harmonise their liability rules and technical standards.

Scenario 4: Doing Less More Efficiently - The EU27 focuses on delivering more and faster in selected policy areas, while doing less where it is perceived not to have an added value. Attention and limited resources are focused on selected policy areas. By 2025 this could mean A European Telecoms Authority will have the power to free up frequencies for cross-border communication services, such as the ones used by connected cars. It will also protect the rights of mobile and Internet users wherever they are in the EU.

A new European Counter-terrorism Agency helps to deter and prevent serious attacks through a systematic tracking and flagging of suspects.

Scenario 5: Doing Much More Together – Member States decide to share more power, resources and decision-making across the board. Decisions are agreed faster at European level and rapidly enforced. By 2025 this could mean: Europeans who want to complain about a proposed EU-funded wind turbine project in their local area cannot reach the responsible authority as they are told to contact the competent European authorities.

Connected cars drive seamlessly across Europe as clear EU-wide rules exist. Drivers can rely on an EU agency to enforce the rules.

The White Paper is the European's Commission contribution to the Rome Summit, the moment when the EU will discuss its achievements of the past 60 years but also its future at 27. The White Paper marks the beginning of a process for the EU27 to decide on the future of their Union. To encourage this debate, the European Commission, together with the European Parliament and interested Member States, will host a series of 'Future of Europe Debates' across Europe's cities and regions.

The European Commission will contribute to the debate in the months to come with a series of reflection papers on:

developing the social dimension of Europe;

deepening the Economic and Monetary Union, on the basis of the Five Presidents' Report of June 2015;

harnessing globalisation;

the future of Europe's defence ;

the future of EU finances.

Like the White Paper, the reflection papers will offer different ideas, proposals, options or scenarios for Europe in 2025 without presenting definitive decisions at this stage.

President Juncker's State of the Union speech in September 2017 will take these ideas forward before first conclusions could be drawn at the December 2017 European Council. This will help to decide on a course of action to be rolled out in time for the European Parliament elections in June 2019.

Sixty years ago, inspired by a dream of a peaceful, common future, the EU's founding members embarked on an ambitious journey of European integration, with the signing of the Treaties of Rome. They agreed to settle their conflicts around a table rather than in battlefields. As a result, the painful experience of Europe's troubled past has given way to a peace spanning seven decades and to a Union of 500 million citizens living in freedom and opportunity in one of the world's most prosperous economies.

The 60th anniversary of the Treaties of Rome on 25 March 2017 will be an important occasion for EU27 leaders to reflect on the state of play of our European project, to consider its achievements and strengths as well as areas for further improvement, and to show common resolve to shape a stronger future together at 27.

As announced by President Juncker in his State of the Union speech of 14 September 2016, which was welcomed by the EU-27 leaders at the Bratislava Summit of 16 September 2016, the Commission has presented a White Paper on the future of Europe in order to launch the debate ahead of the Rome Summit.

The White Paper will serve to steer the debate among the 27 Heads of State or Government and help structure the discussion at the Rome Summit and well beyond. It will also be used by the Commission as the starting point for a wider public debate on the future of our continent.