MARKETPLACE TECHNOLOGIES

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Pioneers in Derivatives Back Office

We are a 100% subsidiary of Bombay Stock Exchange Ltd., with different products suites, which includes back-office solutions viz. CLASS™ & SPARK™ providing for Brokerage business for Capital, Derivative, Commodity, Currency Derivatives, Mutual Fund Market segments, and have Web Based DTP back office for both CDSL & NSDL.

We are empanelled for Order routing solution Vis. FASTRADE™ for ALL SEGMENTS - BSE, USE, NSE, NCDEX, MCX & NMCE. Our product suites includes Thrice Thin (EXE/Browser), ASP Module and Mobile Trading.

We cover the entire gamut of services that are core to the Equity, Derivative, Commodity, Mutual Fund & Currency Markets such as:

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To know more about our company and the entire gamut of services please visit us at - www.mkttech.in
Download our Corporate Brochure from http://www.mkttech.in/company/MT_corporate_brochure.pdf

You can depend on us
Explore global opportunities - Think StockHolding

India’s Premier Custodian offers more innovative solutions, maximum flexibility in products and services. The Pioneer of custody business in India, since the last 30 years, StockHolding has been offering diverse products and services, operational expertise and technologically based seamless solutions to a diverse segment of domestic and Foreign Portfolio Investors. We are well recognized for thought leadership and advocacy of best practices.

StockHolding provides you complete custodial solutions which can connect to your diverse class of investors like - Large Financial Institutions, Insurance Companies, Mutual Funds, Banks, Retail Funds, Pension Funds, Indian Private Equity Investors, Venture Capital Funds, Real Estate Funds, Infrastructure Debt Funds, Alternate Investment Funds, Portfolio Managers, Corporate, Family Offices, HNI’s, Individual Investors etc.

The prestigious “Global Custodian” in August 2016 quotes, “StockHolding Corporation of India Limited have performed exceedingly well in the Global Custodian India Domestic Survey 2016. Their first year in taking part in this survey, we are pleased to present that StockHolding has achieved two outstanding accolades. They are a Category Outperformer and a Market Outperformer. As a Category Outperformer they have outperformed the survey average in at least one service area category. The company also achieved Market Outperformer. A prestigious award gained by having an overall score which exceeded the survey average across all banks, across all categories. Global Custodian commends your strong performance.”

Build and enhance relationship with your International investors for their valuable investment in India by collaborating with SEBI approved Designated Depositary Participants (DDP) i.e. StockHolding - India’s Premier Custodian. Besides servicing cross border clients, StockHolding also provides services to your domestic clients.

StockHolding is a Government Company, being a subsidiary of IFCI. StockHolding has widespread network of branches across the country. StockHolding has positioned itself as one of the market leaders providing financial services over the last 26 years and holds a dominant market share of Rs 30 trillion, the largest in India. StockHolding enjoys the trust of lakhs of customers given its institutional status and has a proven track record of Process, Operational and Service capabilities. StockHolding provides Demat, Sub Broking, E-Stamping, Third Party Distribution, Document Management System and Insurance Repository Services. StockHolding is also a Point of Presence for National Pension Scheme.

Some of the unique features and Services offered by Stock Holding

**Depository Participant Business:** StockHolding is pioneer institution in the field of depository services being the India’s first (Depository Participant) DP with NSDL and CDSL. We cater to all types of DP accounts - Beneficiary, Clearing member, margs, RGGIS, BSDA etc. One stop for holding Equity, Debt, Mutual Fund, ETF and Bonds in demat form and online transactions is unique, safe, secure and convenient for all. We cater as professional clearing member on derivatives segment.

**Investment Products:** StockHolding offers various products under the one roof like Mutual Funds, Fixed Deposits and NCDs, tax free bonds of PSUs, Capital gain bonds, Inflation Indexed Bonds, Government of India Bonds, Sovereign Gold Bonds, Initial Public Offers and Follow on Public Offers.

**Document Management Services:** StockHolding Document Management Services Ltd (SDMS), a wholly subsidiary of StockHolding is engaged in providing end to end document management solutions and IT enabled services like - Physical Record Management services, Digitization services, DMS Hosted Services, Workflow Management Solution and Secured Document Destruction.

**Safe Deposits Lockers & Bullion Vault:** Safe Deposits lockers provided in physical and electronic security measures creating a level of professionalism and security surpassing Banking and institutional facilities. Bullion Vault located in Zaver Bazaar Mumbai with state of art vaulting design in line with RBI approved BIS guidelines with international standards and system driven process to avoid errors.

**e-Stamping:** StockHolding have been appointed by the Government of India for offering e-stamping service on a pan India basis. e-stamping is a secured and full proof mechanism of collection of stamp duty is offered across 17 states. We also provide e-Court Fee Service and e-Registration Services.

**Loans:** StockHolding provide loan facility on Loan against Security, personal loans, home loans, auto loans, business loans, Education Loans and Loan against shares.

**Gold and Silver Coins & Bars:** StockHolding have a tie up with MMTC-PAMP India Pvt Ltd. Asia’s largest Gold / Silver refinery for sale of Gold coin (puri certified by British Royal Mint UK) and Silver coins/ bars. MMTC-PAMP is one of the three refiners in the world Accredited as a “good delivery” refinery by LBMA (London Bullion Market Association). Silver coins (999 purity) procured to international standards, individually serial numbered and competitively priced.

**NPS (National Pension Scheme):** StockHolding appointed as POP by PFRDA facilitates your investment in NPS which is voluntary, simple, regulated, portable and flexible pension system that allows you to make regular savings for your retirement with minimum investment of Rs 6,000/- per financial year. Corporate employees can save tax over and above Section 80C by joining NPS. Corporate Model.

**Wealth Management Services:** We provide most convenient way to manage monitor and to achieve your financial goal in life. All this and more at a click of a button with StockHolding.

**Business Associates:** At StockHolding, we are excited in creating a thriving ecosystem of Business Associates in expanding our reach to under-served customers of financial products in India and we are looking out for partners in fulfilling this objective. This provides Business Associates with an opportunity to offer an array of products to their clients under one roof. Business Associates have an opportunity to be a part of the prominent financial service provider of India and lucrative revenue sharing models are in place.

**Customer Services Offerings**

- **Custodial services offered**
  - A dedicated client service account manager
  - A deep knowledge base on laws, Rules and Regulations
  - Service offerings for all types of securities including Government securities and Derivatives
  - Offer technology based solutions, enabling greater Straight Through Processing.
  - Electronic messaging system/web enabled access/ ability to accept instructions through SWIFT, Email and Fax
  - Excellent operations team with over 600 man-years of experience
  - Acknowledged for market advices; thought leadership & best practices
  - Client interface in multiple time zones
  - Customized monthly MIS
  - Unique Banking support

- **Custodial services include**
  - • Assisting in determining the suitable structure
  - • Market entry / Registration services / Account setup
  - • Clearing & settlement of trades through STP (straight through processing)
  - • Collateral management
  - • Corporate Action services & Safe keeping (Depositary Services; Corporate actions Processing and Proxy/Voting services)
  - • Securities Escrow account services including coordination with the funds Escrow services provider and the advisor for the securities escrow services
  - • Securities Borrowing & Lending
  - • Fund accounting & Valuation services
  - • Vaulting for physical holdings
  - • Coordinating with tax/transaction related advisory
  - • Rolling outs Standard, Regulatory, and customized downloadable reports for clients, from website
  - • Vault facility in Mumbai, India for Gold Custody
  - • Tied up with a leading Global Custodian, to support client’s overseas business

**Services offered as a Custodian**

- Vaulting for physical holdings
- Fund accounting & Valuation services
- Clearing & settlement of trades through STP (straight through processing)
- Collateral management
- Corporate Action services & Safe keeping (Depositary Services; Corporate actions Processing and Proxy/Voting services)
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**Contact us for one Stop Solution**

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<tr>
<th>Name</th>
<th>Designation</th>
<th>Contact No</th>
<th>Email address</th>
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<tbody>
<tr>
<td>Mr. R Anand</td>
<td>Vice-President &amp; Head of Custody</td>
<td>+91 22 6177 9073</td>
<td><a href="mailto:ranand@stockholding.com">ranand@stockholding.com</a></td>
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<td>+91 22 6177 9038</td>
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</tr>
</tbody>
</table>

Registered Address: StockHolding Corporation of India Limited
301, Centre Point, Dr. B. Ambedkar Road, Parel, Mumbai - 400 012, INDIA | Website: www.stockholding.com

StockHolding is promoted and owned by leading Financial Institutions and Insurance majors such as Industrial Finance Corporation of India (IFCI), Specified Undertaking of Unit Trust of India (SU-UTI), Life Insurance Corporation of India (LIC), General Insurance Corporation (GIC), New India Assurance (NIA), National Insurance Company Ltd (NICL), The Oriental Insurance Company (OICL), all leaders in their respective fields of business. StockHolding is a Government Company, being a subsidiary of IFCI. StockHolding has widespread network of branches across the country. StockHolding has positioned itself as one of the market leaders providing financial services over the last 26 years and holds a dominant market share of Rs 30 trillion, the largest in India. StockHolding enjoys the trust of lakhs of customers given its institutional status and has a proven track record of Process, Operational and Service capabilities. StockHolding provides Demat, Sub Broking, E-Stamping, Third Party Distribution, Document Management System and Insurance Repository Services. StockHolding is also a Point of Presence for National Pension Scheme.

*ADVERTISMENT*
CHAIRMAN'S MESSAGE

The Bombay Stock Exchange Brokers Forum (BBF) has entered its 25th year of existence. On the 4th of February 1993, a few members got together and incorporated a not for profit association dedicated to the betterment of the Capital Markets. We are forever obliged to contributions of the past teams of office bearers and Board members, ably headed by our past Chairman (Late) Shri M G Damani, Shri Mohan Vjian, Shri Haresh Jhaiveri, Shri Bhanubhai Fozdar and Shri Siddharth Shah. They have given their time, resources and most valuable of all their enthusiasm for the benefit of the community at large. We are hopeful that the founders of the Forum are satisfied with the Association as it stands today, and we desire to continue this culture of ‘giving back’ to the community / the markets to which we owe everything.

We strive to work for the benefit of the Capital Markets in general, and our members in particular. Today, our membership of the Asian Securities Forum (ASF) and International Council of Securities Association (ICSA) gives us exposure and standing on an international stage - a privilege we treat with utmost responsibility. Our membership base is pan India, and so is our Board. Our membership base of 900 plus member boasts of Stock Brokers of all major stock / commodity exchanges and Depository Participants. One third of the current Governing Board comprises of members outside Mumbai. Over and above the core activities of pre-regulation consultations, feedbacks and trainings of members and their staff, we have taken up with gusto “Investor Education and Awareness”. Over the past few years, we have conducted more than 340 seminars covering more than 12,000 participants on a pan India basis.

The love and support we receive is overwhelming, and we strive to meet the expectations. Going ahead, the Association shall continue to do all in its power for the development of the Capital markets and investor education. We desire to constructively engage with the Regulators/ the Stock and Commodity Exchanges/ the Depositories/ various arms of the Government as a responsible citizen group in our endeavor to grow and improve the Indian Capital and Financial Markets.

We forever seek the guidance and blessings of all our friends and well wishers.

Going ahead, the Association shall continue to do all in its power for the development of the Capital markets and investor education. We desire to constructively engage with the Regulators/ the Stock and Commodity Exchanges/ the Depositories/ various arms of the Government as a responsible citizen group in our endeavor to grow and improve the Indian Capital and Financial Markets.

Uttam Bagri
Chairman
The all new E-Class.
Masterpiece of Intelligence.

The all new E-Class is packed with the highest amount of intelligence, ever. In an absolutely stunning design. A revolutionary cockpit with steering mounted touch-pad. Intelligent Drive and Air Body Control that feels like a gentle glide. Rear seats that actually recline like Club Class. All cocooned in larger luxurious space to offer you the best ever E-Class.

A visit to your dealership is a must. The Masterpiece awaits you.

Mercedes-Benz
The best or nothing.
No other public policy matter in India evokes so much of attention and appraisal as the Central Budget. That perhaps is not unusual given the fact that it seeks to reflect the ‘VMOSA’ [Vision, Mission, Objectives, Strategies, and Action Plans] of the government in power, and is normally supposed to respond to expectations and aspirations of the people at large. But this time was different; and hence, there were multiple reasons why it induced so much of curiosity.

SIGNIFICANCE OF THE BUDGET 2017-18

No other public policy matter in India evokes so much of attention and appraisal as the Central Budget. That perhaps is not unusual given the fact that it seeks to reflect the ‘VMOSA’ [Vision, Mission, Objectives, Strategies, and Action Plans] of the government in power, and is normally supposed to respond to expectations and aspirations of the people at large. But this time was different; and hence, there were multiple reasons why it induced so much of curiosity.

Do your groundwork, make sure the company is reliable, the balance sheet looks good and the management is sound before investing.

Call 022 22728097 to report any market irregularity. Issued in Public interest by BSE Investor Protection Fund.
The Union Budget 2017-18 quelled market speculation and encouragingly stuck to a broader fiscal consolidation roadmap.

The time leading up to mid 2016 was exceptionally good for the India economy. The decrease of global oil prices that began in late 2014 has boosted economic activity, India being a net importer of oil.

Capital markets in India have been a reflection of the country’s economic growth and development over the last two decades. Bombay Stock Exchange’s sensitivity index, the SENSEX, is the barometer of the Indian market which has emerged as the 11th largest stock market by market capitalization at $1.5 trillion as of June 30, 2016.

The Indian equity derivative markets have evolved in the last decade and half to grow into one of the largest market of the world.

Global commodity markets are impacted by a host of factors; and given the dynamic nature of these factors a constant update of the magnitude of change and its effect on market fundamentals is critical for commodity traders to take informed trading calls in the marketplace.

Exchange traded Funds or ETFs as they are popularly known have seen a phenomenal run up in their popularity across the world. Starting initially in Canada in the 80’s and then getting the real kick start with the first SPDR ETF based on the S&P 500 in the US, by the end of 2016 ETF assets had grown to $3.4 trillion with over 4,700 ETFs listed globally over 41 different countries.

Equity ETFs - Equity ETFs are mostly index funds that replicate the composition and the performance of a target index. These schemes invest in the securities in the same weightage as its target index (e.g. S&P BSE Sensex, Nifty 50 index, BSE 100, CPSE Index etc.)

Mutual funds is a pass through product and a fantastic vehicle for participation in India’s growth via equities or desire stability in income through fixed income offerings. It is one on the most transparent offerings available where the end consumer has access to portfolio holdings, expense charged, commissions offered et al.

Small and Medium Enterprises (SMEs) play a catalytic role in the development of the economy as they constitute a major part of the industrial activity. This is reflected in the form of their increasing number and rising proportion in the overall product manufacturing, employment, technical innovations and promotion of entrepreneurial skills.

The KRA system built by SEBI for the securities market has been a great initiative which has helped intermediaries in securities markets in simplifying and speed up the client on-boarding process.

FY17 was fairly volatile for the economy as well as the financial sector with two events sparking considerable turmoil.

In the recent past, India has embarked upon a number of legislative and regulatory measures that are certain to create a positive impact on the investment climate prevailing in the country and capable of boosting the confidence of investors.
In a situation of impeded export growth over the last few years, the following two regional arrangements being pursued by India in its neighborhood, is important.

Notwithstanding the aim of Free global trade, the World Trade Organisation (WTO) recognizes the reality of Trade Blocks set up in various parts of the world.

There is never a dull moment in real estate. 2016 began promisingly in comparison to 2015; however as things stand, the year has not ended on a healthy note.

The Indian Travel and Tourism Industry has been instrumental to the nation’s economic growth. Over the years, it has also emerged as a significant source of foreign exchange and a large employment generator.

The importance of the asset bubble cognizance in investing and not just keep your nose to the grindstone of stock picking. I use the spring board, not critically, but to raise the issue of applicability and adaptability, of the renowned approach, to start-up investing, where prima facie, the principles are relevant but assume completely different dimensions whilst establishing an approach to start-up investing.

Education is the act or process by which the student gains knowledge, skills or abilities. In a traditional Guru - Shishya environment the knowledge is transferred from one person to another through the education process.

Financial planning and wealth management is a process wherein we have to set different goals like short term (buying car, house renovation etc.) which would be less than a year, medium term (buying house, foreign vacation) which would be between 1 to 5 years and long term which would be more than 5 years to 10 or even 20 years.

Everything in their life seemed perfect on the outside. They had all the money in the world, they didn’t have any debts and EMIs to worry about. Their children were well placed and doing well. They had a beautiful house, a wonderful lifestyle and the most luxurious cars.

India, as a country is dependent on Rain gods, and that has been the case for centuries and this isn’t going to change anytime soon. Come, Summer, and everyone hopefully at the skies. Last year, in 2016, India received normal rainfall after two consecutive years of drought.

Goods and Services Tax (GST) is a system of taxation in India which will merge most of the taxes into a single tax. It was introduced as a constitutional amendment in 2016 and is expected to go live soon.

After eight years of intense and almost frenzied rulemaking, there is growing consensus that regulators need to look back and assess the impact of these rules on market liquidity and economic activity. The new Trump Administration will be a catalyst adding momentum to this review.
ASIA-PACIFIC MARKETS MONTHLY HIGHLIGHTS AND INSIGHTS

• Credit Risk Trends for Asia
• China’s Global M&A Spree Shows No Signs Of Slowing
• Top Mining Deals - Q4, 2016
• M&A Activity by Country, Sector
• Private Equity Investments and Buyouts
• Venture Capital Investments
• Initial/Public Offerings

COMPLIANCE CALENDAR: APRIL 2017

SEBI ORDERS COMPILATION: ANNUAL REVIEW AND ANALYSIS - LEARNINGS FROM EVOLVING TRENDS-YEAR II

FINANCIAL CRIMES - A NEED TO CHECK MATE

RESIDENTIAL V. COMMERCIAL REAL ESTATE FOR INDIVIDUALS

China’s Economic Transformation: Lessons for Developing Nations

COFEPOSA: DETENTION PREVENTIVE OR PUNITIVE?

MSMES AND DREAM OF THE ENTERPRISE LEADER

RELAXATION FOR IFSC COMPANIES UNDER THE COMPANIES ACT, 2013 FOR A UNIT AT GIFT SEZ

IFSC - A NEW WAY OF DOING INTERNATIONAL BFSI BUSINESS FROM OFFSHORE LOCATION IN INDIA

SPIRITUAL LESSONS FROM DEMONETISATION

For every financial need, we have the right solution.
While the rest of the world was still in the dark ages the wise Indian had discovered the laws of life that govern not only the outside world but the fascinating inner realm. The focus shifted from conquering the world to gaining control over the mind. And a brilliant sage appeared on the scene periodically to revive the sagging values in society.

Now, being an entrepreneur, it seems I have seen the world. Have been to ups and downs of the world. Seen how people ridicule you, who actually appreciates you and who really your competitors are. With all my experience that I hold, I wish to share some important tips for all women who is ready to explore entrepreneurship.

When embarking on a fitness programme, here are some of the most common mistakes people tend to make which end up being counterproductive!

Over the past few years our relationship with food and, by extension, with nature has strengthened leading to food choices that are simple, authentic, chemical and cruelty free.

Dining etiquette faux pas may be socially offensive. Knowledge of correct dining etiquette shows refinement. So, to make sure you are well equipped before you dine out, go through these pointers that guide you in a simple way on the basics of Dining Etiquette.

Spain - A vibrant and life enthusiastic country - is the perfect scenario for all year round sporting and cultural events. While visiting Spain you will be able to enjoy popular festivities, take part in major celebrations, attend top sporting events, visit exhibitions by world-class artists, and you'll be captivated by great music and theatre shows.

By aiming at customer oriented service and building trust, SMC has become one of the leading clearing members of the capital markets. We currently manage clearing service for 250+ trading members in varied segments. Come, experience the committed edge of SMC

Clearing membership

| Equity & O | NSE, BSE & INDIA INX |
| Commodity | MCM, NCDEX, DCEX, NCME & ICEX & INDIA INX |
| Currency | NSE, BSE, MSEI & INDIA INX |
| Depositary Participants | CDSL, NSDL & COMTRACK |
Dear Members and Readers,

The world Economy is facing tough times as the world's major economies like Europe, China and Japan are facing slowdowns. The IMF and the World Bank has reduced the forecast of the world GDP from 3.8% to 3.1%. Indian economy is currently the fastest growing economy of the world in terms of GDP data. Currently, the GDP data is at 7.3% as compared to world average of 3.1%. The domestic macroeconomic indicators like the CPI inflation and WPI inflation are at comfortable levels. RBI in the last monetary policy meet has adopted a neutral stand from accommodative one and did not reduce the interest rates.

The GDP data came as a surprise to many as the GDP growth is pegged at 7% while the predictions were around 6.1% or below. The key aspect in the data is that the HP which tracks the manufacturing segment saw negative growth with -0.4% which was in contradiction to the GDP growth. The question still persistent is that whether the economy is growing or the grass root level reality is different.

The UP elections would be a sure shot political drama to see how the results effect the regional politics and has its cascading effect on the national politics. GST which is the biggest indirect tax reform has now become reality and thus the economy would benefit in the years to come in a significant way.

On the Global front the US Fed would increase the rates in this year at least twice and thus this could trigger the capital flight from the emerging economies to the US. The protectionist policies of the USA are already creating sleepless nights for the IT companies which can cause the Indian IT sector to slow down drastically. Around 80% of the $160 Billion Indian IT industry comes from dollar(s).

China on the other hand is slowing with its GDP coming down to 6.5% as compared to 6.7% last year. This means the world second largest economy compared to 6.7% last year. This means the world second largest economy is further slowing and thus could affect the world commodity markets. The world economy still does not have any bright moments as uncertainty looms large with protectionism theme gaining momentum.

At BBF Front:

BBF - Representations:

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<td>Proposal for Single Demat Account across Stock Brokers</td>
<td>SEBI</td>
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<tr>
<td>1-Mar</td>
<td>Draft proposal on simplification of KYC process</td>
<td>SEBI</td>
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<tr>
<td>10-Feb</td>
<td>Post Budget Memorandum - Proposed Amendment to Section 10(38)</td>
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<td>28-Feb</td>
<td>Proposal for extension of the cyber security framework work</td>
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BBF - Seminars and Events

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<td>Seminar on BSE Exchange Compliance - Common Mistakes and Deceptions</td>
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<tr>
<td>3-Mar</td>
<td>Interactive meet with members on matters related to SFIO</td>
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<tr>
<td>15-Mar</td>
<td>Seminar on compliance related to ROC matters (with ICSI-WIRC)</td>
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We are glad to bring to you the 5th Annual Collectors' Edition of the award winning “Forum Views” magazine April 2017 (BBF – Annual Report)

DR. ADITYA SRINIVAS
Chief Operating Officer & Chief Economist

BBF - Investor Education and Awareness Initiatives

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<td>Dr. Ambedkar Institute of Management Studies and Research</td>
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<tr>
<td>17-Feb</td>
<td>Lucknow</td>
<td>Integral University</td>
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<td>1-Mar</td>
<td>Mumbai</td>
<td>Ja Hard College (Batch 1-2)</td>
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<td>1-Mar</td>
<td>Mumbai</td>
<td>Aakash Dinesh Moty Institute for Financial &amp; Management Studies</td>
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<td>K. B. College of Commerce &amp; Science for Women (Batch 1-2)</td>
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DR. VISPI RUSI BHATHENA
Chief Executive Officer

BSE BROKERS’ FORUM (BBF) TEAM

Monika Hariya
Head - HR & Knowledge Management

Purvi Gosher
Manager - Accounts & Administration

Dimple Gankar
Manager - Accounts & Finance

Yunus Qureshi
Office Executive

Ullaskumar Pillai
Office Incharge / Admin

Rajendra Pandere
Office Assistant
BBF membership presence at all India level & GROWING...

1. Representations to the Regulators, Stock Exchanges and other reputed industry bodies: BBF on regular basis initiates several representations to MoF, SEBI, FMC, BSE Ltd., NSE Ltd., MCX-SX, MCX, NCDEX, CII, FICCI, ASSOCHAM, IIMC and other reputed bodies regarding the concerns faced by the member brokers and capital market intermediaries. (Total number of representations: 37).

2. Seminars and Events conducted by BBF for the progress of stakeholders of capital markets: Every month BBF does several seminars and events on various market related themes which affect the member brokers and capital market, in general. Further, for the benefit of our outbound members the same is even broadcasted through Webinar at pan India level (Webinar link: www.estv.in/brokersforum/). On several occasions respective regulators also graced these events as Chief Guests, Guest of Honours, Observers and Speakers. The total number of seminars conducted were 48, covering locations namely Mumbai, Kolkata, Delhi, Ahmedabad, Chennai which were attended by over 6385 participants.

3. BBF Investor Education and Awareness Initiatives: BBF in its initiation to spread financial inclusion and literacy has undertaken an ambitious project wherein capital market related seminars are conducted at pan India level covering Educational Institutions, Business Schools, Universities, Investors Associations and Corporates; with a prime objective to get retail investors back in the capital markets. The session covers practical aspects which enhance the participants’ knowledge and knowhow and acts as a catalyst for motivating them to invest in capital markets. The total number of sessions conducted were 341, covering locations namely Ahmedabad, Amritsar, Banaras, Bangalore, Bhopal, Chandigarh, Chennai, Delhi, Goa, Gurgaon, Ganzian, Hyderabad, Indore, Jaipur, Jhunjhunu, Jodhpur, Kandiviar, Kanpur, Kolkata, Lucknow, Ludhiana, Mumbai, Nagpur, Navsari, Pune, Surat - 12820.

4. Forum Views (An Award Winning - Monthly Capital Markets and Lifestyle Magazine): The magazine includes articles, write-ups, interviews, insights, and reports from around the globe. The publication is distributed to Member Brokers, Minister of Finance, Regulators, Stock Exchanges, Depositories, Banks, Financial Institutions, Corporates, Top Business Schools, and has a Global presence in Asia, Africa, Europe and UAE. The magazine consists of over 15 dedicated columns: Coffee with….., In Conversation with….., Insights, Commodities Watch, Global Insights, Feature, Compliance Calendar, Regulatory Pulse, Academician Speak, Tech-Speak for Member Brokers, Philosophy & Self-Management, Image & Style Insights, Doctors’ Desk, Fitness Insights, Amazing Destinations, Culinary Delights, BBF Privilege Card Partners.

5. BBF International Collaborations (and Global Connect Tours): BBF has initiated MOU’s with various broking associations around the globe - namely, Association of Thai Securities Companies, Hong Kong Securities Association, Philippine Association of Securities Brokers and Dealers Inc., Association of Stock Broking Companies Malaysia, Korea Financial Investment Association, Maldives Stock Exchange, The Stock Exchange of Mauritius, Federal Association of Securities Trading Firms - Frankfurt. BBF is a Full Member of the International Council of Securities Associations (ICSA) and Asia Securities Forum. BBF has even launched its International Outreach Program / Global Business Connects’ Tour - under this program, a delegation of BSE Brokers’ Forum Members visit countries around the globe for Business, Information and understanding the global best practices.

6. BBF Google Group: A service that provides discussion-groups for members sharing common interests. This service acts as a gateway for members to participate in this online email-based group and share their views and rich experience for relevant conversations.

7. BBF Annual Calendar: Every year BBF comes out with an annual calendar (Table Calendar) - covering various themes. The same is complementarily distributed to all our members.

8. Promoting Industry Best Practices: In its endeavour to ensure better compliance and standardization of procedures among member brokers BBF has published “Operations Manual” for both Equity and Commodity Segment. The same is complementarily distributed to all our members.

9. BBF Regional Chapters: In order to have an extensive reach to our members at pan India level, BBF has formed Regional Chapters in major cities (Ahmedabad, Bangalore, Bhopal, Delhi, Indore and Kolkata) so that members can access us in their region and reach out to us with their suggestions and concerns.

10. Formation of Product based Councils: For an effective-handholding, product based councils like NBFC’s, Commodity, and Depository & KSA have been formed to disseminate product based knowledge amongst members and to relate on these specific product issues.

11. GIFT City Project: (Gujarat International Financial Tec-City (GIFT) at Gandhinagar, India’s first globally benchmarked International Financial Services Centre (IFSC),) BBF has demonstrated its collective bargaining power for its members in the GIFT CITY project - the members would immensely benefit from this international financial center which would come up in the GIFT City vicinity. BBF initiated the entire process and members have acquired 5 lakhs square feet of space. This is a unique achievement of BBF for its members.

*Data as on 28th February 2017

*Membership subscription as per data 2016-17
BSE BROKERS’ FORUM (BBF) AS A MEMBER OF REPUTED INDUSTRY BODIES

- FICCI
  Confederation of Indian Industry

- ASSOCHAM
  India

- MAHARASHTRA INDUSTRIAL AND ECONOMIC DEVELOPMENT ASSOCIATION
  Connecting Maharashtra Globally

- WORLD TRADE CENTRE
  MUMBAI * Promoted by MVIRDC

- ABCI
  Association of Business Communicators of India

- Asia Securities Forum

- ICSA
  International Council of Securities Associations

* Logo placement in alphabetical order

BSE BROKERS’ FORUM (BBF) IN COLLABORATION(S)

- INDO-ARAB CHAMBER OF COMMERCE & INDUSTRIES
- INDO-AFRICAN CHAMBER OF COMMERCE & INDUSTRY

INTERNATIONAL

- Philippine Association of Securities Brokers and Dealers, Inc. (PASBDI)

- Korea Financial Investment Association

- Maldives Stock Exchange

- The Stock Exchange
  Mauritius

- Association of Stockbroking Companies Malaysia

- ASCM

* Logo placement in alphabetical order
LETTER TO THE SECURITIES AND EXCHANGE BOARD OF INDIA

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<td>8-Mar-17</td>
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<td>Draft proposal on simplification of KYC process</td>
<td>2-Mar-17</td>
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<td>Proposal extension of the cyber security framework to certain intermediaries</td>
<td>28-Feb-17</td>
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<tr>
<td>Teething troubles for stock brokers desirous of operations at the International Exchange at GIFT CITY International Financial Services Centre (IFSC)</td>
<td>8-Dec-16</td>
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<tr>
<td>Implementation of Central KYC Registry Impossibly Tight Deadlines Leading to Market Disruption / Market wide non compliance</td>
<td>30-Nov-16</td>
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<tr>
<td>Practical problems faced in implementation of SEBI Circular SEBI/MIRSD/MIRSD2/CIR/P/2016/95 dated 26-Sept-2016 request for review</td>
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<td>Code of Advertisement Conduct</td>
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<td>Bringing in efficiency in SCORES redressal system usage of exclusive Email ID for redressal of investor complaints</td>
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<td>Comments of BBF on SEBI discussion paper strengthening of the regulatory framework for algorithm trading and Co location</td>
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<td>Letter related to mail sent on July 29, 2016 towards approach to the CERSAI</td>
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<td>SEBI circular on new KYC requirements w.e.f. 01-Aug-2016</td>
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<td>Media reports - Tarnishing Image of Broking Fraternity</td>
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<td>Suggestion on Draft Circular - Simplification of the Client Account Opening Kit</td>
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<td>BSE Brokers’ Forum (BBF) becomes the “Asian Region Representative” on the International Council Of Securities Associations (ICSA) Board</td>
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<td>SEBI notification dated 26-Sept-2012 regarding mutual funds commission not to exceed 12 basis points</td>
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<td>Representation in SMAC</td>
<td>19-May-16</td>
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<td>Note and Press Release of ICSA</td>
<td>11-May-16</td>
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<td>List of issues to be considered at meeting with SEBI Chairman</td>
<td>18-Apr-16</td>
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<td>Identifying shares held by the investors</td>
<td>11-Apr-16</td>
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LETTER TO OTHER INDUSTRY BODIES

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<td>10-Feb-17</td>
<td>Ministry of Finance</td>
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<td>Implementation of Central KYC Registry Impossibly Tight</td>
<td>29-Nov-16</td>
<td>Financial Markets Division, Department of Economic Affairs</td>
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<td>Deadlines Leading to Market Disruption / Market wide non compliance</td>
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<td>Pre-Budget Memorandum</td>
<td>8-Nov-16</td>
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<td>22-Sep-16</td>
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<td>Representation from our member broker Ms. Motilal Oswal Investment Services</td>
<td>20-Sep-16</td>
<td>BSE Ltd.</td>
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<tr>
<td>Representation from our member broker Ms. Motilal Oswal Investment Services</td>
<td>19-Sep-16</td>
<td>NSE</td>
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<tr>
<td>Requesting SEBI to issue inspection checklist</td>
<td>19-Aug-16</td>
<td>Motilal Oswal Securities Pvt. Ltd.</td>
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<tr>
<td>Non-Confirmation of custodial trades and the resultant penalty levied upon brokers, due to certain factors on which the brokers have no control</td>
<td>12-Aug-16</td>
<td>Motilal Oswal Securities Pvt. Ltd.</td>
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<td>Limiting large number of repetitive regulatory annual inspections for brokers</td>
<td>12-Aug-16</td>
<td>Motilal Oswal Securities Pvt. Ltd.</td>
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<td>4-Aug-16</td>
<td>CERSAI</td>
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<td>Identifying physical shares held by the investors</td>
<td>19-May-16</td>
<td>Union Minister of Finance and Corporate Affairs</td>
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<td>ICSA Representation / Report / Press Release on Cyber Risks</td>
<td>11-May-16</td>
<td>Ministry of Finance</td>
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### SEMINARS & EVENTS CONDUCTED BY BBF FOR THE PROGRESS OF STAKEHOLDERS OF CAPITAL MARKETS (APRIL 2016 - MARCH 2017)

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<th>Sr. No.</th>
<th>Seminar/Event</th>
<th>Day &amp; Date</th>
<th>Venue</th>
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<td>1</td>
<td>Seminar on Foreign Account Tax Compliance Act (FATCA) / CRS Provisions - way forward</td>
<td>Thursday, 7th April '16</td>
<td>BSE International Convention Hall</td>
<td>Mumbai</td>
<td>NA</td>
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<td>2</td>
<td>Seminar on Foreign Account Tax Compliance Act (FATCA) / CRS Provisions - way forward</td>
<td>Monday, 11th April</td>
<td>Ahmedabad Management Association</td>
<td>Ahmedabad</td>
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<td>3</td>
<td>Seminar on Significations Budgetary Amendment relating Service Tax &amp; Interactive Session on Business Opportunities at GIFT City</td>
<td>Wednesday, 27th April</td>
<td>BSE International Convention Hall</td>
<td>Mumbai</td>
<td>NA</td>
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<td>4</td>
<td>Seminar on Foreign Account Tax Compliance Act (FATCA) / CRS Provisions - way forward</td>
<td>Monday, 2nd May</td>
<td>BSE Investor's Service Center</td>
<td>Delhi</td>
<td>BSE Ltd.</td>
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<td>5</td>
<td>An Interaction with the Honourable Finance Minister of Gujarat - Shri Sharaib Patel</td>
<td>Monday, 2nd May</td>
<td>BSE International Convention Hall</td>
<td>Mumbai</td>
<td>NA</td>
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<td>6</td>
<td>Informal Meeting on Proposed Listing of Share of BSE Ltd.</td>
<td>Tuesday, 3rd May</td>
<td>BSE International Convention Hall</td>
<td>Mumbai</td>
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<td>7</td>
<td>Tech Showcase on Capital Market and Tip Stop App Launch</td>
<td>Friday, 6th May</td>
<td>BSE Building</td>
<td>Mumbai</td>
<td>BSE Ltd.</td>
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<td>8</td>
<td>Seminar on Foreign Account Tax Compliance Act (FATCA) / CRS Provisions - way forward</td>
<td>Friday, 13th May</td>
<td>ICC Towers, Kolkata</td>
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<td>9</td>
<td>Seminar on New IPD mechanism - Compulsory ASBA</td>
<td>Thursday, 17th May</td>
<td>BSE International Convention Hall</td>
<td>Mumbai</td>
<td>BSE Ltd.</td>
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<td>10</td>
<td>Camp on IT Guidance Note dated 31-Dec-2015</td>
<td>24th to 26th May</td>
<td>BSE Office</td>
<td>Mumbai</td>
<td>NA</td>
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<td>11</td>
<td>Camp on FATCA / CRS obligations walk in Query Resolution</td>
<td>30th and 31st May</td>
<td>BSE Office</td>
<td>Mumbai</td>
<td>NA</td>
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<td>12</td>
<td>Seminar on Insolvency and Bankruptcy Code</td>
<td>Tuesday, 14th June</td>
<td>BSE International Convention Hall</td>
<td>Mumbai</td>
<td>NA</td>
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<td>13</td>
<td>Informal Meeting with Management of BSE Ltd</td>
<td>Wednesday, 22nd June</td>
<td>17th Fl, BSE Ltd.</td>
<td>Mumbai</td>
<td>BSE Ltd.</td>
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<td>14</td>
<td>Seminar on FATCA / CRS obligations for Stock Brokers/ PMS/ DPs</td>
<td>Wednesday, 29th June</td>
<td>BSE International Convention Hall</td>
<td>Mumbai</td>
<td>NA</td>
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<td>15</td>
<td>Seminar on DFS of BSE Shares</td>
<td>Wednesday, 20th July</td>
<td>BSE International Convention Hall</td>
<td>Mumbai</td>
<td>BSE Ltd.</td>
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<td>16</td>
<td>Seminar on CERSAI (SEBI Circular on new KYC requirements deadline 01-Aug-2016)</td>
<td>Wednesday, 25th July</td>
<td>BSE International Convention Hall</td>
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<td>17</td>
<td>Seminar on LLP</td>
<td>Wednesday, 27th July</td>
<td>BSE International Convention Hall</td>
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<td>18</td>
<td>Seminar on CERSAI (SEBI Circular on new KYC requirements deadline 01-Aug-2016)</td>
<td>Thursday, 28th July</td>
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<td>19</td>
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<td>Friday, 29th July</td>
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<td>20</td>
<td>Seminar on CERSAI (SEBI Circular on new KYC requirements deadline 01-Aug-2016)</td>
<td>Monday, 1st August</td>
<td>ICC Auditorium</td>
<td>Kolkata</td>
<td>NA</td>
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<td>21</td>
<td>Discussion on Income Declaration Scheme, 2016</td>
<td>Tuesday, 2nd August</td>
<td>BSE International Convention Hall</td>
<td>Mumbai</td>
<td>BSE Ltd.</td>
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<td>22</td>
<td>Seminar on CERSAI (SEBI Circular on new KYC requirements deadline 01-Aug-2016)</td>
<td>Tuesday, 2nd August</td>
<td>M/s Hotel Raj Palace</td>
<td>Chennai</td>
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<td>23</td>
<td>Seminar on BSE Exchange Inspection - Common Mistakes and Deviations by Stock Brokers and A Brief Talk on BSE - Fixed Income Segment</td>
<td>Wednesday, 10th August</td>
<td>BSE International Convention Hall</td>
<td>Mumbai</td>
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<td>24</td>
<td>Seminar on Contemporary Issues faced by the Trading Members Community FATCA/CRS Obligations and C-KYC</td>
<td>Wednesday, 17th August</td>
<td>BSE International Convention Hall</td>
<td>Mumbai</td>
<td>NA</td>
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<td>25</td>
<td>Camp on Hands on Training for C-KYC Registration &amp; Testing</td>
<td>Monday, 22-23rd August</td>
<td>BSE Office</td>
<td>Mumbai</td>
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<td>26</td>
<td>BSE Sigma Mc with Indo - African chamber of Commerce and Indo - Arab Chamber of Commerce</td>
<td>Wednesday, 21st September</td>
<td>BSE International Convention Hall</td>
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<td>27</td>
<td>Seminar on BSE Sovereign Gold Bond</td>
<td>Wednesday, 21st September</td>
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<td>28</td>
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<td>Thursday, 29th September</td>
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<td>NA</td>
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<td>29</td>
<td>Seminar on SEBI circular on Enhanced Supervision Demystified and Other Compliance related Matters</td>
<td>Thursday, 26th October</td>
<td>BSE International Convention Hall</td>
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<td>BSE Ltd.</td>
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<td>30</td>
<td>Seminar on SEBI circular on Enhanced Supervision Demystified and Other Compliance related Matters</td>
<td>Friday, 7th October</td>
<td>Mahamana Malaviya Mission</td>
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<td>31</td>
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<td>Friday, 14th October</td>
<td>Ahmedabad Management Association</td>
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<td>33</td>
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<td>15-16th October</td>
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<td>34</td>
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<td>Tuesday, 18th October</td>
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<td>36</td>
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<td>37</td>
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<td>Thursday, 3rd November</td>
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<td>38</td>
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<td>Seminar on New Horizon in the New Arbitration Age: A case for Case Management in Arbitration under the Amended Arbitration Act</td>
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<td>2nd BSE Bull Run Marathon 2017</td>
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<td>Bombay Stock Exchange</td>
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<td>Wednesday, 1st February</td>
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<td>BSE International Convention Hall</td>
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<td>48</td>
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<td>Wednesday, 22nd February</td>
<td>BSE International Convention Hall</td>
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<td>NA</td>
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<td>49</td>
<td>Seminar on SFO</td>
<td>Friday, 30th March</td>
<td>NSCI Club</td>
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<td>Wednesday, 15th March</td>
<td>BSE International Convention Hall</td>
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BBF - war footing to spread Financial Inclusion and Financial Literacy: BBF in its initiation to spread Financial Inclusion and Financial Literacy has undertaken an ambitious project wherein capital market related seminars are conducted at Pan India level covering educational institutions, B-schools and colleges. The objective is to get retail investors back into the market so that the depth of Indian market increases and the base of retail investors become large - this would benefit the capital market in general and broking fraternity in particular. BBF has been playing the role of a catalyst in developing the Indian Capital market by spreading the required knowledge and knowhow to investors, students and capital market intermediaries. Institutions like IIM - Ahmedabad, IIM - Indore, Symbiosis - Pune (to name a few) are some of India’s top B-schools who have benefitted from BBF initiative.
BBF - INVESTOR EDUCATION AND AWARENESS INITIATIVES

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APRIL 2016 - MARCH 2017

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FORUM VIEWS - APRIL 2017

FORUM VIEWS - MARCH 2017

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<td>Thu</td>
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<td>Mithibai College</td>
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The session was very knowledgeable and insightful. Dr. Aditya Srinivas is an excellent speaker and knows his subject well. He covered every facet of Capital markets, role of Capital markets in bolstering Indian economy and how to regain retail investor confidence in equity markets. The session was very well structured wherein Dr. Srinivas provided ample amount of time for a productive participation from the audience as well as delivered his talk covering the topic in great detail. We thank Dr. Srinivas for visiting IIT and interacting with the student community and look forward for a cordial relationship.

Gautam Babbar Capital - The Finance and Investments Club Indian Institute of Foreign Trade (IIFT), Delhi School of International Business

On behalf of the entire fraternity of SIMSR, I would like to express deepest gratitude for visiting our institute and sharing your knowledge & opinions on the topic: “Current Development in Economy and Capital Market”. Your willingness to share your time and expertise was the key to the success of the event. Your ideas certainly generated interest among the students and gave them the clarity on Current Development in Economy and Capital Market in India, which is evident from the great response received from students. It was a privilege for all of us to hear your views and ideas. We are hopeful to get another opportunity to interact with you in the future.

Dr. Reena Mehta K.J. Somaiya Institute of Management and Research

It was a pleasure listening to you on the key macroeconomic topics here at Department of Management Technology, RCodem. All the faculty members highly appreciated your efforts and the students were very happy as a lot of doubts were cleared. Thank you once again. Looking forward to similar interactions.

Saroj J Prasad Asst. Professor PIMR, Indore

We express our gratitude and thank you for the session you have taken for our students. Our students have immensely benefited from your knowledge sharing about the practical aspects of the stock market. We would like to state that your session has given them insight about the working of the market and its dynamics which will be useful to them in the corporate world. Your visit has added a dimension to the knowledge of our students, and we are immensely grateful to you for this matter. We look forward to a long association with the Forum and you, and also to many more visits and encounters with our students.

Prof. Jayanta Sengupta Kaziranga University, Assam

The session on the Indian Economy and Capital Market, was very much appreciated by the students since the lecture gave lot of insights on the working of the economy with many statistical figures. You have explained with simple examples and also related theory with practical aspects. We are grateful to the Forum for arranging this session and we look forward to conducting several such sessions.

Sonal Manchanda Principal Incharge Shri Gupta Gaonkar Memorial Goa Multi Faculty College

It gives me a great pleasure to put on record that Dr. V. Aditya Srinivas delivered a talk titled “An Overview of Indian Capital Market and Indian Economy” and addressed our students and staff. The talk was very well received and the audience found it extremely useful both as management students and retail investors. We thank the BSE Broker’s Forum for arranging the event.

Arti Chandani Asst. Professor Symbiosis Institute of Management Studies (SIMS), Pune

At the outset we are very much thankful to the BSE Brokers’ Forum and you for your kind support and cooperation in jointly conducting a one day Faculty Development Programme (FDP) on “International Capital Markets” at our institute. We are sure that this FDP will be of great use and relevance to the faculties of our institute. We also take opportunity to thank Mr. Vispi R. Bhathena, CEO of BSE Broker’s Forum for deputing Dr. Aditya Srinivas for conducting the FDP. We hope to have such association with your esteemed organization in future also.

J. M. Kapadia Director Luthera Institute of Management, Surat

The session on Indian Capital Market and Indian Economy was very much appreciated by the students since the lecture gave lot of insights on the working of the economy with many statistical figures. You have explained with simple examples and also related theory with practical aspects. We are grateful to the BSE Broker’s Forum and you, and also to many more visits and encounters with our students.

Dr. Arvind Bhand St. Xavier’s College

On behalf of the entire fraternity of SIMSR, I would like to express deepest gratitude for visiting our institute and sharing your knowledge & opinions on the important topics like “Overview of Budget, Indian Economy and the Career Opportunities”. Your ideas certainly generated interest among the students and gave them the clarity in terms of Budget, Indian Economy, FDI, FIIs, Investments, etc. which is evident from the great response received from students. The students gave a very good feedback and they rated the guest lecture as “Excellent”. We thank the BSE Broker’s Forum for the same.

Manas Chakravarty Dean United World School of Business, Ahmedabad

We extend our gracious thanks for conducting the guest lecture on “Indian Capital Market - Indian Economy” for our students. Dr. V. Aditya Srinivas is an excellent speaker and knows his subject very well. He covered every facet of Capital Markets, role of Capital markets in bolstering Indian Economy and how to regain retail investor confidence in equity markets. At the end of the session, there was a very good question and answer round, where the speaker solved the student’s queries. The students gave a very good feedback and they rated the guest lecture as “Excellent”. They also requested forum to conduct more such sessions. The guest lecture was well appreciated by everyone. We thank the BSE Broker’s Forum for the same.

Ms. Koel Roy Choudhury BFM - Coordinator SIES College of Arts, Science & Commerce

The session on the Indian Economy and Capital Market, was very much appreciated by the students since the lecture gave lot of insights on the working of the economy with many statistical figures. You have explained with simple examples and also related theory with practical aspects. We are grateful to the Forum for arranging this session and we look forward to conducting several such sessions.

Ms. Koel Roy Choudhury BFM - Coordinator SIES College of Arts, Science & Commerce
It gives me immense pleasure to thank the BSE Brokers’ Forum for their cooperation and assistance in educating our students during educational visit to BSE/BBF. Our students felt enriched with your expertise in lecture and practical participation in the session. We look forward for same consideration and cooperation in future from you concern.

Dr. Shaik Melmood Hasan
Principal
HOD - Business Economics
Akbart Peerbhoy College of Commerce and Economics

We would like to express our sincere thanks for taking session on Indian Economy and Capital Markets. Also extend our gratitude to the BSE Brokers’ Forum for arranging this session and providing resources. The department of Mathematics and Statistics is grateful for the valuable guidance to our students. Looking forward to your contribution and continued association in our future endeavours.

Dr. Sangeeta Kohli
Principal
S K Somaiya Degree College of Arts, Science And Commerce, Mumbai

On behalf of the BSE Brokers Forum, thank you for sparing your valuable time to be with us. Your session on microeconomics indicators and stock market operations was very well appreciated. It was very informative and good learning to our students. We are grateful to you and hope you will continue to be associated with us.

Sangeeta Pandit
HOD Finance
Sydenham Institute of Management Studies, Research and Entrepreneurship Education, Mumbai (SIMSREE)

We take this opportunity to thank Dr. V. Aditya Sinivas (BSE Brokers’ Forum) for taking session on Global Economy. Our students were indeed delighted with the same.

Dr. Vivek Ranga
Dean & Campus Head
IBS Business School
Ahmedabad

We thank you again for your hospitality & professionalism in conducting such a session.

Dr. Ch. Bala Nageswara Rao
Director
Saveetha School of Management, Chennai

We take this opportunity to thank our BFM students visit at your institution. Your institution is really impressive. The students back here were really excited in sharing the experience with us. We always believe in learning through exposure. The live terminal session helped them to understand the operational activities of stock markets. We are looking forward to provide such opportunity to all our commerce students on various topics. And hope to visit your institution or make an industrial visit again sometime. We thank you again for your hospitality & professionalism in conducting such session.

Dr. Sharda Shriyan
Principal
LN College, Mumbai

On behalf of the Institute for Future Education, Entrepreneurship and Leadership (IFEEL), Lonavala we sincerely thank BSE Brokers’ Forum for taking session with us and welcoming atmosphere - we all got to enjoy at the Bombay Stock Exchange / BSE Brokers Forum. Thank you for your kind gesture of sparing sometime and sharing your knowledge with students and teachers of IFEEL.

Prof. Gaurav Rathod
Asst. Professor
Institute for Future Education, Entrepreneurship and Leadership (IFEEL), Lonavala

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Prof. Gaurav Rathod
Asst. Professor
Institute for Future Education, Entrepreneurship and Leadership (IFEEL), Lonavala

We appreciate the time you took out of your busy schedule to join us and thank you for sharing your expertise lecture and practical participation in the session. We look forward to your continued association in our future endeavours.

On behalf of the Institute for Future Education, Entrepreneurship and Leadership (IFEEL), Lonavala we sincerely thank BSE Brokers’ Forum for their kind gesture of delivering good session.

Dr. Sangeeta Kohli
Principal
S K Somaiya Degree College of Arts, Science And Commerce, Mumbai

I thank you for the valuable inputs you have sown on young minds. You have motivated them so much that continued talking about our visit. Showing interest, guiding them in the right direction and getting them focused will always enable the younger generation to achieve what they want. I thank you for being role model for them.

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BSE BROKERS’ FORUM (BBF) PATRON WRITERS

BSE BROKERS’ FORUM (BBF)

INTERNATIONAL

TOURISM BOARD

• Logo placement in alphabetical order

APRIL 2016 - MARCH 2017

APRIL 2016 - MARCH 2017
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*Logo placement in alphabetical order*
International Conference on Finance and Economics
“Emerging Trends in Applied Finance and Business Economics”
May 20, 2017
at
IBS Business School, Pune

Knowledge Partners
National Institute of Securities Markets (NISM) and BSE Brokers Forum

Conference Chairpersons
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Theme of the Conference
India, a transition economy, has undergone several structural reforms to develop market based institutions. Economic liberalization, brought about by market forces at play has led to the removal of trade barriers, encouraged privatization, restructured businesses. All these financial and economic reforms have led to macroeconomic stabilization and mobilized private capital.

This conference aims at bringing scholarly works in these areas wherein the participants will get a platform to share their existing work and collaborate with others for undertaking research. The conference invites papers, both theoretical and empirical, in areas which include, but are not limited to:

- Financial theory
- Banks and banking services
- Financial markets
- Risk management
- Public finance
- Financial and monetary integration
- Behavior of crude oil/metals prices
- Financial bubble
- Financial market microstructure
- Central banks and monetary policy
- Regulation and supervision in financial sector
- Non-banking financial institutions
- Financial econometrics
- Corporate finance and financial management
- Behavioral economics/finance
- Economic / financial crisis
- Financial engineering
- Stochastic control and investment

The themes are indicative and not exhaustive within the areas of Applied Finance, Banking, and Economics.

Important Dates
Extd. Date for Submission of Abstract, February 28, 2017
Last Date for submission of Full Paper, April 3, 2017
Last Date for Registration, May 1, 2017
Notification of Acceptance of Abstract, March 6, 2017
Notification of Acceptance of Paper, April 14, 2017
Conference Date, May 20, 2017

For more information: http://ibsindia.org/ibs-pune-international-conference-on-finance-economics/
The World Bank estimated that the Indian growth is decelerated to a still robust 7 percent, with continued tailwinds from low oil prices and solid agricultural output partly offset by challenges associated with the withdrawal of a large volume of currency in circulation and subsequent replacement with new notes.

1. Ease of doing business is the key theme of the government. How does SEBI try to contribute in the exercise?

On the ease of doing business, where India is ranked 130 out of 190 countries, and steps that SEBI is taking to make things better, it is observed that India already ranks much better globally when it comes to the regulatory framework and steps required to protect the minority investors. On October 29, 2014 the World Bank released a report titled ‘Doing Business 2015 Going Beyond Efficiency’. It is observed from the report that India ranks 7 in respect of minority investor protection, while the India’s rank in these parameters stood at 49 in 2012. Some of the major initiatives undertaken/proposed by SEBI in this direction are summarised as below:

- One of the major tasks of the securities market is to help raise investible resources for the industry. Towards this end, SEBI has taken several initiatives. The recently established framework of REITs and InvITs will help unlock a large volume of capital tied into real estate and infrastructure projects.
- Easing the operational requirements in registration of intermediaries, SEBI allowed a single registration process for stock brokers and clearing entities that allows them to operate across stock exchanges. The new requirements will ease the cost burden and also avoid duplication of the registration process. For a registered entity, trading in different segments will also be easy as now a direct exchange/clearing corporation approval may be sought.
- Existing primary markets have been made more progressive. Measures such as a framework for e-IPO endeavor to reduce the gap between closure of an issue to listing/trading to as little as six days from the existing 12 days.
- To aid companies with high growth potential in raising capital, SEBI set up a separate dedicated platform for the listing and trading of SME securities. The platform is for small and medium sized companies whose post-issue paid up capital is less than or equal to `25 crore.
- SEBI allowed mutual fund distributors to use the infrastructure of recognised stock exchanges to purchase and redeem mutual fund units directly from mutual funds/AMCs on behalf of their clients.
- Having recognized that state municipalities play a major role in creating infrastructure and the concomitant need for an active municipal bond market, SEBI has announced the norms for municipal bonds in India.
- Recognising the problems faced by banks in ever growing NPAAs, SEBI assisted the Reserve Bank of India in formulating structure and restructuring of Debt Scheme, whereby banks can acquire equity in lieu of debt. On its part, SEBI liberalized its regulatory framework so as to facilitate successful implementation of the scheme.
- A decision to set up a special court was taken to hear cases filed by SEBI to enable fast track prosecution and recovery proceedings against the defaulters and get the investors their money back expeditiously.
- Setting up a facility for online registration of intermediaries.
- Budget announcement regarding the common application form for FPIs (single window clearance) instead of multiple application forms viz. FPI registration Form A, KYC form for opening Bank/Demat Account, PAN application form 49AA etc.
- To facilitate the opening of bank and demat accounts, and issue of PAN for Foreign Portfolio Investors (FPIs).
- vide SEBI circular dated January 04, 2017, FPIs proposing to operate in IFSC to be permitted without undergoing any additional documentation and/or prior approval process.
- Introduction of an online system for investment advisers and research analysts to promote ease of operations in terms of e-registration, compliance reporting, etc.
- To facilitate “ease of doing business” for market intermediaries, SEBI decided to grant permanent registration in lieu of intermediary’s category to brokers, clearing participants, investment advisers, research analysts and other categories of market intermediaries.

2. The retail investors figure has not touched 3 crore (s) through years of efforts by all stakeholders - your views?

Investors are the bedrock of capital markets. The primary mandate of SEBI is to protect the interests of investors in securities markets. SEBI’s investor protection mandate as stated in Section 11 of the SEBI Act provides for a three pronged strategy: proactive investor protection measures and enforcement, investor grievance redressal mechanisms and investor awareness programmes.

As per the mandates laid down by IOSCO, One of the key mandates of securities markets regulators, which extend beyond their supervisory function, is to inspire confidence, strengthen infrastructure and improve participation rates in the securities markets. To socialize the gains from corporate profits and mobilize dormant household savings, the government and government supported bodies need to reach out and educate a wider populace about options available in the securities markets.

Additionally, smoothly functioning securities markets strengthens the economy and development and its consequences go far beyond the positive effects seen from an improved banking system alone. According to a recent World Bank policy research paper, “as economies develop, the marginal increase in economic activity associated with an increase in bank development falls, while the marginal boost to economic activity associated with an increase in securities market development rises”.

A number of studies and surveys indicate that a very small proportion of Indian population invests in securities market while countries with matured stock markets have participation rates of around 50 percent. To examine, rationalize and potentially bridge this gap, SEBI had conducted a SEBI Investor Survey 2015 which attempts not only to measure investor behaviour and preferences but also methodically scrutinize non-participation in the securities markets. SEBI Investor Survey 2015 (SIS 2015) is the fourth in a series of periodic studies conducted or sponsored by SEBI to quantify actions and perceptions of retail investors. This iteration of the study has the largest breadth and depth.

Using a bootstrapping methodology to project the total investor households using distinct projection values for rural and urban surveys, by state, it was estimated that there were a total of 3.37 crore investor households in India. Of these, 70 percent (2.37 crore) reside in urban areas while the other 3 crore were rural households. According to the previous survey conducted by SEBI in 2011, the estimated number of investor households in India was 2.45 crore (1.52 crore urban and 92.7 lakh rural households).

The survey report is in finalisation stage and will be soon in public for the use to SEBI, stakeholders in the securities market, policy makers, members of the academia and the financial sector as a whole.

3. C-KYC and KRA are key initiatives for market development - your views?

C-KYC refers to Central KYC (Know Your Customer), an initiative of the Government of India. The aim of this initiative is to have a structure in place which allows investors to complete their KYC only once before interacting with various entities across the financial sector. C-KYC (Central Registry of Securitization Asset Reconstruction and Security Interest of India), which is authorized by Government of India to function as the Central KYC Registry (C-KYCR). The objective of C-KYCR is to reduce the burden of producing KYC documents and getting those verified every time when the investor deals with a financial entity for the first time. Thus, C-KYCR will act as centralized repository of KYC records of investors in the financial sector with uniform KYC norms and inter-usability of the KYC records across the sector.

C-KYC compliance got applicable for investments received from February 1, 2017 onwards. It is expected to be of great help to financial institutions and customers who have to undergo KYC multiple times across different financial institutions. Further, C-KYC will ensure uniform KYC process across all financial institutions and significant cost savings for financial institutions and customers. SEBI would appropriately implement the same for securities markets intermediaries once the revised template is finalised by CERSAI and the operational instructions are put in place for the same.
investment in mutual funds?

4. Your views on the increased participation of retail investors in mutual funds, the fastest growing and most competitive segments of the industry has been, and remains, one of the significant issues for mutual fund managers. The Indian mutual fund industry has witnessed a constant growth and it increased by nearly ` 6.41 lakh crore in last five years.

Harmonization of KYC across the SEBI regulated intermediaries is a path breaking initiative of SEBI. It is aimed to eliminate duplication of KYC efforts which a customer has to undergo while dealing with multiple intermediaries like Mutual Funds, PMS, PE Funds, Brokers, etc. The KRA (Know your Regulator) system of the KRA (Know your Regulator) coalition (KRA) maintains KYC records of the investors centrally, on behalf of capital market intermediaries registered with SEBI, eliminating the need to repeat KYC. SEBI had introduced the KRA regulations in 2011 and the 5 KRAAs registered with SEBI are also functioning quite well.

Hitherto, investors had to complete a KYC process as and when they interacted/ opened an account with any SEBI Registered Intermediary like a DP, Mutual Fund, broker etc. and submit the relevant KYC documents, requirements of which may vary from intermediary to intermediary. This lead to duplication of effort. With an aim to eliminate such duplication of the KYC process for investors and to have a uniform KYC process across SEBI registered intermediaries, SEBI introduced the concept of KYC Registration Agency (KRA). This enabled an investor to invest/trade through various intermediaries, after undergoing the KYC process only once through any intermediary. Additionally, any subsequent changes in investor/static/demographic information of an investor across various SEBI registered intermediaries can be made by giving a single request to the KRA through one of the registered intermediaries.

KRA not only prevents duplication and inconvenience to investors, it also enables a single point change management. Further, intermediaries need not collect KYC documents from KYC compliant clients, thus eliminating the need to collect and store the same. Inspection would be on the basis of scanned images, which would simplify compliance with KYC requirements.

4. Your views on the increased participation of retail investors in mutual funds?

As a class of domestic institutional investors, mutual funds play an important role in ensuring corporate governance in listed companies. To increase transparency and encourage mutual funds to diligently exercise their voting rights in the best interest of unitholders they are required to disclose voting data along with rationale supporting the decision on a quarterly basis on their websites.

While all these reforms have invigorated and energised the mutual fund industry, the potential for the future is much larger. There is immense scope for unprecedented growth of the mutual fund industry, the potential for the future is much larger.

While these efforts will go a long way in enhancing the reach of mutual funds, SEBI further made available to the public printed literature on MFs in regional languages in consonance with its broader investor education initiatives. Mutual funds were also encouraged to introduce investor awareness campaigns, both in print and electronic media and in regional languages.

Further regulatory reforms undertaken by SEBI include the introduction of mandatory stress testing of Liquid Fund and Money Market Mutual Fund (MMMF), schemes, modification in the peccy of demat accounts and labelling in mutual funds, relaxation of restrictions on managing/advising of offshore pooled funds by domestic fund managers, tightening of exposure limits on investments by mutual funds, and enhancement of scheme related disclosures. To enhance the reach of mutual fund products amongst smaller investors, who may not be tax payers and may not have PAN/bank accounts, such as farmers, small traders/businessmen/workers, it was decided that cash transactions in mutual funds to the extent of ` 50,000 per investor, per mutual fund, per financial year.

As per World Bank's latest report, stagnant global trade, subdued investment and heightened policy uncertainty are expected to unleash a wave of uncertainty, resulting in a surge in gold prices.

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When it comes to responsibility towards the society, corporate governance and ethics, BSE leads by example.

1. BSE Ltd. - the road ahead for retail investor’s participation in the Indian capital market?

Retail investors prefer long term stable products while the markets have in the recent past have trended towards speculative short term products like futures and options. The enticement of speculative products is not sustainable in the long term. Losses in speculative trading causes investors to totally exit markets totally. Consequently retail participation in capital markets in India through direct as well as managed routes (such as mutual funds) is low.

Retail investors constitute only approximately 13% of the stock ownership in India. The number of Demat accounts in India is less than 10% of the number of banking accounts. This indicates a strong potential for participation by retail investors in Indian capital markets. The evidence of the need of retail investors can be gauged from the rising trend of measures such as financial literacy, simplification of KYC norms, creating transparent platforms focused towards retail investors. It is expected that retail investor participation in India will continuously grow.

2. BSE’s enhanced responsibility towards society after the mega success in its IPO?

When it comes to responsibility towards the society, corporate governance and ethics, BSE leads by example. BSE commenced its transformation journey about a decade back when we decided to corporatize and demutualize the Exchange. Within a few years, a professional management was inducted such that the ownership and management are separated. We have transformed from being a broker run institution to a professionally managed one. Since then, BSE has grown immeasurably in terms of transparency by behaving like a listed company. BSE guidelines, financials and other information has been publicly available for past several years. The Board and Management have worked jointly to ensure that Exchange is regarded a role model for Investor protection, strong Governance standards and Compliance. The strong Listing of the Exchange is a reiteration of investor recognition of BSE’s contribution to Society and Capital markets. Needless to say, listing imposes upon us greater responsibility to continue on the path of governance and compliance. The company accords the highest priority to transparency in its dealings and its governance norms. Being listed only reemphasises the needs for continual and renewed focus on governance and protection of shareholders and client interest.

3. BSE Ltd. - foray into the International Financial Exchange - its future prospects?

It is recognised that current and capital account flows invariably involve International Financial Services (IFS) transactions. The 2007 report of the Percy Mistry Committee set up by the finance ministry had estimated even under conservative assumptions, purchases by Indian households and firms of IFS could exceed US$120 billion by 2025. With the launch of INDIA INX, the country’s first international exchange at Gujarat International Finance Tec City (GIFT) in Gandhinagar, the country is set to leapfrog on the global financial services sphere. The International exchange will trade for 22 hours a day and will allow foreign investors and non-resident Indians to trade on the products listed on the exchange. It is an important milestone not just for GIFT City, but for India in creating 21st century infrastructure. The facility will mark the onset of a new era in the country’s financial sector by facilitating trading in commodities, equities, masala bonds etc since it would be catering to both the eastern and the western markets. The vision of IFSC and an exchange registered therewith is to get the offshore business back to India and it is expected that the IFC will help bring US$ 1-3 trillion investments in the next 10-15 years.

4. One of the key strengths of BSE is it technology - your views on the same?

In today’s marketplace there is an insatiable demand for real time information and thus the role of technology becomes so critical. Technology has enabled availability of a bouquet of services on our fingertips. It has also provided a link between customers, regulators and other institutions to transact faster and in a secured manner. It has helped us achieve scale, speed, and market reach at a low cost. At 6 microsecond, BSE has become the fastest exchange in the world thus ensuring better price discovery by increasing the speed of trading manifold. At the same time with various mobile based applications technology has helped us to reach virtually every corner of the country. It has enabled citizens living in remote locations of the country to participate in the capital markets. While Exchanges have traditionally followed broker model, harnessing new technology has helped it connect to Distributors in the Mutual Funds Segment. BSE Star MF platform is India’s leading platform for mutual funds distribution and is accessible “anytime” from “anywhere” thereby transforming the industry. The platform is connected to all the stakeholders required for transaction processing i.e. AMMs, RTAs, and Depositories with clearing banks at backend and a single interface to Mutual Fund Distributors. Low cost technology solutions is a strategic tool used by BSE to attain leadership role in any new product or market.

5. Outlook on the Indian stock market for the next 5 years?

Financial savings in India totalled approximately US$ 0.5 trillion as of 2015, comprising approximately 56% of bank deposits and only 7% of investments in direct equities. Thus, within financial assets, majority of household savings in India are currently in the form of cash and deposits (approximately 60%). Our savings have been concentrated in gold and real estate. This in sharp contrast to developed economies where households rely on a mix of equities, pension products, insurance and other financial products. As financial literacy levels improve and per capita savings increase, the allocation of savings into more sophisticated products such as insurance, mutual funds and direct equities is expected to increase. The Indian Government has also offered tax breaks and financial schemes to encourage savings. We believe that our efforts in this regard align with the efforts of the Indian government.

India remains an attractive investment destination for foreign investors. A number of government initiatives focusing on enhancing attractiveness of India as an investment destination have been launched recently. It is expected that continued FII flows into India will be a key driver of growth in the medium term. While cash equities will be the key driver of growth in coming years, other asset classes including currency, interest rate and commodity derivatives, bonds and ETFs are also expected to witness a strong growth.

Asset management industry has achieved a critical mass both in terms of size and number of investors participating. With Assets of IMR 10 lakh crore spread over 54 million accounts Mutual fund inflows have developed the ability to counterbalance foreign investment outflows. This has helped achieve market stability. This was evidenced in the market stability observed during demonetisation. New players like EPFO and Pension fund will support long term market stability.

Recent Government focus on reviving bond markets and encouraging Corporates to tap capital markets for bonds will also help create a Liquid bond market. BSE BOND platform has raised about INR 165,000 crores in past 8 months with a market share of 70%.

6. Technology as tool for financial inclusion post demonetization?

The recent Government action of demonetization is a significant step to move India to a ‘less-cash’ economy in

amounts Mutual fund inflows have developed the ability to counterbalance foreign investment outflows. This has helped achieve market stability. This was evidenced in the market stability observed during demonetisation. New players like EPFO and Pension fund will support long term market stability.
the near term and potentially a 'cash-less' economy in the medium term. Exchanges have been cash less for a long time. In that sense there is no direct impact. The impact of demonetisation will primarily impact the cash products like gold and real estate. Directionally, we can expect that demonetisation may lead to attractive growth opportunities for exchanges in India as investors shun cash products and move towards financial products like mutual funds. Some potential drivers that may support capital markets growth include greater allocation of household savings towards financial assets and adoption of digital payment mechanisms for financial as well as non-financial transactions.

7. Role of the stock exchanges in job creation and financial inclusion; your views?

A stock exchange is a catalyst for nation building and not just a trading platform. BSE with its 140 year old history has been at the forefront to support the Government initiatives to create more employment and skilling India. A vibrant capital market is a large job creator with the number of intermediaries required to support each trade. The Exchange ecosystem supports various intermediaries’ brokers, sub brokers, broker branches, Corporates, banks, depositaries, depository participants, custodians and investors. Some of these like Corporates, Banks, Depositories, Mutual funds, FIs etc. are further ecosystems within this. The number of touch points for each trade viz. Sales, Research, Trader, Back office, Exchange, Clearing Corporation, Banks, Depositories, besides ancillary touch points like IT, Accounts, Compliance, Legal etc. translates into 10-15 formal persons required for a trade. Adding informal persons involved like couriers, printers, website and mobile developers etc., the scale of employment magnifies much higher. It would be correct to state that we are a large employer if not the largest, as an ecosystem.

Further, the valuations which are arrived on stock exchanges create the vibrancy required for new fund raising by corporates and subsequent economic activity including asset creation. This results in further employment. An example is the SME sector in India which is the largest job creator and is amongst the biggest contributors to the GDP. BSE SME segment has supported small entrepreneurs to grow from family businesses into contributors to the GDP. BSE SME segment has supported the largest job creator and is amongst the biggest employment. An example is the SME sector in India which is including asset creation. This results in further raising by corporates and subsequent economic activity.

Exchanges used to be venues for only trading shares. Over a period the products have increased to include bonds, gold, commodities, mutual funds, REITs etc. The day is not far when all possible financial products will be available on exchanges creating a single window for financial inclusion. Investors can buy a single unit of any asset class like shares, mutual funds etc on the Exchange.

8. Government as a Business Facilitator rather than Regulator - your views on the Governments’ role in the Economy?

Post-independence, India experimented with a ‘socialist mixed economy model’ with the state retaining control. The Government tried to control private sector activity through a web of controls such as licensing and quotas in regard to intermediate goods imports and outputs. Such controls were complemented by high tariff walls. Thus, the Government was not only a producer and regulator of strategic and important goods and services, it also exerted direct control over the output, and sometimes even associated prices, of private sector activity.

But now this trend is changing. The Government has undertaken various steps to implement regulatory reforms in the country. This includes the removal of controls and simplification of rules and procedures so that the government becomes a facilitator instead of a ‘regulator’. Some important initiatives in this regard include Compulsory licensing limiting to a few industries. Simplification of registration procedures, cuts in tariffs to liberalise trade, streamlining and rationalising of tax structure, permitting foreign investors and private players in almost all the sectors and strengthening of public grievance redressal system.

9. Indian economy is marching towards higher growth trajectory - your views on the same?

India’s US$2.2 trillion economy makes it the seventh largest in the world in terms of nominal GDP and we expect this figure to increase multifold in the coming years. Going forward, the outlook for Indian economy remains strong. This strong outlook is driven by a number of factors which include removing structural barriers for industry and continued policy reforms, with a thrust on reviving manufacturing and ease of doing business. There have also been numerous policy initiatives undertaken to continue this strong pace of growth like increased public spending in infrastructure, passage of Goods and Services Tax, focused efforts to improve ease of doing business, launching of industrial corridors, initiatives such as ‘Start-up India’, ‘Make in India’, ‘Skill India’, ‘Digital India’, ‘India Stack’. These efforts are likely to serve as a catalyst for growth in the Indian economy. Numerous independent agencies estimate Indian economy to grow at 7-8% (real GDP terms) over the next few years. This trend is likely to continue beyond the next 5 years and we expect India to become the 3rd largest economy in the world by 2030, with GDP tripling to about US$7 trillion.

10. High Frequency Trading, Algo-trading are new forms of trading - your views on their economic value addition in the society?

Trading decisions have always been based on the speed of information processing. It is said that about a century back when cotton trades would happen the traders would send their ships to get early information on the business. With advent of technology ways and means of information gathering and processing have changed, the decision making time has reduced to micro to nano seconds. HFT and Algo Trading has grown substantially over the past 10 years. It now accounts for almost 55% of trading volume in U.S. equity markets, 40% in European equity markets and 40-45% of cash and derivative markets in India.

The advent of cheap and fast technology has spawned the growth of HFT and Algo. However, given the scope for misuse, it has also raised policy issues relating to investor protection, fairness in access, transparency, and risks etc. which are global in nature. Every large regulator is assessing these products. Hence it is important that there are appropriate regulations, checks and balances to ensure a fair and transparent market, which is the primary role of Exchanges.
trading on 16th January 2017 with two Equity Index \( \text{SEXSEX} \) & \( \text{SEXSEX50} \) derivatives and five global single stock futures Apple Google, Facebook, Microsoft and JP Morgan India INX is awaiting SEBI’s approval for launching currency derivatives, commodity derivatives and equity derivatives products.

3. Indian as an International Financial Centre will have to compete with rest of IFC in Asia and world - your views?
   Firstly, the technology is different. The technology used at India INX is the fastest in the world with response time of four microseconds. The closest is BSE, with six microseconds and Singapore exchange is a distant third with 60 microseconds.

   Secondly, with its robust technology infrastructure, it has more capacity than other global exchanges. So, there will be many more instruments available for trading.

   Third thing is the cost, which is phenomenally low as compared to other exchanges in terms of transaction charges, setting up of a company, cost of operations which is a fraction of amount spent at other international hubs Dubai, Abu Dhabi, Singapore or Hong Kong.

4. US Economy on recovery path, would foreign investors come to India and what future products would be available for trading?
   India’s US$2.2 trillion economy makes it the seventh largest in the world in terms of nominal GDP and we expect this figure to increase multifold in the coming years. Going forward, the outlook for Indian economy remains strong. This strong outlook is driven by a number of factors such as continued policy reforms, thrust on revising manufacturing, close monitoring of inflation targets and so on. There have also been numerous policy initiatives undertaken to continue this strong pace of growth like increased public spending in infrastructure, implementation of Goods and Services Tax, focused efforts to improve ease of doing business, launching of industrial corridors, initiatives such as ‘Start-up India’, ‘Make in India’, ‘Skill India’, ‘Digital India’, ‘India Stack’. These efforts are likely to serve as a catalyst for growth in the Indian economy. Numerous independent agencies estimate Indian economy to grow at 7-8% (real GDP terms) over the next few years. This trend is likely to continue beyond the next 5 years and we expect India to become the 3rd largest economy in the world by 2030, with GDP tripling to about USD 7 trillion.

   India INX will be a gateway to raise capital for the country's infrastructure and development needs. With the basket of competitive advantage in terms of tax structure and supportive regulatory framework which include exemptions from security transaction tax, commodity transaction tax and long term capital gain tax waivers as well as waiver from income tax levy for the first five years

   India INX will provide foreign investors a great opportunity to invest.

5. Ease of doing business still challenge in our economy - your views to improve this?
   India’s economic liberalization started in 1991, however licensing and involvement of multiple agencies and levels in approval process continues to exist. By introducing various policy measures like removal of FIPB approval for foreign direct investments, bringing more sectors under automatic route for foreign investors, increased public spending in infrastructure, implementation of Goods and Services Tax, focused efforts to improve ease of doing business like single window system for approval, in launching of industrial corridors, initiatives such as ‘Start-up India’, ‘Make in India’, ‘Skill India’, ‘Digital India’, measures to alleviate red tape in approvals, these efforts are likely to serve as a catalyst to improve ease of doing business in India.

6. Process for International Arbitration at the International Finance Centre?
   International Financial Centres (IFC) follows International arbitration mechanism and GIFT IFSC has already entered in to memorandum of agreement with Singapore International Arbitration Centre (SIAC) to offer arbitration and commercial dispute resolution to companies in GIFT IFSC. Therefore GIFT IFSC Exchange and members and clients are permitted to services of any approved International arbitration centre. SEBI in its guidelines for functioning of stock exchanges and clearing corporations, 2016 stated that market participants in GIFT IFSC exchange shall avail the arbitration, mediation and other dispute resolution mechanisms offered by International Arbitration Centre in IFSC to resolve securities market-related disputes.

7. How would job opportunities be created at the International Finance Centre and at India INX?
   The Government is committed towards youth empowerment, through enhancing quality of education, funding higher education and upskilling the Indian youth. The Skill India programme with various initiatives is aimed specifically at enabling India’s youth to upgrade their skills. With these initiatives, it is clearly up to the institutions to encourage and drive the issue of job creation for our youth as government alone cannot be expected to shoulder this responsibility.

   A stock exchange like must act as a catalyst for nation building not just as a trading platform. India INX has been at the forefront to support the Government initiatives to create more employment and skilling India.

   Moreover, GIFT IFSC is conceptualized as a global Financial and IT Services hub, a first of its kind in India, designed to be
The retail investor can invest in equities traded on exchange to the extent of LRS scheme by RBI. However, they are refrain from participation in any derivative products offered by exchange. Market participants and stakeholders are asking regulators to permit using LRS scheme facility in derivatives trading on the GIFT City based international exchange.

V. Bala is the founding Managing Director and Chief Executive Officer of India International Exchange IFSC Ltd (India INX), the first international exchange from India in GIFT City International Financial Services Centre Special Economic Zone which started its operations from JAN, 2017 and a wholly owned subsidiary of BSE (Asia’s first stock exchange). He also holds board position in the following organisations:

1. Central Depository Services (India) Limited - Depository,  
2. BSE Institute Limited - Education business,  
3. BSE Sammaan - CSR Exchange and  
4. India International Clearing Corporation IFSC Limited.

Prior to this, he was the Chief Business Officer of BSE heading the business development encompassing all business segments viz. Equities, Equity Derivatives, Debt, Interest Rate Futures, Currency Derivatives, Mutual Fund Distribution platform and SME platform. In addition to the markets business, he was also responsible for the listings and data business of BSE and managing the entire trading operations and membership operations.

He has over 25 years of experience in the Capital Markets industry and has previously worked with Reliance Group as Vice President and was also a co-founder of Marketplace Technologies Limited which was acquired by BSE.

He was also part of the core team involved in setting up the National Stock Exchange of India. He was instrumental in creating the Capital Market segment, Nifty Index creation, setup of NSCCL as the first clearing corporation in India, NPM certification creation and the Futures and Options segment in 1990.

He has Masters in Commerce from the University of Mumbai, Rank holder from the Institute of Cost Accountants of India, Diploma from Institute of Chartered Financial Analysts of India and is a Certified Information Systems Auditor.

GIFT City is operational as various financial institutions, Banks, Exchanges and IT/ITeS companies are operating from the city. Currently around 3500 people are working in GIFT City and it is expected that by 2018 the employment will reach around 10,000 people. In GIFT IFSC Banks, insurance companies, stock exchanges, capital market intermediaries and insurance broking companies are established or in the process of setting their units. These institutions will provide employment for large number of people directly and indirectly.

8. When would the Indian resident allowed to invest in the Indian INX and what products he would be getting for investments?

Any intermediary permitted by the regulator SEBI for operating within the IFSC shall provide financial services to a person not resident in India, a non-resident Indian, a financial institution resident in India who is eligible under FEMA to invest funds offshore, to the extent of outward investment permitted, a person resident in India who is eligible under FEMA, to invest funds offshore, to the extent allowed under the liberalized remittance scheme of Reserve Bank of India, subject to a minimum investment as specified by the Board from time to time.
A depreciated rupee is hurrah for exporters and vice versa for importers. We have to strike a fine balance between the two. In the past two years, we have observed that our government is hard pressing on “Make in India”, which is heavily tilted towards exporters.

1. Currency trading is new product to Indian markets - your views?
Exchange based currency trading started in the Indian Markets in 2008. We saw the emergence of standardized currency products with the launch of MCX Stock Exchange (rechristened Metropolitan Stock Exchange) and it has been evolving since then. The exchange traded currency market today is tracked globally for transparency with respect to quoted price. Corporates now have a genuine mechanism for price discovery and can hedge their position through an Exchange.

2. Demonetization has affected economy, where do you see rupee in next 3 to 6 months?
Rupee weakened initially due to news surrounding demonetization, only to strengthen with the passage of time. What we understand is that there is ample evidence in the economy moving towards re-monetization thus creating a stronger economy and much more stable currency.

3. Dollar is becoming more and more strong - your views on the same?
Dollar is a global currency and as such the factors affecting its rally is not restricted to the Indian market only. Several global factors have contributed towards a strong dollar. Steady hike in fed rates, crude moving northwards, emerging markets outflow, steady increase of flows in T-Bills & Dated US Securities. The current narrative of “Make America Great Again” is only adding to the level of optimism thus, aiding a strong dollar.

4. Currency trading affects the spot currency price - your views?
Currency derivative trading assists the market in taking short term / long term view on currency prices and as such, the potential of the instrument to influence the spot levels increases immensely. Not to forget the Futures price is a view on tomorrow’s Spot Price.

5. Currency trading has made rupee more volatile - do you agree?
On the contrary, currency trading through an Exchange has brought in more stability to the Rupee. Now market participants have a venue to cover their positions in the most transparent manner. In recent times, we have witnessed Rupee weathering volatility and moving into a much more stable regime.

6. Currency war is something now used to destabilize an economy - your views?
We have seen that large economies have always dominated the global trade market through their dominance via a favorable currency pricing. In recent times, we have seen China effectively deploying its aggressive pricing mechanism to keep the Yuan devalued vis-a-vis the US Dollar. We are yet to witness a Currency war specifically aimed at destabilizing an economy. As a matter of fact, every major exporting nation would want to maintain a cheaper local currency to attract maximum attention.

7. Currency movements shows foreign investors’ confidence in an economy - your views?
Foreign Investors love stable currency. In fact, a stable currency is a leading indicator for fresh FPI / FDI investments. Barring short term hiccups, we have witnessed the trend of foreign flows across asset class.

8. Rupee depreciation hits Indian economy hard since we import crude oil but it helps exports to grow - how it can be managed?
A depreciated rupee is hurrah for exporters and vice versa for importers. We have to strike a fine balance between the two. In the past two years, we have observed that our government is hard pressing on “Make in India”, which is heavily tilted towards exporters. Nevertheless, there are enough measures being taken to ensure importers do not bear the brunt of a weak currency. Gradual depreciation is harmless. A stable currency is the need of the hour.
Commodity derivative markets are important avenues for price risk management and price discovery, which minimize the impacts of price volatility and provide early signals for correcting supply-demand mismatches and in the long-run build more efficiency into the physical market ecosystem of any commodity.

1. Commodity markets as an asset class for investments - your views?
Commodities are perceived as a distinct asset class because of their counter-cyclic nature as well being known to outpace inflation in the long run. Historically, the returns from commodity investments have not been correlated with returns from other financial asset classes, thereby resulting in high hedging efficiency of the commodity markets. Futures to their position, the diversification effect improves because of their counter-cyclic nature as well being known to outpace inflation in the long run.

2. Indian Commodity markets are still at nascent stage as compared to global volumes, how can it be improved - your views?
The Indian commodity derivatives markets have come a long way, since online, national, multi-commodity exchanges were permitted just more than a decade ago. They have been able to significantly deliver on important parameters of efficient price discovery tool and price risk management, gaining appreciation from the various stakeholders from the physical markets. The global benchmark markets in exchange groups like CME Group, ICE, and London Metal Exchange have been in existence for several decades and offer more diversity in terms of participation and products. Various categories of institutional participants, different product groups like options, swaps, index derivative products, centralized clearing of OTC forwards are well developed in the these exchanges which are benchmark in global markets. These facilities need to be introduced in the Indian exchanges too to catch up with the opportunities available in the Indian commodity market.

Reducing costs of participation by bringing down taxes, and allowing institutional participation and new products in a phased manner will boost the domestic markets. Considering that an efficient commodity derivatives market is an important tool for economic development, we hope for positive developments in this regard, especially given the positive policy developments and announcements that have taken place in recent times.

3. Commodity trading leads to inflation as widely perceived - your views?
As you are suggesting, the idea that commodity derivatives markets leads to inflation is only a perception, which has been proven to be false. First, commodities traded in the Indian commodity derivatives market are very few, in comparison to the wide number of commodities considered for computation of Indian inflation numbers. Traded commodities represent an insignificant weightage on both CPI and WPI. Thus, even if there were to be an influence of commodities derivatives on inflation, it would be miniscule.

Secondly, even in the traded commodities, prices discovered in the futures markets are a reflection of the supply-demand scenario in the physical markets. Future markets are only a messenger and the price movement can be reversed/corrected only when the supply-demand fundamentals in the physical markets, change. This was very clearly evident when price rise continued unabated in the case of all commodities that were banned e.g. Chana, potato etc. Prices started moving down only when arrivals of the next season started reaching the markets.

Thirdly, price rise is visible in various commodities that are not traded in the derivatives markets, again underlying the point that price of any product is simply a function of its supply and demand fundamentals.

Commodity derivative markets are important avenues for price risk management and price discovery, which minimize the impacts of price volatility and provide early signals for correcting supply-demand mismatches and in the long-run build more efficiency into the physical market ecosystem of any commodity.

4. Gold as an investment as compared to equities - your views?
Commodities like gold are preferred as a good inflation-hedge especially by those who do not have other avenues for investment. Gold is also preferred by investors for its portfolio diversification traits given its weak correlation with other asset classes such as equities. Moreover, in India, gold is part and parcel of India’s culture and tradition. As money, jewellery, status symbol and investment, gold has played a crucial role in the lives of Indians for centuries. Notably, gold jewellery demand - the largest source of gold demand in India - shows the dual role of gold as a consumption as well as investment good, and hence is deeply culturally intertwined. With emergence of innovative financial products, such as gold derivatives, which do not need hoarding of physical gold, the appeal of gold as an investment has increased.

5. Trading in commodity has 99% speculation and less than 1% results into delivery - how this can be changed?
The link between delivery and hedging is rather indirect, and 1% trade resulting in delivery does not necessarily mean that only 1% of traders are hedgers. Non-delivery based trade can also be used for hedging by market participants. Further, the prime role of the commodity derivatives market is price discovery and price risk management. Hence, it is the efficiency of the price discovery process and hedging efficiency that plays a key role in making the market relevant and useful to hedgers. Although delivery takes place in the derivatives market and is indeed a necessary part of the exchange microstructure, the relevance and link of delivery to the twin roles of this market is indirect and incidental. Hence, measuring the efficiency of markets in their efficient delivery of twin functions to the economy and its stakeholders in terms of percentage of delivery would not be appropriate.

In fact, the CME group (2012) report says that for the world’s most active wheat futures contract, CBOT Wheat futures, only 4-100s of one percent (0.0004) of contracts traded in 2011 ended up in delivery.

Nevertheless, awareness programmes on use of commodity futures platform especially for farmers and physical commodity players are continuously being conducted that can spruce up physical delivery on exchange platform.

6. Agri contracts are relatively less liquid - any measures to improve liquidity so that more participation can come?
Introduction of options, permitting banks to participate in commodity derivatives, development of warehousing, popularizing electronic warehouse receipts, deeper integration of spot and derivative markets and such measures can enable the further development of the derivatives market in agricultural commodities. Besides, greater clarity regarding the implications of Essential Commodities Act and its various provisions on commodity derivatives markets is also required. Frequent interventions, including suspensions of trading, by Government agencies has often reduced the confidence of market participants in agricultural commodities, which would have to be addressed.

7. Can delivery based settlement improve commodity market working framework - your views?
Physical delivery plays an important role in establishing the integrity of trade. The delivery mechanism, when well-constructed and safeguarded, ensures price convergence between derivatives and their underlying commodities, thereby resulting in high hedging efficiency of the derivatives market.
9. Effect of oil prices on Indian Economy and its global impact - your views?

After a period of depressed prices, crude oil prices have shown a remarkable appreciation in recent months, with more than 65% growth for the year to date. In India, the primary effects on rising oil prices can be reflected through increased prices of petrol and diesel as well as for several commodities and financial instruments. Even new contact variants of a commodity have been popular on the same exchange where the existing 'parent' commodity is popular. That is why market making can normally succeed only in case of a new commodity, rather than a new exchange.

Market making, therefore, should be confined to only new commodities, or where there is no liquidity in any exchange for that commodity. In other words, if the market stakeholders expect high volatility and efficient price discovery from the market then market making should be confined to only new commodities, rather than a new exchange.

10. Future road map for Indian commodity markets - your views?

The development of organised commodities markets, exchange platforms and related market infrastructure and ecosystem has assumed significance in the financial development of many countries, including India. In fact, this development in India may intensify in the times ahead with the government’s initiatives such as ‘Make in India’ and ‘Start-up India’ gaining ground.

Amidst the new legal-regulatory scenario in place, Indian commodity markets are embarked on the road to better regulatory governance for protecting the interest of the investors and promoting their development. We understand that the recent budget announcement on integrating the commodities and securities derivative markets by integrating the participants, brokers, and operational frameworks, will open up the commodity markets for new products and new participants. Launch of commodity options, which has already been announced, would be beneficial to all the stakeholders as a cost-effective hedging tool. Further, participation of institutions like mutual funds, foreign investors, and banks is allowed, will deepen the markets, provide liquidity, decrease impact cost of participating and lower market volatility. Similarly, other derivative products, such as trading in indices, which are now legally permissible, can also provide new hedging avenues against specific risks, thus improve the economy’s international competitiveness.

Mrungank Paranjape is the Managing Director and Chief Executive Officer (MD & CEO) of Multi Commodity Exchange of India (MCX), and a Director on the Board since May 2016. MCX is India’s leading Commodity Futures Exchange and the only listed bourse in the country with products that are internationally acclaimed and well recognized across bullion, base metals, energy and agricultural commodities. Prior to joining MCX, he was the India Head/CEO of DB Centre-a unique front desk extension of Deutsche Bank across all business divisions and business-aligned control functions. Prior to that he was Managing Director responsible for Deutsche Bank’s Global Transaction Banking Division’s Cash, Trade & Securities Services for Financial Institutions. During the last decade he has held several leadership positions and assignments with Deutsche Bank in India and Singapore.

In the year 2012, he was awarded “The Custodian Banker of the Year” for Asia by the Asian Investor Magazine. He brings with him over 25 years of experience in diverse roles across various geographies and functions such as Business Head, Operations & Technology across Transaction Banking, Asset Management, Stock Broking and Retail Banking.

In his career, he has also held senior positions with organizations such as ICG Prudential AMC, ICICI Bank, Bajaj Finserv, and ICICI Securities. He is an alumnus of MIT, Mumbai (Electrical Engineering) and EM, Ahmedabad.

His wife, Dr Shubhangi, is an MD in Anaesthesia and pursuing her practice in Mumbai. He has 2 sons – Nachiket pursuing his Masters in Electronic Engineering at Columbia University, New York and Aashish pursuing his Bachelor’s in Electronics Engineering at BITS Pilani Goa Campus.

1. Agriculture sector backbone of the Indian Economy - your views?

India holds the second largest agricultural land in the world of 157.35 million hectares. We are the largest producer of spices, pulses, milk, tea, cashew and jute; and the second largest producer of wheat, rice, fruits & vegetables, sugarcane, cotton and oilseeds. It is the primary source of livelihood for about 58 per cent of India’s population. The agriculture and allied sector continues to be pivotal to the sustainable growth and development of the Indian economy. Not only does it meet the food and nutritional requirements of 1.3 billion Indians, it contributes significantly to production, employment and demand generation through various backward and forward linkages. More than 50% of labour is employed in agri and related activities. The role of the agricultural sector in alleviating poverty and in ensuring the sustainable development of the agriculture economy is well established.

2. Budget 2017 heavily focuses on agri sector - your views?

The Finance Minister has given a welcome policy impetus to the agricultural markets by making the agricultural value chain more efficient. Firstly by stressing on the need for an integrated market structure for the spot and derivatives market. Second by connecting farmers to processors through denotifying perishables from APMCs, setting up of the fund for dairy processing facilities and third by adoption of a model law on contract farming. India has suffered from inefficient price discovery and price realisation for farmers because of the fragmented nature of the markets. With an integrated spot and derivatives market, these prevailing gaps will be addressed to bring about greater efficiencies.

3. Plans to increase the market share of Agri trading - your views?

Commodity derivatives play a crucial economic role in the agricultural markets in the country and strengthening the product basket across pulses, cereals and other products is extremely important. Introduction of instruments like options and indices is expected to help in attracting new participation as well. Further, allowing banks and FIs to...
participate in the commodity market would not help broaden the market but give banks a mechanism to manage the credit risks on account of their agri exposure. Additionally, the creation of a repository will promote confidence in the NWRs, thereby providing a fillip to trading volumes. SEBI is working with Commodity Advisory Group towards this direction and this should help improve the market share of agricultural commodities traded on exchanges.

4. Aadhar card as a tool for enrolling into trading v/s Pan card which few have - your views?

The Unique Identification Authority of India (UIDAI) started off with Aadhar enrollments over 7 years ago and today about 1.1 billion Indians already enrolled on the Aadhar platform. This has given a further boost since the demonetisation drive. It is now being positioned as a one-stop solution for everything from distribution of benefits and salaries, to making online transactions, to authenticating your identity and more.

However, Aadhar, in itself, will not encourage farmers to trade on exchanges. Policies for onboarding farmers and FPOs need to be simplified. A special category of market participants can be created for this purpose with much lower capital requirements. Such policies will encourage farmers and FPOs to trade on exchange platforms.

Simplifying KYC FPOs is very important and solutions needs to be implemented to make this possible including increased usage of identity tools like Aadhar.

5. Hedging as a tool to control price risk from farmer’s perspective - your views?

Indian farmers are buffered by price volatility and it is important for them to use derivative instruments like futures and options for insuring their margins. Farmer producer companies and cooperatives can be encouraged to use options to manage commercial risk in the production, processing and marketing of agricultural products.

We have been extensively training farmers to use futures to hedge their price risks. Defying traditional stereotypes, till date, over 26,000 farmers, including women, have managed their price risk through NCDEX. Sixteen FPOs have used the platform to help further farmers about 15-20% higher realization. Over 1.5 lakh farmers from 51 FPCs are connected to the NCDEX platform.

Along with market access, it is also important to provide them the right tools to enhance their income and manage price risks. We believe Exchange-traded Forwards segment was a potent tool to achieve that. Reintroducing options to manage commercial risk in the production, producer companies and cooperatives can be encouraged to use options to manage commercial risk in the production, processing and marketing of agricultural products.

6. Option in commodities can change the play - your views?

Options give hedgers a form of insurance determined by the strike price of the option. Since options carry virtually no downside risk, such risk-management products are much-needed instruments in a diversified emerging economy like India with a preponderance of small stakeholders who are risk-averse and who need these products the most. A combination of options and futures - both risk management tools - can give market participants the leverage of futures with the safety of options.

With addition of liquidity through commodity options, various associated benefits such as lowering of impact cost, improved market stability, lowering of volatility, reduction in risk of market cornering and improved price discovery can be seen. It is expected that its existence would boost overall market participation, especially the hedging community. It will also complement the existing futures contracts and make the commodities market more robust and efficient.

The biggest beneficiary though will be the farmers, for whom options will be a game changer. It would help them to sell their produce in the derivatives market and thereby get the benefit of price protection in case the price falls below their cost of production and also derive the benefit of any rise in the price.

7. Role of commodity exchange in fair price discovery of agri commodities - your views?

Commodity exchanges play a very important role in the global economy. Futures trading performs two important functions, namely price discovery and price risk management. It aims to bring about balance in supply and demand and leads to an integrated price structure throughout the country. It also helps in removing risk of price uncertainty, encourages competition and acts as a price barometer to farmers and other functionaries in the economy. Futures trading also help in price stabilization in times of violent price fluctuations.

A snapshot of demand-supply fluctuations seen through the prism of the physical market participants’ expectations. NCDEX prices have for many years provided a natural benchmark to farmers and agri-business to conduct their business in a transparent manner in an ecosystem that is otherwise characterized by fragmented APMCs, grade diversity of agricultural produce and poor quality information.

8. Delivery based settlement in agri contracts could help farmers - your views?

Deliveries are an important element of the futures contracts. The threat of delivery helps in dissuading the participants from artificially rigging up or depressing the futures prices. It ensures that that futures prices are not out of sync with the spot market prices.

However, the prime function of a futures instrument is risk mitigation. Futures contracts being standardized in nature - quality/quantity/location etc. may not always meet the specific needs of the farmers, however help mitigate price risk. Exchange traded forwards which are completely delivery based and overcome the limitations of futures are most suited for farmers.

9. How more retail investors can be brought into commodities markets?

Commodity futures are fairly new compared to equity markets in India. The task at hand is to build a healthy, secure marketplace, with innovative products which will attract retail participants. Permitting institutional players like banks, mutual funds will help widen the participation. As also introduction of new products like options and indices will help generate interest among retail audiences. Services like PMS in commodities could give it a definitive boost.

10. Future road map for Indian commodities markets - your views?

2017 is expected to be a year of “growth building”. A year of new products, new services like the proposed WDRA regulated Repository and new market participants while continuing on the path of strengthening risk management, surveillance and warehousing.

The proposed integration of the commodity spot and derivatives markets is expected to drive further reforms for the benefit of farmers. A radical step to reform commodities trading in the country, not only will it end uncertainty in the derivatives markets over delisting of commodities it would help farmers obtain the best price for their produce as well as help them hedge on the derivatives platform to reduce risk and maximise benefits.

Augmented by the supporting repository structure, the commodity markets will have all the building blocks in place for a thriving dynamic trade ecosystem. With a policy framework which balances development and regulation the road ahead for the Indian commodity derivatives market is extremely favourable.
In Conversation with

AJAY PANDEY
Managing Director & Group CEO
Gujarat International Finance Tec-City Co. Ltd. (GIFT City)

City, GIFT IFSC had received commitments from US-based Chicago Mercantile Exchange (CMEX), which develops the world’s largest chain of exchanges in diverse derivatives products, to develop an international exchange in partnership with GIFT City. This Exchange will have an initial capital of $100 million. Similarly, London Stock Exchange (LSE) and National Stock Exchange (NSE) have joined hands to set up trading platform in GIFT City. GIFT City has also signed a MDU with Singapore International Arbitration Centre (SIAC), thus bringing in settlement services in its fold too.

In addition, many well-known IT/ITeS companies, both domestic and global, have set up their units in GIFT City. These include MNC giants like Oracle, Bebref and Maxim Integrated. Oracle has acquired over 105,442 square feet of office space in GIFT City’s Tower-1. The world renowned World Trade Centers Association also has a presence in GIFT City and is coming up with a 1.5 mn Sq ft residential and commercial building. In January 2017, the ministry of commerce and industry amended a rule allowing such foreign firms to set up offices and advise clients from SEZs. The move will initially benefit GIFT City in terms of having presence from MNC law firms and legal services, adding to its global disposition.

5. Ease of doing business and the GIFT CITY project - can they become synonymous?

GIFT City is the nodal authority to give all approvals and permissions required for setting up business in this centre. We can proudly talk of giving all online approvals within 14 days of a prospective investor coming for an inquiry to getting all clearances. This is in line with the “Ease of Doing Business” policy of Government of India.

The tax related announcements made in the Union Budget 2016 have undoubtedly given a boost to GIFT’s IFSC. Tax benefits announced by the Finance Minister include complete exemption from Capital Gains tax, securities transaction tax, long-term capital gain tax and commodity transaction tax. In addition, the companies located in IFSC will not be liable to dividend distribution tax and a 9% MAT will be charged at the rate from units located in IFSC. This reduction in MAT, which currently is at 18.5%, provides a competitive tax regime to IFSC at GIFT City. Recently, the central government has granted certain exemptions to private companies being set up in international financial services centres (IFSC) from the norms of the Companies Act 2013. The government has allowed 39 modifications or exemptions for private firms licensed to set up businesses in IFSCs from several clauses in the Companies Act.

Also, announcement of IT/ITES policy and waiver of stamp duty on share broking transactions in GIFT City from Government of Gujarat will further boost the development of India’s first IFSC at GIFT City. Business with in GIFT will be subjected to exemption from Customs Duty, Excise Duty, Service Tax, Purchase Tax, Stamp duty & Registration Fee, Stamp duty on Mortgages, Electricity duty, and exemption from Income Tax. These incentives will go a long way in making GIFT IFSC a major global financial hub on the lines of London, Dubai, Hong Kong & Singapore.

6. Indian economy needs foreign capital for capacity creation - role of GIFT CITY in ensuring foreign participation?

The IFSC will allow businesses to carry out transactions that are currently not being done in India. It will also result in the re-importing of the Indian securities market and will create employment for people residing in India. India has already become a large purchaser of IFSCs from the rest of the world, and loses significant revenue from the trading of the rupee and index derivatives on foreign platforms located in IFSCs like Singapore, Dubai and London. In trading rupee derivatives alone, an IFSC is expected to increase the revenue of the country by capturing approximately Rs. 1,334 crore per day or Rs. 2 lakh per year worth of trading that presently takes place outside of India.

With the tax benefits being offered at par with other financial centres across the world, GIFT City will be a preferred destination for major foreign players in BFSI space.

7. Foreign exchange inflows will surge due to GIFT CITY - your views?

The mechanism is definitely in place and we will see a positive jump in this regard in the coming days.

8. Indian economy to be a key player in Asia and world - your views?

According to many international organizations, India’s economy is the most resilient one among all emerging and developing economies. These are positive signs that the economy is picking up and in the coming years is likely to hold an upward trajectory.

Ajay Pandey, Managing Director & Group CEO, Gujarat International Finance Tec-City Co. Ltd. (GIFT City), (a joint venture of Government of Gujarat (GoG) and Infrastructure Leasing & Financial Services Ltd (IL&FS), for developing a first International Financial Services hub in Gandhinagar, Gujarat) has over 20 years of professional experience in Management. He has had a strong background in Telecommunications, Infrastructures & Services Industry and now in Central Business District (CBD) Development. He held Business leader & Board level positions both in India and International markets, He is a Mechanical Engineer and has done Management Programs from London Business School & Harvard Business School. He is also a Fellow of Telecommunications Executive Management Institute (FTEMIC-Canada).

In a span of one and a half years of joining GIFT, He has been instrumental in transforming the project from infrastructure led development to a business led development. His most prominent achievement includes operationalising India’s 1st International Financial Services Centre (IFSC) which has already achieved the milestone of transactions worth US$ 1.5 Billion by the operational Banks, Insurance companies & Capital market players. Hon’ble Prime Minister of India inaugurated the first International Exchange of India, India IEX during Visite Gujarat 2017. An Alternate Dispute Resolution mechanism with Singapore International Arbitration Centre (SIAC) would be commencing operations at GIFT, thereby adding to the services to be provided by GIFT City.

In his earlier assignments he held these senior level positions such as MD/CEO/President/Board Member in various companies of Tata Group, Godrej Group and multinational company, Xerox. A passionate business leader, he has been instrumental in guiding various start-up initiatives and projects. He has led many cross cultural and cross geographical teams as a part of his global assignments. He is also a co-author of the book, “Are You Fishing in the Right Ocean”, that has been published in India & Indonesia. He gets invited to various management institutes and forums for speaking on the leadership and management subjects.
Declining living standards, rising income disparities, persistently high unemployment, increased immigration flows and the growing disconnect between the agenda of the political elites and the concerns of the governed, have given rise to widespread fear and anger, and the demand for new policy direction.

The conference proceedings, however, were dominated by the rise of populism in the politics of the developed countries, notably the United States and Britain.

The serious economic and social consequences of continued drift in the “new normal” would drive this consensus for a shift in policy direction. The adjustment would be vigorous and multi-dimensional to unleash animal spirits and build business and consumer confidence. This would provide the best prospect of breaking out of the deepening economic lethargy, in effect achieving so-called economic escape velocity.

In the alternative scenario, governments would fail to achieve any political consensus for pro-growth policies, especially lower tax rates and deregulation, penalized by political gridlock and dysfunction within the government political party or across political lines. As the economic and political pressures built, easy money risks asset bubbles and financial market instability and inflation. Public finances deteriorate from weakening growth and stepped-up spending, and pressures build for protectionist policies. In these circumstances, the economy spirals into ever-weakening growth.

WHAT PATH FOR CANADA?
Canada is in the same predicament as many economies in the developed world, caught in its own version of the “new normal” – this extended period of sluggish investment and slow growth. Commodity prices are expected to remain low, while sub-par growth and poor employment prospects, and uncertainty about the economic outlook is weighing on many Canadians. Signs point to continued soft household income growth, and high and rising taxes. These conditions argue for a vigorous shift to pro-growth economic policies.

1. The federal government plans for increased infrastructure spending to stimulate economic recovery is well intentioned and a sound policy prescription. Modern and efficient infrastructure is a key component of business projects linking Mainland China to Central Asia and Europe, and also to South Asia through a maritime route through the South China Sea and Indian Ocean. The project has strategic importance in drawing the entire Asian region into closer economic and political relationship with China. Panelists also addressed the rapid adoption of technology in financial markets (FINTEC) and in the expanding area of cybersecurity. The conference delegates also discussed the economic and trade outlook for the region over the coming year, and the risks from instability in the regional and global financial systems, from disruptions in traded markets and from geo-political shocks.

The conference proceedings, however, were dominated by the rise of populism in the politics of the developed countries, notably the United States and Britain.

**POPOPULISM: MANY FACTORS DRIVE IT**
Declining living standards, rising income disparities, persistently high unemployment, increased immigration flows and the growing disconnect between the agenda of the political elites and the concerns of the governed, have given rise to widespread fear and anger, and the demand for new policy direction. Some of these consequences come from the stagnation in incomes and employment, but others are the inevitable outcome of globalization and technological progress-trends that cannot be reversed without adverse consequences. Nevertheless, this political populism has given rise to the election of Donald Trump in the United States and the unexpected Brexit decision in the United Kingdom, the rejection of the Italian constitution in that country’s referendum and the prospect for more nationalist governments in impending elections in France and Germany.

**THE NEW NORMAL EVENTUALLY CLEAVES INTO ONE OF TWO ALTERNATIVE PATHS: REFORM OR GRIDLOCK**
One of the keynote speakers at the AFF conference, Mohamed El-Erian, Chief Economic Advisor at Allianz and former CEO and co-CIO of PIMCO, shared key insights on this rising populism. He explained this populism, or political backlash, as the outcome of the “new normal”, characterized by expansive monetary policy, low interest rates, weak investment, high unemployment and protracted slow economic growth. El-Erian argued this “new normal” largely reflects the exclusive dependence on monetary policy to provide economic stimulus, in large part, because political gridlock in many countries, particularly in the U.S., made larger fiscal stimulus policies impossible. He argued that 2012 was a pivotal year for the U.S. Federal Reserve. Congress was recognized as hopelessly gridlocked and incapable of providing effective fiscal stimulus. At the time the Fed took on the full burden for supporting economic recovery through continued accommodative policy, including a third round of quantitative easing (QE3), announced in September 2012.

Fiscal policy was even more hamstrung and dysfunctional in Europe because responsibility rested with the different governments within the EU, with different views on the merits of stimulus.

In El-Erian’s view, the “new normal”, even though it has lasted eight years, is unsustainable, given the building economic and political pressures. The process will reach what he termed a “T-junction,” and would take one of two directions. One will lead to higher growth, reduced financial risk and a lessening of inequality; the other will see all those measures head in the wrong direction. The first direction will result from consensus building around constructive, pro-growth policies, embracing low personal and corporate tax rates, wholesale tax reform, active engagement of public and private partnerships for infrastructure spending, and widespread deregulation (i.e. pushing back on regulation and mandating a rigorous cost benefit analysis).

In the alternative scenario, governments would fail to achieve any political consensus for pro-growth policies, especially lower tax rates and deregulation, penalized by political gridlock and dysfunction within the government political party or across political lines. As the economic and political pressures built, easy money risks asset bubbles and financial market instability and inflation. Public finances deteriorate from weakening growth and stepped-up spending, and pressures build for protectionist policies. In these circumstances, the economy spirals into ever-weakening growth.

**WHAT PATH FOR CANADA?**
Canada is in the same predicament as many economies in the developed world, caught in its own version of the “new normal” – this extended period of sluggish investment and slow growth. Commodity prices are expected to remain low, while sub-par growth and poor employment prospects, and uncertainty about the economic outlook is weighing on many Canadians. Signs point to continued soft household income growth, and high and rising taxes. These conditions argue for a vigorous shift to pro-growth economic policies.

1. The federal government plans for increased infrastructure spending to stimulate economic recovery is well intentioned and a sound policy prescription. Modern and efficient infrastructure is a key component of business
and economic competitiveness. However, infrastructure spending is unlikely to have a positive impact on growth in the near term given the decision to establish a detailed government-private sector decision-making framework, with the Canada Infrastructure Bank at the core, for effective project spending, and the inevitable delays in start-ups, even when projects are approved. The government should look to private sector financing models to promote infrastructure development. The private sector can bring new ideas, innovation and real-time oversight and product management expertise.

2. The challenge with infrastructure spending is that it is not just about identifying economically viable projects and mobilizing capital. It is about the need for effective mechanisms to resolve competing interests to allow larger projects to proceed. The Financial Post has identified as many as 35 Canadian infrastructure projects worth $129 billion in direct investment (mostly private money) that have been stalled or cancelled as a result of opposition from environmental, aboriginal and community groups.

These mid-sized companies, particularly in the value-added manufacturing sector, offer the best prospects for employment and growth. Successful manufacturing enterprises like Linamar and Magna, operating successfully in Ontario, demonstrate that Canadian businesses once at critical mass can become effective players in global markets.

5. Canada’s non-resource export sector has not expanded as anticipated with a depreciated Canadian dollar. The NAFTA trade agreement, under siege by the Trump Administration, is critical for Canadian business to succeed. The decisive action of the federal government to defend NAFTA in negotiations with the Americans is commendable. Further, the decision to expand free trade deals, including with Europe and China, is a positive step. Canadian exporters who have traditionally looked exclusively to the U.S. market now understand that they must also turn their sights towards new promising markets, including those in Asia and Latin America. Developing countries are investing significantly in transportation networks, power generation and renewable energy-areas where Canada has tremendous expertise. They require a full range of commodities, technologies and services Canadian businesses can provide.

6. The personal tax burden in Canada is already too high and acts as a drag on growth, with the top combined federal/provincial marginal rate in Ontario at 53.5 percent, and the combined top rate well above 50 percent in every province except British Columbia, Alberta, Saskatchewan and Newfoundland. In the U.S., the top federal/state marginal rate stands at 46.3 percent, and kicks in at a much higher income level. Further, this combined marginal tax rate doesn’t include GST, carbon taxes and real estate taxes borne by average Canadians. High marginal rates discourage work, saving, risk taking and entrepreneurship. It is also important to recognize shifting a higher tax burden onto higher-income Canadians is not sound public policy. Many developed countries are facing an aging population and slower growth in the labour force. We must do everything we can to attract and retain skilled workers that are essential to our international competitiveness. High marginal personal income tax rates do not help our cause. If the government is going to run large deficits, it should use the money to reduce punishingly high marginal tax rates.

7. Federal public debt stands at an estimated $642 billion, roughly 32 percent of GDP. Despite a relatively low debt-to-GDP ratio in OECD country rankings, federal debt is projected to rise a further $104 billion over the next four years, pushing total federal debt to $746 billion by fiscal 2021-22. Roughly $25 billion annually goes to service the debt, and this will rise to $33 billion in fiscal 2021-22. More seriously, if provincial debt is included in the debt totals, overall government debt is roughly $1.4 trillion, or 67.5 percent of GDP. Boosting Canada well up in the OECD debt rankings. Ontario’s debt stands at $317.9 billion, nearly half the federal debt. This debt has doubled in the last decade.

8. Debt service costs escalate sharply as the debt load rises, and are vulnerable to rising borrowing costs. These interest costs limit government policy options for reducing taxes and for increased infrastructure spending. Moreover, the relatively low oil prices and the repayment burden onto the younger generation without commensurate improvement in future incomes and job opportunities. Governments need to rein in spending to eliminate deficits so they have the flexibility to respond to changing circumstances.

9. Climate change is an important consideration and must be addressed. However, Canada’s commitment to reduce emissions must be calibrated carefully, weighing the benefits of emission cut-backs to the environment against the economic costs. For example, Ontario commitment to renewable energy have not been done in the context of an effective cost-benefit analysis, placing an excessive burden on Ontario residents and damaging business investment prospects in the province.

3. Sustained economic growth depends on private-sector investment. Business investment in Canada contracted for a second straight year in 2016 reflecting a sharp drop in capital spending in the oil and gas sector. However, non-energy private sector investment also pulled back. From a policy perspective, governments need to address the regulatory burden, high taxes, and high costs (e.g. electricity prices in, say, Ontario) that may be a hindrance to business investment.

4. Small and mid-sized businesses in Canada have difficulty raising capital in private and public markets to finance expansion and jobs. These businesses could benefit from a market-driven tax incentive to assist in raising external capital in public and private markets. The IIAC has proposed the federal government adopt a Canadian version of the successful U.K. Enterprise Investment Scheme to encourage capital formation and promote the growth of mid-sized Canadian enterprise.

The government should look to private sector financing models to promote infrastructure development. The private sector can bring new ideas, innovation, and real-time oversight and product management expertise.

2. The challenge with infrastructure spending is that it is not just about identifying economically viable projects and mobilizing capital. It is about the need for effective mechanisms to resolve competing interests to allow larger projects to proceed. The Financial Post has identified as many as 35 Canadian infrastructure projects worth $129 billion in direct investment (mostly private money) that have been stalled or cancelled as a result of opposition from environmental, aboriginal and community groups.

These mid-sized companies, particularly in the value-added manufacturing sector, offer the best prospects for employment and growth. Successful manufacturing enterprises like Linamar and Magna, operating successfully in Ontario, demonstrate that Canadian businesses once at critical mass can become effective players in global markets.

5. Canada’s non-resource export sector has not expanded as anticipated with a depreciated Canadian dollar. The NAFTA trade agreement, under siege by the Trump Administration, is critical for Canadian business to succeed. The decisive action of the federal government to defend NAFTA in negotiations with the Americans is commendable. Further, the decision to expand free trade deals, including with Europe and China, is a positive step. Canadian exporters who have traditionally looked exclusively to the U.S. market now understand that they must also turn their sights towards new promising markets, including those in Asia and Latin America. Developing countries are investing significantly in transportation networks, power generation and renewable energy-areas where Canada has tremendous expertise. They require a full range of commodities, technologies and services Canadian businesses can provide.

6. The personal tax burden in Canada is already too high and acts as a drag on growth, with the top combined federal/provincial marginal rate in Ontario at 53.5 percent, and the combined top rate well above 50 percent in every province except British Columbia, Alberta, Saskatchewan and Newfoundland. In the U.S., the top federal/state marginal rate stands at 46.3 percent, and kicks in at a much higher income level. Further, this combined marginal tax rate doesn’t include GST, carbon taxes and real estate taxes borne by average Canadians. High marginal rates discourage work, saving, risk taking and entrepreneurship. It is also important to recognize shifting a higher tax burden onto higher-income Canadians is not sound public policy. Many developed countries are facing an aging population and slower growth in the labour force. We must do everything we can to attract and retain skilled workers that are essential to our international competitiveness. High marginal personal income tax rates do not help our cause. If the government is going to run large deficits, it should use the money to reduce punishingly high marginal tax rates.

7. Federal public debt stands at an estimated $642 billion, roughly 32 percent of GDP. Despite a relatively low debt-to-GDP ratio in OECD country rankings, federal debt is projected to rise a further $104 billion over the next four years, pushing total federal debt to $746 billion by fiscal 2021-22. Roughly $25 billion annually goes to service the debt, and this will rise to $33 billion in fiscal 2021-22. More seriously, if provincial debt is included in the debt totals, overall government debt is roughly $1.4 trillion, or 67.5 percent of GDP. Boosting Canada well up in the OECD debt rankings. Ontario’s debt stands at $317.9 billion, nearly half the federal debt. This debt has doubled in the last decade.

8. Debt service costs escalate sharply as the debt load rises, and are vulnerable to rising borrowing costs. These interest costs limit government policy options for reducing taxes and for increased infrastructure spending. Moreover, the relatively low oil prices and the repayment burden onto the younger generation without commensurate improvement in future incomes and job opportunities. Governments need to rein in spending to eliminate deficits so they have the flexibility to respond to changing circumstances.

9. Climate change is an important consideration and must be addressed. However, Canada’s commitment to reduce emissions must be calibrated carefully, weighing the benefits of emission cut-backs to the environment against the economic costs. For example, Ontario commitment to renewable energy have not been done in the context of an effective cost-benefit analysis, placing an excessive burden on Ontario residents and damaging business investment prospects in the province.

3. Sustained economic growth depends on private-sector investment. Business investment in Canada contracted for a second straight year in 2016 reflecting a sharp drop in capital spending in the oil and gas sector. However, non-energy private sector investment also pulled back. From a policy perspective, governments need to address the regulatory burden, high taxes, and high costs (e.g. electricity prices in, say, Ontario) that may be a hindrance to business investment.

4. Small and mid-sized businesses in Canada have difficulty raising capital in private and public markets to finance expansion and jobs. These businesses could benefit from a market-driven tax incentive to assist in raising external capital in public and private markets. The IIAC has proposed the federal government adopt a Canadian version of the successful U.K. Enterprise Investment Scheme to encourage capital formation and promote the growth of mid-sized Canadian enterprise.
U.S. M&A in Europe Sees a Strong Rise in 2016

A strong U.S. dollar, escalating interest rates, and worries about international trade barriers did little to dissuade U.S. buyers from embarking on a hearty pace of European acquisitions last year. According to S&P Global Market Intelligence, announced M&A transactions in 2016 involving U.S.-based buyers or investors in Europe reached $202.5 billion, a 33% jump from the prior year’s total of $151.7 billion.

Among specific sectors, information technology ranked first for U.S. M&A in Europe during 2016, with a total of $62.1 billion in disclosed deals, up 133% from 2015’s total of $26.6 billion.

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Among specific sectors, information technology ranked first for U.S. M&A in Europe during 2016, with a total of $62.1 billion in disclosed deals, up 133% from 2015’s total of $26.6 billion. Materials followed with $50 billion in announced M&A transactions, up 52% from 2015’s total of $32.6 billion.

As mentioned above, the results in 2016 were buoyed by two major deals, the acquisition of NXP and the acquisition of Linde. However, the third-largest sector, financials, saw a 78.7% drop from 2015’s total of $52 billion to $12 billion in 2016. Telecommunications services deal volume dropped over 96% last year with regard to U.S. deal making in Europe with $35 million in disclosed deals, up 133% from 2015’s total of $26.6 billion. Materials followed with $50 billion in announced M&A transactions, up 52% from 2015’s total of $32.6 billion. Utilities ranked fourth with $26.6 billion in disclosed deals, up 133% from 2015’s total of $26.6 billion.

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SIGNIFICANCE OF THE BUDGET 2017–18

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Why, this time was different?
No other public policy matter in India evokes so much of attention and appraisal as the Central Budget. That perhaps is not unusual given the fact that it seeks to reflect the ‘VMOSA’ [Vision, Mission, Objectives, Strategies, and Action Plans] of the government in power, and is normally supposed to respond to expectations and aspirations of the people at large. But this time was different; and hence, there were multiple reasons why it induced so much of curiosity. Not just the change of date, but also its structure and substance was expected to be quite distinctive from the past. First, it marked the end of the planning era - 2016-17 happens to be the last year of the Twelfth Plan. With this comes to an end the distinction between Plan and Non-Plan Expenditure! The budget, thus, classifies all govt. spending either as Revenue or Capital Expenditure - former representing spending on the govt.’s regular annual bills such as interest payments, subsidies, salaries & pensions, internal & external security, etc. Such spending was not at all systematics and only a part of the total govt. spending. Therefore, the tax proposals were the key drivers – the present government has been quite frank about the fiscal deficit ratio of 3.2% of GDP.

Second, the traditional history of a separate Railway Budget has been effectively scrapped. It has now been merged with the Central Budget. All proposals of Railways are now incorporated in the Central Budget, albeit would be discussed separately in the Parliament. Thus, its functional autonomy is being maintained. This change would progressively facilitate improvement in railways finances. The budget per se has now made some substantial allocations for capital expenditure. Perhaps, over the medium to long-term, the government may like to create an autonomous corporation for railways so that financing of their projects are not constrained by budgetary considerations.

Third, the budget seeks to implement the key recommendations of the FRBM Review Committee, which, among other things, has suggested the target of fiscal deficit to GDP ratio at 3% for the next three years and also provided for ‘Escape Clauses’ for deviation upto 0.5% of GDP. Accordingly, the Finance Minister has chosen a calibrated reduction by pegging fiscal deficit for 2017-18 at 3.2% of GDP, while remaining committed to achieve 3% target for the following year. This little flexibility has enabled him “to have ensured adherence to fiscal consolidation, without compromising the requirement of public investment”. Incidentally, the fiscal deficit to GDP ratio has steadily declined from the recent high of 6.5% in 2009-10 to 3.2% in 2016-17 [revised estimates].

Fourth, the impact of demonetisation - given the dimensions of disruptions in commercial, banking and overall economic activities - dealing with this phenomenon was expected to assume crucial part of the budgetary strategy. The Finance Ministry has been cognizant of the severity of pains to certain sections of the society, namely, farmers, informal sector, unorganized retail, real estate and construction, et al. Indeed, the Economic Survey 2016-17 has sought to describe it as “unprecedented, representing a structural break from the past”. Without going into its technical analysis, suffice it to say, India’s economic growth was severely impaired, although the Survey reassures us that “the adverse impact of demonetisation on GDP growth will be temporary in nature. Once the cash supply is restored, which should largely be achieved by end-March 2017, the economy should revert to normal, perhaps even with a bounce...”

The broad agenda of ten-point distinct themes of the budget seeks to explore the opportunities of both supply and demand side economics…

To trigger such turn around, the budget has taken some important policy initiatives like [a] expanding the total allocation for rural, agriculture and allied sectors by 24% to Rs.1872 bn. in 2017-18 with specific focus on flagship programs like MNREGA, the Pradhan Mantri Sadak Yojana, various irrigation schemes, training programs for imparting new skills, expanding credit availability to Rs.10,000 bn. along with some benefit of interest waiver for a limited period; [b] a reduction in corporation tax rate in case of MSME companies (up to annual turnover of Rs.50 crore) from 30% to 25%, [c] a reduction in personal income tax rate in case of lowest slab (Rs.2.5 lakhs to Rs.5 lakhs) from 10% to 5%; and [d] a host other measures, for stimulating affordable housing and real estate sector, improving ease of doing business, et al.

Fifth, the budget reflects the progress with respect trotting out of GST by July 2017 - truly ‘gamé changing’ economic reform. Thus, the Finance Ministry has sought to implement the nation that a) the GST Council has finalized its recommendations on almost all the issues; b) the preparation of IT system is on schedule; and c) extensive reach-out efforts to trade and industry would begin from April 1, 2017 to create widespread awareness of the new taxation system. However, the budget is silent on the key issue of the GST rate for the Central Govt. on account of compensation likely to be payable to the States for possible loss of their tax revenues as they move towards the GST. Various other crucial steps are seen to be in place, including three draft laws, namely, the Central GST Law, the Integrated GST Law and the Compensation Law - all which have been vigorously deliberated and approved in one of the recent meetings of the GST Council.

Last, but not the list important, from the perspective of the NDA government this is the crucial fourth budget - the penultimate before the next general elections in 2019 - wherein it would have the opportunity to be distinctive and path-breaking. Already, the government has crossed the midpoint of its five-year tenure. In effect, all such factors emboldened the setting for the budget; and hence, it was justifiably expected to be different - far more decisive and impact-making than the previous three budgets.

But, has the budgetary strategy turned out to be different?
This certainly remains a million dollar question! To the credit of the Finance Minister, it must be said that there are no major surprises or hick-ups. His approach is resolute, and at the same time, sensible in pushing through avast spread of policy measures, tax proposals and fine-tuning of public spending allocations. There are, of course, some pain points such as hitting a little more the high-income personal income-tax payers or some plugging of loopholes in the existing tax system. But, all these do not harm a vast majority of existing and potential tax payers. The ensuing second Budget Session of the Parliament, which is slated to begin from March 9, 2017, would be relevant from the viewpoint of Finance Minister of offering any further sops.

Why couldn’t the budget be more bold and lavish in its outlook? Obviously, the Finance Minister had to reconcile both current and emerging global and domestic economic scenarios. The global economic uncertainty is certainly haunting. Apart from hesitant global economic recovery, the growing concerns over the potential impact of Brexit; the growing anti-globalisation tide; and geopolitical tensions. Near home, as mentioned earlier, the primary concerns have been associated with demonetisation disruptions. Most official and non-official estimates have sought to estimate the damage to the economy. Growth as a result of demonetisation and there is a broad consensus that the cutback in growth rate would be between 60 to 100 basis points. Thus, India’s real GDP growth rate would drop during 2016-17 against 7.8% in the previous year. In a sense, this is precisely the cost the nation might have to bear for demonetisation in the short-run. However, there are expectations of ‘V shaped’ economic recovery with growth rate returning to about 7.4% in 2017-18.

The hopes of such recovery are surely not unfounded. India still continues to enjoy sound and stable macro-economic fundamentals. These manifest in varying macro-economic parameters. Illustratively, in falling inflation rate - the CPI inflation rate is at a two-year low of 3.2% in December 2016; sharply softening interest rates, thereby creating an environment for credit and investment driven economic revival; well-entrenched external stability as revealed from a low level of current account deficit (CAD) to GDP ratio estimated at 0.5% in 2016-17 and steady build-up of forex reserves to all-time high of US$381 bn, allowing import cover of well over 11 months; the steady capital account surplus of US$51.4b in the first quarter of 2017.

But this is only one side of the story. The Finance Minister has to reconcile both current and emerging global and domestic economic scenarios. The global economic uncertainty is certainly haunting. Apart from hesitant global economic recovery, the growing concerns over the potential impact of Brexit; the growing anti-globalisation tide; and geopolitical tensions. Near home, as mentioned earlier, the primary concerns have been associated with demonetisation disruptions. Most official and non-official estimates have sought to estimate the damage to the economy. Growth as a result of demonetisation and there is a broad consensus that the cutback in growth rate would be between 60 to 100 basis points. Thus, India’s real GDP growth rate would drop during 2016-17 against 7.8% in the previous year. In a sense, this is precisely the cost the nation might have to bear for demonetisation in the short-run. However, there are expectations of ‘V shaped’ economic recovery with growth rate returning to about 7.4% in 2017-18.

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THE BUDGET 2017-18

Steering the Strategy for Economic Revival

How then has the Finance Minister sought to steer his “transform, energise and clean India”, and fortify her status “as a bright spot” in the global economic landscape. The broad agenda of ten-point distinct themes of the budget seeks to explore the opportunities of both supply and demand side economics. Illustratively, the supply side trigger is likely to be accomplished through [a] building up potential of farming and rural development, including focus on basic rural infrastructure; [b] capacity building by energising youth with education and skills; [c] strengthening social security, health care and affordable housing; [d] infrastructure development for enhancing efficiency, productivity and quality of life; [e] stronger financial institutions and promotion of digital economy; et al. At the same time, the demand side would be stimulated by larger capital spending, especially on rural and transport infrastructure development [roads and railways], reduction in personal income tax rate for the lower income slab assesses, incentivizing SME corporates through corporate tax reduction; support to selected labor-intensive industries like textiles and garments, leather products, electronics hardware industries, et al.

Taking an overview, we believe that the budget would significantly revive the macro-economic outlook in 2017-18. First, the fiscal stability - this would reduce the government’s market borrowing requirements further to around Rs.3502 bn. in 2017-18 as compared to Rs.3658 bn. in 2016-17 and Rs.4547 bn. in 2015-16. This may augur well for the RBI to reduce the repo rate further, if at the same time, the inflation rate also remains anchored around 4% during 2017-18. Further, the demonetisation has led to flush of liquidity - manifesting in what is known as low cost CASA deposits. In the absence of any revival in credit demand, the current pressures on easing of lending rates would continue for quite some time. Thus falling borrowings cost augurs well for creating demand for housing loans, retail credit, MSME advances; thus, leading gradually to overall industrial and corporate sector recovery.

Second, as mentioned before, the thrust on transport infrastructure expenditure - the total capital and developmental expenditure of Rs.1310 bn. on railways [including on modernisation, expansion and integration of transport solutions] and for the road sector of Rs.649 bn.- would create demand for steel, cement, engineering industries, et al. Third, the increased focus on agriculture and rural economy - apart from increased allocations, the budget contains many other measures such as [a] expanding the agricultural credit target to Rs.10,000 bn.; [b] raising the corpus of Long-term Irrigation Fund and of Micro Irrigation Fund [under NABARD] as well as of Dairy and Infrastructure Development Fund; [c] accelerating pace of rural roads; [d] increasing allocations for MNREGA and alongside using such funds for productive asset building. All such schemes would help in enhancing agriculture and rural incomes, thereby creating incremental rural purchasing power, quite apart from gains arising from increased farm output, if the 2017-18 monsoon also turns out normal.

Fourth, a package of measures promoting labor-intensive sectors be it affordable housing and reduction in corporate tax for MSME companies [annual turnover of upto Rs.50 crores] are going to generate jobs and create demand push growth drivers. Fifth, the thrust on promotion of digital economy - with ambitious goals of weeding out corruption and black money; ensuring greater formalisation of economy; bringing financial savings into the banking system; promotion of financial inclusion; and so on. Lastly, all such efforts of investment revival are likely to be strengthened by a set of measures to improve the ease of doing business, including scrapping of the FIPB, some modifications of domestic transfer pricing provisions, etc.

In summing up, the Budget 2017-18 unveils a relatively well-balanced strategy, offering opportunities of some incremental growth through a variety of supply and demand side economics. Its strategic framework suggests the underpinnings of stability and sustainability of fiscal and external sectors. But, as usual, the budget’s success would be determined by implementation of various reforms and programs, including much awaited GST, labour reforms, et al. Prima facie, the budget’s envisaged economic growth rate of 7.15% in nominal terms in 2017-18 [at current prices] would be realisable. Given the reasonable prospects of inflation rate being contained around 4%, the outlook for real GDP growth rate can be pegged at around 7.5%. This would, doubtless, be a good macro scorecard of the budget, but much more needs to be done at the micro level to alleviate the challenges faced by rural and informal sectors and tackling the ‘twin balance sheet’ problems of banks and corporates. The NDA government would obviously have to do much more going forward; the end of 2018-19 would be the beginning of count-down for the next general elections!........

Sunil Bhandare is Economist by profession. At present, he is an Advisor [Economic and Government Policy] with Tata Strategic Management Group. Earlier he was also Economic Advisor of the Tata Group from 1992 to 2001. After retiring from Tata Services in 2001, he worked as CEO of Bombay First for about three years, which is an initiative of Bombay Chamber of Commerce & Industry, aimed at promoting the cause of Mumbai. He initiated the Vision Mumbai Report, jointly with McKinsey & Co. Thereafter, he was also the Chief Economist of Maharatna Economic Development Council from 2012 to 2015. He has undertaken numerous assignments in the field of economic consultancy, banking industry and corporate sector, including regular evaluation of business environment in the country. He was also engaged in teaching assignments as a visiting faculty with some of the Management Institutes, including Tata Management Training Centre, Pune. He has been associated with several Chambers of Commerce and Industry and NGOs like Forum of Free Enterprises, All-India Bank Depositors’ Association, Indian Liberal Group, Project for Economic Education, etc. He has published numerous articles on subjects of topical economic and corporate interests in various publications.
The Union Budget 2017-18 quelled market speculation and encouragingly stuck to a broader fiscal consolidation roadmap. FY-18 fiscal deficit has been targeted at 3.2% of GDP, a marginal deviation from an earlier laid roadmap of 3%, yet a positive outcome in light of demonetisation related pressure on the economy. We have always argued for fiscal prudence and more so in the light of 7.9% net household financial savings coupled with increased pressure on state finances next fiscal year.

Prima facie, the overall fiscal arithmetic looks credible. The size of the budget is pegged at Rs. 24.5 trillion, thus leading to 6.6% growth in total expenditure. As the central government is largely done with financial burden of VII pay commission and that can be called as a disappointment.

We credit the government for liberalizing FDI norms (FIPB envisioned to be abolished in FY18), inviting foreign investment, rationalizing its taxation measures on foreign investment at a time when the rest of the world is becoming more inward looking.

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Adverse in future which makes us re-emphasise the need to maintain fiscal prudence. An infrastructure deficit nation like India cannot afford to keep channelizing the tax payer’s money for unproductive purposes.

We credit the government for liberalizing FDI norms (FIPB envisioned to be abolished in FY18), inviting foreign investment, rationalizing its taxation measures on foreign investment at a time when the rest of the world is becoming more inward looking. Also we saw a small beginning where budget shifted its focus from outlays to outcomes such as quantifying the asset creation plans from MGNREGA spending, targeting the learning based outcome in education, targeting the elimination of certain diseases prevalent in India.

Rural India, in our view, is likely to be a structural theme for investors in India. Frictional hazards aside (such as implementation risks, heavy reliance on monsoon for agricultural income), direct transfer of benefits and employment generation (via MGNREGA) will structurally lift up the rural economy.

On the social sector front, the budget document mentions launch of Swayam, an education portal/app on the line of Coursera. The website is well designed. If executed and marketed properly, it can become a great bridge between large areas of the country where quality of colleges is poor.

While we concur with government’s thrust on better infrastructure (an interest payment, subsidies, pension etc.) run higher than 5% of GDP. Interestingly, the interest payment, for the first time in budget history, equaled the overall fiscal deficit. This will only become rationalized the labor laws, we did not find any other significant measures which enables job creation. Demographic dividend in the absence of adequate job generation creates a serious threat of social unrest in India.

The budget should be taken positively by consumption, agriculture, financial and infrastructure oriented sectors. Infrastructure status to affordable housing, increased interest subvention for housing loans, change in house size from built-up to carpet area (30 - 60 sq mt), lower holding period for indexation and lower tax incidence for low income assesses and thus higher disposable income, should be growth positive for construction related sectors and housing finance companies.

Overall, the government’s decision to stick to fiscal consolidation - despite the growth hit caused by demonetisation and the upcoming state elections - is a positive signal from the macro stability point of view. Accepting the recommendations of FRBM committee, government has projected to not only bring down the fiscal deficit to 3% but also lower debt to GDP ratio to 60% by 2023.

With the event is now behind us, the focus will shift back to the execution of the budget, corporate earnings and global cues. In the months ahead, the up-coming state election, final construct of GST, elections in Europe, policy measures adopted in the US (by the newly formed Trump administration), and the consequent response by rest of the world may shape the market sentiment. However, we think that corporate earnings expectations and performance is the most crucial parameter to watch for equity market this year. Further, from the macro perspective, there is a dire need to spur the private investment and exports growth in India. In the last few years, the domestic growth is getting heavily skewed towards consumption and government spending which may not be sustainable. Government spending suffers with its own execution challenges and consumption spending is not without inflation concerns.

As an aside, we admit that Trump’s policy proposals thus far have been more negative for Indian markets than we envisaged. However, our detailed assessment suggests India is still relatively better placed compared to other emerging markets in depicting vulnerability to US’ trade, immigration and tax measures.

Prudent budget combined with corporate earnings increases scope of monetary easing at the margin. Central budget managed to curtail the net market borrowing to Rs. 3.6 trillion as it increasingly resorts to small savings funds to finance the fiscal deficit. However, bond market may remain largely unimpacted by the budget given the overhang of higher SDLs, UDAY discom bonds and GoI serviced bonds on one side and global yield movement on the other side.
Lacklustre Private Investment

The huge rise in NPAs coupled with the sharp fall in private investment is impacting the manufacturing sector. The decline in sales and its impact on profitability has impacted the manufacturing industries’ ability to service their debt, thus creating a high debt-equity ratio which means a company is aggressively using borrowed money to finance its growth, leading to higher risk for default.

End of Expansionary monetary Policy

In February 2017, RBI surprised the market with an ultra-hawkish change in its policy stance from “accommodative” to “neutral”, when it held interest rates signalling the end of the rate cut cycle. The logic provided by RBI was centred on three themes: the internal and external policies of the US administration, impact of Brexit and surging oil prices. The outlook for global growth remains uncertain. A number of leading economists have been surprised with this decision, given the background of the continuing low inflation numbers and the slackness in private investment.

Global Challenges

From the election of Donald Trump as US president to the imminent exit of Britain from the European Union (EU), the last few months have been one of the most politically volatile periods in world history.

Global output growth is estimated at about 3% (at an annualized rate) for the third quarter of 2016–broadly unchanged relative to the first two quarters of the year according to the IMF. There has been a stronger-than-expected pickup in growth in advanced economies. Among advanced economies, activity rebounded strongly in the United States after a weak first half of 2016, and the economy is approaching full employment. The growth rate in China was a bit stronger than expected, supported by continued policy stimulus.

Renewed Surge in Global Commodity Prices

The big spoiler for the Indian economy in 2017 could be oil. A spike in oil prices to $70 a barrel is enough to raise India’s fiscal deficit by 0.6% of GDP (6% of GDP is a generous 0.6% of GDP cut over the course of the coming fiscal year. With strong infrastructure and real estate investment in China as well as expectations of fiscal easing in the United States, prices for base metals have also strengthened.

A rise in oil and commodity prices will also complicate India’s fight against inflation.

Thus, both internal and external challenges loom large over the Indian economy. According to the latest IMF estimates, India is estimated to grow at 6.6% in 2016-17, a full percentage point lower than what was forecast earlier. IMF said the Chinese economy grew by 6.7% in 2016-17 as against the previously projected 6.6%. China’s growth forecast in 2017 was raised to 6.5% from 6.2% projected in October due to “expected policy stimulus”. IMF also expects India’s growth to pick up at a slower pace in 2017-18, at 7.2%, against its earlier estimate of 7.6%.
However, despite these global and domestic headwinds, it is our opinion that India still remains a bright spot in the world economy.

The Modi government seems committed to continued economic reforms. The recently announced Union Budget 2017 has also been balanced and largely lauded by economists in its approach. Some of the positive measures announced by the Union Budget are expected to be seen as an enabler to agriculture and business.

In order to adhere with FRBM enabler to agriculture and business. Budget are expected to be seen as an measures announced by the Union and largely lauded by economists in its Budget 2017 has also been balanced committed to continued economic The Modi government seems.

That, India still remains a bright spot in domestic headwinds, it is our opinion However, despite these global and domestic headwinds, it is our opinion that India still remains a bright spot in the world economy.

The Union Budget is "Transform, Energise and Clean India" - TEC India with key objectives of (i) Transform the quality of Governance and quality of life of our people, (ii) Energise various sections of society, especially the youth and the vulnerable, and enable them to unleash their true potential, and (iii) Clean the country from the evils of corruption, black money and non-transparent political funding.

The Union Budget substantially recognizes the need to hedge the economy from the uncertainty around commodity prices especially that of crude oil. Accordingly, the Budget proposes to set up Strategic Crude Oil Reserves, to cover approximately 7% of the total yearly oil imports and create an integrated public sector 'oil major' which will be able to match the performance of international and domestic private sector oil and gas companies.

The Union Budget has also proposed listing and trading of Security Receipts issued by a securitization company or a reconstruction company under the SARFAESI Act in SEBI registered stock exchanges. This will enhance capital flows into the securitization industry and will particularly be helpful to deal with bank NPAs.

The government is hoping for boost in its revenues because of implementation of GST during the course of FY18 and enhanced pace of disinvestments. Effective implementation should raise GDP to over 8%.

These are some of the measures that will ensure sustainable and balanced growth for the Indian economy facilitated by the Union Budget.

The improvement in the SBI Composite Index, a leading indicator for manufacturing activity in India, for February 2017 to 49.5 (Low Decline) compared to last month’s index of 47.0 (LowDecline), also provides hope that the worst of demonetisation’s negative impacts may be behind us.

On the international investment side, since the Foreign Direct Investment (FDI) applications are now filed as well as processed online, the Foreign Investment Promotion Board (FIPB) would be abolished in the financial year 2017-18. Presently, more than 90% of the FDI inflows are under the automatic route. Further liberalization is underway and necessary amendments would be announced in due course. There has been no change in Capital Gains and STT rates and Concessional tax rate of 5% on interest income from government bonds and qualifying corporate bonds extended from 30 June 2017 to 30 June 2020. Further, it is clarified that indirect transfer provisions are not applicable to Category I and Category II FPIs.

The above, combined with the renegotiation of tax treaties with Mauritius and Singapore (two of the largest origins of inflows into India), have provided a clear direction to the market in terms of taxation and created a lot of certainty in the minds of international investors on taxation considerations for Indian investments. This not only addresses concerns on black money, but also provides a framework for funds to structure their investments appropriately into India.

Overseas investors have pumped in INR 14,600 cr into India equity markets so far following some relaxations in FPI taxation. While, the second half of 2016 saw FPI outflows from the country, February 2017 has seen the return of foreign investors in a big way. In the first couple of weeks of February alone, FPIs have bought INR 5,118 Crore in India debt papers, net buyers first time since September 2016. Bond yields further rose 50 bps since the RBI’s latest monetary policy announcement of keeping rates unchanged. The ensuing result has also seen appreciation in the India rupee.

From our discussions with key investors, the confidence arising from the government’s resolve to a clean, transparent economy and the confidence from the focus on digitalization is perhaps the reason for the FPIs viewing the Indian market seriously in the coming quarters.

In Conclusion
So, in conclusion, while headwinds remain and protectionist challenges loom large over the global economy, the Indian government appears to remain committed to ensuring stable, inclusive growth. Expecting a 7.1% growth for the Indian economy in FY17, Moody’s has rated India sovereign at ‘Ba2’ with a positive outlook.

However, it is our opinion that a lot more may need to be done to ensure we remain on the growth wagon, with improvements to domestic labour laws, job creation, improving ease of doing business and targeting efficiencies in subsidy distribution with the Jan Dhan, Aadhar and Mobile initiatives. With large states like Uttar Pradesh and Punjab in election mode, one hopes to see continued momentum in economic and banking reforms, irrespective of election results.
Capital markets in India have been a reflection of the country’s economic growth and development over the last two decades. Bombay Stock Exchange's sensitivity index, the SENSEX, is the barometer of the Indian market which has emerged as the 11th largest stock market by market capitalization at $1.5 trillion as of June 30, 2016. India has attracted significant traction from global investors leading to inflow of billions of dollars over the years with improved enthusiasm observed, particularly in FY2015-16.

On the domestic front, the government's bold reform measures, the successful passage of GST, revival of monsoon and related corporate earnings recovery prior to demonetisation point to better performance as reflected in the current SENSEX and NIFTY levels as I pen this article. The global scenario continues to track events and announcements of President Trump, Fed Rate actions and Brexit which are likely to keep our markets on toes.

Headroom for the Indian brokerage industry to grow and achieve new milestones is extremely huge, as this industry would play a catalytic role in diverting a significant amount of household financial savings to productive assets like equity from traditional investment products like gold, real estate, and bank based products.

Let me take you through some of the key events of the year gone by

THE YEAR GONE BY

2016 was an eventful year in which investors both globally and in India were puzzled with making investment decisions. This was because every time markets surged there were some knee jerk reactions coming in from the investor fraternity following the events and thus made everyone wonder “What’s next on the platter”. Of the many events globally as well as locally, I wish to enlist a few which rocked our markets.

Brexit: Britain voted to exit the EU with the ‘Leave’ camp winning with 51.9% votes in a historic referendum, which was followed by the resignation of David Cameron as Prime Minister. It may take years of negotiations for the UK to disentangle from the EU law, finance, trade, foreign policy as believed by experts. The immediate impact was felt across markets with major equity indices losing 2-10%. If Brexit is a precursor to a tectonic shift in the euro zone, it could eventually disintegrate the entire European Union. This is likely to impact our markets in the short term and FPIs will essentially track such events. But in the long run, it will help India attain prominence in the global landscape, as we would emerge a ‘safe haven’ in such times of turmoil, attracting global funds.

GST soon to be a reality:

The Rajya Sabha finally passed the Constitutional Amendment Bill on Goods & Services Tax (GST) on August 3, 2016 a year after it received the approval of the Lok Sabha. This triggered a surge in the equity market and the nation hope of a unified tax system thereby aiding administration between Central and State authorities. However, in 2016 the Goods & Services Tax Council failed to break the logjam on the crucial issue of division of tax administration between Central and State authorities. Nevertheless, the Government has been able to break ground on this front as I write in February 2017 thus giving the nation hope of a unified tax system thereby aiding Government’s strategy of ensuring ease of doing business and accelerating India’s GDP growth.

India-Mauritius Tax Treaty:

India and Mauritius signed the protocol amending the agreement for avoidance of double taxation with Mauritius which is the biggest source of foreign direct investment and portfolio investment into India. The island nation accounts for over 34% of FDI in India while Singapore contributes 20%. Earlier, the bilateral tax treaty exempted fund flows from capital gains tax. For the benefit of investors, the protocol provides for grant of foreign derived and incidental income as the new regime will apply to shares acquired on or after April 1, 2017. There will be a transition period from April 1, 2017 to March 31, 2019, during which capital gains will be taxed at half the domestic rate.

Crude Oil Basket at USD 57/barrel:

For the first time since July 2015 global benchmark crude rose above US $57/barrel which markets digested over the period. This was due to a landmark pact between oil producing countries. As we all know 80% of India’s import bill is driven by crude oil. Thus any further rise in prices of benchmark Brent crude will be a cause of worry for our economy, trade deficit (CAD) and markets. Moving further into 2017, my sense is that crude prices are expected to remain firm as the oil surplus market is likely to turn into a deficit.

Surgical strike on PoK:

The domestic equity market went into a tailspin after the Director General of Military Operations said that Indian Army carried out surgical strikes on terror launch pads in Pakistan soil. Markets feared that a series of such strikes in near future could rekindle tensions between both the nations, roiling markets. Infact D-Street was factoring in a 10% fall if the geo-political tensions between two nations were to escalate. However, Pakistan dismissed India’s claims of ‘surgical strike’ as an illusion, and termed the incident as ‘cross-border fire’. This was the first bold move taken by the current Government displaying a change of stance if needed.

Demonetisation:

It has been the boldest reform of the current NDA led Central government, which has the potential to bring long-term structural benefits to the economy, while causing pain in the short term due to a cash crunch. It has been public opinion that demonetisation though has caused short term pain in the long term, it will translate into benefits for the common man.

I understand that demonetisation will have benefits to the economy in multiple ways, like higher tax revenues that may lead to an increase in public expenditure and help the government pass on the benefits in the form of lower indirect taxes. Besides, it will also lead to lower incidence of tax evasion and bring in best business practices across companies as organized players stand to gain due to better corporate practices.

Demand in the consumer sector and sectors associated with it are likely to take a hit in the near term, but once the cash situation normalizes, demand should bounce back. Testimony to this is commentaries from managements of companies in the consumer durable space like TVs, Smartphones and Kitchen Appliances etc.
Dollar on hopes of protectionist measures by President-elect Donald Trump. Expectations that Trump will adopt an expansive fiscal measure lifted US bond yields and fuelled a rally in the US Dollar. This had prompted FPIs to offload some of their holdings in India market.

Arrival of Trump rocks emerging markets including India

Republican Donald Trump surprised the world by beating Democrat Hillary Clinton in the US presidential election, which gave way to ‘Trumponomics’. The word ‘Trumponomics’ refers to the bold economic plans such as cuts in personal and corporate taxes and restructuring of bilateral trade deals, as well as protectionism that will not only impact the US but economies across the world, including India. Trump built his election campaign around the ideas of promoting domestic manufacturing and improving American infrastructure with a hope to improve labour participation and economic growth. Due to these reasons, we can expect significantly higher government spending.

Trump’s efforts to focus on improving domestic manufacturing are unlikely to impact Indian equities majorly. While, the Indian Information Technology is likely to bear the brunt of his protectionist policies, Indian generic Pharmaceutical companies could see better days ahead. As a part of his seven-point healthcare agenda, Trump plans to allow consumers access to better drugs made abroad. The Trump regime will usher in new opportunities for Indian companies. Although pricing pressure will continue in the US, Trump’s proposal to lift entry barriers for safe, reliable and cheaper products bodes well for Indian companies.

Fed Rate Hike

On the expected lines, the US Federal Reserve raised interest rates by 25 bps to between 0.50% and 0.75%, its second such hike since last December, and forecast a steeper path for borrowing costs in 2017. The Fed’s median outlook for rates rose to three quarter points increase in 2017 from two as of September 2016, which would be followed by another three increases in both 2018 and 2019 before the rate levels off at a long-run normal 3% as expected by markets. The committee expects that economic conditions will evolve in a manner that will warrant only gradual increases in the federal funds rate, said the FOMC statement. Whereas, the markets are certain of Fed’s policy stance, my fear is that any sudden change in the policy stance going forward will entice a knee jerk reaction in the markets. However, this is unlikely to undermine the long term growth story of India which is sweetly positioned amongst other emerging market peers.

Strong DII inflows driven by buoyant Mutual Fund flows, showcases conviction of retail investors in Indian Equity markets

Even as the year saw foreign portfolio investors (FPI) offload their exposures in EMs, the domestic institutional investors (DII) remained net buyers once again following the buying trend noted in CY2015. This traction in DII inflows witnessed during the year was largely because of the resurgence in Equity MF schemes on this back of an upsurge in retail participation. The value of assets held by individual investors in MFs increased from INR 6.13 lakh crore in January 2016 to INR 7.92 lakh crore in January 2017, an increase of 23% YoY.

During the calendar year 2016, about a handful new equity schemes (both open ended and close ended) were launched. However, the striking feature of 2016 was the CPSE ETF’s Further Fund Offer (FFO) which evinced overwhelming response from investors across categories led by Institutional and Retail investors. As on January 2017, equity-oriented schemes formed 31.2% of industry assets.

In addition to encouraging returns from equity funds over the years, the endeavor of the market regulator and distributors (large brokers as well as regional, local distributors) to boost retail participation through investor awareness programs have contributed to further growth of the industry in terms of new investors coming into the market. The Indian Broking Industry has very well been at the fore-front of this development and has been able to cash in on this robustly growing market segment.

The Indian MF Industry has seen its assets under management (AUM) grow by over 30% YoY. The Total AUM grew from INR 13.54 trillion in January 2016 to INR 17.83 trillion in January 2017 which is a sharp rise despite extreme volatility witnessed at the bourses.

Further, with digital being a way of life, it is heartening to note that investors have taken the Direct route supported by superior online investment platforms offered by Stock Exchanges and Asset Management Companies to invest in MFs. For the records, 8% of the retail investors chose to invest directly, while 16% HNI assets were invested through the direct route. Further, much has been talked about financial inclusion. To this effect, I am pleased to share that about 25% of assets held by individual investors is from B15 locations. While, share of T15 driven assets both individual and institutional have increased, although marginally since January 2016.

While, FPIs remained net sellers in the Indian market through most parts of the year, the Domestic Institutions displayed enhanced investing appetite backed by strong flows from retail investors.

Despite FPIs remaining Net Sellers in CY2016 (INR crore)....

KEY DEVELOPMENTS

GIFT-City from a dream to reality

The Gujarat International Finance Tec-City which is being developed as the country’s first ever International Financial Services Centre was inaugurated in December 2016. This has been one of NDA Government’s ambitious projects to establish a Financial Centre comparable to the likes of the ones in Dubai and Singapore. It feels proud to see Asia’s oldest exchange BSE being the leading player in launching the first of its kind International Exchange - India INX.

India INX is touted to be the world’s fastest international exchange with a median trade speed of 4 micro seconds. This exchange will also be open for trading for 22 hours every day and will commence trading activity at 4:00am at the same time that exchanges open in Japan. Foreign investors can trade in equity shares of companies incorporated outside India, depository receipts, debt securities, currency and interest rate derivatives, index based derivatives, commodity derivatives and such other securities that may be allowed. This means it will only allow derivative products to begin with. Over 250 trading members, including commodity brokers as well as overseas broking participants have expressed interest to function at India INX. This in my belief will create a level playing field for India vis-à-vis global players and thus will give a big boost to the broking industry in terms of enhanced trading volumes.

Union Budget of February 2017 left Securities Transaction Tax (STT) unchanged which came as a breather against expectations of the industry. What came in as a surprise
was the tweaking of Long Term Capital Gains (LTCG) tax on equity shares purchased after October 1, 2004 but on which STT has not been paid. Government has provided exemption from this clause for securities acquired in IPOs, FPOs, Rights Issues and Bonus issues, for acquisition of shares on preferential basis and qualified institutional placements are likely to be notified during the course of the year.

Ease of Doing Business has been at the forefront of the current Government’s agenda. With this in mind, the FM announced a number of steps to promote ease of doing business in the financial markets, enhance operating flexibility and ease of access to Indian Capital Markets. Some of these measures are 1) process of registration of financial market intermediaries like MFs, Brokers, and Portfolio Managers etc. will be made fully online by SEBI, 2) A common application form for registration, opening of bank and de-mat accounts and issue of PAN will be introduced for Foreign Portfolio Investors (FPIs), SEBI, RBI and CBOT the top regulators will jointly put in place the necessary systems and procedures. This will greatly enhance operational flexibility and ease of access to Indian capital markets and 3) Steps will be taken for linking of individual de-mat accounts with Aadhar to make it easier for individuals to access the Indian markets.

Buoyed by the response to the recent Further Fund Offering (FFO) of CPSE ETF in January 2017, the Government is hopeful of achieving its disinvestment target of INR 72,500 crore by launch of diversified public sector ETFs in FY2018. In addition to this diversified PSU ETF, IPOs of key public sector enterprises such as IRCTC, IRC and IRCON are expected to provide ample wealth creating opportunities for investors.

SEBI’s initiatives in 2016

Recently, SEBI is actively pursuing a proposal for introduction of options contracts in commodity derivatives that will provide yet another opportunity for market participants like brokers as well as institutional investors. Allowing options trading in commodities is a constructive measure for the broking industry as it will positively impact trading volumes and thus revenue generation opportunities for brokers.

CHALLENGES & CONCERNS

While our brose BSE & NSE, feature in the top 15 exchanges worldwide in terms of their unremitting efforts has not been able to help Indians at large participate in its own growth story. This is mainly due to some challenges faced by the industry which to me are interlinked with each other. Let me throw some light on this - India is a country which has a dismal number of retail investors investing in equity despite it being the second largest populated country. About 2% of retail investors invest in Equity an asset class which has the possibility of giving above inflation returns on a compounded basis. Thus to catch hold of this market, brokers are faced with twin issues of raising operating costs on account of lower trading volumes and shrinking margins. Further, rising competition amongst industry players to retain its customer base and further expand are not just restricting margin expansion but are also detrimental at times.

While, every industry is fraught with its own set of challenges there always emerge some rays of hope. And in my opinion some of them are as follows:

GOING FORWARD

Broking Industry’s consolidation trend continuing

The on-going trend of consolidation in the Indian Broking industry is becoming more visible. From the chart below we see that the top set of brokers seems to have persistently been successful in strengthening their market share. In my view, this is likely to continue going ahead and majority of the business would continue to remain within the reins of the few organized and established members. Headroom for the Indian brokerage industry to grow and achieve new milestones is extremely huge, as this industry would play a catalytic role in diverting a significant amount of household financial savings to productive assets like equity from traditional investment products like gold, real estate and bank based products. Exemplifying this is the rise in percentage of household savings invested in equity today as compared to the sum invested in late 1990s.

On the macro front, picture of the Indian economy looks seemingly bright on the back of a steady disinflation trajectory, ensuring fiscal prudence and maintaining Fiscal Deficit target, a testament of which was the government’s Fiscal Deficit Target for FY2018 at 3% as provided in the Fiscal Responsibility and Budget Management Act (FRBM) in the recently presented Budget. Furthermore, the Union Budget distinctively laid focus on revitalizing the demand scenario by increasing allocation towards rural economy especially after its act on demonetisation added some bumps to the recovering rural economy. Thust on rural by focusing on agriculture, irrigation, roads, highways and overall infrastructure spending will set the tone for kick starting the investment cycle. This coupled with the thrust placed by the Central Bank on rejuvenating the apologetic state of the banking sector places confidence in India’s growth story.

Opportunities galore for brokers

With hunger to grow business and thereby keep competition at bay, my sense is that brokers can look to expand their offerings by including more and more financial products into their basket like PMS, Investment Banking services, Financing, distribution of third party products etc. This can be done either directly by the might of existing players. But to me it can be quite rewarding if the same is conducted through formation of Joint Ventures or Tie-Ups with well-established and large players in the respective domain area. Besides, this other opportunities are coming from the digital space where our prime Stock Exchanges have been able to penetrate into the smaller towns and urban centers popularly known as B15 locations. This further opens up bountiful for brokers both national as well as regional.

Macro events and markets

2017 is likely to keep investors on tenterhooks. However, key drivers to my mind are from both the domestic and international arena. Regards international space, developments on Brexit and US President Trump’s policy announcements are some of the key factors which could keep our markets on toes. Further, China has its own challenges of maintaining their high levels of GDP growth which they had been maintaining for the last three decades. In addition to these factors, decisions on rate hikes at a much faster clip by US Fed or change in policy stance will be viewed negatively from the Indian market perspective as well as for emerging markets. However, a silver lining is the domestic economy which has displayed much resilience (farther than expected recovery) from the home grown issue of demonetisation and better GDP growth forecasts by world agencies vis-à-vis other emerging markets.

Also, I would like to highlight that if one looks at the last fifteen year trend, barring a few years FPI investments in India have fairly remained buoyant and this gives me confidence that the inflows will continue, though some short term outflows may be witnessed owing to factors mentioned above. Various policy measures taken by the Government, favourable demographics, low inflation, strict adherence to fiscal discipline and focus on maintaining fiscal deficit targets are well appreciated by institutional investors abroad. Therefore, I firmly believe over the longer term FPI flows should find its way back to India.

Amarag Banai, aged 41 years, is a rank holder and fellow member of the Institute of Chartered Accountants of India (ICAI) and a member of Institute of Cost and Works Accountants of India (ICWAI) and possesses extensive experience of over 30 years in Capital Markets. He is Whole time director of SMC Global Securities Limited which along with its group companies offers a diverse range of financial services including institutional and retail brokerage of equity, derivatives, commodities, currency, online trading, depository services, distribution of IPOs, mutual funds, fixed deposits & bonds, insurance broking life and general), clearing services, margin financing, investment banking, portfolio management, wealth advisory, real estate advisory and research. He is the member of BSE Brokers’ Forum.
**OPTIONS & ALGO TRADING GAINING MOMENTUM FOR SPECULATORS**

By Jitendra Panda
Managing Director & CEO
Peerless Securities Limited

"Options segment continue to rule the market and has gained momentum. Brokers have started employing specialist and a separate trading desk for options."

The Indian equity derivative markets have evolved in the last decade and half to grow into one of the largest market of the world. This is no small feat considering the miniscule percentage of population actually trading the Equity market, the flipside would worry to a common man how come this small percentage of population are involved in such high turnover and can it pose a systemic risk. However, we stand relived when we find that the Regulators & Exchanges have taken appropriate and timely actions/changes to grow and protect the interest of all its participants. Few major steps to grow and strengthen the derivatives market include the following:

- Adequate Margins on derivatives market based on VaR and market wide position limits have seen our markets through all crises.
- All equity Options were made 'European' to enable participants manage exercise risk and work on appropriate strategies.
- Direct market access (DMA) provided the flip to clients for greater transparency and better use of hedging and arbitrage opportunities.
- Periodic review of addition and deletion of scrip list in derivatives exchange. Additionally, restricting small and gullible retail investors to derivatives by alteration of the minimum contract size periodically.

India being land of skilled mathematical programmers & strategist we should soon expect Algorithm on other Algorithm, which means algorithm trading pattern will be tracked or spotted and these will be basically "reverse engineered". Titans will clash. Will speculators make money or lose money-time will only tell.

Options market leadership:
Options segment continue to rule the market and has gained momentum. Brokers have started employing specialist and a separate trading desk for options. With transparency and built-in safety for market process and system, almost all speculators are joining the bandwagon of options trading. Strategies are getting sharpened and performance is analyzed with data. These option participants provide liquidity and price discovery to the underlying. When lot size were increased to minimum contract value of 5 lakhs, few market experts predicted derivatives will be doomed but the contrary has been witnessed with turnover reaching higher levels. Speculators have got used to the bigger lot size and the view is now that the step has been positive. Similarly, quick adaptation to participation in Bank Nifty on switch over to weekly expiry has been vindicated that speculation in options segment have matured, to take reforms in its stride.

Now markets are waiting with the above experience and expertise to try their hands on Commodity options and we can remain optimistic that Indian commodity options market will set new records there too.

Algorithmic Trading:
Algorithmic trading (‘Algo’ in colloquial) means the use of algorithm for placing a buy or sell order based on a quantitative model that automatically generates the timing of the orders with predefined size. As per SEBI any order automation all of which would be well beyond the physical capability of a human trader.

- Reduces price volatility with increased liquidity.
- With well defined trades & HFT it helps in lowering price impact cost.
- It helps in better price discovery.
- It brings scalability as different markets and asset class can be linked for arbitrage benefits.
- Market makers get competition and all participants benefit.

Disadvantages of Algo-trading:

- Algo-traders tend to participate only in few selected chosen index/stocks and markets volumes & liquidity are distorted.
- Number of orders conversion to trades is very less-means low quality liquidity.
- Technology or malfunctioning algorithm can cause market instability.
- Discriminatory access, technology advantage for few players.
- Huge investment in technology and continuous development.
- Most Algorithms cannot compete with the ability of the human brain to react to unanticipated changes and opportunities (traders ‘gut’ feel).

To ensure fair and equitable business growth of Algo-trading & HFT markets, SEBI has issued discussion paper on “Strengthening of the Regulatory framework for Algorithmic trading & Co-location”. No doubt the Regulatory machinery will find a suitable compromise in the near future and curtail the allegation of breaches of ethics and fair play. This will restore confidence of the mass public.

Advantages of Algo-trading:

- The conceptual and huge advantage in executing the carefully ‘pre-thought’ strategies at warp speed using computer

In today’s hyper-competitive, cost-conscious trading environment, being the first to innovate can give a broker a significant advantage over the competition both in capturing the order flow of early adopters and building a business. Brokers need to deploy team, strategy, technology and need to train clients also to compete and learn this new style of trading for speculators. The key differentiators will be ability to provide HFT services, and introduction of innovative algorithms to capture trades, backed by superior risk management practices. Therefore, in today’s evolving trading environment, brokers with the ability to innovate will hold a significant advantage.
Global commodity markets are impacted by a host of factors, and given the dynamic nature of these factors a constant update of the magnitude and its effect on market fundamentals is critical for commodity traders to take informed trading calls in the marketplace.

In that sense, 2017 is going to be no different from the previous years; and if anything, there could be greater volatility this year because of a series of event risks that have to be closely watched and outcomes managed.

In 2016, the market witnessed two impactful events - Brexit and the US presidential election. This year’s event risks are complex. Europe will face three elections (Holland, France and Germany) on which the outcomes of which are uncertain and can impact the euro; the US Federal Reserve will hold eight meetings of the Federal Open Market Committee (FOMC) and the decision to hike rates will be data driven; and the European Central Bank as well as Bank of Japan will hold meetings that can potentially impact the foreign exchange markets.

How the crude oil market will behave is anybody’s guess. Notwithstanding the agreement among major producers (OPEC and others) to cut output, the pace of shale oil production in the US will have implications for prices.

Commodity prices had a dream run from 2010 till 2014 in the wake of accommodative monetary policies, weak dollar and robust demand growth under the lead of China.

Plus, of course, there will be regular flow of data such as employment, inflation and so on. Importantly, there could be totally unanticipated events in the form of natural disaster or geopolitical instability. All these together make commodity markets in 2017 a lot more vulnerable.

To be sure, there are five broad factors that drive the global commodity markets. The drivers are: (1) Economic growth; (2) Geopolitics; (3) Monetary policy; (4) Currency; and (5) Weather. All the five are expected to play out in 2017 in varying degrees and impact the world commodity markets - covering energy, metals and agriculture - in varying measure.

According to the World Bank, global economic growth is forecast to accelerate moderately to 2.7 percent in 2017 after a post-crisis low last year. While overall prospects for emerging market and developing economies are dampened by tepid international trade, subdued investment and weak productivity growth, China is projected to continue an orderly growth slowdown to a 6.5 percent rate. It is important to note that China’s slowdown is from a high base. Russia and Brazil resume growth after recessions as commodity prices gradually recover under the lead of crude oil.

The positive relationship between economic growth and commodity consumption is of course well known. With demand set to kick in, albeit slowly, consumption is expected to pick up. This is positive for growth-oriented commodities such as crude oil and steel. Selectively base metals will encounter tightening supplies.

From a geopolitical perspective, the situation is nearly normal with no sign of any major instability on the horizon.

Geopolitical developments drive commodity prices, especially gold and crude oil if originating around oil exporting nations. However, the recent agreement among major oil exporting countries to curtail output in order to provide a boost to prices is expected to tighten supplies at a time when demand is beginning to show signs of slow revival.

The US shale oil output is beginning to rise too. So, crude prices in 2017 may average $55 a barrel, nearly double the lowest price reached a year ago (February 2016). Rising crude oil rates (with occasional spur above $60 a barrel) will impact commodity production costs, especially metals and agriculture.

In the past 7-8 years, the world saw divergent monetary policies with developed countries (especially USA) adopting a highly accommodative stance while emerging markets such as China and India attempted to tighten liquidity. The situation has turned topsy-turvy now and divergence has widened.

While the US Federal Reserve is set to hike interest rates and tighten liquidity on the back of positive macro data, Europe follows an ultra-easy monetary policy and Japan a negative interest rate policy. Emerging markets like India are in the process of expanding liquidity to boost growth. The divergence is palpable. Clearly, the period of liquidity-driven commodity price boom is well behind us, ending as it did towards late 2015.

Currency gyrations continue to impact commodity prices. Continued flow of encouraging macroeconomic data from the US over the last several quarters and tightening monetary policy has lent incredible strength to the US dollar against all major currencies like euro, yen and yuan. A strong dollar usually caps the upside for commodity prices designated in dollar terms. 2017 is expected to see the greenback continuing to stay strong and impact commodity prices.

From 2013 onwards, for four years in a row, the world in general and northern hemisphere in particular, experienced largely benign weather barring some aberrations like El Nino in South East Asia and parts of South America. Largely favourable weather has meant a rebound in crop production, rising inventory and softer agri-commodity prices including grains, oilseeds and cotton.

The situation is unlikely to change in 2017 despite incipient signs of La Nina earlier and lately El Nino. But weather experts have asserted that the situation is by and large neutral and no significant weather hiccup is expected this year on current reckoning. In other words, 2017 will most likely be yet another year of normal grains, oilseeds and cotton crops, especially in the northern hemisphere. This is likely to make availability comfortable and food prices stable by and large.

Improved supply outlook also means that speculative capital will more likely continue to stay in the sidelines as far as most farm commodities are concerned. Sugar could be an exception as shortage in India and need to import may propel global sugar prices higher.

As for base metals, there is a case for being selectively bullish (nickel, zinc) with supplies poised to tighten amid creeping demand growth, in advanced economies as well as in emerging economies like China and India. As for gold, the safe haven appeal is set to wane although there could be short-term upside movement. Enervated demand from two of world’s largest importers and consumers (China, India) combined with a firm dollar and improving equity market means that the yellow metal will come under downward price pressure and trade below the psychological $1200 an ounce in the months ahead.

Commodity prices had a dream run from 2010 till 2014 in the wake of accommodative monetary policies, weak dollar and robust demand growth under the lead of China. This was followed by a collapse triggered by crude oil and demand slowdown. The market seems to have bottomed out and there are signs of recovery.

However, there could be headwinds that can potentially retard the pace of price gains. Elections in three European countries, crude oil prices and Trump administration-induced market volatility including protectionist tendencies are risk factors that cannot be overlooked.

G. Chandrashekhar is an economist with passion for analyzing and commenting on agriculture, the global commodity markets (including base metals, precious metals and energy products) as also international trade and developmental issues. He is Masters in Economics, Bachelors in Law (Constitution & Administrative Law), Bombay University.

Apart from writing for India’s most credible business daily for two decades (The Hindu Business Line) and providing policy inputs for the government, he has been speaking regularly at national and international conferences on a range of topics including Indian macro-economy, food and nutrition security, role of technology in agriculture, agri-infrastructure, commodities market trends and so on.

He hold and continue to hold many public positions. Currently, he is:
- Economic Adviser, IIMC Chamber of Commerce and Industry
- Director, IIMC Economic Research and Training Foundation
- International Consultant, International Trade Centre (United Nations), Geneva
- Member, SEBI Commodity Derivatives Advisory Committee
- Independent Director, Star Agrowhasing and Collateral Management Ltd
- Trustee, Association of Technical Market Analysts (ATMA)
- Columnist, The Hindu Business Line
- Consulting Editor, ANM Media Group
- Associated with several educational institutions, visiting faculty in B-Schools
- Hon. Advisor to select trade associations

He is associated with cultural and social activities for decades. He is a stage artist of over 35 years standing and a student of Indian classical music (Abhikritika style).
ETFs AND FACTOR INDICES - THE WAY AHEAD

By Alka Banerjee
MD & CEO
Asia Index Pvt. Ltd.

"The financial crisis in 2008 was a turning point for ETFs, when they overtook the mutual fund industry in terms of growth. While we are not here to debate the merits of the mutual funds over ETFs, there is no doubt on the rapidly changing preference of investors for ETFs over mutual funds."

The financial crisis in 2008 was a turning point for ETFs, when they overtook the mutual fund industry in terms of growth. While we are not here to debate the merits of the mutual funds over ETFs, there is no doubt on the rapidly changing preference of investors for ETFs over mutual funds.

Between the three fund structures - mutual funds, indexed funds and ETFs, mutual funds have the largest asset base at $11 trillion but have been witnessing outflows in the last few years. Indexed funds have had a stronger relative growth than mutual funds but it is ETFs which have had the strongest uptick in growth and have gathered more than $2 trillion in the last decade. Both indexed funds and ETFs are passive in essence which gives a net positive push to passive investing over active investing.

In recent years the theory of low volatility, where stocks with lower volatility actually outperform over a longer term stocks with higher volatility, or theory of momentum or growth and value have been harnessed into an index template. Any strategy, if it can be rules based, transparent and tends to behave in a consistent and predictable manner over different economic cycles lends itself easily to indexing. The advantage of creating indices around these ‘factors’ is the potential for cost efficiency. An active fund manager with higher research costs may have difficulty over time matching the low cost appeal of using a factor based index. A portion of the outflows that active managers are seeing comes from the switch of institutional funds from active funds and hedge funds to these index based factor strategies.

In the last few years another game change has emerged in the investment space. Active strategies had historically relied on some key concepts to deliver the alpha over the traditional beta space. Many of these concepts revolve around what we identify as ‘factors’ which refer to the behavior of stocks which may impact portfolio performance other than stock prices. These “factors” can relate to size, volatility, momentum, value, and quality of stock. Size investing and size indices have been around a long time and it has been recognized that size has a noticeable impact on performance. As such, many indices were designed to capture the midcap or small effect. A significant use of this strategy was via equal weighted indices where the size effect was neutralized to achieve a differentiated performance from a standard market cap weighted index.

One interesting aspect that has emerged about ETF use is that while historically it has been considered an investment tool for retail investors, it has become extremely popular with institutional investors. Asset allocation strategies by asset managers and financial advisors now seem to be executed with ETFs rather than stock picking. Currently about 60% of the total U.S. AUM in ETFs comes from institutional investors. More recently in India the government has used ETFs as a route for both disinvestment from central public sector units as well as their first foray into equity investing via the Employee Provident Fund.

Complex investment strategies were historically the domain of institutional investors with retail investors having very little access as it was cost prohibitive. ETFs have brought in democratization to this space. A factor indexed ETF is accessible to all investors, retail or institutional alike at the same cost. Hence it is natural that the two
Alka Banerjee is managing director and head of product management for S&P Dow Jones Indices. Since September 2013, she has also served as CEO of Asia Index Private Limited, a joint venture between S&P Dow Jones Indices and the BSE of Mumbai, India’s premier stock exchange.

She has over 19 years of experience in the global indexing business, both at S&P Dow Jones Indices, and at the Bank of New York. She has pioneered a large number of initiatives at S&P DJI, ranging from developing global smart beta indices to the latest approaches in sustainability investing. Her latest work spans multi asset indices including equities, fixed income and commodities to create theme-based indices. In addition to evaluating and improving existing market capitalization-weighted benchmarks, Alka has led S&P DJI’s efforts for new index developments for Africa, China, Korea, India, Latin America, and throughout the Middle East.

She frequently presents at indexing and investing events, and is widely cited in the press. Alka holds a master’s in economics from Lucknow University in India and an MBA in finance from Pace University in New York.

**ETFs AND FACTOR INDICES**

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Reference:

**Transparency. Risk Management. Innovation.**

Few factors which led us to the top and have helped maintain our leadership position all through.

MCX provides a secured platform for commodity futures trading, with the best hedging efficiency among India exchanges, comparable with global exchanges. Our constant endeavour is to function with absolute transparency and provide the best services in the industry. The exchange’s risk management system and the self-regulatory mechanisms have helped gain admiration from its stakeholders and market participants.
EXCHANGE TRADED FUNDS (ETFs)

EXCHANGE TRADED FUNDS – A SIMPLE & POWERFUL INVESTMENT TOOL

By Himanshu Vyapak
Deputy CEO
Reliance Nippon Life Asset Management Limited

“Primarily, ETFs are passively managed and their objective is to capture the behaviour of the underlying i.e. equities, fixed income or commodities.”

An Exchange Traded Fund, popularly known as ETF is a hybrid product - a cross between a stock and a mutual fund. Like a stock it can be traded on a stock exchange, and like a mutual fund it comprises a diversified portfolio. Hence, ETFs are baskets of securities that can be traded, like individual stocks, on an exchange.

Primarily, ETFs are passively managed and their objective is to capture the behaviour of the underlying i.e. equities, fixed income or commodities.

ETFs can track underlying of various asset classes.
- Equity ETFs - Equity ETFs are mostly index funds that replicate the composition and the performance of a target index. These schemes invest in the securities in the same weightage as its target index (e.g. S&P BSE Sensex, Nifty 50 index, BSE 100, CPSE Index etc.)
- Money Market ETFs - Money Market ETF invests in a basket of call money, short-term government securities and money market instruments of short maturities while providing safety and liquidity.
- Commodity ETFs - Commodity ETFs invest in commodities, such as precious metals. The objective of such ETFs is to track closely the physical price of the target commodity. In India, only Gold ETF is currently available.

Other ETFs available globally include currency ETF, actively managed ETF, inverse ETF, and leveraged ETF, all of which are yet to be offered in India.

ETF facilitates asset allocation.
It is well documented that asset allocation is a critical determinant of portfolio returns. It is based on the belief that various asset categories are uncorrelated and hence behave or perform differently in varied economic cycles as well as market conditions.

The assumption is that diversifying across asset classes thus reduces overall portfolio risk for a given level of expected return. Diversification is thought to be the closest to the equivalent of a “free lunch” in investments.

The famous Brinson, Hood, Beebower study on asset allocation showed large pension funds done in the mid 1980s, explained that it was asset allocation which played a crucial role in portfolio returns.

ETFs provide investors with exposure to broad segments and sub segments of the equity markets, commodities, fixed income and money market thus enabling efficient asset allocation consistent with their financial needs, risk tolerance, and investment horizon.

Both institutional and individual investors use ETFs conveniently, efficiently, and cost effectively to allocate their assets.

The exponential growth of ETFs

Given the trading flexibility of ETFs coupled with diversification and low costs, they have become very popular worldwide. The American Stock Exchange in January 1993 listed one of the first ever ETF shares, known as SPDR, an acronym for Standard & Poor’s Depository Receipt - popularly known as “Spiders” S&P 500 ETF. It attempts to mimic the performance & behaviour of the S&P 500 index and is one of the largest* equity funds in the world. (*Current AUM approx $240 billion)

The following graph depicts the rapid growth of ETF AUM worldwide to approx $3.6 trillion.

At present on US Exchanges:
- 9 out of top 25 Volume leaders are ETFs.
- Value wise share of these 9 ETFs have out of top 25 is 57%
- 15 years back it was around 18%

Growth of ETFs in India

The first equity ETF in India was launched in 2001 and its underlying portfolio was the Nifty 50 Index. Ever since that initial launch, currently there are more than 60 ETF schemes listed on the BSE & NSE.

Indian investors are increasingly adopting the ETF route for asset allocation and portfolio construction by using ETFs that give exposure to asset classes like large caps, mid caps, sectors such as banking, infrastructure, gold and money markets.
MUTUAL FUND INDUSTRY – THE WAY AHEAD

By Lakshmi Iyer
Chief Investment Officer (Debt) & Head Products
Kotak Mahindra Asset Management Company (KMAMC)

“Equities markets’ strength in face of FIIs selling is caused by the depth and strength that the domestic institutions/mutual fund industry has brought to bear.”

It has seldom happened that Foreign Institutional Investors (FIIs) caught cold and Indian markets just shrugged it off. But that is what is happening lately. FIIs in the domestic equities market have been net sellers over past few months, selling around US$ 4.5 bn in the spot market. Yet the market after initial volatility has only moved up.

Equities markets’ strength in face of FII selling is caused by the depth and strength that the domestic institutions/mutual fund industry has brought to bear. As per estimates, Indian mutual funds in the similar period, were steadily buying around Rs 9,000 cr a month or ~$1.3bn(on an average) in the equities market. In the last four months, Indian mutual funds have made a net purchase of around Rs.37,000 crs ~ $5.3bn. This is a harbinger of major change in trend, change in investor behavior, and change in market dominance in the years to come.

Today Indian mutual funds industry is estimated at around Rs 17 Lakh crore (~ $250bn). In the last 10 years, the am has expanded 5 times at a CAGR (~ $250bn). In the last 10 years, the asset under management (AUM) has expanded 5 times at a CAGR (~ $250bn). In the last 10 years, the AUM has expanded 5 times at a CAGR (~ $250bn). In the last 10 years, the AUM has expanded 5 times at a CAGR (~ $250bn). In the last 10 years, the AUM has expanded 5 times at a CAGR (~ $250bn). In the last 10 years, the AUM has expanded 5 times at a CAGR (~ $250bn).

What has been even more heartening is the rising penetration of the mutual funds in the retail investor segment. Of the INR 5.3 crore mutual fund folios, the retail investors account for nearly 4% of the total folios. Of this, overwhelming number of folios is invested in equity oriented schemes. From INR 3.95 lakh crore folios in Sept-14, the industry has made a net purchase of around Rs.300cr (~ $435bn) in the last 5 years. This is a very conservative estimate. Industry stalwarts in the backdrop of demonetisation are in fact expecting a 25-30% CAGR for next 3-4 years at the very least. You do the math about the AUM in such a case.

“Mutual funds is a pass through product and a fantastic vehicle for participation in India’s growth via equities or desire stability in income through fixed income offerings.”

Mutual funds is a pass through product and a fantastic vehicle for participation in India’s growth via equities or desire stability in income through fixed income offerings.

With demonetisation bringing in unutilised cash into the mainstream economy, the bulk of the inflows are likely to find their way through banking channels into other forms of investible financial assets. In a scenario where bank deposit rates are heading southward, the conventional forms of investments are seemingly less lucrative. Moreover, in the real estate sector, where the liquidity, the buyers and the yields have begun to recede, it would be matter of time before more investor money finds their way into financial asset classes, both directly and through the mutual funds route. And this is happening. Mutual funds are collecting around INR 4000 cr monthly via SIP (Systematic Investment Plan) which will find its way into the equities market.

One of the key contributors to this gradual change in investor behaviour can be ascribed to the investor awareness programme (IAPs) that the industry undertakes. Around INR 300cr is spent annually towards investor education. And we have only scratched the surface yet as far as industry penetration is concerned.

Mutual funds is a pass through product and a fantastic vehicle for participation in India’s growth via equities or desire stability in income through fixed income offerings. It is one on the most transparent offerings available where the end consumer has access to portfolio holdings, expense charged, commissions offered et al. In conclusion, the mutual funds industry is standing at the cusp of major acceleration in assets under management and service expansion. Alongside, the digitisation wave which is spreading in India; will make this industry service conscious too and ease of use would the thrust for expanding investor base. This will have far reaching and positive impact on the domestic capital markets and would help in expanding and distributing the wealth effect of the Indian enterprise.

Lakshmi heads fixed income and products team at KMAMC. She has been with the organisation since 1989. She joined KMAMC as a fund manager, and was responsible for credit research as well as deal execution, managing fund performance across all debt funds and assisting sales in client interaction. She has also been a portfolio specialist, and managed product-related initiatives, product pricing and coordination with the funds management and sales team in that role.

Prior to Kotak, Lakshmi worked with Crisil Analytics Pvt Ltd, as a research analyst where she was tracking corporate bond markets in India and generating research reports. She was also instrumental in conceiving various financial software tools in collaboration with software and technical teams.
Small and Medium Enterprises (SMEs) play a catalytic role in the development of the economy as they constitute a major part of the industrial activity. This is reflected in the form of their increasing number and rising proportion in the overall product manufacturing, employment, technical innovations and promotion of entrepreneurial skills.

India is expected to emerge as one of the leading economies in the world over the next decade in the light of a positive political and economic scenario. The Micro, Small & Medium Enterprises (MSME) segment is expected to play a significant role in the emergence of the Indian economy.

The equity markets and the capital markets in general, have become more robust. Capital market regulations in India are among the best in the world. As the investor base keeps widening, it becomes inexorable to provide investors with a greater choice of investments.

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and invest in the good companies at early stage. Market making and compulsory underwriting have been introduced which will provide liquidity and assured listing.

Origin of BSE SME Platform: The brief guidelines for the same are:

1. Issuer with post issue face value capital up to Rs.10.00 crores shall be compulsorily listed under the SME Platform. Issuer with post issue face value capital between Rs.10.00 crores and Rs.25 crores may get listed at SME Platform and Issue with post issue face value capital above Rs.25 crores has to necessarily listed at main board of the Exchanges

2. Net Tangible assets of at least Rs. 3 crore as per the latest audited financial results

3. Net worth (excluding revaluation reserves) of at least Rs. 3 crore as per the latest audited financial results

4. Track record of distributable profits in terms of sec. 205 of Companies Act, 1956 for at least two years out of immediately preceding three financial years and each financial year has to be of a period of at least 12 months. Extraordinary income will not be considered for the purpose of calculating distributable profits. Otherwise, the net worth shall be at least Rs. 5 crores.

5. The post issue paid up capital of the company shall be at least Rs. 5 crores

6. The Company has not been referred to the Board for Industrial and Financial Reconstruction (BIFR)

7. There is no winding up petition against the company that has been accepted by a court.

Benefits of SME Platform:

• Provides the SMEs with equity financing opportunities to grow their business - from expansion to acquisition

• Equity Financing lowers the Debt burden leading to lower financing cost and healthier balance sheet

• Expands the investors base, which in turn helps in getting secondary equity financing, including private placement

• Enhances company’s visibility. Media coverage provides SME with greater profile and credibility leading to increase in the value of its shares

• Greater incentive for the employees as they can participate in the ownership of the company and benefit from being its shareholders

• SME sector will grow better on two pillars of financial system i.e. Banking and Capital Market

Post Listing Compliances: The post listing compliances on SME Platform has been simplified. The guidelines are as follows:

• The Compliance norms are simplified. Half yearly compliance is required instead of quarterly

• The abridged version of the annual reports need to be sent to the investors instead of the entire annual report and posting the soft copy of the report on the website is sufficient.

• Filing of quarterly share holding pattern.

BSE SME Platform statistics:

• Number of companies listed - 165
• Number of companies migrated to main board - 24
• Number of companies where DRHPs have been filed and waiting for approval - 35
• Total amount of fund raised -1287 Crores
• Total market capitalisation - 18223.63 crs
• Number of Market Makers registered with BSE SME - 93
• SME IPO index launched on 14th December 2012 with 100 as base by Shri K.H. Muniyappa, Hon'able Minister of State with Independent Charge Ministry of MSME, Govt. of India. IPO index quoting at 1245.15

BSE has already done 750 seminars and met around 15000 SMEs across the country explaining them about the benefits of SME Platform. We will keep on doing the awareness programs, meeting the promoters and do the company holding to bring them on SME Exchange in order to create financial inclusion in the country.

Ajay Thakur, A professional with more than 2 decades of experience in Capital Market spanning BSE, ICICI, Kotak Mahindra and over a decade with largest Stock Exchange. He has been a key player in setting up the regional stock exchanges, developing derivatives market and setting up SME Platform.

He started his career way back in 1994 with Stock Holding Corporation Ltd as Senior Executive - Market Operation. After working for one year joint Venture Stock Exchange as Senior Management Executive looking after various departments viz Market Operations, Bad Delivery Cell and Auction. He was also assigned with the role to set up Depository Receipts Limited.

He joined BSE Ltd in December, 1998 as Head - Arbitration and Business Development. He has developed the derivatives segment of BSE and also actively involved in opening of regional centres across the country. Presently as Head - BSE SME, responsible for the development of this segment of BSE and also heads Equity and Equity derivatives of BSE. He has successfully launched the SME Platform on 13th March, 2012 and thus BSE became a member of the Bombay Stock Exchange, a subsidiary of the government of India’s 18223.63 crs

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The BSE SME Platform came out with detailed guidelines on 18th May, 2010 for the launching of SME Exchange. BSE Ltd became the first Exchange to launch its SME Platform on 13th March, 2012. We have done extensive seminars across the countries along with SEBI, SME associations, Industrial association, CII, FICCI, ASSOCHAM, ICAI, ICISI and D&B to create awareness about BSE SME Platform across the country. The objective to provide opportunity to the SMEs to raise equity capital for their growth and expansion. It will help unleash the valuation of the company and in the process create wealth for all the stakeholders including investors, besides facility to exit at any point of time. It will further give visibility to the company. It also provides the immense opportunity to the investors to identify
contain mandatory information required by CKYCR like FATCA, Mother’s name, occupation and neither are the KRAs provided any interoperability facility or access to the CKYCR system to enable intermediaries to obtain such information from the CKYCR system, if available. SEBI registered intermediaries are therefore updating KYC information in both the systems which has become a tedious process for them.

The functionality of CKYCR system in a large way is different from the SEBI KRA system. Unlike the unsolicited KYC information provided by SEBI registered KRAs, updated KYC details do not flow directly to the intermediaries as and when changes to KYC information are made by a reporting entity. Information about KYC updates are provided by CKYCR in the form of notifications to the reporting entities. Reporting entities are required to fetch the KYC information from the CKYCR system based on relevance of the updated information to their operations. Thus there is a requirement for every reporting entity to develop a back office application which interacts with CKYCR either through online or offline methods, which also needs to be updated depending on the changes made at CKYCR and this may prove to be a challenge for smaller entities. The second major challenge is the lack of direct connectivity for the branches of reporting entities as every user requires a digital signature to access the CKYCR system. Therefore, reporting entities will be required to establish a user interface which will in turn interact with the APIs of CKYCR and provide facility to search and download KYC information at their Points of Service.

CKYCR has already been obtaining regular feedback from reporting entities to improvise on the features of the new system. The system already has the capability to validate PAN and Aadhaar details provided as part of the KYC information. The real stability test for CKYCR system will come up when banks and other entities start using it in a full-fledged manner and port the KYC data of existing clients also. CKYCR should ensure that a proper data de-duplication process exists as KYCs are bound to flow in from multiple channels.

New developments in CKYCR may be initially slow as it has to interact with various regulators and stakeholders on the proposed developments. But in the long run, there is no doubt that CKYCR system will emerge as a game changer and is definitely bound to play a predominant role in Indian financial markets.

The existing KRA system today has KYC information of around 2.5 crore investors in securities markets. However, information available in KRA system is incomplete as it does not contain mandatory information required by CKYCR like FATCA, Mother’s name, occupation and neither are the KRAs provided any interoperability facility or access to the CKYCR system to enable intermediaries to obtain such information from the CKYCR system, if available. SEBI registered intermediaries are therefore updating KYC information in both the systems which has become a tedious process for them.

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F Y17 was fairly volatile for the economy as well as the financial sector with two events sparking considerable turbulence. The first was demonetisation, which was introduced at a time when the economy seemed to be in the takeoff phase on the back of a good monsoon, which in turn subsequently upset the growth path. The second pertains to the overall growth prospects where there are expectations that the economy will definitely be on the upward path with almost all parameters that matter being in the right direction.

There would be several factors that would influence the credit environment in the coming year. The first is the overall growth prospects where there are expectations that the economy will definitely be on the upward path with almost all parameters that matter being in the right direction. Growth would be in the region of 7.5% with an upward bias that will help to regain the momentum that was lost in the second half of FY17. Second, inflation appears to be well under control and if these conditions last, which is largely expected, RBI could be lowering rates further during the course of the year. While the RBI has taken a neutral stance in its latest policy, it is based more on developments on the crude oil front. Presently, while higher prices are possible, it is not expected to cross the $65 barrel mark this year, which will keep inflation down provided the monsoon is favourable. The monsoon will play an important role here.

Financing growth will always be a challenge for our economy and as demand for investment funds picks up all options need to fire at the same time given the changing environment. The economy will progressively see greater reliance on the corporate debt market for two reasons.

Third, investment will hold the clue for future growth prospects. Presently the government has been very active in infrastructure especially in the areas of railways, roads and urban development. The allocations made in the Budget this time are also higher and it is hoped that this will help to bring in a comparable level of private investment too which will set in motion the virtuous cycle of investment which is missing today. The investment rate in the country has been coming down over the years with the cagr being set 3-4 years back when several projects got stalled for various administrative reasons.

Fourth, on the back of a good monsoon one can hope for the resurrection in consumer demand. In 2016 it may be misunderstood, there was an upsurge in consumer demand just prior to November which is the middle of the festival season. This was expected to also bring about the usual increase in investment demand leading to higher credit off-take. A good monsoon, coupled with the regular festival habits relating to consumption and pent-up demand caused by demonetisation will help to revive the consumer goods production.

Hence, the clue to growth will be the simultaneous running of the engines of consumer demand picking up, investment getting more aggressive and inflation running stable which will help to spur growth to a new level that can be taken forward subsequecntly.

Better growth prospects are going to get reflected in several industries as demand picks up and the other bottlenecks get cleared. On the consumer goods front, automobiles in particular along with consumer durable goods would be the ones to watch for as the first signs of household spending move in these areas. The positive impetus to the infra sector by the government would help industries such as cement, steel, machinery and electrical goods which will be furthered by the thrust provided to the housing sector. This should also help in the revival of the real estate segment, which was one sector that was impacted quite sharply by the demonetisation move of the government. Therefore, one can expect a gradual turnaround in most of these sectors.

Interestingly the overall corporate performance for the third quarter of the year has been stable with there being only pockets of disappointment in industries that are linked with consumer spending. The other segments have done fairly satisfactorily. There could be some further correction in Q4-FY17 after which it would be reasonable to expect a change in direction in FY18 with the second quarter being the turning point.

Financing growth will always be a challenge for our economy and as demand for investment funds picks up all options need to fire at the same time given the changing environment. The economy will progressively see greater reliance on the corporate debt market for two reasons.
It is a well recognized fact that clear and efficient laws provide confidence to the investing community. Such investments can be by domestic entities or foreign entities or investment overseas by domestic entities. In the recent past, India has embarked upon a number of legislative and regulatory measures that have certain to create a positive impact on the investment climate prevailing in the country and capable of boosting the confidence of investors. A few such measures are also on the anvil. I would like to invite the attention of the audience to a few of them.

Insolvency and Bankruptcy Code, 2016
2. The recent enactment of a comprehensive legislation relating to insolvency of corporates, firms and individuals has been a much awaited move. The Insolvency and Bankruptcy Code, 2016 (IBC) lays down a resolution process that is time bound and undertaken by professionals. It creates an institutional mechanism for insolvency resolution process for businesses operated by companies, individuals or any other entities, either by coming up with a viable survival mechanism or by ensuring their prompt liquidation. The preamble to the Code makes clear the objective of the new law as one to consolidate and amend the laws relating to reorganisation and insolvency resolution of corporate persons, partnership firms and individuals in a time bound manner, for maximisation of value of assets of such persons to promote entrepreneurship, availability of credit and balance the interests of all the stakeholders.

In the year 2015, Parliament passed the Arbitration and Conciliation (Amendment) Act providing for various changes to the arbitration laws, with a view to making arbitration quicker, reducing interference by courts and to make India a more attractive destination for foreign investors.

3. Through this enactment, the Parliament has codified the laws governing insolvency and bankruptcy of both corporates and individuals, which were spread over a number of legislations. A key innovation of the new Code is its four pillars of institutional infrastructure comprising of Insolvency professionals, Information Utilities, Adjudicating Authorities (NCLT & DRT) and Insolvency and Bankruptcy Board of India.

The Financial Resolution and Deposit Insurance Bill, 2016 (DRAFT)
4. The IBC 2016 about which I spoke so far does not provide for resolution of the corporates providing financial services. The need for jurisdictions having a specialized resolution regime applicable to financial service providers has also been recognized internationally. Recently, a draft Bill for this purpose has been recommended by a working group constituted by the Central Government. This Bill aims to establish a framework to carry out the resolution of certain categories of financial service providers in distress, to provide deposit insurance to consumers of certain categories of financial service providers and to provide for resolution of the investee financial service provider and is expected to improve investor confidence in the Indian financial market.

Amendments to the SARFAESI Act and DRT Act
5. Slow pace of recovery of financial debts has been imposing considerable strain on the financial position of the lenders, thus raising concerns for any investor, existing or prospective, of such lenders. Specialized laws establishing Debt Recovery Tribunals (DRTs) and empowering secured creditors to enforce security interest without the intervention of court, have been in vogue for several years now. While, such mechanisms have definitely facilitated faster recovery, there can be no doubt that much more needs to be done. In this context, some of the changes made to those laws recently are worth mentioning. For instance, a Constitutional amendment was brought in the previous year for enabling a single Goods and Service Tax throughout the country. In the year 2015, Parliament passed the Arbitration and Conciliation (Amendment) Act providing for various changes to the arbitration laws, with a view to making arbitration quicker, reducing interference by courts and to make India a more attractive destination for foreign investors. In order to take forward and accelerate the agenda of the “Ease of Doing Business” and “Make in India”, the Commercial Courts, Commercial Division and Commercial Appellate Division of the High Courts Act, 2015 was promulgated, which provides for the constitution of Commercial Courts and the establishment of Commercial Divisions and Commercial Appellate Divisions in the High Courts to adjudicate Commercial Disputes for achieving the motive of swift and speedy enforcement of contracts, recovery of monetary claims and compensation for damages suffered to increase investment and economic activity in our country. Other two notable legislative measures important from an investment perspective are Benami Transaction Prohibition Amendment Act, 2016 and Real Estate (Regulation and Development) Act, 2016. The Benami Transaction (Prohibition) Amendment Act, 2016 aims to combat the menace of black money and its by-product Benami transactions, with the new stringent law and its effective implementation. The Real Estate (Regulation and Development) Act, 2016 (RERA) is designed to provide uniform regulation, protect consumer interests, help speedy adjudication of disputes, improve accountability of developers and boost transparency. It should help to make the Indian real estate sector more attractive for foreign and domestic investment.

Foreign Investment
9. Now, let me discuss some of the recent regulatory measures relating to foreign investment. In today’s world, no country can be an island oblivious of the developments in the world around it. With globalization and trade reforms, countries are globally integrated and have trade linkages with each other. Free trade enables lower prices for consumers, increased exports, benefits from economies of scale and a greater choice of goods. In developing nations, including India, free trade has increased the gap of Current Account Deficits as imports exceed exports. To bridge this deficit and also to bridge the gap between domestic savings and investments, India requires forex flows from overseas. These flows help India reach its economic potential by providing capital to finance new industries and enhance existing industries, boosting
infrastructure, productivity, and employment opportunities in the process. In other words they aid development and fuel domestic growth. Inward flows can be in the form of debt, equity, deposits or personal remittances.  

10. India continues to be among the top ten countries in terms of foreign direct investment (FDI) inflows globally and the trend continues to be unabated. As per the World Investment Report 2016 by the United Nations Conference for Trade and Development (UNCTAD). India also jumped 16 notches again to number 14 countries in the World Economic Forum’s Global Competitiveness Index 2016 that ranks countries on the basis of parameters such as institutions, macroeconomic environment, education, market size and infrastructure among others.

External Commercial Borrowings (ECB)

11. Considering the macroeconomic developments and the experience gained in administering ECBS over the years, a liberalized regime for debt capital was introduced through a four track approach for ECBS. The overarching principles of the revised framework are: (a) fewer restrictions on end-uses and higher all in cost ceilings; (b) expand the list of eligible lenders to include long term lenders like banks, non-bank financial institutions, insurance companies and pension funds; (c) small negative list of end use restrictions; (d) nudge borrowers towards rupee denominated debt and (e) permit higher interest for long term foreign currency borrowings. Recognizing the need for a multi-layered structure of entities, the infrastructure sector, long term borrowing in foreign currency denominated ECB with a minimum average maturity of ten years has been permitted. The RBI has also reduced the maturity limits for five years in alignment with OECD requirements. Access to alternative sources of credit to eligible borrowers without its concomitant forex risks was made feasible with the introduction of masala bonds.

Foreign Direct Investment (FDI)

12. Foreign investment is one area which economies around the world look at with at most precision. Which sectors to open up to foreign funds, how much control to extend to foreign investors and what all clearances to mandate are some questions that pose challenges to most Governments. In India the policy on foreign investment is framed by the Central Government. Over the last few years a Constitutional circular detailing the policy stance. The sectoral limits, approval routes and investment linked conditionalities are laid down in the Foreign Portfolio Investment (FPI). It also issues Press Notes as and when changes in the policy are proposed. Regulations are issued under the Foreign Exchange Management Act, 1999 (FEMA) to give a legal backing to these policies.

13. Investment can be received in the form of equity shares, compulsorily convertible preference shares (CCPS) and compulsorily convertible debentures (CCDs). The investor can contain an optionality clause subject to a minimum lock-in period of one year but without any option or right to exit at an assured price.

14. The inflows on account of foreign investment was US$ 36.485 billion in the financial year 2015-16. In the recent past regulations on investments from both onshore and offshore sources have been liberalized to ensure increased flows. Following the revisions in the foreign direct investment (FDI) policy announced by the Government, the regulations have been amended so that wherever sectoral limits / caps on foreign investment are in place, such limits / caps are required to be reckoned within a composite manner aggregating both Foreign Direct Investment (FDI) and Foreign Portfolio Investment (FPI). In addition “control” and “ownership” have been defined for the purpose of arriving at the indirect foreign investment in an Indian company and guidelines have been issued for calculating the ‘total foreign investment’ to be taken as the sum total of direct and indirect foreign investments. Regulations have also been amended to simplify FDI linked conditionalities, increase sectoral caps and lower the cost of entry. In addition automatic route. This liberalization had a positive impact on sectors viz., manufacturing, insurance, railway construction, defence, plantation, real estate business, e-commerce in single brand. Investments in Sea in limited liability partnership (LLP) has been permitted under the automatic route for sectors where 100 per cent FDI is allowed without attendant FDI-linked performance conditionalities.

Ease of Doing Business

15. Several steps have been initiated for facilitating the ease of doing business and contributing to an ecosystem that is conducive to the growth of start-ups. Accordingly, a dedicated mailbox was set up to provide assistance and guidance to the start-up sector. For determining payment owed by the investee company, remittance of which does not require permission of the Government or the Reserve Bank was permitted; (iii) start-up enterprises were permitted to collect payments on behalf of their subsidiaries abroad; (iv) companies have been permitted to have an escrow arrangement or paying the consideration on a deferred basis for an issue of non-convertible debentures (NCDs and unlisted equity shares) for a total consideration for a period not exceeding 18 months in respect of transfer of shares between a resident and non-resident; (v) startup companies were allowed to issue innovative FDI instruments like convertible notes and (vi) start-ups were permitted to access rupee loans under ECB framework with relaxations in respect of eligible lender, end-use and cost of borrowing, etc.

16. The move towards automation and use of technology for reporting and monitoring has been extended to Foreign Inward Investment and all FDI related returns have been replaced with claims filing on the Government’s e-Biz portal.

Non-Resident Indians Deposits (NRI Deposits)

17. NRI deposits have always been a favored investment destination for its diaspora. The flows in the form of deposits (FCNRB and NRE) have been steady in the recent years. As on Dec 2016, the outward FDI (FB), NRE and NRO deposits were US$ 20.859, US$ 77.418 and US$ 11.458 billion, respectively. Flows in respect of foreign remittances have been enabled. Certain conditionalities are laid down in the Foreign Exchange Management Act, 1999 (FEMA) to give a legal backing to these policies.

18. To further facilitate the account holders, policies were changed to permit transfer across non-resident ordinary rupee (NRO) accounts. Further, NRIs and persons of Indian origin (PIOs) have been permitted to open NRO accounts jointly with other NRIs / PIOs. While permitting remittances outside the country from the balances held in NRO accounts maintained by NRIs and PIOs, ADs are now required to obtain a declaration that the remittances represent the account holder’s legitimate requirements in India and do not represent any borrowing from any other person or transfer from any other NRO account. Non-residents having a business interest in India can open a repatriable special non-resident rupee (SNRR) account with balances commensurate with business operations. An Indian company receiving foreign investment under the FDI route has been permitted to open and maintain a foreign currency account with an AD in India it provided it has impending foreign currency expenditure. The account needs to be closed immediately after the requirements are completed or within six months from the date of opening of such account, whichever is earlier.

Overseas Investment

19. India’s external sector management has gained strength over the last few years with a prudent and pragmatic approach to policy aimed at supporting India’s inherently strong macroeconomic fundamentals, which has made India as one of the most attractive destination for foreign investors. At the same time, the growth in magnitude and spread (in terms of geography, nature and types of business activities) of overseas direct investment (ODI) from India reflects the increasing appetite and capacity of Indian business sector in availing the opportunities thrown up by the rapid globalization. The robustness of direct investment flows - both inward as well as outward - serve as an indicator of the maturity and degree of integration of India in the global economy.

20. While the average of total Financial Commitments (FC) under ODI for 2014-15 and 2015-16 at around US$ 30 billion was lower than the average of preceding two years (US$ 41.05 billion), the overseas investments abroad in real estate and banking. Investment which is also termed as financial commitment can be in form of equity, loan, guarantee and raising funds through pledge of shares, domestic and overseas assets. Further, resident individuals are enabled to undertake overseas ODI within LRS limit of US$ 250,000.

Current issues

26. During last one decade or so, cross-border businesses involving multi-layered structure of entities have been a common phenomenon. Such layered structure of entities may be a plain vanilla two-tier structure or a...
complex multi-layered structure. Further, some of the business models resulting in inward FDI through the overseas entities established under ODI are posing major policy challenges including those pertaining to possible tax evasion, money laundering and round tripping.

27. The World Investment Report of United Nations Conference on Trade and Development (UNCTAD) has observed that tax avoidance practices by Multinational Enterprises (MNEs) are a global issue, relevant to all countries. Such structures are created, typically, based on either for transfer pricing reasons or for financing their subsidiaries. While these could be established for tax avoidance purposes, such structures often involve investments in offshore investment hubs as holding entities, through which further investments are made in the step down subsidiaries. Needless to say that even though the motivations range from genuine business / commercial considerations to taxation benefits which are available to any global investors, at times the underlying motive could be to create opacity through a labyrinth of structures for reasons unjustified which evokes concerns.

28. Treaty shopping and parking of capital and passive incomes in tax havens leads to erosion of the tax base of the countries. Concerns have been raised about the minimization of tax burden by MNEs using legal arbitrage opportunities that arise out of gaps and frictions in the interactions of various domestic laws and/or tax treaties.

29. The international community has taken note of abusive tax practices employed by tax payers to create double non-taxation or taxation at low rates. Base Erosion and Profit Shifting (BEPS) have often been used as a tax avoidance strategy used by MNEs for shifting profits from high tax jurisdiction to low tax jurisdiction.

30. While efforts are on to further rationalize and simplify the extant regulations for undertaking ODI, it would achieve a meaningful impact after the aforementioned issues are resolved effectively.

Conclusion

31. To conclude, India, with its strong and modern legislative structure, effective legal systems, sound macroeconomic policies, adherence to responsible fiscal management, low and declining Current Account Deficit, stable monetary and financial sector management, robust economic growth prospects, remains an attractive proposition for FDI. India has also found its own niche in ODI. The policy environment is alive to the potential growth in investments, whether domestic, foreign or overseas and remains ready to make adjustments.

In a situation of impeded export growth over the last few years, the following two regional arrangements being pursued by India in its neighbourhood, is important. Notwithstanding the aim of Free global trade, the World Trade Organisation (WTO) recognizes the reality of Trade Blocks set up in various parts of the world. NAFTA, ASEAN and EEC are outstanding examples where the respective trade blocks had significantly enhanced growth and development of North American, South East Asian and the European economies. Indian economy is yet to record any significant economic benefit accruing to it from any of the trade blocks. The benefits appear to have accrued more to the other members, who with their low cost produce have found an easy access to the large Indian market. The new two regional arrangements - BIMSTEC and CLMV - which the government has been emphasising upon are important diversifications. BIMSTEC essentially focuses on the potential for significant enhancement of intra-regional trade in South Asia.

Intra Regional Trade - South Asia

South Asia comprising Afghanistan, Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan, and Sri Lanka, with a population of 1.67 billion people and economic growth of 7.1 percent over the last decade, is one of the most dynamic regions in the world. Intra-regional trade accounts, however, accounts for only 5 percent of South Asia’s total trade, compared to 25 percent in ASEAN, 35% in East Asia and 60% in Europe. Intra-regional investment is smaller than 1 percent of overall investment. Due to limited transport connectivity, deficient logistics and regulatory impediments, it costs more to trade within South Asia than between South Asia and the world’s other regions. Indian trade with Brazil is estimated to be 20% cheaper than trade with Pakistan. It is estimated that exports from Bangladesh to India can potentially rise by 300%.

BIMSTEC

The momentum for greater economic integration in South Asia has been building in recent years. Growing recognition of the benefits of economic integration and risks of non-cooperation has spurred greater interest in fostering stronger regional links. The Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) involves a group of South Asia and South East Asian countries, viz. Bangladesh, India, Myanmar, Sri
The countries have an aggregate population of around 150 crs and a total GDP of around USD 3 trillion. The main objective of BIMSTEC is technological and economic cooperation among south Asian and south east Asian countries along the coast of the Bay of Bengal. The group proposes a Free Trade Area Framework Agreement to stimulate trade and investment in goods and services in the region.

To improve intra regional connectivity, in which India is to play a significant role, Bimstec has three major projects which, when finished, could transform the movement of goods and vehicles through the countries. One is the Kaladan Multimodal project that seeks to link India and Myanmar. The project envisages connecting Kolkata to Sittwe port in Myanmar, and then Mizoram by river and road. The other is the Asian Trilateral Highway connecting India and Thailand through Myanmar. The highway will run from Moreh in Manipur to Mae Sot in Thailand via Myanmar and represents a significant step in establishing connectivity between India and Southeast Asian countries. The third is the Bangladesh, Bhutan, India and Nepal (BBIN) pact for the movement of goods and vehicles among them, seamlessly through the road network. All the three connectivity is under various stages of implementation / clearances. Trail runs of trucks between Bangladesh and India, conforming to the BBIN pact has already begun.

The pact can indeed foster rapid growth in intra regional trade and lead to trade led development in the region. The relatively superior development status and the strategic location puts India in a favourable position to lead the development aspiration of the BIMSTEC group.

CLMV

In his budget speech last year, the Finance Minister had stated that “The ‘Act East’ (ACEP) policy of the Government of Indonesia endeavours to cultivate extensive economic and strategic relations in South-East Asia. In order to catalyse investments from the Indian private sector in this region, a Project Development Company will, through separate Special Purpose Vehicles, set up manufacturing hubs in CLMV countries, namely, Cambodia, Myanmar, Laos and Vietnam.”

A Project Development Fund (PDF) with a corpus of Rs. 500 crore for CLMV countries, has since been set up. The PDF for CLMV countries encourages Indian companies to set up industrial units in the CLMV countries, to cater to the market in these countries as also which is open for preferential access by these countries under various trade pacts. Such preferential access have been entered into with countries in the ASEAN, RCEP and the European union, besides Australia, New Zealand, Canada etc. The CLMV PDF, endeavours to utilize the corpus of Rs 500 crs to systematically manage and mitigate the implementation and business risks associated with investment in these “new unknown” economies. The scheme is ambitious and , if properly pursued, can lead to birth of Indian multinationals with their base in the increasingly important CLMV region.

The bilateral trade with CLMV countries has been showing an upward trend. Bilateral trade was USD 0.46 billion equivalent in 2000, increased to USD 4.97 billion in 2010 and reached USD 11.85 billion in 2014. India’s trade with these countries is approximately 16 per cent of its overall trade with ASEAN. India’s foreign direct investment (FDI) in the CLMV countries is mainly concentrated (about 55%) in Vietnam, involving more than 90 projects with a total investment of USD 1 billion. The emphasis put in the CLMV programme, has the potential to enhance both Indian trade and investments in all countries.

What could the pacts mean for India

The BIMSTEC and the CLMV is a group of countries with differential level of development. All the countries have laid out aspirational plans for development. A few of the countries, especially Thailand, Vietnam, Bangladesh, Sri Lanka have made significant strides in its development. Though Intra regional trade between future growth potential countries, as present, the increasing income and the emerging middle class, presents a scope for significant growth in Intra regional trade and investment, thereby benefitting all countries in the BIMSTEC and CLMV group. The BIMSTEC and CLMV group of countries are also getting connected by the various connectivity pacts under way. (The increased Indo Bangladesh trade, utilizing the new connectivity links, presents a vision of future growth potential). Further, the preferential access of these countries to various developed country markets, including ASEAN, RCEP, European Union, Pacific countries and countries in North America, can be a prime determinant, to justify location of Indian investments in these countries, as envisaged under the CLMV arrangement. The trade pacts/ arrangement mentioned above, provide the basic foundations to pursue growth strategy in India’s overseas trade and investment.

What Indian business should do

The advantages are obvious and numerous. There is a vast market opening up in these countries, which is expected to grow in volumes with acceleration in growth of these countries. However, it may be instructive to note that (a) few of these countries have become larger than India in international trade in some products. ( Mention may particularly be made of textiles, where Vietnam and Bangladesh are larger and more endeared players in the global markets); (b) India because of its superior development status, does not enjoy preferential access and zero duty tariff from as many countries, (c) the overall cost of production in labour intensive industries is also not in favour of India. It would, therefore, be difficult and inadvisable for India to try and exports traditional products, in competition with these countries. India has to move into higher value added products, involving superior technology and product knowledge/ skills and engineering prowess in which India is better positioned. India has a definite technological edge in a gamut of industries vis a vis these countries. India has superior service sector companies, not only in IT, but also in its various Financial products offering, education and health. Above all, India has larger, stronger and well diversified industrial sector, including those which are global leaders in their own fields. India, should, therefore, design a strategy to pursue growth in these areas where it has its advantages and where it could help these countries in moving up the scale. Mere concentration in exports of commodities and simple products in these countries may be a short sighted strategy, which would fritter away the large potential gains. Indian business, both in manufacturing and in services should lead.

Debasish Mallick has been appointed by the Government of India as Deputy Managing Director of Export-Import Bank of India w.e.f 21st July 2014. The responsibilities in Exim Bank include Corporate Banking, Overseas Investment Finance, and Export Credit among others. Prior to this appointment, he was the Managing Director and CEO of IDBI Asset Management Company Ltd., where he had intensive and extensive experience in dealing in the Equity and Debt Capital markets in India. A post graduate in Economics and a Certified Associate of Indian Institute of Bankers, he has nearly three decades of experience in the Banking industry in the areas of Corporate Banking, International Banking, Resource Mobilization, Treasury and Retail Banking, among others. Debasish has specialized interest and experience in the following fields:

1. Development Banking
2. Infrastructure Finance - Port and Road sector and Renewables
3. Project financing in various sectors including core industries viz. Engineering, Shipbuilding and Automobile.
4. Overseas Investment Finance - Infrastructure & Project Financing
5. Banking
6. Financial inclusion - working to reach finance to the grassroots
7. Capital Market
8. Equity & Debt Capital markets to create structured financial solutions for Sustainable growth.

He is working towards arriving at optimizing financial solutions in Development Finance, Project Finance and Banking through a meaningful marriage of Capital market and Banking.
DEMOTISATION IMPACT ON REAL ESTATE

By Shisir Bajaj
Chairman & Managing Director
Knight Frank India

"A major factor for this could be attributed to the policy developments by the government which in the short term have led to an unpredictable disruption but in the long run are projected to augur well for the industry as a whole."

2016 - A Recap
There is never a dull moment in real estate. 2016 began promisingly in comparison to 2015; however as things stand, the year has not ended on a healthy note. A major factor for this could be attributed to the policy developments by the government which in the short term have led to an unpredictable disruption but in the long run are projected to augur well for the industry as a whole. The writing’s clearly on the wall – 2016 has gone down as a watershed year in the history of Indian real estate.

The residential property market witnessed improved sales in the first half of 2016 and the fourth quarter numbers are a testament to the effect that the demonetisation move has had on the real estate market of the country that was barely recovering from its earlier set-back. Sales volume dropped by 44% YoY in Q4 2016 and new launches fell by a massive 61% YoY during the same period.

At 40,940 units, the Q4 2016 sales volume is at its lowest quarterly level since 2010. The average quarterly sales volume used to be in excess of 90,000 units in 2010. The new launches number is much worse at just 24,300 units in Q4 2016, which is not even one-fifth of its peak quarterly level observed during 2010.

The fall in sales volume and new launches were so severe during Q4 2016 that it brought down the entire H2 2016 numbers compared to H2 2015. As a result of this, 2016 has replaced 2015 in terms of the worst performing year in terms of sales volume in the recent history.

The drop in sales volume during Q4 2016 due to the demonetisation move has resulted in a massive notional revenue loss of more than Rs. 226 bn to the real estate industry across the top eight cities. In other words, if the Government of India had not taken the demonetisation move, the residential segment would not have suffered a revenue loss of Rs. 226 bn. Similarly, the notional loss to the various state governments on stamp duty collection has been in excess of Rs. 12 bn during the last quarter of 2016.

DEMOTISATION LIFTS INDIA

The demonetisation of high value currency notes is transferring the liquidity from the informal sector to the formal sector. The extent of such transfer shall depend on several factors. Of the total money in circulation, it is estimated that 84% is in the form of banned currency notes, which is equivalent to Rs. 14,73,360 crore (10% of GDP). The demonetisation of high value currency notes has led to deluge of bank deposits thereby significantly pushing up the liquidity in the banking sector. In effect, this has led to a considerable fall in government bond yields. The four quarter numbers are a testament to the effect that the demonetisation move has had on the real estate market of the country that was barely recovering from its earlier set-back. Sales volume dropped by 44% YoY in Q4 2016 and new launches fell by a massive 61% YoY during the same period.

Demonetisation dent on India residential market
The residential market of the top eight cities in India started off on a positive note in 2016 with H1 2016 witnessing a 7% jump in sales volume compared to the same period of the previous year. More than 135,000 units were sold in H1 2016 as compared to 126,620 units in H1 2015.

The second half of 2016 started with the same pace, with Q3 2016 sales volume showing a positive growth on the back of the start of the festive season. Sales volume across the top eight cities had stabilized at 67,000 - 68,000 units per quarter since Q1 2016 and we expected Q4 2016 numbers to be marginally better than the first three quarters. As a result, we projected sales volume of 2016 to be marginally higher than 2015 and had estimated an 8% growth during the year.

However, the Indian Government’s demonetisation move on 8th November brought the market to a complete standstill. Against this backdrop, developers refrained from announcing any new launches and buyers turned extremely cautious before committing on purchases.

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Shishir is a B.A (Hons) Economics, MBA, Bond University, Australia. He has over 37 years of experience across diverse industries that include real estate, hospitality, education and entertainment. He is responsible for managing the operations of Knight Frank India.

Prior to Knight Frank, he was Managing Partner at Everstone Capital Advisors Pvt. Ltd. (ECAP), where he advised the deployment of approx. US$ 690 mn across different real estate asset classes. Under his leadership, ECAP positioned itself as an investment advisor with end-to-end real estate development capabilities across the value chain - project evaluation, land acquisition, project conceptualisation and design, leasing, property management and investment exits.

From 2001-05, he was CEO of INOX Leisure Limited. He was instrumental in rolling out the INOX chain across India and establishing INOX as a multiplex brand at a national scale. Under his leadership, INOX was awarded the ‘Best Entertainment Retailer of the Year’ at the ICICI Bank Retail Excellence awards 2004. Before INOX, he was CDO at Pacific International Hotel Management School, New Zealand, from 1999-2000 and General Manager of Berjaya Beau Vallon Bay Resort & Casino, Seychelles, from 1998-99.

He began his career with ITC Hotels Division, where he spent over 18 years in various roles from 1979-97. His last role there was that of Area Manager & General Manager at Windsor Sheraton & Towers, Bangalore. He is a founding member of SCAI and a Fellow of RICS, London.

(views expressed here are personal)

GST, RERA, GST bill and Benami Transactions (Prohibition) Amendment Act, 2016, will further increase transparency and reliability within the sector. Furthermore, this will also see a boost in institutional funds flowing into the sector at competitive rates which will enable the sector to come out of the woods.

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Counter problems like Money Laundering, Process Management & tracking Insider Trading activities with the system that 100+ leading financial institutions trust.
Renewing your Life Insurance Policy is a must.

Vineet Patni
Chief Marketing Business Officer
Bajaj Allianz Life Insurance

On November 20, 2016, the country woke up to one of its worst rail disasters when the Indore-Patna Express train derailed in Kanpur Dehat district of Uttar Pradesh in which as many as 142 people were killed and more than 200 injured. Amongst the passengers who lost their lives, few were insured with Bajaj Allianz Life Insurance. One of the deceased passengers was a Bajaj Allianz policyholder who had paid only one annual premium. He had not renewed his policy which was due for renewal on August 17, 2016; neither had he paid the premium during the 30 day grace period from the date of renewal. The mishap occurred on November 20, 2016, and since his policy had already lapsed, his nominee was paid the available account value of ₹4,65,000. However, had he renewed the policy within the stipulated time period, the nominee would have received the full sum assured of ₹50,00,000 in his policy. This is a grim reminder to all those who do not keep their policy in force by paying regular premiums and as a result their dependents are deprived of the full sum assured in the event of such unfortunate occurrence.

A life insurance is a contract, between you and your insurer, under which you will pay the premiums regularly for a certain period of time and in return, the insurer will provide financial security throughout this period. Life insurance is one of the most important risk protection tools, especially during uncertain times and failure to keep this contract in force has an adverse impact on the beneficiaries and dependents of the policyholders. A life insurance policy is supposed to have lapsed when the customer does not pay the renewal premium within the specific time period. Typically, the insurer sends a reminder and gives a grace period of a month, during which the life insurance cover is still active. However, once the grace period is over, the insurance cover ceases. Traditional policies like endowment plans, term insurance and whole life insurance can be revived. This, however, does not hold true for a specific premium policy, since the entire amount is, by definition, paid up front in a single instance. The Insurance Regulatory and Development Authority of India (IRDA) has recently come up with a new regulation, which allows insurers to revive their lapsed UPs within two years from the date of discontinuation of the premium payments, no matter when the lock-in period ends.

Non-renewal of a policy defeats the basic purpose of buying insurance, as it leads to loss of life cover and suspension of other policy benefits. Insurers, today, are adopting innovative techniques to make sure that the customers renew their policies on time and do not lose out on benefits such as continuation of life cover, tax advantages, and other benefits. They ensure that a timely communication via e-mails, SMS, IVRS, calls, letters, etc. is sent, informing the customers about their renewal due dates. These days, insurers are also making it a point to improve their distribution network and introduce multiple touch points by adopting technology. This is a significant step forward since it creates ease of renewal payment, creating a better experience for the customer.

The industry in the recent past has also seen a series of revival campaigns, which encourages customers to renew their lapsed insurance policies by extending special benefits. Such campaigns offer to renew lapsed policies which fall under their prescribed revival period. Special benefits such as waiver of first premium or interest amount on Traditional Policies, relaxed underwriting norms by simplifying the DCH (Declaration of Good Health) form and waiving premium on some policies are extended under such campaigns.

Some of the ways in which a policy holder could ensure that he’s diligent in the premium payments include opting for Electronic Clearing Service (ECS), pay premiums through bank ATMs, opting for auto-pay service through your credit card, activate email-alerts and SMS-alerts etc. One of the most important points that one must keep in mind is that most companies prefer to send premium reminders on postal address. Therefore updating your postal address (if need be) from time to time in order to receive the letters of premium reminders from insurers.

It is therefore in the interest of those who have taken a life insurance policy and care for their dependents to prevent against lapsed policies. This way they can claim the benefits for which a life insurance policy is taken i.e. “protection” for their near and dear ones.

Yogesh Gupta
Chief Financial Division Officer
Business Procurement & Financial Inclusion
Bajaj Allianz Life Insurance

In an increasingly interconnected world and a volatile environment, efficiency is the need of the hour. To make a mark in this industry we need to be both stable (resilient, reliable and efficient) and agile (fast, nimble and adaptive). Microinsurance is essential to ensure financial support for the large chunk of rural and urban poor population in the country, especially when it comes to insuring their lives or property for a small quantum of premium. Insurance Regulatory and Development Authority of India (IRDAI) has created a special category of insurance policies called micro-insurance policies to promote insurance coverage among economically vulnerable sections of society. The IRDAI Micro-insurance Regulations, 2005 defines and enables micro-insurance. It is stated that a micro-insurance policy is a general life insurance policy with a sum assured of ₹50,000 or less. Micro-insurance is essential to ensure a financial support for the large chunk of rural and urban poor population who are especially exposed to uninsured losses.

The major challenges

Some of the leading challenges facing the micro-insurance sector today are:

1. Low awareness of the benefits of insurance and hence, lack of demand
2. High transaction costs (for both insurer and client)
3. Insufficient data to make informed decisions
4. Low distribution channels
5. High costs of distribution

Due to this, insurers have taken multiple initiatives to curb mis-selling. Extensive training programmes are conducted for the agents to explain the features and terms and conditions of the product. The training modules and documentation are also accredited by the regulatory bodies to ensure that the teams are well-equipped to handle the customer queries. Bajaj Allianz Insurance, a part of the Bajaj Group, has embarked on a mission of educating the 1.3 billion inhabitants of India by training 10,000 sales representatives of the IRDAI Micro-insurance policy through the Sales Channel, and it is ensured that the discrepancy is resolved. It is only after having addressed the discrepancy that the proposal is processed for issuance.

Opportunities

At Bajaj Allianz we distribute our products through a varied mix of distribution channels with over 200 partners including micro-financial institutions, small finance banks, rural and co-operative banks, co-operative banks, and farming societies.

In our journey of last 7 years we have contributed INR 1,335 Crores of New Business and INR 3,550 Crores of Renewal Business with a GWP of more than 3700 Crores covering more than 17 Crores of lives. Our team has successfully maintained a 14% of selling claims within 30 days with a claim settlement ratio of more than 98%. Also to encourage insurance penetration in rural areas, Bajaj Allianz has advised to use the Common Service Centers (CSC) network in India last year. A network of over 13,000 CSCs across the country is available to market micro-insurance products of all life and non-life insurers.

Notable to say in case of micro insurance fund collection is to be avoided (within couple of days or a week after receiving all documents) and giving back promised financial benefit is critical to build trust among people. Considering these factors micro insurance can slowly and steadily improve the statistics of financial inclusion and security in the largely unserved rural parts of India.
HOSPITALITY INDUSTRY - Tourism and Hotel Market Outlook

By Sharad Datta
General Manager
The Westin Mumbai Garden City

The competitive landscape within the hospitality industry across the world and specially in India has never been as dynamic as it is today. Below we touch upon some key trends and opportunities that are setting the tone for the future of our industry.

The Indian Travel and Tourism Industry has been instrumental to the nation’s economic growth. Over the years, it has also emerged as a significant source of foreign exchange and a large employment generator. The sustained growth of this industry can be attributed to the rising middleclass, infrastructural reforms, increase in international tourist arrivals and tourism friendly visa policies such as the extension of e-Tourist Visa to 150 countries.

Domestic demand for hotels in the country has historically been higher than inbound demand. A rise in spending capacity along with proliferation of low cost carriers has not only resulted in growth of domestic travel, but has also had a significant impact on the domestic travel spends. The existing room supply grew by 5.5% in 2015/16 totaling to 1,13,622 rooms (as of March 2016). This takes into account 5,119 new rooms that entered various markets during the year, and the rest are an expansion of the sample set being tracked by HVS.

Furthermore, the change in the total existing supply for largely because of an intentional cleansing of the reported hotels so as to reflect quality branded/organized supply only.

The competitive landscape within the hospitality industry across the world and specially in India has never been as dynamic as it is today. Below we touch upon some key trends and opportunities that are setting the tone for the future of our industry. Another emerging trend is the reduced focus on Food and Beverage (specifically restaurants) offerings in newly constructed upscale and upper - upscale hotels. Traditionally, full-service hotels, especially in larger Tier I cities, have been embellished with multiple restaurants offering various specialty cuisines. However, many of these cities have now seen the proliferation of several standalone setups that are increasingly luring away diners, and therefore, impacting revenues and viabilities of hotel restaurants. Furthermore, with an increasing reliance on MICE, hotels are better suited utilizing the extra space consumed by restaurants as meeting venues enabling new possibilities to restore the body and mind. With its sophisticated style, instinctive service and exceptional local and international cuisine, The Westin Mumbai Garden City stands apart in its services and offerings. We believe that business travelers, meeting planners and individual travelers will be delighted with the Westin emphasis on personal renewal and the innovative signature services that have earned Westin worldwide recognition,” says Sharad Datta, General Manager.

The hotel is housed in a 32 storey tower. Nestled amidst lush green gardens, it offers refreshing respite within the bustling metropolitan city of Mumbai offering breathtaking views of the cityscape and the surrounding green belt. Strategically located, close to the emerging business districts and the widely acclaimed Film City, it is just a short drive from the International and Domestic airports, adjacent to Bombay International Exhibition Center.

The hotel’s 269 spacious rooms and suites are among the largest in the city and are equipped with superior facilities and sensory rich products and services. All rooms feature Westin’s signature Heavenly Bed® and upgraded Heavenly Bath amenities. In-room services provide an unmatched level of comfort and ease of mind in whatever you choose to do. Rejuvenate with an invigorating massage at the Heavenly Spa by Westin™ or energize with a swim at the outdoor pool. Memorable experiences, signature services and facilities, refreshing rituals and inspired acts of renewal evoke an inspiring environment to make you live your best life.

The Westin Mumbai Garden City, a contemporary, lifestyle hotel in Goregaon East. Located on the Western Express Highway, the hotel provides a refreshing change from the usual fare as a competition and the resulting vacuum in strategy to tackle the price war. While traditional hotel brands certainly offer a higher standard in consistency and quality of product, ignoring this set of competition can cost some hotels in particular and impact their bottom lines.

The hotel industry in India thrives largely due to the growth in tourism and travel. Due to the increase in tourism with rising foreign and domestic tourists, hotel sector is bound to grow.

Hotels, like any other sector, are increasingly influenced by the needs and wants of the Gen Y demographic. Both guests as well as hotel employees of this young generation are very different from previous generations. Indeed, they form a part of an ever-growing digital community, constantly driven by technology and social media. The smart phone is integral to everyone’s lives and decisions are frequently online content driven, seeking advice and opinions from online websites and applications. Another notable trend is the surge of hotel aggregators that is beginning to have an effect on the branded hotels in the budget and economy space, fuelled primarily by the pricing strategy being employed by the former. DYO Rooms and AirBnb, coupled with a few other players who are also ramping up, it is likely that over 1,000,000 rooms exist in this new lodging dimension already. The cascading effects of these almost drastic average rate strategy further catalyses the rate problem. However, the bigger predicament is the insistence of hotel brands to not see this as a competition and the resulting vacuum in strategy to tackle the price war. While traditional hotel brands certainly offer a higher standard in consistency and quality of product, ignoring this set of competition can cost some hotels in particular and impact their bottom lines.

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With over 900 square meters of refined meeting and function space, the hotel makes for a distinguishing meeting or conference venue. The award-winning Heavenly Spa by Westin™, with over 1,800 square feet of luxurious spa space, offers a complete rejuvenation of body, mind and spirit to all guests. It is no wonder the hotel has been consistently ranked amongst the best in India, with recognition from Asian Business, 40 magazine as the ‘Best Business Hotel of the Year’.

The Westin Garden City is lauded as one of India’s finest hotels in the recent edition of the ‘Indian Hotel Awards’. The hotel has been consistently ranked amongst the best in India, with recognition from Asian Business, 40 magazine as the ‘Best Business Hotel of the Year’.

In his current role, he works closely with all key stakeholders and manages the operations of The Westin Mumbai Garden City. He is responsible for the overall profitability, guest experience and strategic initiatives for the hotel. He also works with global brand teams at Marriott International in the development and implementation of brand strategies and business plans.

With over two decades in the hospitality industry, he brings a wealth of experience in hotel operations, having worked across locations and business environments. He has been labelled as one of the ‘WestinMakers®’ in his field. His key strengths lies in creating highly engaged and ‘thinking’ leadership teams, with an approach of creativity and innovation. He has previously worked with Hyatt International and Oberoi Hotels & Resorts. He commenced his career with F&B operations before his first assignment as General Manager with Oceans Hotels and Resorts.

Prior to joining The Westin Mumbai Garden City, he has worked with Hyatt Regency Mumbai, The Oberoi Mumbai, Hotel & Convention Centre and Courtyard by Marriott Hyderabad.

He enjoys playing Golf, is a keen musician and a passionate art lover.

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A TRYST WITH START-UP INVESTING: GRAHAM AND DODDS IN ALICE IN WONDERLAND?

By Nilesh Hunswadkar
Founder - Director
Athang Advisors
(A Business Consultancy Firm)

There is a world of difference, as an investor deals with two different life stages of the business cycle. On one hand, the concept or idea is just being crystallised in the mind of the founder/s and in case of the other, it is real world customers, competitors, employees etc.

India is a story that has begun to unfold in the last few years, in terms of entrepreneurship potential being unleashed. The environment is very conducive to new people and ideas. The funding numbers can keep varying year on year, but the truth is, the wave has just begun.

Teasing Graham and Dodd

In 2009, at the Annual Benjamin Graham and David Dodd Breakfast at the Columbia University, GMO’s Jeremy Grantham, tee’d off with this interesting line - “Friends and Romans, I come to tease Graham and Dodd, not to praise them. His context was - the importance of the asset bubble cognizance in investing and not just keep your nose to the grindstone of stock picking. I use the spring board, not critically, but to raise the issue of applicability and adaptability, of the renowned approach, to start-up investing, where prima facie, the principles are relevant but assume completely different dimensions whilst establishing an approach to start-up investing. This interesting puzzle is the new ‘intrigue’ in town. What follows from hereon are the facets of this puzzle.

Differences with public markets investing

There is a world of difference, as an investor deals with two different life stages of the business cycle. On one hand, the concept or idea is just being crystallised in the mind of the founder/s and in case of the other, it is real world customers, competitors, employees etc. Start-up investing is about getting the business call right. However, there are similarities in either - both involve judgements about people and their capability to translate or sustain the business potential. It is true that investing is as much about getting your assessment of people right as about getting the business call right.

Soft aspects like people and their execution capability, their motivation, aspirations etc. is also ‘faith investing’ as one prominent angel describes. Another highlight is, apart from the money, this investing generally demands time, network help and mentoring from the investor to help the company find its business model and traction. This is a significant difference from public market investing as one participates in the financial outcomes and not in running of the business. This mix of money commitment and entrepreneurship is the hallmark of start-up investing. From a risk-reward framework, this is certainly very risky as the entire capital can be sunk in the endeavor. But it is the joy of participating in someone’s dream and strengthen their wings, which is unmatched in any other form of investment. It must be noted that the time to fruition in these cases can vary and generally is be between 5-8 years.

Valuation - more confusion than clarity

Most investors would agree that there is no clear method that fits all scenarios and that valuation is as much an art as science. This dilemma becomes stark in case of start-ups. Essentially most of the valuations methods and techniques taught in business schools and courses tend to apply to public markets investing and maybe companies with traction. However, start-up valuations involve estimation of what business penetration the idea would achieve in real world, the tenacity of the founding team through the journey. The founding team is critical as it is this team that will build or fail the business. Estimate on competition is a variable, as some of them could also be start-ups and if not, many will come in quickly. Add to this, the lay of the land and current environment at which deals have been struck, as promoters do like comparing to existing deals to show how different and better they are. So given all of this, the DCF and other methods generally deployed may appear feeble. It then becomes more an art in judging people and potential than numbers on the worksheet.

Challenges

Let us look at some of the real issues not highlighted enough on broadcast, but they must be borne in mind. ‘Exits’ are typically not easy at all and initial investors may find themselves locked in. Typically, angel exits happen from Series B onwards or to a Strategic, but there is a lot of hard work involved in getting there. Not all investments by rule will have exits - a fact all investors must bear in mind. This brings us to another point - ‘Delinquency’. The failed investments are not highlighted many times, so new entrants see only the bright side of the story, which can be misleading.

Outlook

India is a story that has begun to unfold in the last few years, in terms of entrepreneurship potential being unleashed. The environment is very conducive to new people and ideas. The funding numbers can keep varying year on year, but the truth is, the wave has just begun. The perspectives described earlier are just to provide a sense of reality to the person aiming to enter this wonderland of start-ups. Graham and Dodd certainly help, but the challenge is to apply the principles creatively to the Alice in Wonderland or the Pie in the Sky situation. The system will use its collective wisdom to evolve as India translates its’ vast potential. The flags are just guideposts for investors to take the Right Turn. Long live Graham and Dodd. Long live Alice in Wonderland!!!
E
ducation is the act or process by
d which the student gains
knowledge and skills for a function and
establishes the required qualifications,
Certification is the process that
change but education will never
of education, as we know it today will
transformation. Some people are
also is rapidly changing. The process of
The coming revolution in Education
traditionally takes place in a face to face
environment, in a classroom. The student
gains from the teacher as well as by
being a part of the learning group (the
class and the school).
The coming revolution in Education
Technology is changing the way people
connect with each other through the education
process. Therefore it is also
changing the way learners connect with their
teachers and with each other.
Like everything in this world education
also is rapidly changing. The process of
education is going through a
transformation. Some people are
concerned that technology will replace
teachers completely. How valid is that
concern?
Technology will take over a lot of
tasks and abilities that human teachers and
trainers currently perform. The process
of education, as we know it today will
change but education will never
disappear.
Certification is the process that
establishes the required qualifications,
knowledge and skills for a function and
provides attestation of an individual
having achieved the established norms
through a process of assessment. There
will always be a need for individuals to be
tested and certified as to specific
knowledge, skills or abilities to ensure
responsibly and with skill. Just like
education and training, certification will also change with the changing times but
now a days businesses need to examine knowledge and skills will not disappear. It
will just take up different forms.
The Indian economy is one of the fastest
growing economies in the world. Markets
have a major role to play in serving the
expanding needs of a rapidly growing
Indian economy through the continuous
development of a variety of innovative
products and processes that cater to
the needs of various market participants.
Anytime and anywhere learning: Just like
ATMs provide freedom from bank branch
timings, learning is also no longer
dependent on class timings, but is
available anytime. Physical presence at
the bank branch or the class is increasing
increasingly not needed. eLearning
creates opportunities for anytime and
anyplace learning. It provides the student
the freedom to learn at his own pace and
at the time and place of his choosing.
E-learning technologies are creating
classroom like experiences. With more
sophisticated learning technologies,
improving communications and
bandwidth and enhanced availability of
different powerful smart phones this trend is
expected to accelerate.
In fact it is likely that physical classrooms
may soon become a place largely for
experience sharing, problem solving,
Networking and social interactions while
most of the technical learning shifts to
the e-learning mode.
Tools will support teachers in tracking
student progress and allow them to focus
on weaker areas. The training
and teaching process should become more
efficient and effective.
Importance of mentoring: Students will be
so independent in their learning
process of learning at an entry level
and will face more so in the future.
The Indian economy is one of the fastest
growing economies in the world. Markets
have a major role to play in serving the
expanding needs of a rapidly growing
Indian economy through the continuous
development of a variety of innovative
products and processes that cater to
the needs of various market participants.
In order to survive these tough times of
volatility and uncertainty in the
environment, institutions must transform
the way they operate their businesses. In
fact, managing new products and
processes, new technologies,
compliance requirements and customer
relationships require talented,
knowledgeable and professional and
ethical human resources. These human
resources should continuously upgrade
their skills and knowledge to suit the ever-
changing market environment.
Instead of just looking at training as a
regulatory cost, the market players will
increasingly consider it as an investment
for the future and as an imperative for
survival. Training will be considered as a
valuable input to the business.
Businesses will increasingly recognize
the importance of close involvement in
the process of learning at an entry level
and on an ongoing basis.
To keep themselves updated on the latest
market developments, market
participants undergo various training and
certification programs. These
certifications enable them to gain an
understanding of the functioning of the
markets and processes, knowledge of
market institutions and regulations, and an
in-depth understanding of products
and their suitability for various investors.
These standards also help create a cadre
of securities market professionals who
are well-informed, competent, up-to
date and conversant with markets, products
and global trends, are trustworthy, and
able to swiftly adapt to changes.
The new fields of Quantitative Finance
Big Data Analytics and Algorithmic
Trading are in great demand in today’s
marketplace because these tools enable
one to navigate through the complex,
dynamic and volatile markets. Knowledge
in new and complex areas such as these can
be imparted through ongoing certification/training programs.
National Institute of Securities Markets
(NISM), an educational initiative of
Securities and Exchange Board of India
(SEBI), the securities markets regulator in
India, provides training and research in
capacity building and knowledge
development of a variety of innovative
areas such as these can be imparted through ongoing certification/training programs.
NISM is a leading provider of high-end
professional education, certifications,
training and research in financial markets.
NISM develops and conducts
certification examinations and
Continuing Professional Education (CPE)
programs to enhance the quality and
standards of professionals employed in
various segments of the financial
services sector.
NISM also provides high quality, leading
ing edge training to financial market
professionals. These training programs blend relevant theory, regulations and
practical knowledge and cover various
subjects such as equity, derivatives,
securities operations, compliance,
multiple funds, wealth management, etc.
During his career, he has received several prestigious
awards including an honorary doctorate from
the Indian Institute of Management
By Sandip Ghose
Director
National Institute of Securities Markets (NISM)

For a leading provider of high-end
professional education, certifications,
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We all are social animals and we remain the same social animals while thinking about money and investments. Financial planning and wealth management is a process wherein we have to set different goals like short term (buying car, house renovation etc) which would be less than a year, medium term (buying house, foreign vacation) which would be between 1 to 5 years and long term (children higher education, children marriage, personal retirement) which would be more than 5 years to 10 or even 20 years. Whatever may be your financial goals, there are lot of impediments which you might face in achieving the same. Essentially since we are social animals, let us branch out to “Behavior Economics” which combines the twin disciplines of psychology and economics to explain why and how rational people make totally irrational decisions when they spend, invest, save and borrow money.

Sunk Cost fallacy - Throwing Good money after bad

Imagine that somebody has given you a play ticket “free” in which your favourite star may not be able to act that day and there is big likelihood of you squandering away that money.

Loss Aversion

One of the main tenants of behavioral economics is that people are loss averse. The pain people feel from losing Rs.100 is more than the pleasure they get from gaining Rs.100. This explains why people behave inconsistently while taking risks. For example, the same person can act conservatively when protecting gains (by selling successful investments to guarantee the profits) but recklessly when seeking to avoid losses (by holding on to losing investments in the hope that they’ll become profitable). Loss aversion causes investors to sell all their investments during periods of unusual market turmoil. If you had sold most of your equities during the bottom in the year 2008 or contemplating of selling your “good quality” banking or infrastructure stocks currently, then probably you are suffering from “loss aversion.”

Mental Accounting

This term “mental accounting” refers to describe people who treat money differently depending from where it has been received. For example, a person may treat salary (earned money) as sacred and be over cautious with it while the same person might treat gifts, unexpected bonus, written off tax refunds, huge inheritance as “free money” and be careless with it. The sacredness may lead the person to let the money just remain idle in savings account and thus getting beaten down by inflation and the carelessness may lead the person to just spend the money or invest in risky ventures and eventually loosing the funds. The lesson is that money is money from wherever source it is received - deposit any windfall gains first in your savings account and pay for brokerage, commissions, mutual fund expenses, income taxes which has a surprisingly deleterious effect on our investment decisions over time.

Cash Fallacy

Suppose, we go to buy an expensive gift item and say Rs.1 lakh. If we have to actually remove cash from our bank account and then pay for it we will feel the “pain” of losing cash and therefore we would think twice before buying it. In the same instance, if we simply pay through our credit card then we may be very comfortable and have the illusionary thought of not seeing the pain of losing cash. This is called “cash fallacy” and is the main cause of lot of unwanted and avoidable expenses in the modern plastic world. Remember, if you buy things you don’t need, soon you will have to sell things which you need.

Bigness Bias

Most of us try to think big as far as money is concerned but easily forget the small things which when compounded over a period of time turn into much bigger losses. This is because of our ignorance to the basic principles of mathematics. For example, the tendency to dismiss or discount small numbers as insignificant can lead to paying excessive interest on a loan or misinterpreting what we have to pay for brokerage, commissions, mutual fund expenses, income taxes which has a surprisingly deleterious effect on our investment decisions over time.

Decision Paralysis

Whether it is investments, insurance, spending or any other money matter, many a times we are not able to make a decision and just maintain status quo. Loss aversion causes investors to sell all their investments during periods of unusual market turmoil. If you had sold most of your equities during the bottom in the year 2008 or contemplating of selling your “good quality” banking or infrastructure stocks currently, then probably you are suffering from “loss aversion.”

In the same instance, if we just pay for it we will feel the “pain” of loosing cash and therefore we would think twice before buying it. In the same instance, if we simply pay through our credit card then we may be very comfortable and have the illusionary thought of not seeing the pain of losing cash. This is called “cash fallacy” and is the main cause of lot of unwanted and avoidable expenses in the modern plastic world. Remember, if you buy things you don’t need, soon you will have to sell things which you need.

Bigness Bias

Most of us try to think big as far as money is concerned but easily forget the small things which when compounded over a period of time turn into much bigger losses. This is because of our ignorance to the basic principles of mathematics. For example, the tendency to dismiss or discount small numbers as insignificant can lead to paying excessive interest on a loan or misinterpreting what we have to pay for brokerage, commissions, mutual fund expenses, income taxes which has a surprisingly deleterious effect on our investment decisions over time.

Decision Paralysis

Whether it is investments, insurance, spending or any other money matter, many a times we are not able to make a decision and just maintain status quo. Loss aversion causes investors to sell all their investments during periods of unusual market turmoil. If you had sold most of your equities during the bottom in the year 2008 or contemplating of selling your “good quality” banking or infrastructure stocks currently, then probably you are suffering from “loss aversion.”

In the same instance, if we just pay for it we will feel the “pain” of loosing cash and therefore we would think twice before buying it. In the same instance, if we simply pay through our credit card then we may be very comfortable and have the illusionary thought of not seeing the pain of losing cash. This is called “cash fallacy” and is the main cause of lot of unwanted and avoidable expenses in the modern plastic world. Remember, if you buy things you don’t need, soon you will have to sell things which you need.

Over or under confidence

These are the other two enemies of investors. If you are over confident on your abilities then you would only look at your successes and boost about it while trying to “explain away” your losses. On the other hand if you are under confident then you would not be able to take control of your finances, make investment and spending decisions based solely on the opinions of friends, colleagues or worse than that the so called “investment advisors” (including myself). Both these psychological characters are not good for your money and hence beware of it. The lesson form this is that “either you act on your own judgment or entirely on the judgment of another” and that another should be a partner with equal stake in the outcome of the decision and not just a friend or worse than that a financial advisor (including myself). Certain simple steps to take in order to avoid big financial mistakes over time are:

• Take proper insurance and let it be pure insurance (term policy).
• Make proper retirement plans.
• Pay off credit card bills with so called “emergency” funds lying idle in your savings account.
• Make profit allocation and diversify your investments.
• Put maximum of your equity allocation in index funds - it will save you a lot in fund management expenses and avoid the randomness of bias Fund Managers.
• Review your assets and take stock of your entire portfolio including real estate, art, retirement plans etc.
• Set up a “direct payroll deduction” to avoid big financial mistakes over time.

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The lesson form this is that “either you act on your own judgment or entirely on the judgment of another” and that another should be a partner with equal stake in the outcome of the decision and not just a friend or worse than that a financial advisor (including myself).
I am happy to share that once this CEO and his wife understood this, they had immense change in their life. They feel happier, a sense of gratitude and peace of mind. They feel fulfilled. This inner transformation also helped them strengthen their bond and discover a new connection with each other. They have a new hope and desire to make the most of this wonderful life, together.

While they thank me for this change, I always tell them that it is not me, but they, themselves, who are responsible for it. I might have been a catalyst or a small spark, but everything else is a result of their own thoughts and actions. The human mind is like an unlimited supply of fuel - sometimes all it needs is a small spark.

I want you to ask yourself - What Is Real Wealth and Success for Me? I would really love to hear your answers!

Yogesh Chabria is a world-renowned leader in the field of human potential. He is a #1 bestselling author, motivational speaker, entrepreneur and founder of The Happionaire Way. His seminars, books, articles and video programs have influenced people from over 100 countries. It is his vision to have a world filled with happionaires. To be a part of this vision, visit: www.happionaire.com

The first step to bring in change is to understand what really is true wealth and success. Is it simply achieving career growth and earning a lot of money? Or having a huge house, expensive cars, chic clothes and a lavish lifestyle with frequent holidays and dining out?

If it was only that, then this CEO and his wife, and so many others I know would not be unhappy or depressed. While material wealth and financial prosperity are very important, what matters even more is a state of fulfillment. A state where we realize that real success and wealth means a state where every aspect of our life is in harmony and balanced.

As human beings, we need to feel fulfilled not just financially and materially, but also mentally, personally, emotionally, physically and spiritually. Somehow, these are values and topics that very few people are ever taught about. As children, society puts pressure on us to get good grades and then good jobs - we are rarely taught about the value of happiness and peace of mind.

People spend 15-20 years of their life achieving material wealth and career growth, and once they attain it, they suddenly feel lost and empty.

Luckily, it’s never too late to change. It is time to take control and break the mold. Now is a new moment and a new beginning and anyone can change!

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India, as a country is dependent on Rain gods, and that has been the case for centuries and this isn’t going to change anytime soon. Come, Summer, and everyone looks hopefully at the skies. Last year, in 2016, India received normal rainfall after two consecutive years of drought. The prices of agricultural crops have been on the decline with Consumer Price Index (CPI) declining from 6.1% in January 2016, to currently average around 3.2% levels, with oilseeds, cereals and pulse having corrected substantially in last six months, on the back of record production of most Kharif crops.

In the agriculture sector, various factors like forecast of monsoon rains, national and international market demand conditions and government policies impact commodity prices.

Further, the government cut the import duty on edible grade crude and refined palm oils to keep prices in check ahead of the festival season. It lowered the import duty on edible grade crude palm oil to 7.5% from 12.5% and that on refined palm oil to 15% from 20%. The import duty of wheat was scraped in December 2016 to build its buffer stocks when the country is facing shortages due to two consecutive drought years.

In the case of Sugar too, government took various steps to check prices of pulses. They allowed import of pulses at zero import duty and put stock limit till September 2017. It has approved creation of buffer stock of pulses for effective market intervention.

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In the case of Sugar too, government took steps to keep sufficient supplies within the country. In May, the government withdrew export incentive to sugar mills, while it imposed an export duty of 20% in June to divert supplies to the domestic market. Further, government imposed stock limit on sugar mills in September. The import duty of 40% on sugar is in place since April 2015.

Demonetisation Impact

It had affected the prices and supplies of majorly, all agri-commodities in the short-term. The entire supply chain of agri-commodities got affected due to cash crunch. Further, it also affected cotton arrivals in the market as farmers were not bringing cotton to the physical market due to shortage of cash payments by the bulk buyers. The consumption and demand of edible oil too was affected due to demonetization. However, in the long run, the benefits far outweigh the short-term difficulties faced in the better interests of the farmer community and the nation at large.

Emerging Trends in Key Agri-Commodities

Soybean - The prices of soybean is near the MSP (Rs.2800/quintal) due to bumper production and expectation of sufficient supplies in the domestic market. Farm ministry in its second advance estimate has pegged the country’s soybean output at 14.13 million tonnes, higher by whopping 64.9% from last year.

Cotton - Cotton prices are currently firm this season due to good export and domestic demand for the good quality cotton. The main driver for the cotton prices has been demonetisation as it resulted in farmers delaying their cotton sales in the hope of a further hike in prices. The Cotton Association of India (CAI) has projected India’s 2016-17 cotton production to be 341 lakh bales, while the Government of India has pegged it at 325 lakh bales in its 2nd advance estimates published on 15-Feb-17.

Sugar - Sugar prices continue to trade firm this season. The government may take immediate policy action to scrap the import duty to control prices if they rise beyond certain levels. Currently, import of raw and white sugar attracts 40% customs duty. The sugar mills in the country are not keen in the idea of allowing sugar imports. Thus, they are keeping adequate supplies in the physical market so as to keep the prices under check.

Castor seed - The castor seed prices have been firm this season due to reports of lower production in Gujarat. In the second advance estimate, Gujarat government has forecasted a production of 14.2 lakh tonnes (lt) for the 2016/17 season slightly higher than the last year production of 14.13 lt. However, Solvent Extractors Association of India (SEA) is expecting production of 101 lt for the entire country due to 28% lower acreage in Gujarat.

Guar Complex - The prices of guar complex have been firm since February 2017. Guar gum prices increase by about 28% while seed price surged about 17.8% in last month due to slow arrivals of guar seed, forecast of El Nino by international weather agencies and improved export demand of guar gum. Going forward, market participants are expecting high demand for the guar gum as its rig count in US is increasing after US President Donald Trump emphasized on boosting the country’s energy sector.

Future Outlook

The government has forecast a robust 8% growth in farm output for the season 2016/17 in its second advance estimates published in February 2017. The country is expected to produce a record 271.98 million tonnes food grains in the 2016-17 crop year ending June. Further, the government also expects rice production to reach 108.86 million tonnes this crop year, breaking the previous record production of 106.65 million tonnes achieved during 2013-14. Wheat output too is estimated at 96.54 million tonnes, which is highest ever production after 95.86 million tonnes in 2013-14. Output of pulses is also projected to increase by about 35.4% at 22.14 million tonnes compared with 16.35 million tonnes in the previous year. Similarly production of Oilseeds, including Groundnut, Caster, Sesamum, Niger, Mustard, linseed, Safflower, Sunflower and Soybean, is estimated to increase by 33% at 33.6 million tonnes.

This season is expected to bring in good rains as per IMD forecasts, and the output of all the agricultural crops will hit record production, which in turn will lead to further correction in prices. On the other side, bounty production will enable robust growth in the agricultural sector, further supporting the overall as well the rural economy, which continues to be the backbone of our agrarian society. Combination of good monsoon, progressive policies of the government and higher budgetary allocation to overall farm sector, will encourage sustained growth in agricultural and allied sectors. We could indeed see the light of day, when we are the major exporter of agri-commodities world over.

Views are personal

Amar Singh, has over 17+ years of experience in financial markets, banking & IT sector. Currently he works with Angel Broking as Vice President. He regularly appears on financial channels, with his views on the market. He holds a CFA charter, licenced at top stock exchanges like BSE, NSE, NABARD, NISM amongst others.
flow of goods and services so that the everyone on a common platform. It was introduced as a constitutional amendment in 2016 and is expected to go live soon. It is a consumption based tax levied on goods and services collected at every stage of transaction based on the input tax credit method. The implementation of GST will be one of the single biggest tax reforms in India.

How will technology play a role in GST? Robust technology is almost a prerequisite to implement GST seamlessly as it is envisaged currently by the government.

What is the importance of GST? Goods and Services Tax (GST) is a system of taxation in India which will merge most of the taxes into a single tax. This will act as a constitutional amendment in 2016 and is expected to go live soon. It is a consumption based tax levied on goods and services collected at every stage of transaction based on the input tax credit method.

The implementation of GST will be one of the single biggest tax reforms in India.

What is GSTN? Goods and Services Tax Network (GSTN) is a company incorporated in 2017. It is a government, non-profit entity that will provide IT infrastructure, network and services to the central and state governments, taxpayers and other stakeholders for implementation of GST. It involves the central government, state government, NSDL and few other financial institutions as stakeholders. Its stated vision is to become a National Information Utility (NIU) which provides reliable, efficient and robust IT Backbone for the smooth functioning of the Goods & Services Tax regimen enabling economic agents to leverage the entire system as One Market with minimal Indirect Tax compliance cost. It will provide common (shared) technology backbone and services to the Central and State Governments, Tax Payers and other stakeholders for implementation of the GST.

GSTN would help in PAN based registration of traders and tax payers and will enable capture of transactions and filing of tax returns. It will be a one stop portal handling filing and processing of all taxes for millions of taxpayers. Overall implementation of GSTN will assist tax authorities in improving tax compliance and transparency of tax administration system.

GSTN will assist in reducing the number of tax returns, reducing the burden on taxpayers and enabling government to collect tax more efficiently.

How can technology help in taxpayer profiling? Technology can help tax officers strike a balance of who to tax and how much to tax. Technology can help mine data of the taxpayer and compare their profile to similar taxpayers and build a 360 degrees profile that can be used to check the level of tax compliance. Such kind of technology is already used by banks and insurance companies to build customer profiles.

How can tax compliance be increased using technology? After GST implementation, while all taxpayers will be allowed to file returns on self-assessment basis, input credits availed by the taxpayer will be subsequently verified by the system to ensure that the tax payment for the corresponding supply has been received. In the absence of such confirmation, the credit availed in the earlier tax period will be systematically reversed without any manual intervention. This will help plug tax collection leakage and increase tax compliance without any intervention.

What are the key features of GSTN? GSTN is the single biggest tax reforms in India. GSTN as a technology is being developed by Infosys. It bagged the coveted Global IT award for Infosys from NASSCOM, Microsoft and Tech Mahindra. The software has facility to register traders, manufacturers and service providers to register with the tax department with a GST identity code.

What are the key features of GSTN?

• Near real-time sharing of taxpayer information between the GST system and taxpayers, but also to the tax authorities.
• Processed inputs

For taxpayers

• One-stop shop (GST portal) for all GST-related compliance reporting
• Single return under GST, replacing returns under VAT, CST, excise, service tax, luxury tax, etc.
• Simplified and uniform formats
• System-assisted return drafting and filing
• Multiple ways to connect to the GST system (portal, third party table-based mobile apps, API-based integrators, etc.)

For tax authorities

• End-to-end automation (workflow-based system)
• Quick availability of past data

The GST system will hence lower the cost of tax collection and increase compliance dramatically. It is therefore called tax reform of the century.

Data security is very important for a mammoth exercise like GST. What should the government do towards it? The government has already undertaken several important steps. For the GST system, security architecture has already been incorporated as part of the solution architecture. Multi-layered security architecture has been conceived to address the issues of data confidentiality and data integrity. Any transmission of information, such as between the GST system and taxpayers, or the GST system and IT systems of State and Central tax authorities, will be carried out in a fully secure and encrypted manner.

GSTN is taking adequate steps to ensure that highest possible security measures are implemented. Access to data will be fully based on credentials and access rights, e.g., tax officials will be able to access taxpayers’ data only for their respective jurisdictions and not beyond that. GSTN will also undertake audit trail and other strong measures to ensure data integrity.

Some of the key features of the GSTN security architecture are:

• Perimeter security: firewall, Intrusion Prevention System (IPS), APT
• Security standards: ISO 27001, ISO 22301
• Security monitoring: Security Operation Center (SOC)
• Data security over the network: end-to-end encryption across the network

Jayesh Shah holds B.S. and M.S. in Computer Engineering from University of Bridgeport, USA. He has more than 25 years of experience in field of IT. He promoted Prism in 1996 as and its MD and CEO and is also the founder of Infosys and took care of Strategic Affairs, Marketing and Commercial.

Prism has recently been awarded by STPI & CoBB (India) for Bouc Bux Technology Park under National Entrepreneurship Scheme of Government of India.

Prism, a leading BSE listed firm, is one of the world’s largest independent information technology services and business process outsourcing firms in the software services sector.
**HAVE WE REACHED THE HIGH WATER MARK OF GLOBAL REFORM?**

By IAN C. W. RUSSELL

Chairman International Council of Securities Associations (ICSA)
&
President & CEO Investment Industry Association of Canada (IIAC)

**Introduction**

The aftermath of the 2007-2008 global financial crisis was an intense period of financial regulatory reform across the developed world. At the G20 Summit in Pittsburgh in September 2009, political leaders undertook to reform the market and over-the-counter (OTC) derivatives. In particular, they jointly declared that all standardized OTC derivatives be traded on exchanges or electronic trading platforms, and cleared through central counterparties.

Another implementation of the G20 Pittsburgh Summit was the MiFID II Directive which proposed reforms in investor protection, transparency and supervisory requirements for financial products and services provided by banks.

In the U.S., the Dodd-Frank legislation was passed into law on July 21, 2010. It was hailed as the most sweeping financial services regulatory reform legislation in decades, covering issues ranging from systemic supervision, changes to the regulation of investment advisors, the regulation of OTC derivatives and measures aimed at improving consumer protection.

In many cases, the reforms, notably the Dodd-Frank legislation and the MiFID reforms in the EU, were triggered by tumultuous global markets, and the vulnerabilities of the large banks. In some cases, the reforms began before the financial crisis, for example, the U.K. Retail Distribution Review was launched in 2006 by the Financial Services Authority and was aimed at improving transparency and fairness in the investment industry. A set of new rules came into effect at the start of 2013.

Recent developments in global capital markets suggest securities reform may now have reached its high water mark, and the pace of rule-making will slow and, in some cases, reverse direction.

1. **Trump Administration roll-back of Dodd-Frank**

   U.S. President-elect Trump has signalled there will be a “roll-back” of at least parts of the Dodd-Frank legislation. His choice for Treasury secretary, Steven Mnuchin said “the number one problem with Dodd-Frank is that it’s way too complicated and cuts back lending.”

   The Republican-led Congress is likely to push back on the U.S. Department of Labor fiduciary standard, given impracticalities and prospect of unintended consequences, and the Securities and Exchange Commission’s (SEC) ongoing efforts to conduct a cost-benefit analysis of the uniform fiduciary standard for registered investment advisors (RIAs) and FINRA-registered broker-dealers may be sidelined.

   The U.S. authorities may also push back on some of the Basel III capital and liquidity rules, as well as the impending “Basel IV” risk weight plans that will limit bank flexibility to model their own risks.

2. **Basel Committee faces rule push-back from banks and some governments**

   The EU policymakers, led by the Bundesbank, have already signalled opposition to the general implementation of proposed changes in the Basel III rules that restrict independent bank assessment of risk. The European Central Bank, the so-called Basel IV provisions would result in higher capital and liquidity requirements for the European banks, hindering their ability to fund economic expansion. If the Trump Administration, with the support of Congress, mandate regulators not to implement the proposed Basel IV rules, this would place added pressure on the European regulators and governments to follow suit with the Basel IV rules.

   Recent developments in global capital markets suggest securities reforms may now have reached its high water mark, and the pace of rule-making will slow and, in some cases, reverse direction.

3. **FSB policy recommendations will carry weight in rule review**

   The Financial Stability Board (FSB) is engaged in an assessment of the capital/liquidity provisions for the European banking system, and regulations governing the large asset managers. It brings together macro-prudential analysis, and the impact on the functioning and liquidity of the bond markets.

   The intense debate on bond market liquidity and increased risks to a downturn in bond prices, especially corporate bonds, will influence the FSB conclusions. The eventual findings and decision of the FSB will carry significant influence on the positioning at the Bank for International Settlements and the Basel Committee on Banking Supervision, and among individual national jurisdictions.

4. **Eroding bond liquidity forces regulators to rethink regulator y measures**

   Over the past years, an interesting dichotomy has emerged between the views of the regulatory community and market practitioners on the extent of deterioration of bond market liquidity, notably in the U.S., the UK and Europe.

   The regulators, as well as analysis by the U.S. Federal Reserve and International Organization of Securities Commissions (IOSCO), have been relatively sanguine about the erosion in bond market liquidity, while the private sector, led by extensive analytical work by PwC and Oliver Wyman, have interpreted the evidence more negatively. Part of the difference in view relates to the difficulties in aggregating the information and the weight given to certain liquidity indicators.

   There is mounting evidence that despite varying interpretations of conventional indicators of liquidity, the macro-prudential reforms covering bond inventories and collateral in repo and securities lending transactions have altered trading patterns in terms of reducing transaction size, and the increased difficulty executing trades, at least on a timely basis. Moreover, there is general recognition that bond liquidity is a relatively thin veneer, leaving markets more vulnerable and exposed to external shocks. The thirty-year bull market for bonds may be coming to an end, resulting in a downward trajectory for bond prices, particularly if rebundling growth and resurgent inflation are sustained as the new U.S. Administration introduces a more pro-growth policy agenda. This outcome could buttress the case for adjustments in capital/liquidity rules, and for greater caution in implementing bond transparency rules.

5. **European Commission calls for evidence**

   In the wake of the financial crisis, more than 40 new pieces of EU legislation were adopted to restore financial stability and market confidence. The Commission launched the so-called “Call for Evidence”, a public consultation, to obtain feedback and empirical evidence on the benefits, unintended effects, consistency and coherence of the financial legislation adopted in response to the financial crisis.

   On November 23, 2016, the European Commission released the findings from its Call for Evidence. Overall, the majority of respondents signalled support for the financial reforms, however, they also provided examples of possible frictions, overlaps and unintended interactions between different regulations. The European Commission noted that it would pay greater attention to areas where the rules may be impeding the flow of finance to the economy; focus on enhancing proportionality in the regulatory framework to better balance financial stability and growth objectives; reduce red-tape and design rules that achieve their objectives at minimum cost for firms and clients; ensure consistency of the overall framework; address remaining risk in the financial system; further enhance investor and consumer protection; and keep the regulatory framework up to speed with technological developments.

   The Commission will take a number of specific actions and will publish its findings and next steps before the end of 2017. It is important to note that as concerns rise about unintended consequences, jurisdictions are likely to deviate from the Basel proposals as well.
Complementing the follow-up to the Call for Evidence, the Commission also published a report on the review of the European Market Infrastructure Regulation (EMIR), looking at how rules for over-the-counter derivatives, central counterparties and trade repositories should be improved.

6. Codes of conduct as an alter native to formal rule framework
The Bank of England, HM Treasury and Financial Conduct Authority (FCA) launched the Fair and Effective Markets Review (FEMR) in June 2014 to conduct a comprehensive and forward looking assessment on the way the wholesale Fixed Income, Currency and Commodities (FICC) markets operate in the wake of a number of scandals (e.g. Libor fixing) in both the UK and global financial markets. To tackle this project, the Review created a new FICC Markets Standards Board (FMSB). The outcome of the Fair and Effective Market Review was to establish the FICC Markets Standards Board to develop standards of conduct to improve the quality, clarity and market-wide understanding of wholesale FICC trading practices.

The FMSB has plans to achieve the internationalization of standards for consistent dealing practices across the global market. The success of the FMSB standards, and take-up by foreign jurisdictions, may encourage regulators to consider codes of conduct as an alternative to a formal rule framework.

7. Regulators learn from mistakes
Regulators have recognized the discontinued and uneven implementation of the OTC derivatives trading and clearing rules, encouraged by the benefit from “first mover” status in some jurisdictions and rule-making inertia in others, resulted in disjointed and duplicative rules, and disruptions in capital flows across jurisdictions. In an effort to avoid those mistakes in the future, rule-making is likely to proceed at a much slower, more deliberate and coordinated pace, benefitting from IOSCO consultations.

8. Canadian regulators likely adopt measured pace of reform
In Canada, the pace of rulemaking is likely to be more measured in the next few years, with the likelihood of some retrenchment in the proposed rules.

First, the Canadian banking regulators will be monitoring the adoption of the Basel rules across foreign jurisdictions, notably the likely push back by U.S. and EU regulators of the Basel III and Basel IV rules, and the BIS proposal to remove individual firm risk weightings in the application of the capital and liquidity rules. The Canadian regulators will be ready to make adjustments to capital and liquidity proposals to ensure the Basel rules for Canadian banks will correspond closely to U.S. and EU banking rules in order not to interfere with the competitiveness of the Canadian banks.

Second, Canadian securities regulators have committed to a comprehensive post-implementation review of the CRM1 and CRM2 rules. Since these rules were imposed without formal cost-benefit analysis, there will likely be some modification to the existing rules.

Lastly, recent quantitative analysis undertaken by the investment industry indicates the proposed “targeted reforms” will result in substantial increases in compliance costs for large and small firms. The findings will encourage an extensive consultation process with market practitioners in an effort to construct practical and cost-effective rules related to the detailed obligations for investment advisors.

Conclusion
In 2008, the global banking and financial system came close to a complete meltdown. Bank balance-sheets had ballooned, but too little capital was set aside to absorb losses. When asset prices collapsed, the results were catastrophic. It took massive taxpayer-financed bail-outs to shore up the industry and forced restructuring.

In the eight years since the financial crisis, banking and securities regulators have been in overdrive, focused on building a more resilient financial system through capital and liquidity protections, greater transparency and better rules for market conduct.

The urgency and extent of reform, particularly in the early years, laid the ground for excessive and unintended consequences. There is a growing consensus that the pendulum has swung too far. Regulators in many jurisdictions are taking stock of the impact of reform on markets and on the economy. The weakened liquidity in markets, and pernicious slow economic growth, have added urgency to these investigative efforts to avoid unduly handicapping capital raising and secondary market trading.

We expect that an ongoing review of the reform impact and rising compliance costs for the financial sector will slow the rulemaking process, roll back certain rules, and increase reliance on industry best standards and tougher enforcement.

We have probably reached the high water mark of reform. However, this does not mean the water will recede quickly. Further reforms to regulation and adjustments to existing rule books will proceed slowly and carefully.

The International Council of Securities Associations (ICSA) founded in 1988, ICSA is the global organization of sovereign securities industry associations representing firms across the world including East and West Asia, Latin America, North America, and Europe. Bombay Stock Exchange Brokers Forum (BSEF) is a longstanding and key member, having distinguished itself by organizing our highly successful AGM and Conference in May 2015.

ICSA provides members with market intelligence, a stronger voice, and increased impact:
- serving as a forum to understand developments, exchange views and practices, and collaborate to work for better global capital markets
- advocating appropriate regulatory policies, regulations, and initiatives across jurisdictions to promote efficient and well-functioning securities markets and the flow of cross-border capital
- assisting regulators and government authorities in understanding the global, consolidated, and non-biased position of the industry as it relates to proposed policy and regulatory rules.

ICSA brings together the world’s securities regulators and develops and implements internationally recognized standards for securities regulation. ICSA is ideally suited to work closely with them to provide market perspectives and positions. ICSA has built relationships with the Financial Stability Board, the Basel Committee on Banking Supervision, and the OECD.

With incorporation to secure a more stable future, completed in 2015, ICSA concentrated on impact and issues in 2016. Most notably, ICSA
- Agreed to twice annual, small delegation meetings with IOSCO in Madrid
- Organised ASI and IOSCO Conferences at the AGM in Lima
- Responded to consultations on Liquidity (IOSCO, EU), Conduct (FSB), and Financial Crime (FATF)
- Completed surveys of our members on Cyber Security and Conduct
- Built a sound working relationship with the newly formed Financial Markets Standards Board

ICSA provides the Secretariat for the Cross-Border Regulation Forum (CBRF), created by an international group of financial services trade associations, investment banks, brokerage houses, market infrastructure operators and consumers of financial services to help improve and encourage the dialogue on international regulatory standards. The CBRF provides significant input into the cross-border regulatory work undertaken by the IOSCO Task Forces. International cooperation was achieved on the vital issue of managing OTC derivatives.

ICSA has provided a highly useful forum for bringing together our members. The 2016 AGM in Stockholm was a particular success, with the Chairman of the Basel Committee, the Deputy Secretary General of IOSCO, the EU’s Head of Unit for Capital Markets Union, and the author of IOSCO’s Volatility paper all participating.

The 2017 ICSA AGM in Mexico City from 22-23 May promises to be equally dynamic and engaging. Speakers include Governor of the Bank of Mexico Agustín Carstens and the author of IOSCO’s Volatility paper all participating.

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Yours sincerely,

Ian C. W. Russell
FCSI President & CEO
IAC December 2016
S&P Global Market Intelligence

ASIA-PACIFIC MARKETS MONTHLY HIGHLIGHTS AND INSIGHTS

By Philip Lee
Global Head of Proprietary Data Services

Key findings:

- **Credit Risk Trends for Asia**: Philip Lee is a Director at S&P Global Market Intelligence and globally heads up the Desktop Application Specialist team, based in Hong Kong. He manages a team of data specialists that create Excel models and develop workflow solutions utilizing S&P Global Market Intelligence desktop tools. He has over 11 years of Excel modeling experience with a focus on corporate finance and M&A models.
- **Philippines joined S&P Global Market Intelligence in 2008. Prior to that, he spent 4 years with Banc of America Securities, where he was an Associate in the Technology and Media Group.**
- **He also spent a year with AIGM Partners, focusing on Media & Advisory and private equity.**
- **Philip holds a BS in Commerce, concentrating in Finance and International Business, from the University of Virginia.**

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China’s Global M&A Spree Shows No Signs of Slowing

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Chinese outbound media and tech M&A surged to more than $44 billion in 2016
Chinese outbound media and technology companies are flocking to Hollywood as the Chinese market is maturing and the home-grown film industry struggles to compete with imports.

The Napoleonic ambition of Chinese investors and their surging spending power are likely to provide another shakeup across the global M&A landscape in the year ahead.
Boasted by China’s enhanced international political and economic influence, Chinese buyers have increased the pace of outbound investment in recent months.

Strong appetite for media and internet assets tracked by S&P Global Market Intelligence led to more than double the amount spent on outbound Chinese transactions last year, with 2017-year-to-date investment more than double what it was during the same period in 2016.

Broaden by London-headquartered M&A advisor Clarity show total outbound M&A for the entire media and technology sector surged to more than $44 billion across 128 acquisitions in 2016, compared with less than $3 billion spent in 2013.

Save for a slowdown toward the end of 2016 as tighter capital controls were introduced, China was on course to exceed the U.S. as the top acquirer of foreign companies across all sectors, said Clarity Managing Director Jonathan Davis.

Dalian Wanda

Among last year’s most prolific media acquirers is Chinese conglomerate Dalian Wanda Group Co Ltd., a relatively unknown player in Hollywood until its 2012 purchase of the AMC Entertainment Holdings Inc. chain cinema for $2.6 billion. AMC’s $2.6 billion acquisition of Britain’s Odeon & UCI Cinemas Group, announced last July, gives its Chinese owner further ammunition to build a global entertainment colossus.

Copper assets dominate mining deals in the December quarter.
In the December quarter, there were three deals valued at over US$1.0 billion, compared with none in the September quarter, two such deals in the June quarter and one in the March quarter. In the latest period there were also two deals valued at over US$200 million. Three of the five deals were for copper assets, with one for diamonds and one for gold.

The largest deal announced during the three months to end-December was the US$2.20 billion acquisition by South Africa’s Sibanye Gold Ltd. of Stillwater Mining Co., which is the only U.S. miner of platinum group metals, and is the largest primary producer of PGMs outside of South Africa and the Russian Federation.

However, the deal, which was transactioned through Thor U.S. Holdings Inc., is subject to legal action. In mid-December a Maryland-based law firm, Brower Piven, initiated an investigation into possible violations of fiduciary duty and other violations of state law by the board of Stillwater Mining. Brower Piven is investigating whether Stillwater’s board adequately pursued alternatives to the acquisition and sought the best possible price.

The second largest transaction, valued at US$1.45 billion, was Moscow-based Otkritie Holding JSC’s pending agreement to acquire the Grn diamond mine in Russia from Lukol Oil Co. Lukol has a license to export diamonds, with production reported to have started in 2013.

M&A Activity in Asia Pacific: Selected Sectors

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In February 2017, the Telecommunication Services sector was the leader in Asia Pacific M&A activity, showing 60% year-over-year growth in number of deals and over 200% growth in value of deals.

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As of February 2017, the region showed a 30% decline in deal volume but an 85% increase in deal value, with large deals taking place in China, Japan, and Hong Kong.

**No. of Deals and Value by Country (Feb ‘17)**

<table>
<thead>
<tr>
<th>Country</th>
<th>Deals</th>
<th>Value (US$m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>19</td>
<td>1,806.6</td>
</tr>
<tr>
<td>Japan</td>
<td>15</td>
<td>662.7</td>
</tr>
<tr>
<td>India</td>
<td>11</td>
<td>594.9</td>
</tr>
<tr>
<td>Singapore</td>
<td>10</td>
<td>49.2</td>
</tr>
<tr>
<td>Australia</td>
<td>3</td>
<td>48.8</td>
</tr>
<tr>
<td>South Korea</td>
<td>7</td>
<td>32.9</td>
</tr>
<tr>
<td>Hong Kong</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Malaysia</td>
<td>1</td>
<td>0.1</td>
</tr>
<tr>
<td>New Zealand</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Philippines</td>
<td>0</td>
<td>0.0</td>
</tr>
<tr>
<td>Taiwan</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Vietnam</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

The capital deployed has increased, which is indicative of larger deals taking place in the VC market.

**Private Equity Investments & Buyouts: Selected Countries**

<table>
<thead>
<tr>
<th>No. of Deals &amp; Value YTD Activity (17’ vs. 16’)</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
</tr>
<tr>
<td>Japan</td>
</tr>
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<tr>
<td>Singapore</td>
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<tr>
<td>Taiwan</td>
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<tr>
<td>Vietnam</td>
</tr>
</tbody>
</table>

Total: 167 / 180 = 93.3%

**Venture Capital Investments: Non-Buyouts by Country**

Continuing the trend from 2016, China, Japan, and India continue to lead venture capital market activity. Though the number of deals has decreased, the aggregate capital deployed has increased, which is indicative of larger deals taking place in the VC market.

<table>
<thead>
<tr>
<th>No. of Deals &amp; Value by Country (Feb ‘17)</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
</tr>
<tr>
<td>Japan</td>
</tr>
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<td>India</td>
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<tr>
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<tr>
<td>Thailand</td>
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<tr>
<td>Indonesia</td>
</tr>
<tr>
<td>New Zealand</td>
</tr>
<tr>
<td>Vietnam</td>
</tr>
</tbody>
</table>

**No. of Deals & Value YTD Activity (17’ vs. 16’)**

<table>
<thead>
<tr>
<th>No. of deals</th>
<th>Value of Deals (US$m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>58</td>
</tr>
<tr>
<td>Japan</td>
<td>21</td>
</tr>
<tr>
<td>India</td>
<td>12</td>
</tr>
<tr>
<td>Australia</td>
<td>10</td>
</tr>
<tr>
<td>Singapore</td>
<td>9</td>
</tr>
<tr>
<td>South Korea</td>
<td>11</td>
</tr>
<tr>
<td>Hong Kong</td>
<td>8</td>
</tr>
<tr>
<td>Malaysia</td>
<td>3</td>
</tr>
<tr>
<td>Philippines</td>
<td>2</td>
</tr>
<tr>
<td>Thailand</td>
<td>6</td>
</tr>
<tr>
<td>Indonesia</td>
<td>1</td>
</tr>
<tr>
<td>New Zealand</td>
<td>2</td>
</tr>
</tbody>
</table>
| Taiwan | - | - | 100 | 100 | 5%
| South Korea | 6 | 6% | 90 | 100 | 5% |
| Vietnam | 0 | 0 | 100 | 100 | 5%

Total: 196 / 207 = 94.9%
### COMPLIANCE CALENDAR

**COMPLIANCE REQUIREMENT FOR THE MONTH OF APRIL – 2017**

Compiled by
CA Kamlesh P. Mehta (B.Com, FCA, DISA)
M/s. Kamlesh P. Mehta Associates

<table>
<thead>
<tr>
<th>Segment</th>
<th>Particulars</th>
<th>Due Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>All exchanges</td>
<td>Revised rate of SEBI fees</td>
<td>1/4/2017</td>
</tr>
<tr>
<td>BSE / NSE / MCX /</td>
<td></td>
<td></td>
</tr>
<tr>
<td>MCX-SX / NCDEX</td>
<td>Contract note serial no. to be setup starting from No. 1</td>
<td>1/4/2017</td>
</tr>
<tr>
<td>All Exchanges</td>
<td>Applicability of SEBI circular on Enhanced Supervision of Stock Brokers / Depository Participants (Revised timelines for various provisions are provided in the said circular)</td>
<td>1/4/2017</td>
</tr>
<tr>
<td>All Exchanges</td>
<td>Contingency Drill / Mock Trading session</td>
<td>1/4/2017</td>
</tr>
<tr>
<td>PMS</td>
<td>PMS- Uploading of activity report on SEBI Portal</td>
<td>4/4/2017</td>
</tr>
<tr>
<td>NSE</td>
<td>NSE- Uploading of margin funding file for the month of March 2017</td>
<td>7/4/2017</td>
</tr>
<tr>
<td>BSE</td>
<td>BSE- Uploading of margin funding file for the month of March 2017</td>
<td>8/4/2017</td>
</tr>
<tr>
<td>Stamp Duty</td>
<td>Payment of Stamp duty: - Security and Commodity Exchanges for the month of March, 2017</td>
<td>10/4/2017</td>
</tr>
<tr>
<td>Depository</td>
<td>Investor Grievances (Report) • CDSEL &amp; • NSDL</td>
<td>10/4/2017</td>
</tr>
<tr>
<td>MCX-SX</td>
<td>Submission of client funding details for the month of March 2017</td>
<td>15/04/2017</td>
</tr>
<tr>
<td>BSE / NSE</td>
<td>Submission of compliance certificate by compliance officer for execution of orders</td>
<td>15/04/2017</td>
</tr>
<tr>
<td>Service Tax</td>
<td>Half yearly service tax return for the period ended March 2017 for all categories.</td>
<td>25/04/2017</td>
</tr>
<tr>
<td>NSE</td>
<td>Issue of STT statements for the f.y. 2016-17 to clients.</td>
<td>30/04/2017</td>
</tr>
<tr>
<td>NSE / BSE / MCX-SX</td>
<td>Statement of accounts for funds and securities to all clients for the period 1-1-2017 to 31-03-2017 (For non running accounts)</td>
<td>30/04/2017</td>
</tr>
<tr>
<td>NSE / BSE</td>
<td>Submission of Margin Trading Compliance Certificate &amp; Networth certificate for the half year ended March 31, 2017 (For those who have availed Margin Trading Facility)</td>
<td>30/04/2017</td>
</tr>
<tr>
<td>MCX-SX / NCDEX</td>
<td>Quarterly Statement of accounts for funds &amp; Commodities to all clients for the period 01/01/2017 to 31/03/2017</td>
<td>30/04/2017</td>
</tr>
<tr>
<td>CDSEL / NSDL</td>
<td>Submission of tariff structure to CDSEL/NSDL</td>
<td>30/04/2017</td>
</tr>
<tr>
<td>PMS</td>
<td>Disclosure document &amp; other information to be submitted to SEBI</td>
<td>30/04/2017</td>
</tr>
<tr>
<td>MCM-SX</td>
<td>Submission of compliance certificate for the quarter Ended March, 2017 by compliance officer for execution of orders</td>
<td>30/04/2017</td>
</tr>
<tr>
<td>Income Tax</td>
<td>TDS Payment for the Month of March 2017</td>
<td>30/04/2017</td>
</tr>
<tr>
<td>BSE</td>
<td>No. of STR filed with FIU-IND for the month of March, 2016. (Including NIL STR)</td>
<td>Before 30/04/2017</td>
</tr>
</tbody>
</table>

Kamlesh P Mehta (B.Com, FCA, DISA) is a practicing Chartered Accountant by profession having an experience of 24 years in the field of capital market compliance consultancy, depository services audit, management consultancy, system audit and Commodity market compliance consultancy.

He is a Proprietor of CA firm M/s. KAMLESH P. MEHTA ASSOCIATES & Partner of MEHTA SANGHVI & ASSOCIATES located at Borivali, Mumbai. He along with his associated concerns specializes in Audit and Assurance Services of various compliance areas related to Capital Market Operations and system audits of broking industry.

He is also providing compliance calendar to BSE brokers forum and ANMI regularly and same is published in their journal. Recently he and his team had drafted compliance manual for commodity brokers published by BSE brokers forum.

He is a regular speaker of the various seminars for broking and DP compliances organized by WIRC (Western India Regional Council of ICAI) and study circle group.
In an interim order issued against Gautam S. Khandelwal (noticee) on February 23, 2017, SEBI had prohibited the noticee from dealing in securities and from disseminating news or messages in the securities market and from acting as an investment advisor to a registered SEBI Registrant (Unfair Trade Practices) Regulations, 2003.

The noticee had subscribed to bulk SMS sending services, in his capacity as an authorized person to a registered trading member. SEBI observed that in the period under consideration, the noticee had sent around 8.40 lakh SMS(es), giving stock tips to buy shares of Supreme Tex Mart Limited (STML) at various prices. It was also found that the noticee had sold his shares in STML while using other investors to buy the scrip, and profited from the artificial prices created in the market. Further, the noticee had misled investors through incorrect information in relation to the proposed acquisition of shares of STML by another company and by concealing the fact that STML was a sick company.

SEBI observed that the noticee, not being registered either as an investment advisor or a research analyst, could not have sent trading tips to the investors. Further, the noticee had undertaken unfair trade practices by dealing in securities in a manner contrary to the advice provided to other investors, with a fraudulent intention and an ulterior motive of generating profit from such transactions.

SEBI, in the past, issued orders directing persons providing investment advice without registration, to cease and desist from acting as investment advisors and imposing unfair gains. SEBI has also issued press releases cautioning investors to deal with only SEBI-registered investment advisors and research analysts, and against trading based on tips and recommendations from unregistered persons.

Further, the consent order in this regard was proposed in the consultation paper issued in October 2017 proposing amendments to the SEBI (Investment Advisers) Regulations, 2013, which seeks to bring such activities within the fold of SEBI’s anti-fraud regulations. Those proposals however are too broad.

The Whole Time Member, SEBI issued an ad interim as per order dated January 25, 2017 against Dr. Vijay Mallya and six other persons in relation to alleged fund diversions in United Spirits Limited (USL), which is a public limited company incorporated in England & Wales acquired substantial shares and control in USL between July 2013 and April 2014. Pursuant to acquisition of control of USL by Diageo in July 2013, in the Audit Report of the SL’s Financial Year 2013-14, the statutory auditor of USL qualified certain transactions by USL amounting to Rs 649.55 crores. Subsequently, USL appointed Price waterhouse Coopers, United Kingdom (PWC-UK) to examine such transactions qualified in the audit report. PWC-UK Report indicated diversion of funds from USL to certain group companies of United Breweries. Further, the order indicates that SEBI took cognizance of the matter relating to USL in March 2016 and sought information from USL in relation to the alleged diversion of funds from such transactions.

The WTM, based on the available material, found that Dr. Mallya, and other KMPs of USL had no way of knowing such intra-day breaches could not be pre-approved. RBI’s interference in this regard was proposed in the consultation paper issued in October 2017 proposing amendments to the SEBI (Investment Advisers) Regulations, 2013, which seeks to bring such activities within the fold of SEBI’s anti-fraud regulations. Those proposals however are too broad.

The Adjudicating Officer, SEBI passed an order on February 23, 2017 in respect of M/s Pune E-Stock Broking Pvt. Ltd (PESB), a trading member of BSE Ltd., National Stock Exchange of India Ltd. and MCX-IX, disposing of the adjudication proceedings initiated against PESB. SEBI’s inspection had indicated that funds were transferred from clients’ bank accounts to PESB’s own bank account on several instances. Further, circular fund transfer among PESB’s own bank accounts and various client bank accounts, and transfer of clients’ funds to associates/group entities dealing in commodities business were also observed. Hence it was alleged that PESB had violated provisions of the SEBI (Stock Brokers & Sub Brokers) Regulations, 1992 and SEBI circular dated November 18, 1993, which provides for regulation of transactions between clients and brokers.

PESB stated that it had separate bank accounts for clients’ funds and its own funds and that there was proper segregation. PESB demonstrated valid reasons for the alleged fund transfers. For instance, when a client fails to meet its pay-in obligations as per stock exchange norms, PESB pays clients’ obligations through its own fund and hence transfers funds from its own account to client bank account. Thus the funds transferred to its own account from the clients’ bank belonged to PESB only and there was no scope for mis-utilization of funds. PESB also showed that the alleged circular transactions occurred due to an inadvertent error at its end and it had taken steps to negate the net effect of erroneous entry. Accordingly, the AO concluded that PESB had acted in accordance with the applicable law.

Having appropriate systems and control for proper segregation of clients’ funds and its own funds one of the most important responsibilities of a registered broker. Any failure in this regard is treated strictly by stock exchanges and SEBI. However, in the instant case the stockbroker was able to demonstrate that it had maintained segregation between clients’ funds and its own funds and utilized clients’ fund for a valid purpose. The case also indicates that small inadvertent errors by a broker may not be penalised, so long as the broker has not failed to exercise due skill and care in the conduct of its business.

SEBI <-> SEBI/LAD/NRO/GN/2016-17/035 Dated 27-Feb-2017 <-> SEBI (Foreign Portfolio Investors) (Second Amendment) Regulations, 2017: Amendment to the SEBI (Settlement of Administrative and Civil Proceedings) Regulations, 2014, which may be called the SEBI (Settlement of Administrative and Civil Proceedings) Regulations, 2017 and shall come into force on the date of their publication in the Official Gazette.


SEBI <-> SEBI/LAD/NRO/GN/2016-17/037 Dated 27-Feb-2017 <-> SEBI (Debenture Trustee) Regulations, 1993:

Regulation 21 (1) (b) to offshie derivative instrument & means any instrument, by whatever name called, which is issued overseas by a foreign portfolio investor against securities held by it that are listed or proposed to be listed on any recognised stock exchange in India or unlisted corporate debt securities or securitised instruments, as its underlying.

Regulation 21 (1) (d) Unlisted non-convertible debentures/bonds issued by an Indian company subject to the guidelines issued by the Ministry of Corporate Affairs, Government of India from time to time.

Regulation 21 (1) (e) Securitised debt instruments, including any certificate or instrument issued by a special purpose vehicle set up for securitisation of asset/s with banks, financial institutions or nonbanking financial institutions as originators; and

Regulation 21 (1) (f) any certificate or instrument issued and listed in terms of the Securities and Exchange Board of India (Public Offer and Listing of Debentures and Debenture Trustee Companies) Regulations, 2009; and

Regulation 21 (1) (g) any instrument issued by a special purpose vehicle set up for securitisation of asset/s with banks, financial institutions or nonbanking financial institutions as originators and listed in terms of the Securities and Exchange Board of India (Public Offer and Listing of Debentures and Debenture Trustee Companies) Regulations, 2009; and

SEBI <-> SEBI/HO/DM/S/CIR/P/2015 Dated 22-Feb-2017 <-> Amendment pursuant to comprehensive review of Investor Grievance Redressal Mechanism/ MCK-SX/CDSL:

New set of norms to enhance the effectiveness of grievance redressal mechanism at exchanges and depositories.

The norms include public dissemination of profiles of arbitrators, performance review of such arbitrators, 3 - stage fee structure for faster implementation of award and to discourage delayed filling of arbitrations by TM’s.

Exchanges and depositories will have to disseminate information like brief profile, qualification, areas of experience, number of arbitrations matters handled and pre-arbitration experience of the arbitrators on their website.

Besides, market infrastructure institutions and depositories will – have to create a common database of defaulting clients accessible to TM’s and DPs.

There would be separate panels for arbitration and appellate arbitration. Further, for appellate arbitration, at least 1 member of the panel should be a retired judge.

The arbitrator committee of exchanges/depositories will review the performance of the arbitrators annually and submit the review report to the board of bourse/depositories.

The arbitrator fee will be upwards revised to Rs 18,000 per case. Consequent to this upward revision, the additional expenses attributable to a client over and above the fee will be borne by the client and exchange or depository equally.

In case, award amount is more than Rs 50 lakh, the next level of proceedings can take place at the nearest metro city, if desired by any of the parties involved.

Besides, is put in place a 3 - stage fee structure in order to have faster implementation of award and to discourage delayed filling of arbitrations by TM’s.

In case, the amount of claim is Rs 10 lakh, a fee of 1.3% subject to a minimum of Rs 10,000 will be charged if claim is filed within 6 month from the date of dispute, it will rise to 3% subject to a minimum of Rs 30,000 if the claim is filed after 6 month or after one month of the order passed by Investor Grievance Resolution Panel whichever is later.

After that time period, charges mentioned as well as an additional fee of Rs 3,000 per month will be charged.
requirements at clauses (b) and (d) shall be compiled by the municipality which is being financed.

Implication: Eligible municipality includes corporate municipality which has not defaulted in repayment of debt securities or loan obtained from bank or FI during last 365 days. Provided that, accounts shall be prepared in accordance with National Municipal Accounts Manual or in accordance with similar Municipal Accounts Manual adopted by the respective State Government for at least 3 immediately preceding financial years.


• SEBI is organizing an International Conference on Commodity Derivatives (ICCD 2017) on February 17, 2017 at Mumbai.
• The objective of the conference is to discuss on Indian commodity derivatives market particularly in the agri commodity derivatives and to promote interest in the commodity derivatives among hedgers, processors, physical market participants, academia and practitioners.
• The session-wise themes of the conference includes:
  1. Commodity Derivatives markets:
  2. How to deepen and improve the liquidity
  3. Financialization of Commodity Derivatives
  4. Evolving a robust regulatory framework – Interconnectedness with Underlying Markets

Conversion of all the information onになると in the Commodity markets.

The detailed programme schedule of the International Commodity Derivatives Conference -2017 is available in the circular.

SEBI <-> SEBI/LAD/NRO/GN/2016-17/034 Dated 15-Feb-2017 <-> SEBI (Depositories and Participants) (Amendment) Regulations, 2017:

• Regulations to further amend SEBI (Depositories and Participants) Regulations, 1996, namely which may be called as the SEBI (Depositories and Participants) Regulations, 2017.


• Revised clause in SEBI (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2017:
  1. Regulation 70 (1) (a) pursuant to conversion of loan or option attached to convertible debt instruments in terms of sub-clauses (3) and (4) of sections 81 of the Companies Act, 1956 or sub-section (3) and (4) of section 82 of the Companies Act, 2013, whichever applicable.
  2. Regulation 70 (1) (b) pursuant to a scheme approved by a High Court under section 391 to 394 of the Companies Act, 1956 or a Tribunal under section 391 to 394 of the Companies Act, 2013, whichever applicable. Provided that the pricing provisions of this Chapter shall apply to the issuance of shares under schemes mentioned in clause (b) in case of allotment of shares only to a select group of shareholders or shareholders of unlisted companies pursuant to such schemes.

• Revised clause in SEBI (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2017:
  1. The Board of Industrial and Financial Reconstruction under the Sick Industrial Companies (Special Provisions) Act, 1985 or the Tribunal under the Insolvency and Bankruptcy Code, 2016, whichever applicable.
  2. Regulation 70 (3) (3) The provisions of regulation 73 and regulation 76 shall not apply to a preferential issue of equity shares and compulsorily convertible debt instruments, whether fully or partly, where the Board has granted relaxation to the issuer in terms regulation 29A of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, or regulation 11 of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, whichever applicable, if adequate disclosures about the plan and process proposed to be followed for identifying the allottees are given in the explanatory statement to notice for the general meeting of shareholders.

• Legal reliefs for contravention of the Act, rules or the regulations Regulation 111A (1) (The listed entity or any other person thereof who contravenes any of the provisions of these regulations, shall, in addition to the liability for action in terms of the securities laws, be liable for the following actions by the respective stock exchange(s), in the manner specified in the circulars or guidelines issued by the Board;,
  1. (a) issue of additional shares or in case of convertible bonds or convertible debentures, issue of additional shares or convertible bonds or convertible debentures on the same terms and conditions as the original shares or convertible bonds or convertible debentures; or
  2. (b) amendment of articles of association, if any, and other provisions of the Memorandum of Association, if any, so as to bring or read or interpret any provision, otherwise than as it is or has been brought or read or interpreted as aforesaid, which was made or read or interpreted, as the case may be, in accordance with the scheme of arrangement or scheme of reconstruction.

3. The Board shall have a discretion to grant relaxation in terms of regulation 2 of the Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014.

4. Implication: - “INV” or ‘Infrastructure Investment Trust’ shall have the meaning assigned in clause (2) of sub-section (1) of regulation 2 of the Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014.

Revised clause in SEBI (Mutual Funds) (Amendment) Regulations, 2017:

• Revised clause in SEBI (Depositories and Exchange Board of India (Securities Contracts (Regulation) Stock Exchanges and Clearing Corporations) (Second Amendment) Regulations, 2017:

• SEBI Board Meeting:

The major discussion in the SEBI Board meeting was W.R.I. commodity broker, listing aspect, securities and commodity market, FPI registration, investor education, investor awareness programme.

The consistent tightening of ODI norms and simultaneous liberalization by SEBI in FPI registration process, has not only been through increased compliances but also improved transparency and made ODI less attractive.

The strict norms for ODI issuance, the notional value of ODIs to the AUC of FPIs has declined over the years and it not only increased compliance but also improved transparency.

The Board addresses the steps to strengthen the exchange's trading infrastructure in the areas namely, fair and transparent data dissemination process, tools to monitor service quality of data feeds, mechanism to manage system load in a fair manner, direct connection with various calculation facilities of exchanges, etc, in consultation with TAC and NSE’s Board.

The Board was apprised about the actions on the basis of examination of receipt complained with respect to their role in NSEL matters.

The Board approved the developments in connection with International Financial Service Centre, status of compulsory delisting of long suspended companies and companies on the dissemination board of National Exchanges, process of SEBI Settlement of Administrative and Civil Proceedings and the reasons for pendency of various applications thereon for more than 2 years.

SEBI <-> PR No. 10/2017 Dated 11-Feb-2017 <-> Union Finance Minister addresses members of the SEBI Board:

SEBI approved the Finance Minister on the key recent developments and trends in the Indian securities market during the last few years and also the current and future agenda of SEBI as well as related issues affecting SEBI.

The share of market based finance impressively gone up, particularly during 2015-16 and 2016-17 (Jul Jan, 2017). There has been tremendous rise in resource mobilization by the mutual fund industry during the last few years.

Need for further development of commodity markets in both the spot and derivatives segments and the recent Union Budget proposal to look into integrating the two segments were also highlighted during the discussion.

The Board appreciated the actions that the Indian securities market has witnessed very significant developments during last 5 - 6 years, particularly in the context of technology-driven change, actively influencing the market operations accompanied with increase in the size of markets.

BSE <-> 20170303-29 Dated 03-Mar-2017 <-> Graded Surveillance Measure (GSM) - List of shortlisted companies/ MCK-SX/NSE:

• List of shortlisted securities falling under Graded Surveillance Measure is enclosed as per Annexeure.

• Action on the shortlisted companies under GSM framework shall be initiated one week from publishing of the list i.e. from March 14, 2017.

• Important risk surveillance measure to be tracked and monitored by members for clients who deal in terms of volume, influence closing or opening prices, away from previous close or at circuit filters rates.

BSE <-> 20170303-29 Dated 03-Mar-2017 <-> Graded Surveillance Measure (GSM) - List of shortlisted companies/ MCK-SX/NSE:

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The RBI Notification & Operating Guidelines dated February 23, 2017 regarding SGB 2016-17 - Series IV are enclosed as Annexure-1 & in case of shortage of delivery, stock exchanges/clearing corporations may conduct financial close-out, which shall take place at Para 8 of the circular no CIR/MRD/DP/27/2013 dated September 12, 2013 stands modified as under:

• It has been decided to share the commission earned by the Exchange with the TMs @0.99% of the allotment value.
• Exchange announced removal of limit on conversion of NEAT ids to NNF/CTCL Ids on a Single TAP IP w.e.f April 03, 2017.

Platform – Series 4:

To access this portal Vendors will need IE 9 and above, preferably IE 11. Vendors will also need a valid digital certificate or E-token BSE to pass entire 1% commission received from the RBI for Sovereign Gold Bond Scheme 2016 – 17 Series 4 to the members.

Annexure-2 respectively.

NSE <-> Circular Ref: 008/2017 Dated 15-Feb-2017 <-> Introduction of Incentive Structure on Transaction charges – SLB Scheme:

• The Current Rate transaction charges levied on monthly basis on the transactions executed in SLBS is 2.5% of the Lending Fee, on each synchronization and rollover transactions, to both Lending and Borrowing Participants. It has been decided to introduce Incentive structure as given in the circular on all fresh lend and borrow transactions w.e.f. 1st March, 2017 and shall be applicable for a period of 1 year from date of implementation.

The incentive shall not be applicable for forward transactions.

CDSEL <-> CDSEL/OPS/DP/SYSTM/2017/100 Dated 23-Feb-2017 <-> Recovery of Link Management Charges from CDSEL by BSE Ltd w.e.f. 1st April 2017:

• BSE Ltd has decided to recover the link management charges of Rs. 15,000/- per connectivity link; per annum, plus taxes in addition w.e.f. 1st April, 2017 for the Intranet connectivity (P2P MPLS, POP and VSOA) used by members, DPs and RTAs.

These proposed link management charges involve the following components like link management and field logistics, resources, training, etc.

• Charge is also applicable to the BSE members who are using BSE commissioned intranet connectivity to access CDAS application.

Therefore, CDLS will recover the said additional charge from DP w.e.f. 1st April 2017 under annual leased line rental charges per link payable to the service provider along with taxes.

CDSEL <-> CDSEL/OPS/DP/ACCTS/2017/97 Dated 22-Feb-2017 <-> List of Status and Sub-Status for Demat Accounts:

• In addition to the sub-status and product codes already present in CDSEL system, BO Sub-status Code- 110 to 113 and BD Sub-status code- 110 to 113 for corporate bonds traded on the Stock exchanges platform:

a) A 1% mark-up on trade price. The auction mechanism to deal with settlement shortages shall be notified subsequently.

Monday, February 27 to Friday, March 03, 2017 for TMs to subscribe for their clients.

• It has been decided to withdraw the fortnightly return on FRA/IRS with immediate effect and advised to stop sending the hard copy of the said return to RBI.

• The incentive shall be withdrawn from the existing FRA/IRS returns issued before this directive and the trade records shall be amended accordingly.

• The existing procedure for reporting OTC Foreign exchange and Interest Rate Derivative transactions to the trade repository hosted by BSE Ltd shall continue.

- It is advised that for the purpose of definition of ‘Infrastructure Lending’, NBFCs may henceforth be guided by the Gazette Notifications issued by the Department of Economic Affairs, Ministry of Finance, Government of India, from time to time.

RII <-> RII/B16-17/242 DNBFR.PC.CO.No.805.03.100.001/2017-16 Dated 02-Mar-2017 <-> Infrastructure Financing- Dependance on ‘Infrastructure Lending’:

• RBI may vide its Notification No. D.16(17)/BWDMM/2016 dated February 23, 2017 announced that the Sovereign Gold Bonds 2016 – 17: Series IV will be open for subscription from February 27, 2017 to March 03, 2017.

• Participants are requested to note that the mobile number and email ID can be of the client or of family members (i.e. spouse, dependent children or dependent parents). For bank account details updation, obtain the proof of the bank details.

- It has been decided to withdraw the fortnightly return on FRA/IRS with immediate effect and advised to stop sending the hard copy of the said return to RBI.

- The existing procedure for reporting OTC Foreign exchange and Interest Rate Derivative transactions to the trade repository hosted by CDSL shall continue.

- It is decided to withdraw the fortnightly return on FRA/IRS with immediate effect and advised to stop sending the hard copy of the said return to RBI.

- The existing procedure for reporting OTC Foreign exchange and Interest Rate Derivative transactions to the trade repository hosted by CDSL shall continue.

- It has been decided to withdraw the fortnightly return on FRA/IRS with immediate effect and advised to stop sending the hard copy of the said return to RBI.

- The existing procedure for reporting OTC Foreign exchange and Interest Rate Derivative transactions to the trade repository hosted by CDSL shall continue.
SEBI ORDERS COMPILATION: ANNUAL REVIEW AND ANALYSIS – LEARNINGS FROM EVOLVING TRENDS–YEAR II

By Rekha Shah
Founder
Analyze N Control

“The orders taken include one or multiple regulations related violations on account of broking transactions or broking business. The data is analysed across various perspectives based on compilations which include regulations violated, type of penalty, entities involved, action taken and issues that have led to such regulatory action.”

Data gives out predictive patterns, it speaks louder than words but do we have the patience to listen?

Compliance may not have technical expertise—but, its time Compliance - takes a leadership role in data analysis of risks and violations.

Our data analyst team puts together an annual analysis of SEBI orders w.r.t Broking Transactions. This explains the evolving risks faced in broking business and how systems support is essential to eliminate risks on account of inadequate client screening and ensure complete control on surveillance failures and money laundering related violations.

Team AnalyzeNControl presents this year again exclusively for BBF readers, the analysis of SEBI orders specific to broking transactions from 1st Feb 2016 to 28th Feb 2017.

SEBI Orders Analysis with regard to Broking Transactions

I. To start with let’s list the Regulation wise order % analysis

<table>
<thead>
<tr>
<th>Regulation</th>
<th>Penalty Tip</th>
<th>Segment</th>
<th>Penalty</th>
</tr>
</thead>
<tbody>
<tr>
<td>SEBI - ORDERS AD</td>
<td>Notice was doing business as an Investment advisor prior to Registration, which was filed after more than 6 months from commencement of business</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SEBI - CHAIRMAN / MEMBERS' ORDERS</td>
<td>Corporate entities --&gt; Notice was engaged in manipulative trades and managed to artificially establish a higher trade price --&gt; heavily traded in market hours and established a new/high price.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SEBI - SAT ORDERS</td>
<td>Case where notice had not settled quarterly the funds and securities of clients, not removed the period of revocation from running account authorization form even after NSE observations and made fixed monthly payments - Argument of the appellant that the monthly payments were made under specific instruction of the clients rejected by the AD.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SEBI - SAT ORDERS</td>
<td>Appellants failed to exercise proper due diligence in the matter of the IPO of CARE by not disclosing true and adequate factual position in the offer document in question.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SEBI - SAT ORDERS</td>
<td>Notice was connected and well acquainted with the Group entities --&gt; notice has communicated the UPSI to the group entities who in turn have traded in the scrip of SIPL on the basis of the UPSI --&gt; entities became insider under PIT Regulation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SEBI - CHAIRMAN / MEMBERS’ ORDERS</td>
<td>Notice had indulged in unusual and aggressive trading in the scrip of L&amp;T Finance Holdings Limited ahead of the announcement of Offer for Sale of shares, and had earned unlawful gains as a result of the trades executed in the scrip of LTFH. --&gt; It showed that the Open Interest created by the Notice in the scrip of LTFH was significantly higher than the Open Interest in other scrips, which concluded that the trades of the Notice were influenced by the UPSI.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Compliance and Risk teams are also gearing towards better processes and mature systems to help them protect and grow their business from such manipulative elements.

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**IV. Detailed below are some of the major orders on penalty and disgorgement:**

**SEBI - ORDERS AD**
- Notice was doing business as an Investment advisor prior to Registration, which was filed after more than 6 months from commencement of business
- Penalty: Rs. 75 Lakhs.

**SEBI - CHAIRMAN / MEMBERS’ ORDERS**
- Corporate entities --> Notice was engaged in manipulative trades and managed to artificially establish a higher trade price --> heavily traded in market hours and established a new/high price.
- Penalty: Rs. 30 Lakhs.

**SEBI - SAT ORDERS**
- Case where notice had not settled quarterly the funds and securities of clients, not removed the period of revocation from running account authorization form even after NSE observations and made fixed monthly payments - Argument of the appellant that the monthly payments were made under specific instruction of the clients rejected by the AD.
- Penalty: Rs. 15 Lakhs.

**SEBI - SAT ORDERS**
- Appellants failed to exercise proper due diligence in the matter of the IPO of CARE by not disclosing true and adequate factual position in the offer document in question.
- Penalty: Rs. 1 Crore.

**SEBI - CHAIRMAN / MEMBERS’ ORDERS**
- Notice had indulged in unusual and aggressive trading in the scrip of L&T Finance Holdings Limited ahead of the announcement of Offer for Sale of shares, and had earned unlawful gains as a result of the trades executed in the scrip of LTFH. --> It showed that the Open Interest created by the Notice in the scrip of LTFH was significantly higher than the Open Interest in other scrips, which concluded that the trades of the Notice were influenced by the UPSI.
- Penalty: Rs. 2 Crores.

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**Analysis**

The above graph gives details on regulation wise penalty and disgorgement amount. The major penalty levied under PFUTP fraudulent regulations and disgorgement in PFUTP-Synchronised and Circular trading cases highlight that the issues are related to manipulation and surveillance failure, front running, tax evasion and money laundering. Thus an effective surveillance system is essential to implement and control such probable deviations.

- Unregistered PMS/Investment advisory cases are also on the rise.
Debarment “Till further orders” is again high on PFUTP-Fraudulent cases

Let’s review some of the major Debarment orders

<table>
<thead>
<tr>
<th>Regulator</th>
<th>Penalty To</th>
<th>Penalty</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate investor</td>
<td>Investors Debarment till further orders to cease and desist from disseminating news or messages in any form related to the securities market.</td>
<td></td>
</tr>
<tr>
<td>Investors</td>
<td>Debarment till further orders.</td>
<td></td>
</tr>
<tr>
<td>Notice passed on information related to impending trade orders from one to another.</td>
<td>Notice failed to give any plausible reason for revocation of the interim order.</td>
<td></td>
</tr>
<tr>
<td>Notice failed to give any plausible reasoning/explanation for the charges described in the interim order.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Notice failed to give any plausible explanation for the charges described in the interim order.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Debarment Period | Broker Reg | Insider Trading | PFUTP-Fraud | PFUTP-IPO | PFUTP-Synch/Circular Trading | PMS/Investment advisory | Unregistered Intermediary | Grand Total |
<table>
<thead>
<tr>
<th></th>
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<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Upto 1 year</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>1 to 5 year</td>
<td>1</td>
<td>1</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>3</td>
<td>5</td>
<td>8</td>
</tr>
<tr>
<td>5 to 10 year</td>
<td>1</td>
<td>2</td>
<td>4</td>
<td>4</td>
<td>2</td>
<td>3</td>
<td>1</td>
<td>8</td>
</tr>
<tr>
<td>Till further orders</td>
<td>2</td>
<td>2</td>
<td>4</td>
<td>4</td>
<td>2</td>
<td>3</td>
<td>1</td>
<td>8</td>
</tr>
<tr>
<td>Suspension up to 1 year</td>
<td>2</td>
<td>2</td>
<td>4</td>
<td>4</td>
<td>2</td>
<td>3</td>
<td>1</td>
<td>8</td>
</tr>
<tr>
<td>Cease &amp; desist</td>
<td>1</td>
<td>1</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>3</td>
<td>1</td>
<td>8</td>
</tr>
<tr>
<td>Grand Total</td>
<td>6</td>
<td>1</td>
<td>31</td>
<td>4</td>
<td>4</td>
<td>9</td>
<td>3</td>
<td>58</td>
</tr>
</tbody>
</table>

VI. A Quick snapshot on some of the important Debarment orders in each regulation:

Corporate Investor was involved in manipulative transactions and misuse of the securities market. He carried out research analyst activities without obtaining regulatory approval. Notice sent SMSes recommending purchase of shares, which attempted to induce investor interest in the scrip, were misleading as details regarding poor financial fundamentals of the company were not shared.

Broker misused the status as Broker/Sub-broker solicited and collected money from the members of public through various fraudulent schemes.

Investor Debarment till further orders.
The graph reflects details w.r.t. issue wise and regulation wise number of orders and penalty and debarment cases:

- The major number of orders passed are about Synchronization, Self and Cross, Tax evasion cases and Artificial volumes with misleading corporate announcements—hence requirement of Surveillance and AML again takes a centre stage.
- Numbers of orders in Insider trading/Front running are lower in terms of number of orders but it has substantial share of penalty.
- The funds misutilisation and running account settlement cases have reduced in terms of numbers and value/intensity in comparison to prior year.
- Unregistered PMS/Investment advisory have also increased in terms of number of cases and penalty value.

Analysis—Penalty cases

The graph reflects details w.r.t. issue wise and regulation wise number of orders and penalty and debarment cases:

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Analysis-Debarment cases

Highest Debarment cases in:

- Tax evasion and Money Laundering cases—
  - Majority of the cases are related to Abnormal increase in stock prices and dumping including preferential allotment cases and other cases with increase in prices and with huge profit leading to suspected tax evasion and money laundering through stock trading platforms.
  - Manipulative trading activities by transferring funds through connected entities and allegedly made unlawful gains.
- Alleged failure in fulfilling its underwriting obligations, indulgence in price manipulation and also fraud through the misuse of the exchange platform to convert black money into legitimate money.
- Unregistered PMS/Investment advisory—
  - This rise also signifies regulatory alertness for controlling the already mushroomed unregistered portfolio management/investment advisory outfits.

Do we have a Learning?

This graph subtly represents the increasing risks on account of, how “certain investors” take advantage of brokers not tracking risks and such investors are fairly sure that brokers are low on monitoring of multiple patterns of Surveillance and AML transactions.

XI. The writing is on the wall

Based on the study of the year’s orders, the Indian Broking Industry must take cognizance of the fact that a firm’s risk appetite sets the foundation and tone of its risk management on account of Surveillance and AML Risks.

It should be understood that “Risk Appetite” indicates the level of Non or Low Tolerance to risk even if it implies limiting business growth in certain business strategies.

Surveillance and Money Laundering risks cannot be eliminated but can be effectively controlled through good system support.
Client screening data based on SEBI orders or UNSC, OFAC or PEP. Surveillance, AML is ultimately a Compliance responsibility.

The study actually brings to forefront the hard reality staring at the broking and other financial businesses.

Compliance and Risk teams are also gearing towards better processes and mature systems to help them protect and grow their business from such manipulative elements.

And so would like to end on this note that... A “Beginning” towards understanding that it is time to radically gear up organisational risk monitoring from its traditional approach is a first step and so.....

Rekha Shah with Power Update Team - Analyze N Control
- She has been invited by various forums including workshops and training held by SEBI (Securities Exchange Board of India), NSE (The National Stock Exchange of India), BBF (BSE Brokers Forum) and AMFI (Association of National members of India) for présidenting on the panel with regulators and presenting in seminars especially emphasizing on corporate governance, process reengineering, and compliance, efficiency and risk management.
- Analyze N Control also has comprehensive suite of state of the art software catering to Broking Industry relating to Client Screening, Surveillance, Anti Money Laundering and Circulars/Orders Search Engine and Circulars/Orders catalogue to help them protect and grow their business from such manipulative elements.

In my soon-to-be-published book ‘2017 for Stocks, Bonds, Trump Presidency, Brexit, Oil, Elections in France Germany and Iran, Commodities and Geopolitics’, I have clearly mentioned that the year 2017 will go off to a flying start. The quarter January-March 2017 will be the best quarter of the year for most Global Stock Markets and many Global Stock Market Indices will reach and surpass their all-time highs.

However, once we cross the first week of April 2017, trouble will begin. The fourth quarter FY 2016-2017 results will not meet expectations in India as the true economic effects of demonetisation will surface by then. Between April 10 and 22, 2017 you should see a good stock market correction.

In the third quarter of FY2016-17, many people have preponed their purchases and found ingenious ways to dispose off their old currency notes - so the GDP numbers of the quarter Oct-Dec 2016 was inflated to that extent.

It is likely that in a repeat of the Trump saga, Marine La Penn wins the French elections and provides a jolt to world financial markets.

Mid-June to Mid-September 2017 will witness savage selling across most Global Stock Markets. Trump is all set to roll out protectionist measures and many other parts of the world are expected to begin to retaliate by the middle of 2017.

Timing is extremely important in stock markets and I see turbulence ahead. There is a school of thought that it is the ‘time’ that is spent in stock markets that is more important than ‘timing’ the stock markets. Nothing can be more wrong!

If you see downturn ahead, it is the duty of a professional broker or money manager to tell the investor to wait for a better time to invest. Remuneration based on Volume Traded and AUMs (Assets Under Management) cannot be the basis of advising clients.

This will lead to only short-term gains as the investor population is getting educated and is knowledgeable about people who can gave them correct advice rather than people who ask...
Demonetisation in November 2016 did result in slowdown in economic activity and although the intentions have been extremely noble, things have yet to return to normal. The introduction of GST (Goods and Services Tax) with effect from middle of 2017 could turn out to be another disruptive event and could impact Indian economic activity in the short term.

India’s Pharma Sector will be under strain
Donald Trump wants to bring back jobs to the USA. The regulatory authority USFDA is expected to further tighten approval requirements and this could lead to further problems for India’s generic drug manufacturers who could face increased and intense scrutiny.

India’s IT sector will face increased uncertainty for 2 years but rebound sharply by 2020
Middle-level employees in the Indian IT sector are facing an uncertain future even as the industry gears up to adapt itself to the changes brought about by automation and newer technologies.

The nearly 1.4 million mid-rung employees, who typically have 9-12 years of experience and earn Rs.12-18 lakhs, are now at the centre of reskill and restructuring conversations happening across the sector.

That is because career progression in the IT sector has been for years measured in terms of the number of people an employee managed and not in terms of the new technologies learnt.

It is simply this part of the company that never touches the outside world.

This disconnect is the crux of the problem.

The middle management are the weakest links in the chain. The leaders are meeting clients, so they know about the change in (their) thinking. The bottom most guys adopt easier and learn. It is therefore, this middle management that is most difficult to change.

Loss of jobs at the middle level could impact India’s consumption boom as well. As automation and digital technologies upend the normal way of doing business, the traditional structure is under strain. The changes are already being seen.

Roles that were typically assigned to employees with over 10 years of experience are now going to machines. For example, Capgemini is using IBM’s cognitive consulting tool Watson to assign people to projects, while Infosys is building a machine-learning platform that will help project managers take decisions to make better trade-offs between the number of people needed for a project and the timeline for completion.

As a result, even as IT companies fight to retain their top talent, they are not very forthcoming in handing out pay hikes to mid-level employees.

In fact, Tech Mahindra has suspended salary revision process for employees who have been with the company for more than six years, until there is a management review.

Yet, other sectors can take charge such as the ever-expanding Infrastructure Sector. Besides, favourable demographics are at play in India.

The UN forecasts that India’s population might be 1.7bn by 2050, against China’s 1.35bn. This sounds unmanageable. But the population has already grown from 376mn in 1950 to 1.3bn in 2015. Yet the country is far more prosperous than it was at independence. As the Indian finance ministry’s excellent Economic Survey notes, Real GDP (Gross Domestic Product) per head has increased by some 4.5 per cent a year over the past 37 years. Average real incomes per head have risen from 5 per cent to 11 per cent of US levels over this period. This is the second most important economic story in the era of globalisation, after China’s even more dramatic rise.

Suppose that China’s GDP per head grew at the modest rate of 3 per cent a year and poorer India’s at 4 per cent, up to 2050. Suppose, too, that US GDP per head grew at 1.5 per cent a year. By 2050, China’s GDP per head would be 40 per cent of US levels and India’s would be 26 per cent - where China is now. By then, China’s would be the biggest economy in the world (measured at purchasing power parity), India’s would be second and the US would be third.
FINANCIAL CRIMES – A NEED TO CHECK MATE

By Pallavi Ajmera
Senior Advisor
Ajcon Global Services Limited

“The Association of Certified Financial Crime Specialists (ACFCS), a BARBRI Professional Association, is a worldwide organization for private and public sector professionals who work in diverse financial crime prevention disciplines, including anti-money laundering, FATCA-tax evasion, FCAPA–corruption, fraud, data analytics and security, compliance, regulation, enforcement and more.”

Over the last decade, the financial crime risk landscape has expanded dramatically for private and public sector organizations. So too have regulatory expectations, and public and media attention on financial crime issues.

Recent regulatory actions have clearly set a tone that Boards and senior leaders are expected to provide leadership and oversight relative to all aspects of their financial regulatory programs. No company whether involved in Financial Intermediation, manufacturing, the IT industry or Audit & the legal community can ignore what is occurring in the financial crime arena, inclusive of cyber-crime and corruption. Failure today is not an option.

In India, there is hardly any intense and comprehensive training provided in the financial fraud arena. Few courses on Forensic offered by universities in India, including the ICAI fail to keep you abreast of the global news, trends and financial fraud happenings worldwide, which is most important.

International Associations offering similar certifications such as ACFE (Association of Certified Fraud Examiners) and ACAMS (Association of Certified Anti-Money Laundering Specialists) have been serving the industry for a lengthy period and as such have attracted many organizations. Their training are more focussed on anti-money laundering and have a more individualistic study and approach covering only few aspects of financial crime.

ACFCS awards the Certified Financial Crime Specialist (CFCS) certification to qualified candidates who pass a proctored examination. CFCS is the only certification to demonstrate competence across the financial crime spectrum.CFCS approach is designed to take a convergent view of compliance including various aspects viz – cyber-crime, money laundering, asset recovery, terrorist financing, tax evasion, corruption, fraud etc. to meet the challenges in financial crime detection and prevention. Professionals in financial crime prevention from more than 83 nations have already obtained the CFCS certification.

Further through intense FATCA, AML and FCFA training, the certified professionals can assist organizations to meet the needs and expectations of the highest standards available.

Even just the CFCS membership, provides an opportunity to delve into all aspects of financial crime, cross pollinate with other industry professionals and learn about their challenges, volunteer to be on panels and/or provide webinars in areas where you have an in-depth knowledge and to submit articles pertaining to your investigative experiences.

ACFCS membership supports you and your organization by providing a wealth of training opportunities, continuous news and analysis on emerging trends and threats, and access to a worldwide community of colleagues and counterparts. The ACFCS membership equips individuals and organizations with first-class practical tools, information and education that improve overall compliance results. ACFCS depth and constant updation enables consultants to demonstrate to clients that they are ensuring a real time understanding of current issues and trends.

ACFCS’s deep serves mangers and legal departments well with respect to ensuring they do not become tomorrow’s news. Through comprehensive briefings and/or webinars they are well positioned to provide the latest trends and risks that Boards and CEOs should be taking into consideration. The FATCA, and FCAP training helps Indian Companies to be compliant with International standards and regulations.

In India, ACFCS has signed an agreement with Ajcon Group, under which Ajcon will market and promote the value and relevance of ACFCS’ portfolio to financial professionals. Ajcon is a Mumbai-based diversified financial services company providing corporate advisory and business consulting services. The company is headed by Ashok Kumar Ajmera, a well-known chartered account and market expert with 40 years of experience, who leads a team of distinguished financial experts.

Thus, ACFCS is the future of compliance and enforcement and therefore needs to be seen as an extreme value adds for any Organisation.

Pallavi Ajmera, the Senior Advisor at Ajcon, who is also the author of this article, is a Chartered Accountant herself, with a vast experience of over a decade in Investment banking, Corporate Advisory and other financial services. Having worked with MNCs such as DSP Merrill Lynch, ICICI Bank in the past, she strongly believes that training in this arena is the need of the hour, especially in India. She can be contacted to gain further insight into the training, membership and certification programmes of ACFCS.

The Association of Certified Financial Crime Specialists (ACFCS), a BARBRI Professional Association, is a worldwide organization for private and public sector professionals who work in diverse financial crime prevention disciplines, including anti-money laundering, FATCA-tax evasion, FCAPA–corruption, fraud, data analytics and security, compliance, regulation, enforcement and more.”

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A
Il real estate is not same just as
all stocks or all bonds are not
same. Commercial and
residential properties ARE
DIFFERENT!!

Commercial Real Estate–Multiple
Asset Classes Rolled into ONE:
Small/Individual investors typically
group together distinct classes of
commercial real estate.
• Offices
• Industrial (warehouses, factories)
• Retail (malls, stores, theaters)
• Hospitals and laboratories
• Hotels

Commercial Real Estate at
"Discount" to Residential Real Estate
in Same Area: Often, in an
area, "stores/offices" are available at a
discount to "apartments". Lower unit
pricing provides better yield/per sqft price dynamics.

An area’s Commercial
Attractiveness tends to be fickle. For
businesses, real estate "expense"
is managed to optimize
profitability. If business real estate
costs increase significantly then
“business-area” center of gravity
shifts.

1. Prime Area Risk:
An area’s Commercial Attractiveness tends to be
fickle. For businesses, real estate
"expense" is managed to optimize
profitability. If business real estate
costs increase significantly then
"business-area" center of gravity
shifts.

Commercial Real Estate Inherently
Riskier than Residential: Higher risk
is why commercial real estate trades at
a discount to residential.

2. Business Cycle/Inherent
Business Risk: Previously, I was
fundraising for a US Residential REIT.
During the roadshow, the CEO shared an
insight ……… “commercial property
investing requires understanding risks
associated with ‘tenant businesses’”.

Owning a theater and not
understanding the movie business
could result in poor decision-making
thus adversely impacting
income/value. Previously, many mills
in Central Mumbai were shut because
Indian textiles encountered

Nariman Point, 20 years ago, was
Mumbai’s “prime” business area. Over
time, due to reasons like cost
optimization/commute efficiency,
“prime” area(s) shifted to BKC/Lower
Parel. Resulting in prices/rents of
offices and stores being adversely
affected, the negative impact on South
Mumbai apartments was less. This
isn’t an isolated incident and 20 years
ago a similar phenomenon happened in
NYC. When I started my Investment
Banking career “on Wall Street” (late
90s), my office was located in
Midtown Manhattan. There were no
more than 3 major Wall Street Firms on
“Wall Street” (Downtown Manhattan).
In the 70s/80s, Downtown was the
“commercial” hub of NYC. By 1990s,
most firms operated from Midtown
which became the “new prime”
business hub (again owing to
optimization/commute efficiency).
Commercial properties in Downtown
suffered while apartments blossomed.
A case could be made that commercial
degeneration increases an area’s
“residential” attractiveness.

3. Reconfiguration Risk:
Business real estate
attracts different from those of doctors’
practices. Often, landlords have to
reconfigure the premises during tenant
changeover periods. If these expenses
are passed onto the tenant then,
invariably, a downward adjustment of
rent ensues. In many cases, renovation
cannot be performed during tenant
acquisition times because of lack of
visibility of tenant type. Many retail
malls in Mumbai are languishing
because appropriate “anchors tenants”
are absent. Finding an anchor tenant is
CRITICAL but time consuming and
takes extensive/expensive
reconfiguration and major compromise
to manage tenant needs.

4. Zoning/Regulatory Risk:
Changes in governmental regulations is a “real”
risk for commercial properties.
Industrial real estate is prone to
emissions, safety-standards and other
changes.

Route 130 in New Jersey was a
booming biotechnology hub in 2000s.
This highway housed facilities of many
members of the NASDAQ Biotech
Index. NJ laws changed and it became
expensive to comply with state laws
(regulations on emissions/safety and
taxes). The stock markets crashed in
2008 and it became harder for smaller
companies to raise cash. Resulting in
bankrupting some and forcing
relocations to cost-efficient states.
Today, there are “To Let” signs all over
the area and prices/rents have been
imperatively reduced.

5. Locational Risk: Location of
commercial real estate is critical for
type and quality of tenant.

6. Tenant Credit Risk: Credit risk of a
tenant is ability/intent to pay rent.

7. Price Risk: People cite potential of
long-term leases with commercial
tenants as providing earnings visibility.

Zubin R Mory, Founder - Asset Mgmt.
LLC and RealTMOR Apartment Mgmt. LLP.
He has over 15 years of experience in the Finance
and Real Estate Sectors. Born in Mumbai, he
headed RealTMOR (www.realtmor.com) is an international
real estate holding company which owns and
manages RESIDENTIAL real estate assets. RAM is
fundamentally a Residential REIT with a focus on
optimizing rental yield as well as creating capital
gains. The Fund proudly operates in 2 countries
and 3 countries which are USA, India and the
Philippines. RAM operates in 5 US states and in 2
Indian states. RAM owns and manages over 20
properties in multiple locations globally. RAM’s
assets tend to be located in major global business
centers (NYC or Mumbai) or important regional
centers (Manila, Miami FL or Las Vegas NV).
He was a healthcare and technology investment
banker in New York for over 12 years. He worked with
corporate Wall Street firms such as DLJ
Securities Corp, CSFB, Banc of America Securities,
Oppenheimer & Co and Roth Capital Partners.
He was set up in 2011 to create a high-value added
residential real estate firm. RAM creates value by
acquiring assets with “tenant discounts” and
managing and investing in assets in an optimal
framework. He got his MBA from University of Michigan
(Dean of University) and graduated with a
distinction. He got his under graduate degree
(MBBS) from University of Mumbai.

low and future rent raises inadequate.
Cost increases in rental real estate
cannot be easily passed onto tenants.

8. Legal Risk: In case of residential
landlord/tenant disputes, often, parties
try to settle matters. The motivations
include lack of will to waste time and
resources.

In terms of commercial disputes, there
is a propensity towards escalation and
using the legal system (businesses
have better legal resources). This
could result in significant waste or an
untenable situation for the landlord.

All these risks are inherently priced into
commercial real estate. Although it
may appear attractive, on a risk
adjusted basis, commercial properties
may not be appropriate for small/individual investors. It may not
optimize “personal” money for future
needs. This domain is best left to
specialized/professional investors
(REITs etc) who are compensated to
analyze/manage these risks.
Growth rates of over 9 per cent for over 2 decades is perhaps the most striking aspect of China’s dramatic transformation, however there are other facets to this narrative of remarkably rapid economic ascent. As a developing nation China’s economic strategy as it has evolved can be described as work in progress, particularly given the fact that its economy is shifting gears towards a path that is more sustainable and resource efficient. Although the present challenges that confront it are not unusual for a developing country that has grown rapidly for over two decades, the country’s current economic situation continues to elicit considerable discussion because of its pivotal role in driving economic growth in the global economy and its resultant geo-political significance. In its previous articles Econ Buzz has viewed the economic experience of certain nations in the larger context of structural transformation. This article continues with the exposition by elucidating important insights from China’s economic experience. Replicating a model of growth seems convenient however it is not actually feasible because the economic experience of every country is a unique one. Having said this, it is undeniable that China’s economic strategy as it has evolved does consist of certain important principles that can be useful in guiding development strategy particularly for the developing nations.

“China’s pursuit of liberalization and the outcomes that these ushered in its wake questioned a number of assumptions that had been rigidly upheld up to about two decades ago.”

China’s pursuit of liberalization and the outcomes that these ushered in its wake questioned a number of assumptions that had been rigidly upheld up to about two decades ago. China has two distinct facets one relates to its achievements and the other to the constraints and the issues of sustainability that it needs to grapple with. Taken together important lessons can be drawn from both these aspects through the context of developing nations.

One of the important lessons, that the empirics of China’s tremendous progress holds for developing countries is that it is not a single constituent of change however forceful an impetus this may provide that is sufficient to set into motion a continuous period of increasing growth.

Reinventing Neo-liberalism

China’s pursuit of liberalization and the outcomes that these ushered in its wake questioned a number of assumptions that had been rigidly upheld up to about two decades ago. For one the presumed correlation between economic liberalization and political reforms wasn’t exactly validated by the course that political adjustment took in China. Secondly neither was liberalization in China an instantaneous process, as a matter of fact the country’s pursuit of economic liberalization was accompanied by subtle, almost subterranean political change the nature of which was more subtle and its extent much less than the outcomes that economic liberalization was expected to bring in its wake.

China managed to achieve considerable economic progress in the absence of a full fledged democracy and debunking this, as a weakness of the country’s policy framework is hardly explanatory because having a democratic system (in the Chinese context) would have entailed much more than a one time political adjustment. Eastern Europe’s rather dramatic transition to free market policies corroborates that if China had pursued Big Bang liberalization it is very likely that the result would have been a situation of chaos and confusion perhaps even anarchy.

Anticipating that a democracy would function in a backdrop wrought with tumult and uncertainty is unrealistic. Empirical evidence about the economics of transition underscores that democracy is not an end hoc feature that falls into place merely by relinquishing totalitarian or authoritarian control. Undoubtedly this is an important prerequisite but certainly not the only one. The aftermath of ending communism in Eastern Europe tells us the story of a rather chaotic and tumultuous long phased transition which was by all counts not a brief phase of structural adjustment. Admittedly if China had to pass through such a phase it is probable that it would not have avoided the heights of economic progress that it did and it is unlikely that it would have found itself with a vibrant democracy. Evidently the lack of democracy is foreign to the confrontation contemporary China as the imperatives for institutional reform resonate however deeper scrutiny it is China’s gradualist adjustment to transition that invalidated the widely held assumption that market forces would threaten the survival of China’s socialist market economy. Notably it was a gradual controlled process of decentralization throughout the various tiers of the Chinese’s governance that staved off a turbulent political upheaval. If this had not been the case and the Chinese economy was thrown amidst a flurry of sudden systemic changes that the country did not have time to attune itself to the actual consequences of economic liberalization would have been in consonance to the anticipated.

To the world at large, China’s emergence from communism and its foray towards liberalization and capitalist forces may have seemed a fast paced one particularly when the country began to garner huge amounts of foreign investment. However the not so visible precursor to its rapid ascent was a gradualist process of economic reform that began during the late seventies and proceeded in fits and starts until the early nineties after which it began to gather momentum.

One of the important lessons, that the empirics of China’s tremendous progress holds for developing countries is that it is not a single constituent of change however forceful an impetus this may provide that is sufficient to set into motion a continuous period of increasing growth. This is certainly not because liberalization came in a specifically customized package for China, instead it was through the formulation of targeted incentives, concessions and even restrictive stipulations that liberalization became an important facilitator of increasing growth rates The measures taken to unleash economic growth and the initiatives adopted to control levels of affluence are integral components of economic development.

Secondly in the context of underdeveloped and developing nations this fact also demonstrates that the role that liberalization has played in the Chinese economy is not to be underestimated. The extent of influence that FDI exerts on the growth process will be determined largely by a rather extensive range of variables which span the economic, political and institutional realms.

Notably FDI policies adopted by China were not the result of relegating centralised systems to the periphery of decision making, as a matter of fact it was an outcome of calculated political deliberation. China’s transition was steered by political forces of economic circumstance; the consequence was an adaptation of neo-liberalism in accordance to the larger realities that prevailed in China at the time.

In drawing out lessons about whether the critical role of FDI in China can be replicated elsewhere in other developing countries it is important to note that it is both the quantitative and the qualitative aspects of FDI that denote the success of economic liberalization. Viewing the impact of economic liberalization merely in terms of the quantum of investment inflows that the country was able to obtain would lend it to shallow inferences. This is so because foreign investment also a medium of technological transfer, skill upgradation and a facilitator of economic integration. Thus the role or the functions that FDI will take on besides the rather normative one of bridging the investment gap varies in accordance to the prevalent industrial and institutional structures that exists in a country at any point in time.

China’s impressive economic performance was the result a unique blend of disparate elements such as communism, a market based foreign investment, capitalist controls, liberalization and political conservatism that has worked well enough so far. Managing the coexistence of all these apparently mutually exclusive features was a balancing act that was not easy, however it did demonstrate that it is the context and circumstance prevalent in any nation that should determine its policies and strategies of growth.

Conclusion

Moving ahead, China recently announced that its growth target would be 6.5 per cent, not far from the present global economy that finds it grappling with a slowdown. Equally important are imperative confronting China which includes the need to increase domestic demand, manage its financial sector more efficiently and undertake difficult and even tenuous tasks that China is best placed to face. One of the critical challenges confronting contemporary China will be discussed by Econ Buzz in its next article.
No person who is arrested shall be detained in certain cases which are provided as under—called Rights of an arrested person liberty. Article 22(1) and (2) are also procedural requirements which must be included in any law enacted by legislature in accordance of which a person is deprived of his personal liberty.”

The Language of Article 22(1) and (2) indicates the word “arrest” has to be distinguished from “detention”. Section 41 of the Cr.P.C. Provides when police may arrest without a warrant. Section 46 provides how “arrest” can be made. The essential elements to constitute an arrest are that there must be an intent to arrest under authority of, accompanied by a seizure or detention of the person in the manner known to law, which is so understood by the person arrested. Arrest consists of actual seizure or touching of a person’s body with a view to his detention.

The pronouncing word of arrest is not an arrest, unless the person sought to be arrested submits to the process and goes with the arresting officer. In making an arrest the police officer or other person making the same shall actually touch or confine the body of the person to be arrested, unless there be a submission to the custody by word or action.

"22. Protection against arrest and detention in certain cases

(1) No person who is arrested shall be detained in custody without being informed, as soon as may be, of the grounds for such arrest nor shall he be denied the right to consult, and to be defended by, a legal practitioner of his choice.

(2) Every person who is arrested and detained in custody shall be produced before the nearest magistrate within a period of twenty four hours of such arrest excluding the time necessary for the journey from the place of arrest to the court of the magistrate and no such person shall be detained in custody beyond the said period without the authority of a magistrate.

The power of preventive detention has been recognised as a necessary evil and is tolerated in a free society in the larger interest of security of the State and maintenance of public order. It is drastic power to detain a person without trial and there are many countries where it is not allowed to be exercised except in time of war or aggression.” Preventive detention is qualitatively different from punitive detention and their purposes are different. In case of punitive detention, the person concerned is detained by way of punishment after he is found guilty of wrong doing as a result of a trial where he has the fullest opportunity to defend himself, while in case of preventive detention, he is detained merely on suspicion with a view to preventing him from doing harm in future and the opportunity that he has for contesting the action of the executive is very limited.

Having regard to this distinctive characteristic of preventive detention, which aims not at punishing an individual for a wrong done by him, but at curtailing his liberty with a view to preventing his injurious activities in future, it has been laid down by the Hon’ble Supreme Court in Sampat Prakash Vs. State of Jammu and Kashmir, that the restrictions placed on a person preventively detained must, consistently the effectiveness of detention, be minimal.” Similarly RACY C.J. observed in a 5 judge bench decision of the Hon’ble Supreme Court, that the essential concept of preventive detention is that the detention of a person is not to punish him for something he has done but to prevent him from doing it. The basis of detention is satisfaction of the executive of a reasonable probability of the likelihood of the detene acting in a manner similar to his past acts and preventing him by detention from doing the same. A criminal conviction on the other hand is for an act already done which can only be possible by a trial and legal evidence. There is no parallel between prosecution in a Court of law and a detention order under the Act.

On is punitive action and the other is preventive act. In one case a person is punished to prove his guilt and the standard proof beyond reasonable doubt whereas in preventive detention a man is prevented from doing something which it is necessary for reasons mentioned in various statutes on preventive detention.

Invariably preventive detention laws provide that detention order may be executed at any place in India in any manner provided for the execution of warrant of arrest under Cr.P.C. Further Article 22 makes the minimum procedural requirements which must be included in any law enacted by legislature in accordance of which a person is deprived of his personal liberty. Article 22(1) and (2) are also called Rights of an arrested person which are provided as under—

3. Nothing in clauses (1) and (2) shall apply (a) to any person who for the time being is an enemy alien; or (b) to any person who is arrested or detained under any law providing for preventive detention

4. No law providing for preventive detention shall authorise the detention of a person for a longer period than three months unless (a) an Advisory Board consisting of persons who are, or have been, or are qualified to be appointed as, Judges of a High Court has reported before the expiration of the said period of three months that there is in its opinion sufficient cause for such detention;

5. When any person is detained in pursuance of an order made under any law providing for preventive detention, the authority making the order shall, as soon as may be, communicate to such person the grounds on which the order has been made and shall afford him the earliest opportunity of making a representation against the order

6. Nothing in clause (5) shall require the authority making any such order as is referred to in that clause to disclose facts which such authority considers to be against the public interest to disclose

Parliament may by law prescribe (a) the circumstances under which, and the class or classes of cases in which, a person may be detained for a period longer than three months under any law providing for preventive detention without obtaining the opinion of an Advisory Board in accordance with the provisions of sub clause (a) of clause (4); (b) the maximum period for which any person may in any class or classes of cases be detained under any law providing for preventive detention; and (c) the procedure to be followed by an Advisory Board in an inquiry under sub clause (a) of clause (4)."

Neha Ahuja, Advocate

- Working at Prompt Legal, which is one of India’s leading independent law firms.
- Worked as a Constitutional expert on several books published by Lexis Nexis namely “India’s Navigable CITL” edition.
- Completed her Bachelors in Banking and Insurance (BBI). Thereafter obtained a Master’s degree in Commerce (M.Com) and then completed Legum Baccalaureus (LLB).
MSMES AND DREAM OF THE ENTERPRISE LEADER

By Dr. NITIN PARAB
CEO & Evangelist
Crosslink International
(A Strategic Consulting Firm)

“Every MSME is created by an Entrepreneur who see the opportunity of doing a great business in front of him. He gets into business with the intention to generate wealth for himself and his team members thereby boosting the economic scale of the nation.”

Against this background rises a New Kind of Entrepreneurial Leader needs to be nurtured. One who can Dream Big and is ready to take up the challenge in the New Era of Business and E-Commerce.

The Dream Holder or Leader of the new Enterprise needs to be tough. Should possess a strong sense of internal belief. Should have his or her Intent and Purpose of doing business. The Intent will bring in the clarity. Clarity will drive in the commitment. Having associated myself with various entrepreneurs the one thing I found common was the passion or the energy to set their Dreams across the Big Sky. With their dreams their Vision became clear and it ultimately lead to the Manifestation of their Goals in real time and space. The Vision became the driving Force which got communicated across their team who stood by them through thick and thin. The Vision became the life force of the Enterprise to excel and endure. This Vision is dynamic and is a continuous on going thought process. When Vision becomes the active voice in the present with a lens for the future. The Vision became the life force of the Enterprise to excel and endure. This Vision is dynamic and is a continuous on going thought process. When Vision becomes the active voice in the present with a lens for the future.

The author is the CEO of Crosslink International a Strategic Consulting Firm taking organizations to the next level of performance through New Age Leadership and Branding. He also represents SRE-USA a renewable Energy Techno firm giving Clean Tech and Green Tech Solutions to Industry partners.

The Micro Small Medium Enterprise Sector (MSME) is regarded as the Engine of Economic Growth and a tool for promoting Economic Development. They are the dynamo of any nation where India is no exception. Though they contribute around 8% of the country’s GDP they are still not given their foundation in Dreams. The Dream Holder or Leader of the new Enterprise needs to be tough. Should possess a strong sense of internal belief. Should have his or her Intent and Purpose of doing business. The Intent will bring in the clarity. Clarity will drive in the commitment. Having associated myself with various entrepreneurs the one thing I found common was the passion or the energy to set their Dreams across the Big Sky. With their dreams their Vision became clear and it ultimately lead to the Manifestation of their Goals in real time and space. The Vision became the driving Force which got communicated across their team who stood by them through thick and thin. The Vision became the life force of the Enterprise to excel and endure. This Vision is dynamic and is a continuous on going thought process. When Vision becomes the active voice in the present with a lens for the future. The Vision became the life force of the Enterprise to excel and endure. This Vision is dynamic and is a continuous on going thought process. When Vision becomes the active voice in the present with a lens for the future.

A general observation made that once the enterprise gets created the Entrepreneur puts his energy and focuses exclusively on the product or the service and in the process forgets to dream. This brings in stagnation and there is limited growth of the enterprise. It is ONLY through the culture of dreaming one gets prepared to Explore new possibilities, new horizons and bring in explosive growth making the enterprise hit the road of sustainable success.

1. Dreams do not restrict themselves to any probable answers. Nothing is right or wrong
2. One has to have a complete sense of Belief. The moment you give rise to dis-belief you are inviting obstacles in your path
3. In Dreaming nothing is Impossible. Everything is achievable.
4. You need to be your own observer and you need to be your own policeman watching your instincts.
5. Finally as the dream starts taking shape you should have the capacity to separate yourself and make the dream the dream of other others who fall in the eco-sphere of business.

Just as there are some rules for dreaming you need to also ask some questions so that you are able to channelize the energy of your dreams in a particular direction. The questions could be as follows:

a) What does your enterprise look like?
b) How does it feel to work there… for you? For others?
c) What is it that you want to achieve?
d) How will you know when you have achieved what you set out for?
e) What constitutes your ever growing and ever developing enterprise?
f) Will your well-wisher say?
g) What is your personal strength that you are able to contribute towards the Enterprise?

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f) Will your well-wisher say?
g) What is your personal strength that you are able to contribute towards the Enterprise?

A general observation made that once the enterprise gets created the Entrepreneur puts his energy and focuses exclusively on the product or the service and in the process forgets to dream. This brings in stagnation and there is limited growth of the enterprise. It is ONLY through the culture of dreaming one gets prepared to Explore new possibilities, new horizons and bring in explosive growth making the enterprise hit the road of sustainable success.
1. Synopsis of our previous issue on IFSC
In our previous article, we introduced you to stamp duty as a concept, its applicability and the benefits of exemptions available to a company located at DTA area. We also outlined the process for claiming stamp duty exemption under the Stamp Act, 1958 read with the Gujarat SEZ Act and rules.

2. Coverage in the current issue
In the current and our next release, we shall endeavour to give a brief on major relaxations provided by the Ministry of Corporate Affairs specific to IFSC Company with regard to various provisions of the Companies Act, 2013 (18 of 2013). The aforesaid relaxation shall be discussed by way of comparison of provisions for an IFSC Company vis a vis a company located in DTA area.

3. Relaxation for IFSC entity under Companies Act, 2013 - An IFSC Company vis a vis a Company located in DTA area

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Provision of the Companies Act, 2013 (18 of 2013)</th>
<th>For Companies except IFSC companies</th>
<th>For IFSC Companies</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Clause 41 of Section 2</td>
<td>Approval of the Tribunal is required for change of financial year of the foreign subsidiary in order to align the same with the financial year of the holding company for the purpose of consolidation of accounts.</td>
<td>An Indian Parent having a subsidiary IFSC Company need not apply to the Tribunal for grant of approval for change of financial year. Therefore, the accounts of the IFSC subsidiary can be consolidated considering April–March as the financial year for the IFSC subsidiary as well.</td>
</tr>
<tr>
<td>2</td>
<td>Sub-section (4) of section 12</td>
<td>Notice of every change of the situation of the registered office, after the date of incorporation of the company, shall be given to the Registrar within fifteen days of the change for records.</td>
<td>An IFSC company shall give such notice to the Registrar within sixty days of the change in the registered office. However, it is pertinent to note that an IFSC Company can change its registered office only within the IFSC designated area.</td>
</tr>
</tbody>
</table>

4. Conclusion
Upon reading of the above, it is amply clear that the regulators too are participating in making the IFSC a success story. Relaxation provided by the MCA under Companies Act is a welcome step in this direction. It is pertinent to state that majority of these relaxations shall either reduce the burden or provide additional time for compliance.

**FORUM VIEWS - APRIL 2017**

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An Indian Parent having a subsidiary IFSC Company need not apply to the Tribunal for grant of approval for change of financial year. Therefore, the accounts of the IFSC subsidiary can be consolidated considering April–March as the financial year for the IFSC subsidiary as well.

**For more information & queries, please contact Exemplary Consultants Private Limited**
Gujarat International Finance Tec-City Company Ltd., Zonal Facility Centre, Block 12, 1st Floor, Unit-7, Zone-1, GIFT SEZ, Gandhinagar, Gujarat,
Ph: 392305. Email ID: info@exemplaryconsultant.com

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Roshan Bajaj is a co-founder of Exemplary Consultants Private Limited, which is a business advisory and consultancy company, incorporated under Companies Act, 2013 for the purpose of serving International Financial Service Centres (IFSCs) and special economic zones (SEZs) in India. Roshan has in-depth experience in providing audit and assurance services to various large corporates including Reliance, ICICI, Citi, HSBC, Standard Chartered, Deutsche Bank, and others.

Roshan has also contributed to various articles relating to his domain.
convertibility has still not been achieved and thereby its contribution in the Global Financial Market is considered as negligible. India is one of the largest countries in the world and large user of the IFS, however only recently in April 2015, India announced development of IFSC. Considering the global market being actively connected through technology, it is inevitable for India to step into the map of global Financial Centre and mark its presence by setting up a successful IFSC in India. In the absence of IFSC in India, it is estimated that India is losing US $ 50 billion per year (2015), which will grow to US $ 120 billion by 2025.

In India IFSC has now been approved by the Government of India at GIFT City, Gandhinagar and in October 2015, India’s first IFSC Banking Unit became operational at GIFT IFSC.

IFSC seeks to bring to the Indian shores, those financial services transactions that are currently carried on outside India by overseas financial institutions, Indian financial institutions/entities and overseas branches/subsidiaries of Indian financial institutions to a center which has been designated for all practical purposes as a location having the same eco system as their present offshore location, which is physically on Indian Shore.

The approval for setting up IFSC in GIFT City, Gujarat was received in 2011 however the operating guidelines for IFSC issued only in April 2015 and with that it can be said that India took a small step in the big world of Financial Centres. India’s first IFSC has now been approved by Govt of India at GIFT City, Gandhinagar and in October 2015, India’s first IFSC Banking Unit got operational at GIFT IFSC.

In India IFSC has now been approved by the Government of India at GIFT City, Gandhinagar and in October 2015, India’s first IFSC Banking Unit became operational at GIFT IFSC. In the short time of just 15 months, 9 banks have been licensed and out of which 7 banks have been operational in GIFT IFSC and have already reported transactions of more than US $ 2bn.

The capital market got flying start the inauguration of India’s first international exchange at lead by Bombay Stock Exchange (BSE) at the hands of Hon’ble Prime Minister of India. More than 100 broking entities in short span of time has become part of the eco system at GIFT IFSC. National Stock Exchange (NSE) is getting ready to kick start its international exchange at GIFT IFSC which in turn will bring back some of the high volume popular products in India.

The Insurance vertical at GIFT IFSC made a good beginning with two of India’s leading Insurance Company namely New India Assurance Co. & ICICI Re getting license from IRDA to operate from GIFT IFSC. Insurance intermediaries also got license to do international business from GIFT IFSC.

These early transactions, starting of Banks, exchanges, broking entities, insurance players validates the urgent need for growth of IFSC in India.

As India seeks to expand its economic and strategic space globally, promoting International Financial Services (IFS) from India merits urgent consideration of policy makers, financial and capital market stakeholders. The primary rationale for promoting IFS in India is that the potential net benefit to the stakeholders and to the country are considerable, and therefore worth the economic, regulatory, administrative and political effort.

India has already become a large purchaser of IFS from the rest of the world, much larger than is realised in policy-making or commercial circles, let alone by the public at large. The growing importance of INR in the global market is well known; with over half of the dollar-rupee market being overseas and same is the case of NIFTY future contracts traded overseas.

As equity and interest rate derivatives markets increasingly move offshore, including to centres which are lightly regulated, India’s imports of IFS will grow, and its critical talent pool will decline. This trend can only be reversed by enabling, through regulatory, tax, and business policies, onshore activities to compete more effectively with offshore activities.

Following are some of the activities that licensed BFSI entity can carry out in foreign currency from GIFT IFSC:

Banks:
- Foreign currency loans to non-residents (Foreign Corporates & WOS/JVs of Indian Corporate)
- Provide ECBs to Indian entities seeking foreign currency funds as permitted under FEMA
- Project Finance for Foreign Corporates & WOS/JVs of Indian Corporates
- Provide corporate banking facilities to various units in IFSC
- Factoring & forfaiting services as part of the trade finance requirements to WOS/JVs of Indian corporates abroad and foreign corporates & Letter of Credit and Bank Guarantee for overseas transactions (Inward & Outward)
- FOREX Transactions (Buying & Selling of various currency)
- Bulk deposits from Foreign Corporates / WOS of Indian Corporates
- Market borrowings such as inter-bank borrowings, debt issuance etc.
- Derivatives and structured products - swaps, futures etc.
- Providing trade loans to correspondent banks

Insurance/Reinsurance companies:
- General Insurance Company:
  - Insure properties of Indian WOS / JV abroad
  - Insure goods of India exporters, Overseas Travel insurance
- Opportunity to expand Reinsurance Business from GIFT IFSC
- Opportunity to tap all SEZs of India from GIFT IFSC

- Expand to provide Insurance to entities in neighboring countries namely Nepal, Bhutan, Sri Lanka & Bangladesh etc.

Reinsurance Company:
- Initiate Offshore Treaty Business &
The IFSC will allow businesses that are currently not being done in India to be done in India. It will allow qualified professionals working outside India to come to India and carry out their business. This will result in getting back those businesses which were some point of time done from India but due to various reasons have resulted in them being done from other countries. An IFSC will also establish a platform for qualified Indian professionals to pursue global opportunities by residing and working in India rather than moving to foreign countries. It will effectively try and stop brain drain from the country. Separately, it will also result in re-importing our securities market and will create employment for people residing in India.

IFSC at GIFT City provides a great opportunity for India to provide International BFSI business from offshore location in India and has a potential to be a game changer for International BFSI business.
Happiness is not a destination, it is a journey. Happiness is not achieved through materialistic gains; it is achieved through your values of life.

In case of our spiritual life also, to know as who we are, we tend to postpone our entry into spiritual life indefinitely till all of a sudden we die. Obviously, we lost the golden opportunity of knowing ourselves in this life. Ravana while interacting with Lakshman from his death bed told him that he wanted to make a stair from Lanka to the heaven but went on postponing it till he realised it on his death bed.

Another connotation from this attitude of postponing greatest goal of human life lies in this question: Is life a race where we have no time to introspect, retrospect, reflect, meditate and know inner beauty? Let me give an anecdote here: There was a Saint who requested few young men of a village to come for meditation but failed to do so as they ignored his request and went on saying that they would do it one day. One day the Saint, bend down looking at the flowing water of a river indefinitely to the surprise of onlookers including those young men. When asked by the young men as why he was looking at the flowing water continuously? He said, he was waiting for the water to stop flowing one day and then across the river. The young men learnt the message which was so clear and loud. The moral of the story is learning good things in life at once.

Once while overtaking an auto rickshaw, a Mercedes Benz (MB) had a little dash which resulted into a small dent on the car. The wealthy owner of MB rebuked the rickshaw driver even though it was his own fault. The rickshaw driver wished him well to drive his expensive car little bit more carefully and wished him well to take care of himself as well as his car. It was a lesson of life for the owner of MB. He did not repair the dent, as it will always remind him to remain humble and wish well to others, he thought.

Martin Luther Jr. Once said, "We must develop and maintain the capacity to forgive. He who is devoid of the power to forgive is devoid of the power to love. There is some good in the worst of us and some evil in the best of us. When we discover this, we are less prone to hate our enemies."

Many a times, we think that we are supporting our family and our employees by making money respect of our meagre fair skills. Remember as per the Karma theory, we and we alone are responsible for our deeds and its outcomes.

4. Fakes will not last
One of the reasons of monetisation was to eliminate counterfeit/fake notes from the system. And due to demonetisation fake currency became useless. This is true in case of our karma also. Fake karmas do not last long.

There were two orange sellers. One selling bad quality oranges by telling lie as if the oranges were sweet and best but also defrauding his buyers. The other orange seller used to sell good fresh oranges and not only abused him badly but also made a bad publicity about him. This is a case of bad business. The orange seller used to tell his buyers the truth by requesting them not to buy today as the oranges are not good. Obviously, honesty pays and this fellow was creating long term customer relationship for sustainable business.

In spiritual parlance, those businesses earning only money and not earning good wishes do not last long.

5. Let us check ourselves
When we do karmas, it is important to ask ourselves what karma we are doing. Big karma or Good karma. If making big money is our karma which is earned by dubious means, it may be a big karma for you but certainly it is not a good karma. All those people with Big money due to monetisation never checked themselves about their karmas.

Another thing which we need to check about ourselves is to see whether we want to live a High tech based life or High Touch based life. Certainly today the high touch based life is missing. Children are alienated from their parents as both parents are working and they do not have time to invest on their children. Such children when grow up rely more on their friends rather than parents. In order to make our family a lovely family we need love, time and care. Can we sit together over dinner and show our love, invest our time and care for each other. Just Ponder – have you a family of parents, brothers, sisters, wives and kids or you are a single parent, divorced/divorcee.

What are beautiful moments of life? The moments, we invest with God, not for begging but out of love.

6. Source Matters
For all the money beyond a certain limit deposited in bank accounts, Income tax department is going to ask the source. Obviously, source: fair or unfair, matters.

The same holds good for the karma we do. ‘A’ begs the God Rs. 1000/- in order to meet his immediate need. ‘B’ begs the God Rs. 1 crore and then God asked him as why did he want Rs. 1 crore, what is your intention, he was
Dr. Chandan S. Adhikari, M.A. PhD (Economics) has got 40 years’ experience in research/consultancy and teaching with premier institutes including IIM Lucknow. Dr. Adhikari is keen student of development economics and has carried out more than a dozen research and consultancy projects on socio-economic issues for UNDP, NABARD, SIDBI, Govt. of India, Govt. of U.P. and CIDCO over the years. He has published more than 30 articles / research papers in various journals including Productivity, Economic and Political weekly, International Journal of business insights and technology etc. He has bagged various awards in academics and social service and has held various honorary positions as advisor, consultant, board member and expert with various voluntary organizations and academic institutions. Besides economics, he is a poet and well known author in Hindi and English with many books to this credit.

speechless. Hence, it matters whether your karma is God Guided or not.

7. What should be the planning ahead?
I am sure all those who have deposited huge money in their bank accounts or others’ bank accounts must be planning for future as what to explain to the Income tax department.

What is our planning for our spiritual upliftment? How long will we continue to think that we are a body? When will we go for spiritual vacation, knowing the truth that we are a spirit? Whenever we address a great human being, we address him by encomiums like: Punya atma, Param atma, Mahan atma. We never say, Punya body, Param body and Mahan body.

Hence, establish relationship with the God. We use the God as a spare wheel suggesting that whenever we face puncture in our life, we recall the Almighty rather than using him as a steering who guides and directs the Mercedes Benz of our life.

Can Zoya and Varsha also come to school with me, please?
With your support, a million more girls can get an education too.

Donate today at www.nanhikali.org

Project Nanh Kali has reached out to over 2,50,000 girls since inception and is currently supporting the education of 1,10,000 girls. Established in 1996, the project offers academic support by providing after-school classes to improve learning levels. Material support is provided through schoolbags, shoes, books, uniforms, hygiene material and other essentials that help girls go to school with dignity. It also provides social support by involving parents, teachers and elders from the community to change mindset towards educating girls.

I would like to be the guardian of:

<table>
<thead>
<tr>
<th>No. of Nanhi Kali</th>
<th>No. of Years</th>
<th>Cost per annum</th>
<th>Studying In</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>₹ 3,000/-</td>
<td>Std 1-5</td>
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<td></td>
<td>₹ 4,200/-</td>
<td>Std 6-10</td>
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</tbody>
</table>

Incised is my cheque no. __________ dated ______ for ₹ __________ drawn on ________ (Bank) in favour of Nanhi Kali.

Email __________ Tel No. __________

Follow us on: Project Nanh Kali, Nanh Kali, Nanh Kali, Nanh Kali, Nanh Kali
CDSL Beneficial Owners’ Protection Fund and Kolhapur Police had jointly organized an Investor Awareness Program in Panhala (Dist. Kolhapur) (26th February 2016)

Topics: Share Market i.e. Role of SEBI, Investor protections, transparency of trades, Demat, on line trading facility, Mobile trading, Rajiv Gandhi Equity Savings Scheme etc were etc. were explained by Mr. Chandrashekhar Thakur (Retired Head Investor Education - CDSL).

District Superintendent of Police (Kolhapur) Mr. Suraj Gurav was keen in such seminars who assured to organize more such programs in Kolhapur district. During his speech Chief Inspector of Panhala Police Station Mr. Yashwant Gavari urged upon necessity of such awareness program in order that financial crimes will be eliminated.

BBF in association with CVL KRA conducted a 1 Day Camp on Hands-on Interactive working of CVL KRA Systems (with Compliance focus) (17th March at BBF)

BSE Brokers’ Forum (BBF) monthly magazine “FORUM VIEWS” wins “Silver” - Category: Best Internal Magazine. At the 55th Annual Awards Nite of the Association of Business Communicators of India (ABCI) (18th March at The Pier, The Bombay Presidency Radio Club)
Seminar on Recent DP compliance(s) including BSDA and online account opening (In association with CDSL) (22nd March)

Uttam Bagri addressing the gathering; inset Cyrus Khambata (Managing Director, CDSL Ventures Limited) with colleagues

Seminar on Foreign Account Tax Compliance Act (FATCA) / CRS Provisions - way forward (7th April - Mumbai & 11th April - Ahmedabad)

(L-R) Dr. Aditya Srinivas, Harin Mehta, Uttam Bagri, Kriyang Karia (Associate Director / Direct Tax and Regulatory Services, BDO India LLP), Sagar Tanna (TSS Consultancy Pvt. Ltd.)

Kriyang Karia (speaker) addressing the gathering at Ahmedabad

Jayant Sinha (Hon’ble Minister of State for Finance) interacts with BSE Brokers’ Forum (BBF) Governing Board Members, BSE Ltd., Members, Business Leaders (18th April, at BSE Ltd.)
Jayant Sinha (Hon’ble Minister of State for Finance) interacts with BSE Brokers’ Forum (BBF) Governing Board Members, BSE Ltd., Members, Business Leaders (18th April, at BSE Ltd.)

Interation with Jayant Sinha (Hon’ble Minister of State for Finance)

Siddharth Shah (Chairman, BSE Brokers’ Forum (BBF)) addressing the gathering.

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Toybank trades smiles by bringing healthy play into the lives of lesser-privileged children. Our game libraries ensure endless fun and safe spaces to the children and thus upward-moving growth. And, games can calm a volatile mind!
INTERACTION WITH SAURABHBHAI PATEL

Interaction with Saurabhbhai Patel, Hon’ble Finance Minister, Govt. of Gujarat (2nd May 2016 at Gandhinagar, Gujarat)

Vispi Rusi Bhathena (CEO, BSE Brokers’ Forum (BBF)) initiating the event

Siddharth Shah (Chairman, BSE Brokers’ Forum (BBF)) presenting the welcome address

Ashishkumar Chauhan (MD & CEO, BSE Ltd.) addressing the gathering

Ajay Kumar Pandey (MD & Group CEO, GIFT City) addressing the gathering

Dr. J.N. Singh (Additional Chief Secretary, Finance, GoG) addressing the gathering

Handing over of Letter of Intent by (Arcadia Share & Stock Brokers Private Limited - Nitin Brahmbhatt and Ajmera Associates Ltd. - Ashish Ajmera) to the Hon’ble Finance Minister, Govt. of Gujarat

Address by Saurabhbhai Patel (Hon’ble Finance Minister, Govt. of Gujarat)

Siddharth Shah felicitating Saurabhbhai Patel (Hon’ble Finance Minister, Govt. of Gujarat, India)

Siddharth Shah presenting a memento to Ashishkumar Chauhan

Alok Churiwala presenting a memento to Dr. J.N. Singh

Siddharth Shah presenting a memento to Ajay Kumar Pandey

Vote of Thanks by Alok Churiwala (Vice Chairman, BSE Brokers’ Forum (BBF))

Interaction with Members
Tech Showcase: Capital Market & TopStop App Launch (6th May)

(Chief Guest) Ashishkumar Chauhan (MD & CEO, BSE Ltd.) addressing
Siddharth Shah (Chairman, BSE Brokers’ Forum (BBF)) addressing
Arun Kejriwal (Founder, AK 57) addressing
Arijit Porwal (Co-Founder & Chief Strategy Officer, Worldigital) addressing
Aditya Mehta (Founder, Tipstop) addressing

Seminar on Foreign Account Tax Compliance Act (FATCA) / CRS Provisions - way forward (At Delhi, 2nd May)

Gathering
Kriyang Karia (Associate Director/ Direct Tax and Regulatory Services, BDO India) addressing

Investor Awareness Seminar was organised jointly by Kohapur Police, CDSL and SBICAP Securities on 7th April 2016 in Shahu Smarak Bhavan Kolhapur which was open for public as well as Police employees. Around 150 audience attended this informative seminar. Basic knowledge about share market i.e. Demat, Investor protection, Contract note, On line trading, SEBI, RGESS, Mutual fund concepts were explained by Mr Chandrashekhar Thakur in simple language using PPT slide show.

BSE BULL memento was offered to Dy Sup. of Police Bharatkumar Rane by Chandrashekhar Thakur

Bhushan Mokashi (DGM, Listing Sales & Ops, BSE Ltd.) addressing
Sandeep Pujari (Senior Manager, Trading Ops, BSE Ltd.) addressing

Seminar on New IPO Mechanism - Compulsory ASBA (17th May)

Gathering

BBF - INVESTOR EDUCATION AND AWARENESS INITIATIVES

Uka Tarsadia University (At Bardoli, 18th April)
Larsen & Toubro Limited (At Hazira, 19th April)

Acharya Bangalore B School (At Bangalore, 21st April)
J.D.C. Bytco Institute of Management Studies and Research (At BBF, 21st April)

J.M. Patel College of Arts Commerce and Science (At BBF, 22nd April)

J.M. Patel College of Arts Commerce and Science (At BBF, 23rd April)

Acharya Bangalore B School (At Bangalore, 25th April)

Acharya Bangalore B School (At Bangalore, 26th April)

J.M. Patel College of Arts Commerce and Science (At BBF, 29th April)

Global Pathways Institute (At BBF, 27th April)

Prestige Institute of Management and Research (At BBF, 3rd May)

Lala Lajpat Rai College of Commerce and Economics (At BBF, 5th May)
Lala Lajpat Rai College of Commerce and Economics (At BBF, 6th May)
Siddharth Shah (Chairman, BSE Brokers' Forum (BBF)) welcoming Mrugank M Paranjape (MD & CEO, Multi Commodity Exchange of India Limited)

Mrugank M Paranjape addressing BBF Governing Board Members

Mrugank M Paranjape and PK Singhal (President & WTD, Multi Commodity Exchange of India Limited) interacting with BBF Governing Board Members

Siddharth Shah presenting a memento to Mrugank M Paranjape
International Council of Securities Associations (ICSA) AGM 2016
At Stockholm, Sweden (23 - 24 MAY 2016)
Hosted by Swedish Securities Dealers Association

From (L-R): Helle Söby (Manager, Danish Securities Dealers Association), Simon Lewis (CEO, Association for Financial Markets in Europe), Andreas Widgren (Head of Structured Products, Swedish Securities Dealers Association), Tajinder Singh, Michael Sterzenbach (CEO, Federal Association of Securities Trading Firms), Håkan Nyberg (Chairman, Swedish Securities Dealers Association), CEO - Nordnet Bank AB

With Proadklao Rueangnitiwit (Deputy Secretary General, Association of Thai Securities Companies)

From (L-R): With Tai-Ping Chuang (Secretary General, Chinese Taiwan Securities Association), Ray Yuh-Kuei Weng (Chinese Taiwan Securities Association)

From (L-R): With Proadklao Rueangnitiwit and Pattera Dilokrungthirapop (Executive Director and Chairperson, Association of Thai Securities Companies)

From (L-R): Alock Chiriwala (Vice Chairman, BSE Brokers’ Forum (BBF)) With Tajinder Singh (Deputy Head, IOSCO)
Delegates & BBF: Government of Western Australia Trade and Investment Office and Department of State Development (31st May)

Dr. Aditya Srinivas in interaction with Rob Delane (Special Advisor - Agribusiness Development), Peter Baldwin (Regional Director - WA Office), Guruprasad (Business Development Manager - Agribusiness, WA Office)

Seminar on Insolvency and Bankruptcy Code (14th June)

Chetan Kapadia (Advocate) addressing the gathering

BBF - INVESTOR EDUCATION AND AWARENESS INITIATIVES

S. B. Jain Institute of Technology, Management and Research (At Nagpur, 19th May)

Acharya Bangalore B School (At Bangalore, 12th May)

PES’s Modern Institute of Business Management (At BBF, 19th May)

B. K. Training Institute (At Mumbai, 20th May)

The Institute of Company Secretaries of India (At Mumbai, 23rd May)

Mareshat Media Pvt. Ltd. (At Mumbai, 31st May)

Acharya Bangalore B School (At Bangalore, 2nd June)

B. K. Training Institute (At Jaipur, 4th June)

The Institute of Chartered Accountants of India (At Surat, 5th June)

Vinod Sir’s Group Tuition (At BBF, 15th June)
UNVEILING THE COMMEMORATIVE POSTAGE STAMP OF BSE LTD.

Unveiling of the Commemorative Postage Stamp to celebrate 140 successful years of BSE

Chief Guest Arun Jaitley
Hon’ble Minister of Finance of India
(9th July 2016, New Delhi)

(L-R) Ashishkumar Chauhan
(MD & CEO - BSE Ltd.),
Arun Jaitley (Hon’ble Minister
of Finance of India),
Sudhir Rao
(Chairman - BSE Ltd.)

Unveiling the Commemorative Postage Stamp of BSE Ltd.

Arun Jaitley Hon’ble Minister of Finance of India with the display of stamp

“Education is the most powerful tool to Change the World.”

Smile Foundation’s Mission Education programme has provided holistic education, nutrition and healthcare to more than 200,000 underprivileged children so far.

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To collaborate/extend support, please write to cp@smilefoundationindia.org or call 9999204061 | www.smilefoundationindia.org | /smilefoundationindia.org
AN INTERACTION WITH G. C. SHAH

An interaction with G. C. Shah
(Additional Secretary, IT, Science & Technology - Government of Gujarat)
(11th July at BSE Brokers’ Forum (BBF) and BSE Ltd.)

Alok Churuwala welcoming K. L. Tejani (Advisor, Financial Services - Gujarat International Finance Tec-City Company Limited)

Alok Churuwala welcoming G. C. Shah

Alok Churuwala presenting a memento to K. L. Tejani

Alok Churuwala presenting a memento to G. C. Shah

(L-R) Ashishkumar Chauhan (MD & CEO - BSE Ltd.), G. C. Shah, K. L. Tejani, Alok Churuwala

ADDITIONAL SECRETARY, IT, SCIENCE & TECHNOLOGY - GOVERNMENT OF GUJARAT

Walk & Talk Tour of BSE IT; with Kersi Tavadia (Chief Information Officer - BSE Ltd.)

At the BSE Ltd - BSE Institute Ltd. incubation centre

With (L) Ambarish Datta (MD - BSE Institute Ltd.)

At the BSE International Convention Hall

At the BSE Bull
AN INTERACTION WITH B. P. SINGH

An interaction with B. P. Singh (Principal CIT - 4, Mumbai) on Income Declaration Scheme - 2016 (30th June at BBF)

Siddharth Shah (Chairman - BSE Brokers’ Forum (BBF)) welcoming
B. P. Singh (Principal Commissioner of Income Tax - 4), P. K. Singh (Addl. Commissioner),
Gajendra Singh (Dy. Commissioner) and Ashish Pandey (Asst. Commissioner)

B. P. Singh addressing the BBF Governing Board Members

Gajendra Singh presenting

Ashish Pandey presenting the Vote of Thanks

PRINCIPAL CIT - 4, MUMBAI ON INCOME DECLARATION SCHEME - 2016

Siddharth Shah and Alok Churnwala (Vice Chairman, BSE Brokers’ Forum (BBF)) presenting a memento to B. P. Singh

Uttam Bagri (Secretary - BBF) and Purav Fozdar (Jt. Secretary - BBF) presenting a memento to P. K. Singh

Uttam Bagri and Kamlesh Shroff (Governing Board Member - BBF) presenting a memento to Gajendra Singh

Alok Chariwala, Harshvardhan Reongta (Governing Board Member - BBF) and Harin Mehta (Governing Board Member - BBF) presenting a memento to Ashish Pandey
BSE yoga event on the international yoga day (21st June)

Members participating at the Yoga event

Seminar on “FATCA/CRS Obligations - The Road Ahead” (29th June)

Uttam Bagri addressing

Uttam Bagri presenting a memento to Nirav Gandhi

BBF - INVESTOR EDUCATION AND AWARENESS INITIATIVES

VES College of Arts, Science and Commerce (At BBF, 20th June)

Mahatma Night Degree College of Arts & Commerce (At Mumbai, 22nd June)

VES College of Arts, Science and Commerce (At BBF, 23rd June)

Dr. T K Tapse Arts & Commerce Night College (At BBF, 27th June)

S. B. Jain Institute of Technology, Management & Research (At Nagpur, 29th June)

Smt. B M Ruia Mahila Mahavidyalaya (At BBF, 29th June)

Vetting

Maniben Nanavati Women’s College (At Mumbai, 1st July)

Swami Vivekanand Jr. College Batch 1 (At BBF, 4th July)

Maniben Nanavati Women’s College (At BBF, 5th July)

The Institute of Chartered Accountants of India, Surat (At BBF, 8th July)

Saveetha School of Management (At Chennai, 7th July)

J S W Tutorials (At BBF, 11th July)

Patkar Varde College (At BBF, 11th July)
BBF - ALL INDIA SEMINARS ON IMPLEMENTATION OF SEBI CIRCULAR ON C-KYC

Mumbai (25th July) Attendees: 550+

Uttam Bagri presenting a momento to Chetan Lulla (Official of the Managed Service Provider for Central KYC Registry - DotEx International Limited)

Uttam Bagri addressing

Delhi (28th July) Attendees: 160+

Uttam Bagri, C P Agarwala (BBF - Governing Board Member) and the Dignitaries

Abhishek Srinivasan (DotEx International Limited) addressing

Ahmedabad (29th July) Attendees: 170+

Chetan Lulla addressing

Kolkata (1st August) Attendees: 150+

Chetan Lulla addressing

Chennai (2nd August) Attendees: 50+

Abhishek Srinivasan addressing
BSE Ltd. presents Discussion on Income Declaration Scheme, 2016 by Income Tax department (Supported by BBF - 2nd August)

The Income Declaration Scheme, 2016 incorporated as Chapter IX of the Finance Act, 2016 has come into force from the 1st of June, 2016. The Scheme shall remain in force for a period of 4 months from 1st June, 2016 to 30th September, 2016 for filing of declarations. In this respect the Income Tax Department is taking measures to make aware of this scheme and its provisions to the tax payers.

In the presence of:
Ashishkumar Chauhan (MD & CEO, BSE Ltd.), Siddharth Shah (Chairman, BSE Brokers’ Forum (BBF))

Speakers: Officials from the Income Tax Department:
D.S Saksena (Pr. CCIT), S.K Anand CCIT (TDS), Shabri Bhattachal CCIT (Central) - 2, B.K Mishra CCIT (TDS), B.D Vishnoi CCIT (Central) - 2, Abhaya Charan Naik CCIT - 8, Pawan Parmar Singh CCIT - 4, Shruti Shah Chairperson ICAI, B.M Jindel Income Tax Advisor, Rakesh Mishra PCIT-31, D.C Patwari PCIT-32

In the presence of:
Ashishkumar Chauhan (MD & CEO, BSE Ltd.), Siddharth Shah (Chairman, BSE Brokers’ Forum (BBF))
BBF - INVESTOR EDUCATION AND AWARENESS INITIATIVES (JULY - AUGUST 2016 - A GLIMPSE)

BBF - INVESTOR EDUCATION AND AWARENESS INITIATIVES

BBF SIGNS A MOU (SEPTEMBER - 2016)

About: Indo-African Chamber of Commerce & Industry was established in the year 1985, under the companies Act 1956. It provides a dynamic institutional link for the promotion of commercial and economic relations between India and African Countries. As an active forum for Indian businessmen who have close contacts with the African World. The Chamber constantly strives to identify new areas of mutual co-operation and ensure the smooth flow of trade, investment joint ventures and technology. The main objectives of the Chamber are to promote, develop and extend commerce, Trade and Industry between India and African Countries.

About: Established in 1980, under The Companies’ Act, 1956, Indo-Arab Chamber of Commerce & Industries provides a dynamic link for the promotion of commercial and economic relations between India and the Arab World. An active forum for Indian Businessmen who have close contacts with the Arab World, the Chamber constantly strives to identify new areas of mutual co-operation and ensures the smooth flow of trade, investments, joint ventures and technology.

About this MoU:

This business relationship foresees the following:

• To facilitate business opportunities for member brokers in African and Arab Nations
• To jointly conduct training programmes - In bound and Out bound
• To mutually share knowledge and information about economic developments

(L-R): Sunanda Rajendran (Secretary General, Indo-African Chamber of Commerce & Industry), M. Z. Rehman (Vice President, Indo-Arab Chamber of Commerce and Industries), K. L. Daga (President, Indo-African Chamber of Commerce & Industry), Siddharth Shah (Chairman, Bombay Stock Exchange Brokers’ Forum (BBF), Alok Churiwala (Vice - Chairman, Bombay Stock Exchange Brokers’ Forum (BBF)), Dr. Vispi Rusi Bhathena (Chief Executive Officer, Bombay Stock Exchange Brokers’ Forum (BBF))

Siddharth Shah exchanging MoU with K. L. Daga (President, Indo-African Chamber of Commerce & Industry)

Siddharth Shah exchanging MoU with M. Z. Rehman (Vice President, Indo-Arab Chamber of Commerce and Industries)
2nd Intelligentsia Summit: National Education Excellence Awards - 2016
(Organised by The Education Post - Jointly with the Confederation of International Accreditation Commission (CIAC - Global) in association with CHF; 22nd August at New Delhi)

Ashok Ajmera (BBF - Governing Board Member, Chairman and MD of Ajcon Global Service Ltd.) receiving the prestigious ‘Medal of Honour’ for his outstanding contribution in the field of Education, Training and Finance from the Hon’ble Ram Niwas Goel (Speaker – Delhi Vidhan Sabha), in presence of: G D Singh (Renowned Management Consultant, Educationist, World Peace Advisor) and Shiv Khera (Founder of Qualified Learning Systems USA, An Author, Educator, Business Consultant, Motivational Speaker) and other dignitaries

Dr. Vispi Rusi Bhathena receiving the award for Excellence in Behavioural Skills & Resource Maximization from the Hon’ble Ram Niwas Goel (Speaker - Delhi Vidhan Sabha) in presence of: G D Singh (Renowned Management Consultant, Educationist, World Peace Advisor) and Shiv Khera (Founder of Qualified Learning Systems USA, An Author, Educator, Business Consultant, Motivational Speaker) and other dignitaries

Dr. Aditya Srinivas receiving the award for Excellence in Financial Inclusion and Training from the Hon’ble Ram Niwas Goel (Speaker - Delhi Vidhan Sabha)

BBF Governing Board Member(s) - Interactive Moments

Harshvardhan Roongta (BBF Governing Board Member) with D.S. Saksena (Principal Chief Commissioner of Income Tax, Mumbai) and Dr. B. Senthil Kumar (Commissioner of Income Tax, Mumbai)

Harshvardhan Roongta with D. C. Patwari (Principal Commissioner of Income Tax, Mumbai)
Swami Vivekanand Junior College (At BBF, 16th August)

Indian Institute of Technology Bombay (At Mumbai, 21st August)

J. K. College of Science & Commerce (At BBF, 24th August)

SNDT Women's University (At BBF, 24th August)

The Southern Gujarat Chamber of Commerce & Industry (At Surat, 26th August)

IES Management College and Research Centre (At BBF, 30th August)

St. Xavier's College (At BBF, 31st August)

Jai Hind College (At Mumbai, 1st September)

LN College (At BBF, 7th September)

Ashishkumar Chauhan (MD & CEO, BSE Ltd.)
addressing and initiating the meeting

Alok Churiwala (Past Vice Chairman - BBF)
addressing the new board of BBF

Ashishkumar Chauhan presenting a memento to Alok Churiwala

BBF Governing Board Members

Dr. Vispi Rusi Bhathena
presenting the annual report to the board

Ashishkumar Chauhan
(MD & CEO, BSE Ltd.)

BBF Team

Uttam Bagri
(Chairman, BBF)

Board meet in progress

Uttam Bagri
(Chairman, BBF)

addressing the new governing board of BBF

BBF Governing Board Members

Ashishkumar Chauhan presenting a memento to Alok Churiwala

Dr. Vispi Rusi Bhathena
presenting the annual report to the board

BBF Team

Ashishkumar Chauhan
(MD & CEO, BSE Ltd.)

BBF Governing Board Members

Uttam Bagri
(Chairman, BBF)

Board meet in progress

Uttam Bagri
(Chairman, BBF)

addressing the new governing board of BBF

BBF Governing Board Members
BSE Brokers’ Forum (BBF) Annual General Meeting 2016 (30th September)

Members at the registration desk

Siddharth Shah (Chairman - BBF) presenting the welcome address

Dr. Virgi Ravi Bhathena (CEO - BBF) presenting the BBF annual report and activities

Anup Gupta (Governor Board Member - BBF) appreciating the BBF Chairman and BBF Board Members

Arif Sanger (Governor Board Member - BBF) appreciating the BBF Chairman and BBF Board Members

Siddharth Shah announcing the process of voting by the members

Members queuing up for casting of vote

Kisan Ratilal Choksey (Kisan Ratilal Choksey Shares & Securities Pvt. Ltd. (KRC)) casting the vote

Siddharth Shah casting the vote

Alok Churiwala casting the vote

Uttam Bagri casting the vote

Purav Fozdar casting the vote

Scrutinizers for the voting process / ballot box – Hemant Kampani and Bhanshah Fozdar

Scrutinizers announcing the voting results

Col. Vinod Dange (Additional General Manager Security – BSE Ltd.) interacting with members
BBF ANNUAL DIWALI DINNER AND GET-TOGETHER 2016 (20th October)

Uttam Bagri welcoming Ashishkumar Chauhan

Uttam Bagri welcoming Siddharth Shah

Uttam Bagri addressing the gathering

Siddharth Shah (Past - Chairman, BBF) addressing the gathering

Ashishkumar Chauhan addressing the gathering

Uttam Bagri thanking & acknowledging Kamal Visaria (Director, Visaria Securities Pvt. Ltd.) for location courtesy

Celebrations for the launch of BSE INX (GIFT IFSC)
SEMINARS & EVENTS CONDUCTED BY BBF FOR THE PROGRESS OF STAKEHOLDERS OF CAPITAL MARKETS

APRIL 2016 - MARCH 2017 (SEPTEMBER - OCTOBER 2016)

Seminar on SEBI circular on Enhanced Supervision Demystified and other Compliance related matter (Pan India - Seminars)

Mumbai (6th October)
Uttam Bagri (Chairman, BSE Brokers Forum) addressing the gathering

Delhi (7th October)
Uttam Bagri addressing the gathering

Ahmedabad (14th October)
Hitasha Gurbani addressing the gathering

Mumbai (18th Kolkata)
Hitasha Gurbani addressing the gathering

Mumbai (18th October)
Uttam Bagri addressing the gathering

Seminar on Impact of Goods and Services Tax - GST on Broking Industry (29th September)

Amitabh Khemka (Chief Operating Officer, Sthir Advisors LLP) addressing the gathering

Seminar on New Business Opportunities - BSE INX (GIFT IFSC) (14th October)

Ashishkumar Chauhan addressing the gathering

BBF at Finbridge 2016 Exhibition (At Ahmedabad, 15th - 16th October)

Lalit Munda addressing the gathering on Mutual Fund

SEBI - Investment Flows Challenges, Opportunities and Road Ahead - BRICS 2016 (13th October) Inset: Uttam Bagri, Anurag Bansal and Ketan Marwadi

An interaction with Arjun Ram Meghwat - Hon'ble Minister of State for Finance and Corporate Affairs, Government of India (18th October)
BBF - INVESTOR EDUCATION AND AWARENESS INITIATIVES (SEPTEMBER - OCTOBER 2016 - A GLIMPSE)

BBF - INVESTOR EDUCATION AND AWARENESS INITIATIVES

Unitedworld School of Business (At Ahmedabad, 14th September)

School of Economics Devi Ahilya Vishwavidyalaya (At Indore, 17th September)

Shaheed Sukhdev College of Business Studies (At Delhi, 20th September)

Chembur Sarvankash Shikshan Sanstha Mahavidyalaya (At BBF, 26th September)

Symbiosis College of Arts & Commerce (At BBF, 29th September)

Meghnad Desai Academy of Economics (At BBF, 29th September)

Mithibai College (At BBF, 3rd October)

Nagindas Khandwala College of Commerce, Arts and Management Studies (At Mumbai, 3rd October)

Karmaneer Bhaurao Patil Degree College of Art, Commerce and Science (At BBF, 7th October)

Government Law College (At BBF, 13th October)

Akesh Dinesh Mody Institute for Financial & Management Studies, Mumbai University (At BBF, 13th October)

Youngsan University, Korea (At BBF, 17th October)

BBF at the 56th Annual Awards Nite of the Association of Business Communicators of India (ABCI - Brand India Summit 2016)

(For the past 56 years ABCI has been organizing the Annual Awards Nite to recognize and reward outstanding talent in the profession of business communications. These awards are considered as the ‘Oscars’ of Business Communications in India.)

BBF - Forum Views (Monthly Capital Markets & Lifestyle Magazine) wins “Silver” at the 56th Annual Awards Nite of the Association of Business Communicators of India (ABCI)

Category / Description: Best External Magazine
BSE LTD. - SAMVAT 2073 BEGINS!

BBF - Chairman, BBF - Governing Board Members, Members with Ashishkumar Chauhan

Prachi Desai* rang the bell during a special 'Muhurat' trading session for Diwali at BSE.

(*Prachi Desai is an Indian Bollywood film and television actress. She started her television career as lead protagonist in the successful TV drama Kasamh Se on Zee TV. She made her Bollywood debut in the 2008 film Rock On!. She is also the endorser, spokesperson, brand ambassador and the face of Goa Tourism and Neutrogena products in India.)

MUHURAT TRADING - DIWALI 2016 (30TH OCTOBER)

Ashishkumar Chauhan and Dipak Mehta (BBF - Governing Board Member) interacting with the Press
BSE LTD. - SAMVAT 2073 BEGINS!

NEW YEAR, NEW HOPE

Muhurat trading: Investors keep fingers crossed

Indices end weak on US Fed rate hike concern

D-Street positive despite flat Muhurat session

MUHURAT TRADING - DIWALI 2016 (MEDIA COVERAGE)

Samvat 2073 Startson a Soft Note, Nifty Ends a Tad Lower

Market Strategists believe one should brace for volatility as crucial global events are scheduled over the next two weeks
SEMINARS & EVENTS CONDUCTED BY BBF FOR THE PROGRESS OF STAKEHOLDERS OF CAPITAL MARKETS

April 2016 - March 2017 (October - November 2016)

BBF Board Members - Interactions

Harshvardhan H Roongta (BBF - Governing Board Member) with Gajendra Singh (Deputy Commissioner of Income Tax)
Ashish Kumar Pandey (Asst. Commissioner of Income Tax)
(C) Pankaj Kumar (Jt. Commissioner, Income Tax) (L) Manju Kumar Das (Deputy Commissioner of Income Tax)

Informal meeting with members to discuss status of BSE Ltd. listing (27th Oct.)

Siddharth Shah (Past - Chairman, BBF) addressing the gathering

Seminar on recent SEBI Circular on Enhanced Supervision Demystified - Implementation issues for Stock Brokers and DPs’ at Chennai (3rd Nov.)

Hitash Gurbani (Assistant General Manager, Broker Supervision, BSE Ltd.) addressing the gathering

BBF presents - Camp on Hands on Training for C-KYC (16th Nov.)

Batch 1
Batch 2
Batch 3

Special cash deposit counter at Bank of India (Mumbai), Stock Exchange Branch for BBF Members only - Gold Card Holders (16th Nov.)

BBF - INVESTOR EDUCATION AND AWARENESS INITIATIVES

Mithibai College (18th Oct.)
Veer Narmad South Gujarat University (19th Oct.)

Allana Institute of Management Studies (19th Oct.)
IES Management College and Research Centre (20th Oct.)

S. K. Somaiya Degree College of Arts, Science And Commerce (24th Oct.)
Saveetha School of Management (25th Oct.)

IAP at Bhopal, (L) Amitabh Manya Jain (BBF - Governing Board Member) in interaction (6th Nov.)

Commerce Strength Classes (27th Oct.)

K. J. Somaiya Institute of Management Studies and Research (10th Nov.)
Allana Institute of Management Studies (11th Nov.)
INTERACTION WITH HON’BLE PIYUSH GOYAL

Exclusive interactive session with Hon’ble Piyush Goyal
(Minister of State for Power, Coal, New & Renewable Energy and Mines, Govt. of India)
(On Future of the Indian Economy after Demonetisation) (26th November)

Uttam Bagri (Chairman - BBF) presenting the welcome address

Ashish Shela (Member of Bhartiya Janata Party and President of Mumbai unit of the party) addressing the gathering

Address by Hon’ble Piyush Goyal (Minister of State For Power, Coal, New & Renewable Energy and Mines, Govt. of India)

Dignitaries on dias

Ashishkumar Chauhan (MD & CEO - BSE Ltd.) presenting a memento to Piyush Goyal

Displaying of wristband “I Support Narendra Modi”

BBF Governing Board Members and dignitaries in close group interaction with Piyush Goyal

Kamlesh Shroff (Treasurer - BBF) in interaction with Shaina NC (Indian fashion designer, politician and social worker)

Dr. Vispi Rusi Bhatena (CEO - BBF) with Piyush Goyal

MINISTER OF STATE FOR POWER, COAL, NEW & RENEWABLE ENERGY AND MINES, GOVT. OF INDIA
SEMINARS & EVENTS CONDUCTED BY BBF FOR THE PROGRESS OF STAKEHOLDERS OF CAPITAL MARKETS

April 2016 - March 2017 (November - December 2016)

BBF - INVESTOR EDUCATION AND AWARENESS INITIATIVES

Seth Ghasiram Gopikishan Badruka Educational Society (2nd December, At Hyderabad)

The Institute of Chartered Accountants of India (5th December, At Surat)

IES Management College and Research Centre (7th December, At Mumbai)

Anjuman-I-Islams Allama Institute of Management Studies (AIIMS) (9th December, At BBF)

Shree Damodar College of Commerce & Economics (12th December, At BBF)

Pioneer College of Arts and Science (13th December, At BBF)

M.V.M. Degree College of Commerce & Science (14th December, At BBF)

S. K. Rai College (14th December, At BBF)

Smt. P. N. Doshi Women’s College of Arts (15th December, At BBF)

K. C. College of Engineering and Management Studies and Research (18th December, At BBF)

SEMINAR ON NEW HORIZON IN THE NEW ARBITRATION AGE: A CASE MANAGEMENT IN ARBITRATION UNDER THE AMENDED ARBITRATION ACT (22ND NOV.)

Former Judge Smt. Roshan Dalvi

SEMINAR ON DEMONETIZATION: ITS OVERVIEW AND IMPACT, INCLUDING PENAL PROVISIONS (23RD NOV.)

Ajit Sanghvi (BBF - Governing Board Member) addressing

CA Bhupendra Shah addressing

BBF presence at the ASIA Securities Forum (ASF) 12th ASF Tokyo Round-table, November 28 - December 2, 2016 (Tokyo, Japan)
Hon’ble Prime Minister of India, Shri Narendra Modi inaugurates the India International Exchange (INDIA INX) the wholly owned subsidiary of BSE and the first of its kind at IFSC, GIFT City, Gandhinagar (January 09, 2017) {Photo(s) Courtesy : BSE}

(C) Shri Arun Ram Meghwal (Minister of State for Finance and Corporate Affairs, GOI) with BBF Governing Board Members, BSE Top Management and dignitaries

Shri Ashishkumar Chauhan (MD & CEO, BSE Ltd.) presenting memorabilia(s) to Hon’ble Prime Minister of India, Shri Narendra Modi

Dignitaries on the dais

BBF Executive Committee Members
INAUGURATION OF THE NEW CAMPUS OF NATIONAL INSTITUTE OF SECURITIES MARKETS (NISM)

Inauguration of the new campus of National Institute of Securities Markets (NISM)
by the Hon’ble Prime Minister of India Shri Narendra Modi
(24th December 2016)

(L-R): Chairman SEBI Shri U K Sinha, Finance Minister Shri Arun Jaitley, Maharashtra Governor Shri C Vidyasagar Rao, Hon. Prime Minister of India Shri Narendra Modi and Minister of State for Finance and Corporate Affairs GOI Shri Arjun Ram Meghwal

Chairman SEBI Shri U K Sinha facilitating Hon. Prime Minister Shri Narendra Modi giving the inaugural address at NISM’s new campus at Patalganga

Hon. Prime Minister Shri Narendra Modi

Finance Minister Shri Arun Jaitley addressing

Chief Minister of Maharashtra Shri Devendra Fadnavis addressing

Chairman SEBI Shri U K Sinha addressing

International participants: Securities and Exchange Commission of Bangladesh and Malaysia and Departmental Chief of Iran and Sri Lanka

Chairman Aditya Birla Group Shri Kumar Mangalam Birla, Axis Bank CEO & MD Ms. Shikha Sharma, Founder & Chairman JM Financial Shri Nimesh Kamani

Ex. Dy Governor RBI Shyamala Gopinath, Director NISM Shri Sandip Ghose, Ex. PCGM RBI Shri Bazil Shaikh

Minister of State for Finance and Corporate Affairs GOI Shri Arjun Ram Meghwal with Director NISM Shri Sandip Ghose and and Chairman IBBI Dr. MS Sahoo

Director NISM explaining the Madhubani & Sahi Art to Chairman Securities Exchange Malaysia and Shri U K Sinha looks on

Hon. Prime Minister Shri Narendra Modi along with Governor of Maharashtra Shri C. Vidyasagar Rao, Finance Minister Shri Arun Jaitley, Maharashtra Chief Minister Shri Devendra Fadnavis and MoS Finance with the project team
BSE IPO CELEBRATIONS

BSE: Celebrations for BSE IPO Subscription
(At the BSE International Convention Hall, 25th Jan.)

Ashishkumar Chauhan (MD & CEO, BSE Ltd.) addressing the gathering / celebrations

Deena Asit Mehta (MD, Asit C. Mehta Investment Intermediates Ltd. [ACMILI]) addressing the gathering

Market veterans addressing the gathering and felicitating Ashishkumar Chauhan

Uttam Bagri (Chairman, BSE Brokers’ Forum) addressing

Siddharth Shah (Past-Chairman, BSE Brokers’ Forum) addressing

Cake
LISTING OF BSE

Opening Bell Ceremony to Commemorate the Listing of BSE
(At NSE on 3rd February, 2017)

Closing Bell Ceremony to
Commemorate the
Listing of BSE
(At BSE International
Convention Hall
on 3rd February, 2017)

Opening Bell by Chairman of BSE and other dignitaries

Closing Bell by Chairman of BSE and other dignitaries

Ashishkumar Chauhan (MD & CEO, BSE Ltd.) with Sudhakar Rao (Chairman, BSE Ltd.)

Sudhakar Rao (Chairman, BSE Ltd.)

Ashishkumar Chauhan presenting bouquet of flowers to Sudhakar Rao

Ashishkumar Chauhan presenting bouquet of flowers to Uttam Bagri (Chairman, BSE Brokers’ Forum)

Sudhakar Rao addressing the gathering

Ashishkumar Chauhan addressing the gathering

Uttam Bagri addressing the gathering

Sudhakar Rao presenting a memento to Uttam Bagri

GROUP OF MEMBERS
Post Budget meeting on UNION BUDGET 2017-18

AT MUMBAI (1st February) (With IVF and JITO - Mumbai Zone)
Dignitaries and eminent speakers

Ashok Ajmera (Governing Board Member, BBF) initiating the event
Chief Guest: Ashishkumar Chauhan (MD & CEO, BSE Ltd.) addressing the gathering

BBF presence at the Indo-American Chamber of Commerce & Free Press Journal Round table discussion on Union Budget 2017 (2nd February)

BBF at Finbridge 2017 Exhibition (At Mumbai, 4th - 5th February)
SEMINARS & EVENTS CONDUCTED BY BBF FOR THE PROGRESS OF STAKEHOLDERS OF CAPITAL MARKETS (JANUARY - FEBRUARY 2017)

BBF - INVESTOR EDUCATION AND AWARENESS INITIATIVES

Shree Damodar College of Commerce & Economics (12th January, At Goa)
IES Management College and Research Centre (16th January, At Mumbai)
Meghnad Desai Academy of Economics (17th January, At BBF)
The Institute of Chartered Accountants of India (16th January, At BBF)
ICFAI Business School (19th January, At BBF)
Manghanmal Udham College of Commerce (MUCCI) (19th January, At BBF)
ICFAI Business School, Ahmedabad (23rd January, At Ahmedabad)
Endeavour Classes (23rd January, At Surat)
ICFAI Business School (1st February, At BBF)
Sahyadri Junior College of Arts Commerce & Science (6th February, At BBF)
ICFAI Business School (7th February, At BBF)
St. Xavier’s College (9th February, At BBF)

V Care Foundation was founded by cancer survivor, Mrs. Vandana Gupta in 1994, to provide broad support to cancer patients to enable them to fight and survive cancer. Since then it is grown into a large organisation composed of 70 volunteers and offers a range of services to cancer patients. It has close working relationship with Tata Memorial Hospital amongst others in the Mumbai area and its core services to patients include counselling, providing reliable information, financial assistance, support to children etc.

V Care Foundation has many projects under its umbrella for children and adults. The following is an appeal to support one of such project where the curability rate is high and patients can lead a normal life once the treatment is done successfully and at the right time.

Germ Cell Tumor: It can be treated with chemotherapy and surgery. In about 25% of patients, an additional vasectomy surgery is required. More than 70% to 80% of the treated patients are cured. V Care believes that no patient should be denied the lifesaving treatment they need, due lack of affordability.

V Care is dedicated to serving cancer patients and wants to financially assist 50 Germ Cell Tumor (GCT) patients per year to start with at Tata Memorial Hospital. Patients who have been recommended by their doctors will apply for funding from V Care. Once the assessment is done V Care will then provide complete financial support and transfer funds directly to the patients account in Tata Memorial Hospital, funds are therefore given to the institution for the treatment. Annually, V Care inspires to financially assist 50 GCT patients, each with Rs.1 lakh for a total of Rs.50 lakhs. Through this program V Care hope to help patients who are not able to afford funding.

V Care Foundation
A-102, Om Residency,
St. Xaviers Street, Near Tata Memorial Hospital,
Opp Bhoiwada Court, Parel East, Mumbai 400012
Landmark: Next to Navbharat School.
Mobile Helpline: 09821914901/09821914902
Toll free: 18002001101, 1800280780 (UMMEED)
Email: admin@vcarecancer.org
Website: www.vcarecancer.org
Facebook: www.facebook.com/vcarefoundationindia

**For any further queries do feel free to drop an email on the above email id or call us on the helpline numbers.**
BBF GOVERNING BOARD MEETING
FOR THE MONTH OF MARCH 2017

BBF Governing Board Meeting for the month of March 2017
(On Saturday, 4th March)

Courtesy Host: NISM Patalganga Campus
(BBF’s heartfelt appreciation to NISM Director, Sandip Ghose and team)

Uttam Bagri expresses thankfulness to Sandip Ghose

Inside the State-of-the-art classrooms

At the Auditorium

At the Amphitheatre

Walk & Talk Tour of the Campus

At the NISM Cafeteria

Inside the NISM Board Room
SEMINARS & EVENTS CONDUCTED BY BBF FOR THE PROGRESS OF STAKEHOLDERS OF CAPITAL MARKETS (FEBRUARY - MARCH 2017)

BBF Governing Board Meeting for the month of February 2017 (On Friday, 3rd February)Courtesy Host: Multi Commodity Exchange of India Ltd.

Mugank Paranjape (Managing Director & CEO, Multi Commodity Exchange of India Ltd.) addressing

Uttam Bagri (Chairman, BSE Brokers’ Forum) addressing

Seminar on SIIO (3rd March)

Uttam Bagri (Chairman, BSE Brokers’ Forum) addressing

BBF - INVESTOR EDUCATION AND AWARENESS INITIATIVES

Endeavor Careers Pvt. Ltd. (28th January, At Ahmedabad)

Shree Damodar College of Commerce & Economics (31st January, At Goa)

Smt P N Doshi Womens College of Arts (13th February, At BBF)

Integral University (17th February, At Lucknow)

Arise N Awake

“The Spirit of Humanity”

VISION

Our smallest act bring biggest change in some one’s life, lets act.

MISSION

HELP (Human Evolve through Learning Process)
HELP To HEALTH

OUR ROLE

Physical

Mental

Financial

Social

VIVID

Physical

Mental

Financial

Social

HELP : Medical Camps + Yoga Camps
MENTAL : Educational Camps + Motivational Camps
FINANCIAL : Skill Development Programmes, Financial Literacy + Financial Aids + Support
SOCIAL : Awareness Camps against social evil like substance abuse, child labour, human trafficking, legal counselling

Anyone can volunteer in our mission be the part of this initiative

Address : 26D/2, Panna Lal Road, Allahabad-211 002 (Uttar Pradesh) INDIA

To Know More visit our site : www.arisenawake.in | Email us at : info@arisenawake.in
Follow us on Facebook : https://www.facebook.com/arisenawake.rama.9896 | Twitter: @ramasinha708
WAKE UP TO REALITY

By Jaya Row
Founder, Vedanta Vision & Managing Trustee, Vedanta Trust

“Shankara begins by focussing on the two main aspects of human pursuits – wealth and enjoyment. You chase after wealth. Having acquired it you want to enjoy what you have acquired. Bhaja Gvındanm dispels the misunderstanding that spiritual life entails shunning of wealth, family and the good things of life. Do not renounce wealth. Give up the thirsting, craving, lusting after wealth which comes in the way of acquiring wealth.”

The world is as in a frenzied chase after enjoyment. The more you indulge the less you enjoy. Vedanta restores the enjoyment you have already lost. The way out is mindful, regulated contact with sense objects. So the thrill of a sense enjoyment does not diminish. Your honeymoon with life never ends!

Vedanta helps maintain wonderful, meaningful relationships. It identifies attachment as the root cause of all conflict. Attachment springs from a deep sense of insecurity. When you are not self-sufficient you need the support of spouse and children. You become dependent on them. You feel threatened by others with whom they relate. You imagine they are your enemies. You are nasty and hateful to your greatest benefactors and are tormented by all the toxic thoughts you have espoused. You are then shunned by the very people for whom you did all this to begin with! The way out is – Attach you suffer. Attach you lose. Your closest relationships become conflict-ridden and finally you lose them. So attachment is not an option. The way out is ‘detachment’ or true love. Love people for what they are. Have no expectations, make no demands and do not imprison them. True love begets love. The love you give is returned in ample measure and you have amazingly satisfying relationships."

Jaya Row

Jaya Row ranks among the pioneering women intellectuals of our time. Well loved and popular as an inspiring spiritual teacher, her expositions on Vedanta touch the mind and uplift the intellect, spurring us on to lead better lives.

She has a first class academic record in Microbiology and a distinguished Management career, which she renounced to dedicate her life to the cause of Vedanta. She has been speaking and writing on Vedanta for more than 30 years.

Jaya Row communicates subtle concepts through present-day examples. She brings alive the ancient scriptures as practical, helpful and modern. Her discourses on the Bhagavad Gita draw large audiences in India and abroad. The specially designed courses on Life Skills for school children and young adults are also much sought after.

She has been invited to prestigious organisations including the World Economic Forum Davos, Young Presidents’ Organisation and the World Bank. She has received recognition at several corporate powerhouses such as Google, Intel, Shell, Southern California Edison and Deutsche Bank among others. She has also spoken at renowned Universities and Business Schools.

The overarching aim of her life work is to bring the timeless message of Vedanta to the modern world such that it can be applied to any context in life to achieve success, happiness and spiritual awakening.

She has spoken at several prestigious organisations. Some of her recent presentations have been at:
- World Economic Forum, Davos
- World Bank, Washington DC
- Google, California
- VISA, California
- Intel, California
- Young Presidents’ Organisation USA
- Southern California Edison, Los Angeles
- Deutsche Bank, New York
- Coca Cola Company, Atlanta
- Shell UK, London
- Swedish companies - Ericson, Saab, Sandvik
- Scania, SEB, SSAB
- Punkin University
- Washington University
- Maersk
- Accenture
- JPMorgan/Stanley
- ABN Amro Bank
- Infosys
- Novartis
- IBM

Jaya Row is visiting the United States for a lecture tour from 15 April to 11 May. To view lecture schedule visit www.vedantavision.in.

While the rest of the world was still in the dark ages the wise Indian had discovered the laws of life that govern not only the outside world but the fascinating inner realm. The focus shifted from conquering the world to gaining control over the mind. And a brilliant sage appeared on the scene periodically to revive the sagging values in society.

Adi Shankaracharya was one such outstanding master. While he wrote commentaries on the subtle Upanishads and Bhagavad Gita he also composed original texts that represented the same knowledge in a modern context. The Bhaja Gv índanm is a composition that gives the timeless wisdom of the Vedas in simple nuggets.

Shankara begins by focussing on the two main aspects of human pursuits – wealth and enjoyment. You chase after wealth. Having acquired it you want to enjoy what you have. Swami Rama Thatha said: ‘If you are not happy as you are you will never be happy’. Be aware of all that you have been blessed with. Then you will develop the irresistible urge to share, contribute, and give. Often, the richest people are tormented by the feeling of deprivation while those who have nothing feel supremely abundant. The law is - Give you gain. Grab you lose. Fix a higher ideal. Work dedicatedly for the welfare of others. Prosperity and happiness will come to you!

Love people for what they are. Have no expectations, make no demands and do not imprison them. True love begets love. The love you give is returned in ample measure and you have satisfying relationships.

Life is as uncertain as a drop of water on a lotus leaf. Any moment death may occur. Even during your life you are consumed by disease, sorrow and arrogance. Insure yourself by investing in thought of the higher. Upgrade your feelings and thoughts. Keep the company of good people, loving and uplifting thoughts. This is what makes your future. ‘As you think so you become’ is the law.

People adopt various methods to gain happiness. Some resort to extreme indulgence. Others unintelligently abstain from the world. Still others live a mechanical good life. None of these give liberation in life. The way to success, happiness and spiritual evolution is Karma Yoga, Bhakti Yoga and Jnana Yoga as. Act in a spirit of service and sacrifice, enlarge your circle of love and constantly reflect on the distinction between the permanent and impermanent aspects of life. Follow this up with meditation. You will move from this state of confinement and finitude to the state of infinite Bliss.

Amidst the modern context of spiraling expectations, make no demands and have no expectations. Love people for what they are. Have no expectations, make no demands and do not imprison them. True love begets love. The love you give is returned in ample measure and you have satisfying relationships.

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TIPS FOR WOMEN IN BUSINESS ROLE

By Deepika Rajnoor
Founder and Lead Image Consultant
IMAGE MANTRA

“Always get a name for your firm: No matter how small it is, whether you stitching clothes or giving tuitions, name your firm.”

Now, being an entrepreneur, it seems I have seen the world. Have been to ups and downs of the world. Seen how people ridicule you, who actually appreciates you and who really your competitors are. With all my experience that I hold, I wish to share some important tips for all women who is ready to explore entrepreneurship. Here we go:

1. Always get a name for your firm: No matter how small it is, whether you stitching clothes or giving tuitions, name your firm. Get logo and later cards and stationary.
2. Always do SWOT analysis for self and team for goals of the company. It is important to see who fits for which task. SWOT is a clear picture of your strengths and weaknesses. Don’t feel embarrassed for your weaknesses. They are areas just not as good as your strengths.
3. Have a professional contact number. Don’t mix your personal number with professional number. Have either two different handsets or handset with two sim cards. Do not answer your call after professional hours. Decide what your working hours are and stick to it. Let your clients know about it. You can keep what’s app and other messages service on, however prefer to reply that we shall get back to you in our working hours.

Networking is the key. Never stop networking. Meet people, tell them what you do and why you chose your profession. People love to hear passionate stories. Learn elevator speech, which means in 30 seconds give your introduction which creates curiosity and interest in others to know more about you.

4. Keep social media abreast about your work and achievements. Give title and description in case if you are posting pictures. Although pictures speak 1000 words, public wants to know from horse’s mouth what it is all about, your feeling and your attitude towards it.
5. Offer professional handshake. Gone those days, when handshake was done and offer between one man to another. Offer a professional handshake with a proper grip and introduction.
6. Learn professional skills like email manners, telephone etiquette and many more.
7. Networking is the key. Never stop networking. Meet people, tell them what you do and why you chose your profession. People love to hear passionate stories. Learn elevator speech, which means in 30 seconds give your introduction which creates curiosity and interest in others to know more about you.
8. Delegate work. You don’t be the admin, accountant and marketing person for the firm. Contract based employees are easily available. Hire them. Let them be in your team. So, with this I mean to say, let your assistance do follow up with the clients or

writing bulk mails of greetings or festivals.
9. Don’t forget to sharpen your axe. Learn more skills, advance in your knowledge. Learn other necessary skills required for your growth.
10. Learn about taxes and duties. Have a CA which can explain you about the taxes and your rights.
11. Generate formal invoice for every service or product, whether cash or cheque
12. Have a current account, don’t mix it with your saving account
13. Keep budget for marketing. While you are busy in earning, it may happen that you would not feel to market your skills or product. However, marketing is a tool to show that you are still in the world.
15. Balance: Balance your personal and professional life. Learn to say No whenever required. Priorities things properly. Let your family know what is going on in your professional life and make them a team too.
16. Be technology savvy. Be together with this world.

There are many things that you would learn as you will grow. However, these were few tips from my last 7 years of experience, which I wish someone had taught me.

I wish you all a great success in your endeavor!!!

Deepika Rajnoor, Founder and Lead Image Consultant at IMAGE MANTRA, is practicing on giving solutions on visual elements to different entrepreneurs, students, home-makers and corporate clients. She possesses national and international exposure spanning more than 10 years in the areas of Human Resource Development and Consulting. She is Vadodara Chapter President of Image Consultants’ Society called as Image Management Professionals’ Association, popularly known as IMPA. She is also NABET qualified trainer which is certifying authority for Government of India and Director of e-commerce site www.piggybids.in working for women section of the store. She strongly believes that your appearance has a great impact first on you and then on others. And the best thing is it is manageable and completely in your control.

If you have any query regarding what to wear according to occasions, age, status, body shape, color or how to shop or how to evaluate your wardrobe or anything related to body language, etiquettes and grooming, feel free to write on info@imagemantra.com.
Pleas visit www.imagemantra.com for more information on Image Management and Service Offers. Email: deepika@imagemantra.com
Are you a hapless victim of your physical state?

Have you been huffing & puffing away endlessly on that old stationary cycle forever with little or no result?

Have you been doing an obscene number of stomach crunches everyday only to see your waistline expanding?

Have you been starving yourself to the point of dizzy spells & intense weakness to note no fat loss?

When embarking on a fitness programme, here are some of the most common mistakes people tend to make which end up being counterproductive!

Here are some tips which will help you work smarter, not harder!

• If your main goal is fat & inch loss, exercise cardiovascularly for at least 35 - 40 minutes to begin with. Activities such as walking, aerobics, swimming, jogging, rope jumping, stair climbing, hiking, or even a racket game are all considered cardiovascular.

• If fat loss is the goal, make sure our workout is continuous. If you get too fagged out, then slow down to an on-the-spot march, but don’t stop. When you stop & start, firstly, the body doesn’t continue burning fat. Instead, it dips into other energy stores like glycogen or quick energy. Secondly, this can easily lead to injuries such as a pulled muscle, Achilles tendinitis or a knee injury, among others.

• Every time you crash diet, you lose more & more muscle! The body cannot be held to the same. It cannot be expected to make it through that checkpoint, the body will resort to next to lowering its metabolism, let’s say to 1,300 calories per day to conserve energy. It’s a bit like driving your car in the first gear, & thereby burning a lot more fuel, or driving it in the fourth gear & burning a whole lot less. The distance covered though (the work done) is just the same.

As time goes by, when you stubbornly hold on to your diet regime, the body feels the need to source out other fuel stores. Desperate times, desperate measures! So another trick is to start dipping into your body’s muscle stores, & deplete them for energy. So, you lose muscle!

After a while, you finally come to the realization that this is just not working out the way you wanted. You’re not looking or feeling good, & your fat stores are largely intact!

• Remember that no matter how hard & how often you workout, what your doing on the fat loss front, is burning off & utilizing a lot in terms of fat calories. This is going to go downhill as soon as you stop, if you’re going to go back home & three times a day or more, pack it all back in! This does not by a long shot mean that you should starve or be on a stringent diet. It’s not the quantity of food you consume that requires focus, as much as the quality. It’s so utterly pointless & frustrating getting into a vicious cycle of burning & binging. I’d strongly suggest you stop kidding yourself & embark on a fat loss programme only once you’ve truly decided to commit to it. Don’t bother fooling yourself, wasting your time, effort & money before this.

• The most effective & awesome workout can be just that only for a limited time period! The body very quickly adjusts to the demands & pressures of a routine, & gets immune to the same, thereafter producing no result after the initial spate of results. In order to see continuous results, it’s important that one varies their routines, taking on different activities constantly. This is known as Cross Training. Cross training can include all sorts of cardio, strength & flexibility training such as weight training, jogging, walking, playing a racket game, ski-ing, biking, swimming, star climbing, rope jumping, etc. In a class setting, this could mean resistance training using weights, tubes or elastic bands, boxing, dance moves, step workouts, stretching, slide training, trampoline workouts, circuit training, etc. But keep yourself challenged differently all the while for not just your physical but also your mental well being. Sticking with the same routine day after day & time after time can get very boring & monotonous, which then leads to the inevitable, i.e. your dropping the whole programme in toto.

• Fat & crash diets seriously jeopardize our health, & they just do not work. Here’s how. Crash diets (below 500 calories per day) cause a loss of potassium & nitrogen in the body. This loss triggers a mechanism in the body that causes us to hold on to our fat stores, & to turn to muscle protein for energy instead.

Scientists have speculated that within each of us is a unique “set-point mechanism” that regulates the amount of fat we carry. This is a survival mechanism of our species. It’s a way of stocking up for emergencies, For instance, let’s imagine your body burns 1,500 calories per day. When on a crash diet, the body perceives a threat to its very existence, will cause you to crave food. If you successfully make it through that checkpoint, the body will resort next to lowering its metabolism, let’s say to 1,300 calories per day to conserve energy. It’s a bit like driving your car in the first gear, & thereby burning a lot more fuel, or driving it in the fourth gear & burning a whole lot less. The distance covered though (the work done) is just the same.

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When you get off your diet:
- Your metabolic rate will remain at 1,100 calories per day, leaving you with a surplus of 200 calories, in addition to the 200 from the previous attempt.
- Weight gained will be in the form of fat, not the muscle that has been depleted.
- When you get off your diet, your metabolic rate will take a dive, e.g. from 1,300 to 1,100 calories. Your body weight now quickly increases in the form of fat, & not the muscle that has been depleted.

Also, your metabolism will not rise again to 1,500 calories as in your pre-diet days, but will remain at 1,300 calories per day. This gives you a surplus of 200 calories per day, which will be stored as body fat.

Some of the most common fat collection sites for women are the lower belly, hips, inner & outer thighs, & triceps (back of the upper arms). For men, fat tends to stay focused around the middle & on the back. So now, fat will build up (or further build up, as the case may be).

Having gained fat & inches in this way, after a certain period of time, one would typically get back onto another crash diet with renewed vigor & commit.

At this stage,
- Your metabolic rate will take another dive, e.g. from 1,300 to 1,100 calories.
- Your body will start dipping into the remainder of your muscle stores for energy again.
- Your fat stores remain mostly intact.
- Due to increased lipoprotein lipase activity (in layman’s language, the result here is that the body becomes more efficient at storing fat, which is triggered by crash dieting), we set the stage for gaining fat a lot faster when we come off the diet. Due to this we get caught up in perpetual dieting.

Not only this, but we receive inadequate nutrients in imbalanced combinations. The entire body is taxed.

Studies show that Yo-Yo Dieting leads to an increased risk of diabetes, heart disease & hypertension.

So if crash dieting doesn't work, then what exactly does? You already know the answer! Exercise, in combination with a sensible diet. Just do it!

More health & fitness-related info available on www.bodyart.in

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At Prism, for the past few months, we have been striving to maintain our connection with the Earth by making raw and vegan meals that are organic, using biodegradable alternatives to plastic such as banana leaves and by creating a space where people can still feel in harmony with nature.

Raw & Vegan cooks. Parmita Shroff (Left) & Malvika Amin (Right)

Over the past few years our relationship with food and, by extension, with nature has strengthened leading to food choices that are simple, authentic, chemical and cruelty free. We follow a raw and vegan lifestyle. A vegan diet is a diet free from all animals and animal derived products - meat, dairy and eggs. A raw food diet is plant-based nutrition in its natural, uncooked, unprocessed and true form (which preserves the enzymes in fresh fruit and vegetables). Volunteering at a farm in Pondicherry gave us an insight into permaculture and enabled us to appreciate the laborious efforts, extensive planning and tremendous patience required to produce organic food.

Nature has already provided us with all the tools we need to live happy and healthy lives. Why then are there rising reports of diseases such as diabetes, obesity, cancer, etc.?

Dr. T. Colin Campbell, PhD. has conducted the most comprehensive study of nutrition ever conducted (The China Study) and his findings show that dietary change can enable diabetic patients to go off their medication, heart disease can be reversed with diet alone, and much more. These findings demonstrate that a good diet is the most powerful weapon we have against disease and sickness and that a good diet is one free from animals and animal derived products.

A lot of the solutions out there fix only the symptoms of such conditions while rarely addressing the root cause. It’s easy to see the relationship between the food we eat and our bodies and how it could affect our health. Certain foods make us feel energetic, happy and satisfied while other foods make us feel lethargic, unhappy and always craving more.

“LET FOOD BE THY MEDICINE” – HIPPocrates

Priti K Shroff
Founder and Managing Director
PRISIM - The Healing Temple

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The challenging part of trying to go Vegan, though brought up in a vegetarian family, is curbing my sweet tooth. Macaroons, cookies, cakes were all my favorites until I was compelled not to be ignorant and to consider the ethical and health implications of my food choices.

Being a raw food enthusiast, my affinity to unprocessed natural foods caused an aversion to dairy and dairy products.

- Parmita
Milk is not adult food
Milk and animal products are not “naturally” a part of our diet, yet they have become a part of our diet over the years by cattle rearing, dairy farming and large industries packaging and marketing the same. Human beings are the only species; out of over 4300 mammals that drink another species' milk beyond infancy. When both of us visited Govardhan Eco Village our experience of milking the free range, well fed cows made us realize, instinctively, that milk is an unnaturally derived food. A mammal's milk is meant for its 'offspring' alone. Milk feeding is a temporary phase until young animals can cut their teeth for independent masturbation and are able to secrete digestive juices, yet it has gradually become part of man's staple diet. While calves are not dependent on their mothers for their future growth and calcium requirement after the weaning period it seems strange that we humans cry for cow's milk—since a mother's milk is not considered adult food, why is cow's milk?

Surprisingly, human beings do not have the enzyme that is required to digest milk from a foreign source after we are weaned off our mother's milk. The milk we drink gets broken down in the stomach acid into casein and whey. Casein is a highly antigenic substance (an antigen is a substance that causes the immune system to produce antibodies against it). Antibodies produced in our stomach against the foreign cow's milk proteins are similar to antibodies produced against pancreatic beta cells that produce insulin in our bodies. Thus, attacking the pancreatic beta cells as opposed to casein leading to Type I diabetes. Even worse, present-day milk is derived from cows bred on genetically modified feeds. These feeds contain bovine growth hormone which is carcinogenic to human beings. Milk antibodies combined with any other viral diseases could become carcinogenic mutants.

The belief that consuming milk is necessary for calcium is incorrect. There is a sufficient amount of calcium in natural wholefoods to meet our daily requirements so we needn’t look at dairy products. Fruits (especially oranges), vegetables (organic green leaves eaten raw), all nuts and seeds (sesame seeds) contain a ton of calcium. The reason why we still lack calcium is due to our highly acidic diets. Calcium helps to neutralize acid in the system. Due to consumption of acidic food calcium is leached from our bones, teeth and body which is why people are under the misconception that they need more calcium. Reducing intake of acidic foods and increasing the quantity of alkaline foods will stop the drainage of calcium from our bodies. Our blood is alkaline in nature and to maintain its alkalinity 80 per cent of our diet should be alkaline foods (raw vegetables, fruits, sprouts, almonds, fresh coconut, green beans, peas, coconut water, etc.) and only 20 per cent acid-forming food (grains, legumes, nuts, tea, coffee, meat, eggs, fish, etc.).

The best body builder: Nuts or Milk?
Giving up milk is hard for all of us because we want it with our cereal, in our coffee, in our desserts, smoothies etc. but there are several healthier alternatives such as nut and seed milks. The most easily digestible form of nuts is nut milk. It makes rich non-acid forming drinks full of nourishment. Coconut and almond milk are our most preferred nut milks. Coconut contains all the essential amino acids (proteins) needed by the body and is a great brain and nerve tonic. Almond is a storehouse of nutrition, containing very high phosphorous content, rich in iron and calcium. Contrary to the belief that all nuts create cholesterol, the linoleic acid in nuts is highly beneficial in lowering serum cholesterol level. Nuts furnish perfect proteins and are of high biological value. Most nuts have abundant vitamin ‘A’, ‘B’ & ‘E’ aiding growth, development & physical strength. All nuts are anti-cholesterol, anti-weight gain, anti-diabetic, anti-ageing and anti-disease.

Chia pudding in fresh coconut milk 3 ways: Raw cacao, Strawberry & Matcha. Topped with fresh fruits & Goji berries

Friend, Not Food.
On today's factory farms, animals are crammed by the thousands into filthy, windowless sheds and stuffed into wire cages, metal crates, and other torturous devices. The factory farming industry strives to maximize output while minimizing costs—always at the animals' expense. The giant corporations that run most factory farms have found that they can make more money by squeezing as many animals as possible into tiny spaces, even though many of the animals die from disease or infection. (PETA)

Most human beings daily interaction with animals is sadly limited to what’s on their plate. Being a meat eater and giving up meat to become vegan has taught me a simple truth—that we don’t own the planet. We’re here as guests and we share it with all the other living creatures that are here.

- Malvika


Vegan Gluten-free Brownies

meat in our diets for a variety of reasons—which is why a lot of people become vegan for the ethics and animal rights that this lifestyle represents. We have seen the effects of eating a whole foods plant based diet - cleaner skin, more energy, fewer hours of sleep required per night, a deeper connection with our bodies and this one was surprising - compassion. Mindful eating helped us to consider where our food is coming from and question what’s on our plate.

World Hunger vs. Meat Production
For years, PETA has been saying that if everyone went vegan—and we stopped feeding so many nutritious grains to farmed animals instead of to humans—world hunger would virtually disappear. Researchers at the University of Minnesota’s Institute on the Environment determined that 36 percent of the calories in crops are being fed to farmed animals. When cattle are killed and turned into food, only 12 percent of those calories make their way into the human diet as meat. That’s a whopping two-thirds drop in the number of calories that would have been available to humans if the grains had been consumed directly by human beings in the first place. The problem is that the standard Western diet (which is what countries all over the world are transitioning towards - more meat, more dairy) is extremely resource intensive. In order to produce animal products, land, water, and energy are required to grow, harvest, and transport the feed that is then fed to the farmed animals. We currently produce enough calories to feed 10-11 billion people worldwide, however, the majority of this food goes to feed livestock, not hungry people.

Since we are already struggling to feed our current population, we should be adhering to a diet that minimizes the use of our precious resources - not a diet that requires astronomical amounts of resources. While at an individual level, we may not have the power to change government policies and business practices overnight to ensure food security, we do have the power to control our lifestyle choices. By choosing to eat more plant-based foods you can drastically cut your carbon footprint, save precious water supplies and help ensure that vital crop resources are fed to people, rather than livestock.

Where we come in...
At Prism we cater to people who are interested in vegan and raw cuisine - whether for detoxification, curiosity, taste or because they are already living this lifestyle. We incorporate Superfoods such as organic wheatgrass, spirulina, aloe vera, cacao, chia into our recipes because we believe that they are essential for increasing our immunity, giving us more energy, detoxifying our cells, hydrating our bodies and providing us with all the essential vitamins and minerals that we need. All our ingredients are ordered fresh daily and we make a variety of products; some of our favorites are: Chia Spiced Almond Milk, Vegan Chia, Spinach and Mushroom Crepes, Raw Soups, Fresh Juices, etc. We understand the fulfillment derived from sweet indulgences and we wouldn’t want our clients to compromise. We offer a variety of raw, vegan, gluten-free, refined sugar free, trans-fat free desserts such as Chia Pudding, Peanut Butter Squares, Chocolate Chip Cookies, Brownies, Cakes, Energy Balls, etc. We can customize any meal based on your dietary preferences and also take orders for home delivery. We hope to hear from you soon!

Vegan Gluten-free Quinoa Crust Pizza

APRIL 2017

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Dining etiquette faux pas may be socially offensive. Knowledge of correct dining etiquette shows refinement.

So, to make sure you are well equipped before you dine out, go through these pointers that guide you in a simple way on the basics of Dining Etiquette.

Pointers to keep in mind while dining:

Welcome your guests:
- A handshake should be firm and eye contact is essential when you greet another person.
- Verify the food preferences of your guests when possible and set the menu accordingly.
- It is a courtesy to be on time.
- While at a restaurant, never shout out to the waiter. Make eye contact. And in case your eyes don't meet, raise your right hand with the index finger slightly raised.
- A guest is never seated at the head of the table and the guest of honor is always to the right of the host.
- It is polite to make general conversation with the people seated around you.

Welcome your guests:
- A clutch or smaller bag may be carried under your table.
- A bag may be placed on your lap and your napkin should be placed over it.
- Special bag hooks are available to attach to your chair and hang your purse. You may like to carry one with you.

Bag Rules:
- A bag may be kept under your table or chair (so that no one trips on it).
- Special bag hooks are available to attach to your chair and hang your purse. You may like to carry one with you.

Wipe it!
- Lay the napkin across your lap.
- You may use it intermittently to dab your mouth while doing so.

Dining etiquette faux pas may be socially offensive. Knowledge of correct dining etiquette shows refinement.

Dining Etiquette

By Namita Jain
Managing Director
Kishco Limited

“Dining etiquette faux pas may be socially offensive. Knowledge of correct dining etiquette shows refinement.”

Posture Perfect
- Lean slightly forward while eating, your spine should be in a straight but relaxed position and not hunched over a meal. Your torso should be at a distance of two palms away from the table. Keep elbows off the table while eating.
- Avoid fidgeting - example, touching your face, combing your hair...

Bread and Butter
- Place your bread on the side plate and tear it one piece at a time.
- Butter bread on your plate, never in the bowl.

Bread and Butter
- A cocktail glass or wine or water glass is always held in the left hand if you are circulating the room as the right hand should be free to shake hands and greet people.
- However, at a dinner table all glasses are to be kept on the right.

FAQs

How do I place the knife and fork when I have finished my meal?
Place the knife and fork should at the 11 o’clock or 12 o’clock position.

What is the right way to shake hands?
Handshakes should be firm; not wimpy nor bone crushing.

While shaking hands, maintain eye contact with the other person.

What is the right way of proposing a toast?
The custom of clinking glasses originally was used to drive away evil spirits. If you clink, do so with care, especially with fine crystal. Toasts should be long enough to cover the subject but short enough to be casually entertaining - about a minute.

Grooming yourself:
- Use a white handkerchief to wipe your mouth.
- A cocktail glass or wine or water glass is always held in the left hand if you are circulating the room as the right hand should be free to shake hands and greet people.
- However, at a dinner table all glasses are to be kept on the right.

Dining etiquette faux pas may be socially offensive. Knowledge of correct dining etiquette shows refinement.

Dining Etiquette

By Namita Jain
Managing Director
Kishco Limited

“The article featured is written by Namita Jain, Managing Director, Kishco Limited, an initiative aims to impart fundamental knowledge on table manners and etiquette to kids and adults across all ages. Namita Jain, Managing Director, Kishco Limited says, “The Kishco brand has been a hallmark of fine dining and elegance since 1950. We take this legacy forward as we aim to educate and inform the new generation on the nuances of Dining Etiquette.” The article featured is written by Namita Jain and the contents are extracts from the film. The Kishco brand is synonymous with high quality cutlery, tableware, hotelware, cookware and gift items. It has set quality standards since 1950.”

Namita Jain has conceptualized and created a fun, animated film on Dining etiquette for the Kishco brand. The Dining etiquette film is taken across to schools and educational institutes pan India, and is receiving a tremendous response. The social initiative aims to impart fundamental knowledge on table manners and etiquette to kids and adults across all ages. Namita Jain, Managing Director, Kishco Limited, says, “The Kishco brand has been a hallmark of fine dining and elegance since 1950. We take this legacy forward as we aim to educate and inform the new generation on the nuances of Dining Etiquette. Namita Jain, Managing Director, Kishco Limited says, “The Kishco brand has been a hallmark of fine dining and elegance since 1950. We take this legacy forward as we aim to educate and inform the new generation on the nuances of Dining Etiquette.” The article featured is written by Namita Jain and the contents are extracts from the film. The Kishco brand is synonymous with high quality cutlery, tableware, hotelware, cookware and gift items. It has set quality standards since 1950.”
THE NOT-TO-MISS BIG EVENTS OF SPAIN IN 2017


to the memories of his hometown and to the city where he was born.

Murillo, one of the greatest Spanish artists in the 17th century, and Seville share a strong bond. The Capital of Andalusia is not only the place where the painter was born, rather Murillo’s magnificent oeuvre flourish from the local culture and its social environment. Therefore, a unique events programme has been designed to commemorate the anniversary of his birth while refreshing the knowledge of his work within his own town and worldwide and revitalizing Seville’s cultural proposal are the main objectives.

Situated on the banks of the Guadalquivir River, Seville has a rich Moorish heritage, and used to be a prosperous port that carried out trade with the Americas. The streets and squares in the historic quarter of the city are lively and busy. The Cathedral, the Alcázar Palace, the Giralda Tower or Plaza de España Square are some of the artistic assets that cannot be missed while visiting the city. Furthermore visitors can enjoy the ‘Spanish way’ walking around districts like Triana and La Macarena full of tradition and local practice one of the most deeply-rooted and tasty traditions in the city: "Going out for tapas".

The official opening ceremony of 400th Anniversary of Birth of Murillo will be hosted in December 2017 with the concert of the violin player and composer Jordi Savall, one of the greatest references in Western early music at Teatro Maestranza. However, the Hospital de los Venerables is currently hosting the exhibition "Murillo. Worthy to note is the symposium which will be held in March 2018 and which will bring to Seville 50 speakers from around the world about the artist from Seville.

To these first major events of the Murillo Year, we must add the Festival or the Festival of Ancient Music.

Since 1997, at the turn of the century, Guggenheim has represented the city and cultural life in Bilbao. It is also a place for artists and designers who change art, fashion and future by marking trends. Hence, the commemoration will be presented in all Activities of the Museum from October 2016 to October 2017, under the motto “Art changes everything”, inspired by both the great change experienced by the city of Bilbao and its inhabitants since the opening of the Museum as for social transforming capacity of art.

The commemoration will bring with it the development of an extraordinary activity in The Artistic Field, in which an ambitious conservation project of the Own Collection will be launched along with a special exhibition program. An intense and diverse catalogue that aims to attract a wide range of visitors interested in different concepts from the Parisians avant-garde to the American Abstract Expressionism with key representatives of contemporary art as Bill Viola, France Beacon, David Hockney or Fiona Tan.

Basque artists that will allow young Basque artists to show their work in the Museum: and a collaborative project, called TopARTE that allows local cultural associations to exhibit their art at some of the Museum facilities free of charge in 2017.

The third area will include a series of celebration events with and for citizens, which will be unveiled over the coming months.

In addition to these activities, the special program is complemented by collaborative actions with the artistic and cultural agents and the local artistic community, including a call to select current works from the best young Basque artists that will allow young Basque artists to show their work in the Museum; and a collaborative project, called TopARTE that allows local cultural associations to exhibit their art at some of the Museum facilities free of charge in 2017.

From 5 December 2017 to 8 April 2018, the exhibition "Murillo y su estela en Sevilla" will be held in the convent of Santa Clara, commissioned by Benito Navarrete and coordinated by the Seville Town Hall. It aims the restoration of some of the masterpieces of the painter in town as ‘La Inmaculada’ or ‘Sagrada Familia de Ruiz Soriano’. In addition, some paintings will be transferred from Prado, Louvre or Thyssen Museums and other foundations and collections worldwide.

In November 2018, the first Murillo anthology exhibition will be held under the name “Murillo, IV Centenary” and coordinated by the Andalusian Regional Ministry of Culture with 60 works from institutions in Spain, Germany, Austria, France, United Kingdom, Italy and Portugal.

A third exhibition organized by the Junta de Andalucía will be held in December on the “El Jubileo de la Porciúncula/The Jubilee of the Porciúncula”, the central painting of the main altarpiece of the Church of Cappuccinos and one of the painter’s top works.

In addition, Casa Murillo, located on Calle Santa Teresa, in the heart of the Santa Cruz neighborhood, will be the center of the cultural itineraries that will be developed throughout the city and interpretation center managed by the City of Seville.

The presence of Murillo will be reinforced in many spaces of the city. The House of Alba will bring to Seville the work “Retrato de un eclesiástico de la Casa Miranda/Portrait of an ecclesiastic of the House Miranda” as a further attraction of the Palace of Dueñas and the Hospital de la Caridad will exhibit the works restored by the Junta de Andalucía, “Mozés haciendo manar el agua de la roca/Moses making the water run from the rock”and “La multiplicación de los panes y los peces/The multiplication of the loaves and the fish”.

Moreover, cultural events will be organized around the figure of Murillo. Worthy to note is the symposium which will be held in March 2018 and which will bring to Seville 50 speakers from around the world about the artist from Seville.

To these first major events of the Murillo Year, we must add the presence of this commemoration in all the great cultural events of the city such as the 2018 Biennial of Flamenco, the Film Festival or the Festival of Ancient Music.

Bilbao and Seville will run a complete programme to further delight your stay by discovering the cities from a different and contemporary perspective.
By Siddharth Bera
Managing Director
Epitome Corporation Pvt. Ltd.

Web based distance learning has developed and changed the learning system of India, which is the critical need of the systematic study if we want to use to obtain the best desired learning products. Well, physical class is localised but Internet can go beyond the regional barriers. Students can learn more from the examination group than from a teacher. However Epitome solutions makes has a great contribution in developing the virtual classrooms model in India.

However, the virtual classroom solution technology enables large number of students scattered all over the world for a one-to-many and interactive communications with the faculty. Well, this platform provides an interactivity parallel to live classroom session, where a student can interact with the faculty, ask queries, questions etc at any point of time and sitting at any corner of the world. There is a wide use of voice, data and video. All these advantages make the concept of virtual classroom very popular.

In a web based classrooms, students can study at their velocity. The lessons will be available every time and students can go through them at free time and grasp it. Moreover in web-based classes, the teacher can explain the lesson in a structured manner, so that the lesson can be understood properly. In India, students from far flung places can take the advantage of the web based classes.

Our Epitome solution has with it a perfect voice quality and the best voice communication experiences for its users. However it has an outstanding bandwidth flexibility and video compression rate due to which users can expect perfect visual effects even in a bad network. However, with its built-in multiplexing technology, a single video channel can be multiplexed through several video signals so that the video data is transmitted in a synchronised and organic way. This in turn saves the network bandwidth, enhances the transmission skill and reshuffles the transmission.

All the videos are transmitted by our cloud via our bandwidth, which saves the users from the expensive bandwidth. Moreover our solutions are not restricted to only PC-Laptop; it can be available through any tablets and Smartphone’s.

Well, the online classroom training is an alternative to full classroom training that offers flexibility. It reduces travel cost, and can be concentrated on a single module of a specific application or provides as short refresher courses. The web based classes can be implemented at a low cost as many tools are available free. Moreover the software and hardware that is required is very negligible. Users can set up in a limited infrastructure.

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