

NEWS ALERT

Green Habitat Rules in a Month

The government plans to introduce environment rating of habitats, a logical extension of its **green rating for integrated habitat assessment (GRIHA)** system for new buildings.

Under the proposal, integrated townships, new urban complexes and special economic zones may have to get green rating certification. Large projects involving the development of industrial, commercial and housing clusters will come under government scrutiny. "The guidelines (for large developments) is close to being finalised," said an official with the ministry of new and renewable energy (MNRE). "We may announce it in a month," he said, requesting anonymity. The MNRE has constituted a committee of experts to get a comprehensive set of suggestions from builders, town planners, architects, government officials, developers, environment experts and officials. The exercise is also being supported by the Association for Development and Research of Sustainable Habitat (ADARSH), jointly supported by the MNRE and The Energy and Resources Institute (TERI).

Tata Motors has pulled out of an ambitious 7-billion-baht, or \$150-million, eco-car project in Thailand, confirming relentless media speculation about an impending exit because of the carmaker's growing discontent with costs and new tax rules. The company could instead launch the Nano, the world's smallest and cheapest car, in Thailand, said people familiar with the Tatas' plans.



Convertible Notes May Get FDI Tag

The finance ministry wants to tighten the definition of foreign investments to include instruments that carry potential voting rights, such as convertible debentures, but some experts say the rule may be cumbersome. This could be worrying for companies that have marginally less than 50% foreign investments and have such convertibles on their balance sheet, for they could be labelled a foreign company if the overseas stake in them crosses 50% after including these instruments.

The new FDI policy classifies a company as Indian if it has less than 50% foreign investment and the majority of directors on the company's board are resident Indians. A number of companies have less than 50% foreign investment but have issued quasi-equity instruments such as convertible debentures with voting rights to foreign investors, allowing investor to effectively exercise control over the entity.

A company that is classified as a foreign one faces many restrictions under the new FDI policy. All investments by such a company in a subsidiary or joint venture is counted as foreign investment. This limits ability of foreign companies from investing in sectors that are closed to foreign investments such as multi-brand retail or sectors that have low limits on foreign investments.