



August 28, 2009

OPTIONS GALORE

- RBI move means that barring a few sensitive sectors, a FVCF registered in India is free to invest in any business in the country
- For buying into firms which are outside the 10 sectors identified for tax benefits to VCs, funds will either approach FIPB (Foreign Investment Promotion Board) or invest directly where FDI is permitted automatically

In order to give a boost to exporters, reeling under the impact of global financial meltdown, the government on Thursday said that various schemes like DEPB (Duty Entitlement Pass Book) that provide incentives to exporters would continue.

A conscious decision has been taken to continue with the DEPB scheme up to December 2010, and also income tax benefits under section 10(A) for the IT industry.

RBI Opens FDI Door for Entry In New Areas

Indian regulators have opened the doors to foreign venture capital funds (FVCFs) beyond the select investment options they were being offered in recent times. The decision, reflected in some of the communications between the reserve Bank of India and custodian banks of VC funds, could not only make life easier for foreign funds and widen the scope for their risk capital, but also boost foreign direct investment (FDI) in the country.

FOREIGN TRADE POLICY, '10-14

The Foreign Trade Policy 2010-12 tries to find solutions to the crisis and set the agenda for the future



TARGETS:

- Annual export growth of 15% with an annual export target of \$200 billion by March 2011
- 2011-14 annual export growth of 25% per annum. Double India's exports of goods and services by 2014
- Double India's share in global trade by 2020

MAJOR INITIATIVES:

- 26 new markets added under Focus Mkt Scheme, incentives hiked from 2.5% to 3%
- Incentive under Focus Product Scheme raised to 2% from 1.25%, more products included
- India to promote diamond bourses to make the country an international diamond trading hub
- Single window scheme for export of perishable farm goods
- EOUs allowed to sell products in domestic tariff area