

Daily Economic News Summary: 16 January 2017

1. India's economic activity to pick up in second half of 2017: Moody's

Source: Live Mint ([Link](#))

After a temporary dampening effect on consumption and investment in the medium term, demonetisation will likely strengthen India's institutional framework, said Moody's Moody's Investors Service and its Indian affiliate ICRA Ltd on Monday said the country's growth of gross value added (GVA) at basic prices will ease to about 6.6% in 2017 from around 7% in 2016, with a likely pick-up in the second half of the calendar year, as the economy adjusts after demonetisation. India's economic growth is likely to decelerate to 7.1% in 2016-17 from 7.6% the previous year, chiefly due to an industrial slowdown, the statistics department said earlier this month, sidestepping the possible impact of demonetisation. The comparable measure of economic activity with Moody's projection—GVA at basic prices—showed the economy growing 7% in 2016-17, compared with 7.2% last year.

2. Arun Jaitley may lower corporate tax in budget: survey

Source: Live Mint ([Link](#))

Finance minister Arun Jaitley may address the transient pain of demonetisation by cutting corporate tax rates when he presents the budget for 2017-18 in just over two weeks' time. Jaitley in his second budget speech in February 2015 had announced phasing out of tax incentives with effect from 1 April, 2017 and reducing the corporate tax rate from 30% to 25%. In a survey by Deloitte Touche Tohmatsu India LLP, commissioned on budget expectations of India Inc, 53% of the respondents expect the corporate tax rate to be reduced this time. "Given the strict measures taken by the government in curbing black money, it may be the appropriate time to reduce the tax rate," Deloitte noted. Corporate tax accounted for a little less than a fifth (19%) of the government's receipts last fiscal whereas income tax receipts accounted for just 14% of total receipts.

3. Budget may aim to help more start-ups qualifying for incentives

Source: The Hindu: Business Line ([Link](#))

With less than a dozen start-ups managing to qualify for income-tax sops since the launch of the ‘Start-Up India’ campaign last year, the Centre has received proposals to ease the eligibility norms and increase the tax benefits. The Department of Industrial Policy & Promotion (DIPP), which has been asking the Finance Ministry to allow older start-ups to qualify for the sops and increase the number of years for income-tax exemption from three to seven, has made a renewed plea. “If the objective of the ‘Start-Up India’ scheme is to encourage such companies and in turn boost entrepreneurship and employment generation, the government must give a clearer signal and show its intent to qualify more start-ups for incentives,” said an industry source. It has also asked for other incentives such as flexibility in taxation on ESOPs for start-ups, and regulatory easing.

4. Roads and renewables infrastructures deals seen rising in 2017

Source: Live Mint ([Link](#))

The government is looking to monetize 75 national highways through international competitive bidding. Deals in the infrastructure space are set to increase as companies put dozens of assets across roads and renewable energy sectors on sale, according to analysts and investment bankers. A number of such deals have either been announced or are in the due-diligence stage and will likely be completed in 2017. A number of infrastructure-focused funds and overseas pension funds have announced plans to invest in India’s roads and renewable energy projects. “Within infrastructure, roads is a sector where one will see deal activity improving, primarily because there are multiple operating assets available for a transaction that do not have construction risks involved and thus have better appeal to a financial investor. Also, there are multiple buying platforms emerging apart from the existing road platforms, as financial investors will also become acquirers of road assets via structures such as InvITs (infrastructure investment trusts). It is now a question of buyers’ and sellers’ expectations meeting at a certain valuation benchmark,” said Navneet Singh, executive director and head, infrastructure group, Avendus Capital.

5. India high on popularity chart in Asia-Pacific with expats

Source: Business Standard ([Link](#))

The fastest growing major economy in the world, India, has also become a popular destination in the Asia-Pacific region for expat entrepreneurs to set up a business, according to a survey. “India is a popular destination with expat entrepreneurs. More than one in 10 (11 per cent) expats in the country moved here to set up a business, more than twice the average of 5 per cent across Asia-Pacific,” according to HSBC’s Expat Explorer Survey. The survey also revealed that India draws more expat entrepreneurs than countries in the Middle East, such as Bahrain (7 per cent) and the UAE (5 per cent). The 2016 Expat Explorer survey was conducted among 26,871 expats in over 100 countries through an online questionnaire in March, April and May 2016. In comparison to other countries in the region, India also has the highest proportion of expats on an international secondment or assignment, it said. A third (33 per cent) of expats in India have been relocated to the country by their employer, more than in regional financial hubs such as Hong Kong (26 per cent) and Singapore (22 per cent), and above the Asia-Pacific average of 17 per cent, it added. Nearly two-thirds (64 per cent) of expats are confident of the Indian economy, above the expat average of 52 per cent across Asia-Pacific, it said.

6. Amazon India to create over 7,500 temporary jobs before sale

Source: The Hindu: Business Line ([Link](#))

Amazon.in will create well over 7,500 temporary jobs for its upcoming sale, and these positions will mostly be in logistics to ensure smooth deliveries. Amazon.in will host its ‘Great Indian Sale’ between January 20-22, 2017. “We have opened more than 7,500 seasonal roles for our upcoming Great Indian Sale. These roles will be available at 27 Fulfilment Centres, over 100 delivery stations and close to 15 sort centres across the country,” Amazon India Vice President — India Customer Fulfilment Akhil Saxena told *PTI*. He added that throughout the year, Amazon.in generates thousands of seasonal job opportunities, as well as opportunities for long term career development. “Recruitment for seasonal roles is now underway and will be trained for the upcoming sale. We are excited to welcome these new personnel,” he said

By Rajnee Narula

