

## Daily News Summary: 10 July 2015

### 1. India bright spot for IMF globally

Source: **Times of India** ([Link](#))

The International Monetary Fund (IMF) cut its forecast for global growth this year but retained robust growth for India, which is expected to overtake China's rate of expansion in 2015 and maintain its position as the fastest growing economy in 2016.

The world economy is expected to grow 3.3% in 2015, slightly lower than the earlier estimate of 3.5%, IMF said in its World Economic outlook update. It retained the growth forecast of 3.8% for 2016. "Moderate growth continues, with global growth forecast to be slightly down for 2015, reflecting an unexpected setback to economic activity in the first quarter of 2015, mostly in North America." It also cautioned that Greece and events in China remain as downside risks.

*"Disruptive asset price shifts and a further increase in financial market volatility remain as an important downside risk. Developments in Greece have, so far, not resulted in any significant contagion. Timely policy action should help to manage such risks if they were to materialize,"* IMF said.

### 2. India, US sign FATCA; pact to help detect and discourage offshore tax evasion

Source: **Economic Times** ([Link](#))

India and the United States have inked an accord that will help detect and discourage offshore tax evasion and shield Indian financial entities such as banks, insurance companies, custodians and broking houses from facing penal taxes in the US for failing to disclose the dealings of American citizens and US entities. The Foreign Account Tax Compliance Act or FATCA was signed by Revenue Secretary Shaktikanta Das and US Ambassador Richard Verma.

*"FATCA is a mutual effort to combat tax evasion and it would be mutually beneficial for both the countries... FATCA would detect, discourage offshore tax evasion. This kind of exchange of information is top priority for governments,"* Verma said.

India has opted to sign inter-governmental agreement with the US under FATCA, which will save financial institutions the bother of inking the agreement individually with the US. Talking to the media after signing the agreement, Das said, *"We reassured the US government of*

*the binding commitment to...fight the menace of evasion and bring transparency in the matters of payment of taxes which are legitimately due to the government."*

### **3. Indian business dreads lifting of Iran sanctions**

Source: **Reuters** ([Link](#))

Indian businessman Pankaj Bansal is losing sleep. He says that any nuclear deal under which global powers lift sanctions against Iran could wipe him out. *"I have been forced to take sleeping pills now to avoid nightmares as my business with Iran has drastically come down,"* said Bansal, 43, from his base in a teeming commercial district of south Delhi.

Bansal's trading firm, TMA International, has expanded from metals into motors, auto parts and chemicals as rivals were shut out of Iran by Western sanctions aimed at forcing Tehran into a nuclear compromise. Talks to finalise a deal have run deep into overtime but may wrap up on Friday.

He is one of thousands of exporters who enjoyed a three-year run because India did not back the sanctions. In that time, India's exports to Iran doubled to \$5 billion, helping to halve its bilateral trade deficit. Now, they could be forced aside by European and U.S. competitors just as Asia's third-largest economy reels from a 20 percent export slump prompted by a global slowdown in trade.

The revival of India's historic friendship with Iran, shared with Russia and Venezuela, does hold the promise of long-term trade gains. Yet short-term pain looms for oil buyers and banks that benefited from sanctions-related payment delays.

### **4. India overtakes China in high-end phone volume growth**

Source: **Economic Times** ([Link](#))

India has pipped China to drive the volume growth of Smartphone in the world on the back of falling prices of high-end devices and growing adoption of 3G services, according to an HSBC report.

*"China was the volume growth engine since 2013. However, given China's Smartphone penetration having reached 95 per cent in 2014, further growth will be derived from other emerging countries with relatively low Smartphone penetration. We forecast that Smartphone shipments will grow at a 2014-19 CAGR of 26 per cent in India, followed by 19 per cent in*

*Middle East (West Asia), 8 per cent in Latin America and 5 per cent in China,"* said a HSBC Global Research report.

It noted that India was the global No. 2 mobile phone market in 2014 with 275 million units of shipment, or 14 per cent of world market. However, it was global No. 3 Smartphone market last year with 81 million units of shipment, or 6 per cent of global market.

## **5. Maharashtra plans tax sops for green buildings**

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

The Maharashtra government is planning to give tax sops to developers to incentivize construction of green buildings in both residential and commercial spaces. The plan is to give 3-7% rebate on property tax for such buildings across municipal corporations and councils though the government is yet to define what exactly would make for a green or eco-friendly building.

*"Currently, we are discussing what should be defined as a green building, whether we should give ratings to various measures and offer incentives accordingly among other things,"* said an official of the state urban development ministry.

The official said the proposal is likely to be tabled before the cabinet immediately after the monsoon session of the assembly, which will begin on 13 July.

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