

Daily Economic News Summary: 13 June 2016

1. PM Modi to hold interactive session with Taxmen at Revenue Gyan Sangam

Source: NDTV ([Link](#))

Prime Minister Narendra Modi will hold an interactive session with the top brass of the two revenue collection arms of the government -- CBDT and CBEC -- during a first-of-its-kind 'Rajasva Gyan Sangam' on June 16. Sources said both the boards have been asked to direct their officials to prepare suggestions on *"important policy-level and innovative ideas of far reaching impact relating to the legislative and administrative framework of taxation in India"* that they can be put forth to Prime Minister during the conclave at Vigyan Bhavan in New Delhi. The Finance Ministry in a statement today said the prime minister will inaugurate the two-day annual conference of senior tax administrators of Central Board of Direct Taxes (CBDT) & Central Board of Excise & Customs (CBEC) on Thursday.

While the CBDT is responsible for collecting direct taxes, CBEC does the same vis-a-vis indirect taxes. "He (Modi) is expected to motivate the revenue officers towards achieving high standards in taxpayer friendly service in view of fast paced changes in the world economy and to address some of the challenges that these departments face in this scenario," the statement read. The Annual Conference has been given a brand new name -- Rajasav Gyansangam (Revenue Officers' brainstorming retreat). This is for the first time that the two revenue boards are holding their conference simultaneously. Till now, they used to hold conferences separately with the chief guest being the finance minister. Meanwhile, in a tweet Revenue Secretary Hasmukh Adhia said the blueprint of the 'Gyan Sangam', the details of the deliberations and recommendations will be sent to the finance minister's office and the PMO.

2. Pursue FTAs in Africa, Latin America and ASEAN to push exports: Auto Industry

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

With automobile exports in slow lane, the industry has asked the government to aggressively pursue FTAs with nations in Africa, Latin America and Asean region that do not have strong manufacturing base, besides asking for enhanced duty drawbacks. Proposing a list of interventions that can help rev up automobile exports, the industry has asked the Commerce Ministry to adopt a holistic approach to address tariff and non tariff barriers in the potential export markets of Africa, Latin America, Asean and Saarc countries.

According to sources, a study conducted by iMaCS on behalf of the industry has also been submitted to the ministry suggesting various measures in order to accelerate exports. The government should aggressively pursue FTAs (free trade agreements) with countries that do not have a strong manufacturing base for automobiles, according to the study. In Africa, FTAs should be pursued with Algeria, Egypt, Nigeria and South Africa, while in Latin America the government should try to pursue FTAs with Chile, Peru and Colombia, it said.

3. Suresh Prabhu flags off Tiger Express, launched to spread awareness about tiger conservation

Source: **Indian Express** ([Link](#))

Railway Minister Suresh Prabhu flagged off IRCTC's Tiger Express from Safdarjung station. A semi-luxury tourist train, Tiger Express is launched to spread awareness among people regarding tiger conservation. Flagging off the train using a remote control from Mumbai, Prabhu said it has been launched to spread awareness about conservation of tigers. It is the first semi-luxury train on a tourist circuit having a dining car. The itinerary has a tariff structure starting from Rs 38,500, IRCTC said in a statement.

The package includes accommodation in air-conditioned rooms of three stars or equivalent ranked hotels for three nights, sightseeing, food, inter-city transfers and travel insurance, according to the released statement. Giving details of the itinerary, an IRCTC official said that during the five-night-six-day trip, the train would take passengers to Katni from where they will be taken to Bandhavgarh by road for a safari. From there they will be taken to Kanha for another safari. The tourists will then be taken to famous Dhuadhar Falls in Bhedagarh, Jabalpur, before heading back to Delhi.

4. Govt plans NH grinds for smooth travel

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

India has over one lakh kilometers of national highways (NHs), but there is no scientific road network pattern and drivers can't take a straight road to reach from one place to the other. To address this, NHAI has prepared a grid of 27 horizontal and vertical national highway corridors at a distance of every 250 kms crisscrossing the country. All these stretched will be of four lanes and will provide more road space for seamless transport. The total length of these corridors, including ones such as Kanyakumari to Srinagar, Porbandar to Kolkata, Surat to Paradip Port, Rameshwaram to Dehradun and Mangalore Port to Chennai Port is about 36,600 kms. Out of this about 30,100 kms are already NHs. But only 18,800 km of them are of four-

lanes. Sources said going by the standard costing, the government will have to invest about Rs 25,000 crore for completing four-laning of the routes.

5. Family offices of Alibaba's Jack Ma and Joseph exploring investments in India

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

The family offices of two of Asia's richest men, Alibaba Group chairman Jack Ma and executive vice chairman Joseph Tsai, are among a fresh breed of Chinese investors exploring investments in India, seeking to replicate their successes outside their home market. While their personal investment vehicles are yet to park money in Indian startups, feelers have been sent through informal networks, according to two people with direct knowledge of the overtures made by the investors. Ma's net worth is estimated at \$22.8 billion (about Rs 1.5 lakh crore) and Tsai's at \$5.5 billion-\$ 7 billion. Meetings between the emerging pool of Chinese private capital and the representatives of Indian startups are mostly being held in Singapore and Hong Kong, according to the sources, who declined to be identified. The new-found interest of the Chinese family offices could offer respite to an Indian startup ecosystem beset by a severe funding crunch because of current investors who have grown cautious about pouring in more money.

6. Soft drinks, packages water to drive beverage consumption growth

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

Global consumption of beverages will rise the fastest in India and China in the coming five years, according to a forecast by global research firm Canadean. By 2021, more than two-thirds of the rise in global beverages consumption will come from Asia, which accounts for 60% of the world population, while the share of Europe and the US would drop to 18% from nearly a third in 2000. Soft drinks and packaged water will be the primary drivers of incremental volume growth, underscoring the opportunities offered by lack of quality tap water. In India, Coca-Cola, PepsiCo and Bisleri dominate the soft drinks and packaged water market, valued at around over Rs 15,000 crore. The forecast highlights the growing importance of emerging markets.

7. Amazon Business wants to expand to new cities for greater business to business retail

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

AmazonBusiness is planning to expand to new cities in the coming year for a larger share of the business-to-business retail. From an 8-pincode pilot in BENGALURU, started a year back, Amazon-Business in India continues to be a work-in-progress compared to its US market where it clocked in \$1billion in annual sales last year. Part of the cautious approach is to do with the tax structure in the country. "In business-to-consumer Business, you can have presence in one part of the country while serving the rest. In case of business-tobusiness transactions, it is a statespecific business. Tax rates are different in different parts of the country and we have to have our fulfilment centre in whichever new state we get into," said Kaveesh Chawla, general manager of AmazonBusiness, adding that the market is underserved as 90% of the trade happens through the mom-and-pop stores which source products from traditional distributor network.

This and other India-specific issues have helped AmazonBusiness tweak its model for the Indian momand-pop stores as well as pharamacy, gas stations and offices which order from the portal. "*Cash on Demand, which we launched in December, is massive and constitutes the majority of the order. We have also created a closed loop credit card for small retailers in partnership with banks as well as payment through NEFT/RTGS for transfer of money on to our account directly, within two days of order generation,*" said Chawla, adding that the platform works with 10,000 retailers in Bengaluru alone. He said that the network can be opened up for incremental services such as credit services from financial institutions. "For brands like Coolpad, Motorola we are the distributors in the absence of an offline distributor channel. New brands are looking at other channels of sale such as supermarkets," said Chawla, adding that AmazonBusiness currently works with over 300-plus brands in India, dominated by FMCGs such as Dabur, Patanjali, as well as Indian brands like Emami and CavinKare, home and kitchen utilities and devices, babycare, personal care and health and electronics.

.....

By Harsha Hazarika