

Daily Economic News Summary: 23 November 2016

1. Swiss window for black money shuts

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

The options for concealing illegal wealth shrank on Tuesday after India and Switzerland signed a declaration ending the era of Swiss bank secrecy and allowing automatic exchange of financial information between the two countries prospectively. This complements the domestic crackdown on black money with the government announcing demonetization of currencies of denominations Rs1,000 and Rs500 on 8 November. The notification this month of the Benami Transactions (Prohibition) Act, covering both movable and immovable assets, gives further ammunition to the government to crack down on tax evaders who use their unaccounted money to buy property under fictitious names. Analysts say that even if the measures do not extinguish the problem of black money, they will increase the cost and risks of garnering illegal wealth.

Automatic exchange of information, along with the stringent Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015, is expected to act as an effective deterrent for tax evaders who have stashed their money in foreign countries. According to a joint declaration by the two countries, India will automatically receive all financial information about its residents, including bank accounts and balances, dividends and interest income and sales proceeds used to calculate capital gains tax, from September 2019. The information will be for assessment years starting 2018.

2. Flipkart eyes groceries, fresh push in furniture

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

India's top e-commerce firm Flipkart plans to move into the groceries space and make a renewed push in the online furniture business, as it expands its product portfolio and looks to outmanoeuvre global giant Amazon.com Inc. in a burgeoning India market. Flipkart's chief executive Binny Bansal said the home-grown e-commerce player plans to begin experimenting with grocery sales next year and scale up operations over a three-year period. "There's definitely room to build a profitable grocery business, but it's hard. That doesn't mean it's not possible, but it's hard," Bansal told *Reuters* in an interview on Sunday. Amazon India has already begun to pilot grocery sales in select Indian cities. More and more people in India, a country of over 1.2 billion people, are logging on to the internet to buy everything ranging from clothes to smartphones, making its e-commerce market one of the world's fastest growing.

3. Cummins to make India export base for BS VI equipment

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

India's plans to leapfrog to Bharat Stage VI (BSVI) emission norms by skipping an intermediate stage had automakers in a tizzy but for Cummins Inc., manufacturer of engines and filtration technologies, the move marks the next phase of growth in India. The company plans to bring all its top components and technologies, such as electronic fuel systems and after-treatment systems, to India and make the country an export hub for the world, global chairman and chief executive Tom Linebarger said in an interview Thursday. "We see this as an opportunity for us. Not only can we bring new technologies, which means we can sell other things, we can (also) export (them) from India to other countries now," Linebarger said. "As part of Euro VI, you are now adding a lot of technologies, and that means investments in technology will create other jobs. Once you have these global technologies, then you can export them as well because all other countries are using them now," he added.

4. ONGC Videsh gas deal with Iran by Jan

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

A consortium of Indian companies led by ONGC Videsh(OVL) is set to strike a deal with Iran for the economic development of Farzad-B gas field in the Persian Gulf by January next year. This comes at a time when Iran surpassed Saudi Arabia to become the biggest oil supplier to India in October, after sanctions on the former were lifted in January. According to a Reuters report, in October this year, the supply from Iran zoomed to 789,000 barrels a day (bpd), compared with Saudi Arabia's 697,000 bpd. "Our relationship with Iran is strategic and long-standing. As far as the Farzad project is concerned, financial issues will be sorted out and we will finalise the deal by January. We have already appointed a consultant for that," said an official close to the development. Though India had shown its interest in the project long back, sanctions by the United States and other western countries on Iran delayed things. Farzad-B has gas reserves of about 21.6 trillion cubic feet.

Managing director of Pars Oil and Gas Company (which is in-charge of the project), Mohammad Meshkinfam, told the Iran media that deemed "economic development model" was the main basis of disagreement between both the countries. "In case no agreement is reached in the envisaged time, the development of Farzad-B will be put out to an international tender," he said.

5. Demonetisation: India moving towards formal economy, says Amitabh

Kant

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

Backing the government's decision to demonetise higher-value currency notes, Niti Aayog Chief Executive Officer Amitabh Kant on Wednesday said the country is moving towards a totally digitised payment system that will accrue "huge gains" in the long-term for the economy. "There are long-term gains for the country (from demonetisation). The country will move towards a totally digitised payment economy. It will move towards formalised economy," Kant told reporters on the sidelines of 'India Power Forum'. Terming the withdraw of old Rs 500 and 1,000 notes from circulation as "excellent" and "good" move, Kant said there would be short-term issues due to the decision but in the long-term, there would be huge gains. "It is a very mammoth and unprecedented thing. There will be some short-term issues. I don't think we need to worry about them.... The Prime Minister has said 50 days (to weed out black money)," he asserted. The country, he said, is moving from non-formal economy to a formal economy, so the people should have patience and faith.

By Nandini Malhotra

