

Daily Economic Newsletter: 25 April 2016

1. Government working on proposal to invest Rs 6000 crore on regional airports

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

The aviation sector is set to get a leg up with the government working on a proposal to invest Rs 6,000 crore this fiscal year to revive and develop 75 regional airports, which currently see little activity. The civil aviation ministry will soon send a formal proposal to the finance ministry and both have already discussed the matter at a recent meeting, a senior aviation ministry official said. *"The project will be implemented by the Airports Authority of India,"* the official told ET, speaking on the condition of anonymity. The proposal is in line with the government's stated plan to take flying to the masses, by boosting air connectivity to small cities and towns, and subsidizing fares to such destinations. In his budget announcement in February, Finance Minister Arun Jaitley had said the central government would partner with states to develop some of these airports to improve regional connectivity. These facilities *"can be revived at an indicative cost of Rs 50 crore to Rs 100 crore each"*, he had said.

2. E-commerce poised for a big leap: Report

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

The Indian e-commerce industry is poised for a big leap in the next four years, according to a report by the Confederation of Indian Industry and Deloitte Touche Tohmatsu India LLP. While the business to business (B2B) segment is expected to more than double from \$300 billion in 2014 to \$700 billion in 2020, the business to consumer (B2C) segment will grow more than seven times from \$13.6 billion to \$101.9 billion, the report said.

The growth in B2C e-commerce will be supported by a spurt in number of online shoppers, from 20 million in 2013 to 220 million in 2020, as well as a three-fold increase in average spending by online shoppers, from \$147 in 2013 to \$464 in 2020. The report, however, has a word of caution for online retailers who have splurged on discounting to acquire customers, a move that has helped them increase gross sales. Combined losses for e-commerce companies such as Flipkart Ltd, Snapdeal (Jasper Infotech Pvt. Ltd) and Paytm (One97 Communications Pvt. Ltd) last year stood at \$557 million, the report said. *"A majority of B2C e-commerce companies, globally, despite being operational for 5-20 years, report low profitability. The situation in India is no different, i.e, a growing gross merchandise (GMV) value but at an overall loss as the e-commerce companies establish themselves,"* the report says.

3. DGCA proposed easing aircraft import norms

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

Domestic airlines might soon be allowed to import aircraft that are up to 18 years old, with aviation watchdog DGCA proposing to ease the norms as government looks to boost regional air connectivity. Currently, local carriers are not allowed to import aircraft that are more than 15 years old. For making the relaxation, the Directorate General of Civil Aviation (DGCA) has proposed changes to a more than two-decade old regulatory framework pertaining to aircraft imports. The proposal to relax the aircraft import requirements comes at a time when the government is in the final stages of preparing the new aviation policy that would focus on improving regional air connectivity, among other areas. The watchdog has proposed that pressurised aircraft that are to be imported should not have *“completed 18 years of age or 50% of operating cycle”*.

A pressurized aircraft is one which is equipped to handle cabin pressure at an altitude of above 10,000 feet. Besides, such aircraft should not have completed *“15 years of age or 75% of design economic life or 45,000 pressurisation cycle”*. These norms, once in place, would be applicable for use in scheduled, non-scheduled and general aviation operations. With respect to un-pressurised aircraft, the decision on whether to give approval for import or not would be taken on a case to case basis after complete examination of the record of the particular aircraft being procured.

4. Los Angeles eyes 1.05 Lakh Indian visitors in 2016

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

Los Angeles is looking to attract around 1.05 lakh Indian visitors in 2016 as it undertakes various initiatives to hard-sell itself as a preferred tourist destination. *“We are expecting 4.8 per cent growth year-on-year in numbers of Indian visitors to Los Angeles in 2016 amounting to around 1.05 lakh visitors,”* Los Angeles Tourism & Convention Board President and CEO Ernest Wooden Jr. Told PTI.

In 2015, around 99,000 Indians visited Los Angeles, he added. Detailing the type of visitors from India, Wooden Jr said: *“It is a mix of leisure and business. Around 90 per cent of Indian visitors in 2015 were leisure while 10 per cent were business.”* On the initiatives that Los Angeles Tourism & Convention Board is taking to promote the city in India, he said: *“Initially, the main focus is going to be to educate the travel trade community about what Los Angeles has to offer.”* After that the board will talk to retail operators and eventually to the consumers directly, he added. *“The main attractions that Los Angeles offers to visitors is great sight seeing, beaches, amusement parks, Hollywood, shopping experience and diverse culinary scene,”*

Wooden Jr said. At present, China is among the top source markets for Los Angeles, *"We are expecting the same kind of growth potential out of India in long term. The potential here is very huge."*

5. Walmart India plans 50 more outlets by 2020

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

Wal-Mart Stores Inc, which runs cash-and-carry stores in the country through its arm, Walmart India, plans to deepen its presence by opening more stores in the existing states where it currently operates. It is targeting to open 50 more stores by 2020, while at the same time be profitable in each of its stores by managing inventory better. *"The strategy is to owning a city, owning a state or province,"* Krish Iyer, chief executive of Walmart India, told FE. This would mean that the firm would open more stores within the states where it is currently present rather than expanding into newer states. All of its new stores will also have a e-commerce channel, he added. Currently, Walmart India owns and operates 21 stores under the brand name Best Price Modern Wholesale in nine states, including Punjab, Rajasthan, MP, Chhattisgarh, UP, J&K, Andhra Pradesh and Telangana, and Maharashtra.

Walmart entered into India in 2007 through a joint venture with Bharti Enterprises, the parent company of Bharti Airtel. The joint venture Bharti-Walmart opened its first store in 2009 in Amritsar. However, in 2013, the two partners split with Walmart retaining the wholesale business while Bharti held the retail operations, which has since been sold to Future Group. Iyer took over the operations in February 2014 and since then, Walmart has not opened a single new store, except for one purchase of a wholesale cash-and-carry business of Carrefour, which exited India. Until then, Walmart had 20 stores. *"We want to adopt a cluster approach when GST comes into place. That would mean we need a single distribution centre instead of multiple consolidation centres in three-four states,"* Iyer said. The strategy is to build more stores within a state and have one distribution point for multiple stores within and the neighbouring states, he explained, adding that the move would help the company manage its inventories better and reduce wastage and improve profits.

6. Honda plans slew of new models for India

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

Honda Cars India Ltd plans to introduce several new models in India over the next two years as it seeks to make deeper inroads into the country's competitive car market and thwart competition from newer rivals, said three people familiar with the company's plans. They declined to be identified as plans are confidential.

Besides the new BR-V, a compact SUV that goes on sale on 5 May, Honda plans to launch a cross-over (code-named 2FM) based on the Jazz platform in 2017. The India unit is also working on developing a new generation Brio compact car, Amaze sedan (code-named 2UA and 2UB) and the new generation Accord and CR-V. All these models are expected to be launched in India in fiscal 2018-19. A spokesperson from Honda declined to comment. *"We don't comment on speculation,"* she said. The plans come amid heightened competition in the Indian car market and Honda's flagging sales. The local arm of the Japanese car maker, which had come back strongly in the passenger car market with the new generation City, Jazz and Amaze, saw its fortunes slip in fiscal 2015-16 as new model launches from Maruti Suzuki India Ltd and Hyundai Motor India Ltd, found greater acceptance among car buyers in India.

7. Amidst global headwinds, India is seen as bright performer and a driver of growth: Shaktikanta Das

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

Back from the spring meetings of the IMF and World Bank and at least three investor conferences in the US, economic affairs secretary Shaktikanta Das told Deepshikha Sikarwar and Vinay Pandey in an interview that the government's decision-making speed and measures to improve tax administration came in for praise. Edited excerpts:

What is the sentiment on India?

Shaktikanta Das: At the IMF and World Bank meetings, sentiment about India continues to be very positive because amidst global headwinds, India is seen as a bright performer. The Indian economy has not just managed to remain afloat but also performed well at 7.6 per cent. The expectation is that it is only a few countries such as India that will be drivers of global growth in coming years. There is an increasing acceptance of the fact that current weightage given to voice of countries does not reflect today's global reality and it needs to be modified. There seems to be growing acceptance of our contention that higher weightage should be given to PPP (purchasing power parity) based GDP calculation.

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