

Daily Economic News Summary: 29 November 2016

1. Demonetisation pushes e-commerce firms to offer heavy discounts

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

Top e-commerce firms, led by Flipkart and Amazon India, plan to significantly increase discounting over the coming weeks to drive sales, after the recent withdrawal of high-value currency notes hit the nascent recovery in online retail. Over the weekend, Flipkart and Amazon India began handing out discounts of at least 50%, even as they pushed customers towards more cashless transactions. Amazon India is handing out flat discounts of 40-70% in its crucial fashion category, where it competes with Flipkart and Myntra. Rival Flipkart is offering discounts of 40-80% in most of its key categories, while Flipkart-owned fashion retailer Myntra offers discounts of up to 70%.

Over the next few weeks and months, Flipkart will launch sale events to attract customers, many of whom have shied away from online shopping after the e-commerce firms withdrew the cash-on-delivery (CoD) option, company executives said. According to research and advisory firm Redseer Management, about 70% of the overall e-commerce orders, a large portion of them coming from towns and smaller cities, are paid for in cash. Until October, India's e-commerce industry had seen a worrying drop after Snapdeal and to a lesser extent, Flipkart, were forced to cut advertising and discounts because of a cash crunch. In October, Flipkart bounced back and, along with Amazon India, posted record numbers. But demonetization has hit that recovery. Company executives expect e-commerce will only return to normalcy some time in the next quarter.

2. Peter England collaborates with Andhra weavers to launch handloom shirts

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

Menswear brand Peter England launched on Monday a collection of handloom shirts in partnership with India Handloom Brand (IHB), a government initiative to promote high quality handloom products. The menswear brand from Aditya Birla Fashion and Retail Ltd (ABFRL) is the latest to partner IHB, following women's ethnic wear brand BIBA and ABFRL-owned Allen Solly. As part of this, Peter England has collaborated with handloom weavers from Andhra Pradesh to develop an exclusive line of shirts. ABFRL will initially sell shirts from this collection at Rs1,699 each at 15 Peter England outlets, before taking them to at least 75 outlets across 25-30 cities by 2017-18.

“We want to keep the collection affordable. So, we have deliberately kept margins low in these products. We have been working on sustainable fabrics for the last six years. This initiative is a part of that legacy,” said Manish Singhai, brand head at Peter England, Madura Fashion and Lifestyle, a unit of ABFRL. Apart from Peter England, Madura Fashion and Lifestyle has brands like Louis Philippe, Van Heusen and Pantaloons in its portfolio. Singhai added that Pantaloons is

also looking at partnering with IHB. “Pantaloon is still evaluating the plans but has not finalized anything,” he said. Earlier this month, BIBA had collaborated with IHB and launched a spring summer collection of handloom garments, while Allen Solly partnered with Pochampally Handloom Weavers Co-operative Society from Telangana in October.

3. Wholesalebox gets \$2 million in funding

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

Jaipur-based wholesale e-commerce venture Wholesalebox, a B2B platform for shopkeepers to buy apparel, fashion jewellery and home furnishing products directly at factory prices, has secured \$2 million from a clutch of institutional investors and marquee angel investors in a pre-Series A round, a top company executive said. The investors included Manish Maheshwari, CEO of Network 18 Digital, and Contrarian Vriddhi Fund among others. The funding will be utilized to scale technology, expand operations in new markets and improve the supplier and buyer experience. “The main objective is to provide doorstep delivery to retailers along with better choice while reducing their landing cost by 25%... We strongly believe that retailers should be able to focus more on their customers to help them have a better experience,” Rohit Dangayach, co-founder and CEO of Wholesalebox, said. Wholesalebox caters primarily to unbranded and local brand markets and claims to sell goods at less than 25-30% of what stores would normally pay. This in turn enables shopkeepers to sell their products at a much lower rates than online/offline competitors. The start-up was founded in 2015 by IIT Roorkee alumnus Dangayach, who had set up the dealer and original equipment maker business of Cardekho from scratch, Chandan Agarwal, a former Citibank investment banker, Madhur Bhaiya (IIT Delhi) and Rakesh Shekhawat (Sikkim Manipal University).

4. Govt unveils National Software Policy, eyes 3.5 million jobs by 2025

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

The government has issued the draft of first ever National Software Policy with an aim to increase share of Indian software products in global market by 10 fold to estimated \$148 billion and create employment opportunity for 3.5 million people by 2025. The policy will “strive for a tenfold increase in share of the global software product market by 2025 by promoting easy access to local domestic/international market for software product” and “create 3.5 million direct and indirect jobs by 2025”, the draft said. The software product industry is estimated to be \$411 billion globally today and is expected to reach around \$1 trillion by 2025. “However, in India the software product industry is still in its infancy stage. The total revenue of software product industry in India is \$6.1 billion, out of which \$2 billion is from exports,” the draft said. As per the estimates, the Indian software product industry accounts for 1.48% of global market and government’s mission to increase it by 10 fold will take it to \$148 billion by 2025. The IT Industry in India is around \$143 billion and is expected to grow to \$350 billion by 2025, as per industry body Nasscom. The draft policy aims to create conducive environment for creation of

10,000 technology start-ups to develop software products that are globally competitive and thereby generating a direct and in-direct employment for 3.5 million persons.

5. Reliance Jio acquired 50 million subscribers since launch, claims executive

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

Reliance Jio Infocomm Ltd has acquired 50 million subscribers by adding six lakh customers every day since its launch on 5 September, a company executive has claimed, making the telecom firm the fastest in the world to have achieved the landmark. The executive claimed Reliance Jio achieved this feat faster than Facebook Inc., WhatsApp and Twitter, which took anywhere between 42 months and 44 months to reach 50 million-subscriber mark. “Beating industry estimates, the company has signed up an average of six lakh subscribers a day, which is a globally unprecedented feat for any customer-facing company, including the likes of WhatsApp, Facebook and Skype,” the executive said, requesting anonymity. Earlier, Reliance Jio had said it acquired 16 million customers on its network in the first month and now claims to have crossed Bharti Airtel Ltd’s subscriber base acquired over six years of 3G and 4G users. As per recent subscriber numbers issued by Cellular Operators Association of India (COAI) on GSM companies, Bharti Airtel enjoyed highest additions at 2.33 million subscribers in October. Additions for Idea and Vodafone were 1.43 million and 1.12 million, respectively, in October.

By Nandini Malhotra

