

Daily Economic News Summary: 21 June 2017

1. India witness 30% rise in foreign exchange earnings in May

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

India has witnessed a whopping 30 per cent rise in the foreign exchange earnings from the tourism sector in the month of May, as compared to the same period in the last two years and a 19 per cent increase in tourist footfalls. According to the Reserve Bank of India's credit data of Travel Head from Balance of Payments, foreign exchange earnings (FEEs) during the month of May 2017 were Rs 12,403 crore as compared to Rs 10,260 crore in May 2016 and Rs 9,505 crore in May 2015. The growth in FEEs in rupee terms in May 2017 over May 2016 was 20.9 per cent compared to growth of 7.9 per cent in May 2016 over May 2015. The FEEs during the period January-May 2017 were Rs 74,008 crore with a growth of 19.2 per cent, as compared to the FEE of Rs 62,072 crore with a growth of 14 per cent in January-May 2016 over January-May, 2015. The number of foreign tourist arrivals (FTAs) in the same period saw an increase 6.30 lakh arriving here in May this year as compared to FTAs of 5.27 lakh in May 2016 and 5.09 lakh in May 2015.

2. India needs Rs 2-3 lakhs crore investment for new airports: Jayant Sinha

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

The country will require an investment of Rs 2-3 lakh crore over the next 10-15 years for setting up new airports and adding capacity at the existing ones, Union Minister Jayant Sinha said today. Aviation is going to be one of the major sectors that will drive economy going forward, and some 150-200 airports are needed for 90 per cent of the population to be within 60- 90 minutes away from an aerodrome, according to Minister of State for Civil Aviation Jayant Sinha. “We have to add more airport capacity as well as airspace capacity. Over the next 10-15 years, our estimation is that somewhere between Rs 2-3 lakh will be required to have new airports and in adding capacity,” he said at an aviation event organised by IMC chamber of commerce and industry here. Sinha said as many as 31 more airports have become operational in the last two years and currently the total number of airports stands at 106 from 75 aerodromes earlier. “We need 150 to 200 airports for 90 per cent of the population to be within 60-90 minutes away from an airport,” the minister said. Aviation sector is poised for substantial growth, he said, adding, “It is going to be one of the

major sector that will drive the economy.” Sinha said the government will be creating a unified security command to supervise security at Indian airports.

3. What is United Nations TIR Convention: How Modi government’s move will help India counter China’s OBOR

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

United Nations TIR convention: India on Monday became the 71st country of the world to have joined the United Nations TIR Convention (Or, the Convention on International Transport of Goods Under Cover of TIR Carnets). TIR stands for Transports Internationaux Routiers or International Road Transport. PM Narendra Modi-led Union Cabinet had given its approval for India’s accession to TIR Convention and completion of necessary procedures for ratification, for its entry into force, in March this year. The ratification of the international treaty is expected to boost India’s status as a trade transit hub in Asia and also help counter the impact of China’s OBOR (One Belt, One Road) project on India’s prospects as an emerging power. The TIR procedures allows the movement of goods under customs control across the international borders with the need of paying duties and taxes. The multilateral convention is in effect a kind of transport agreement among participating nations and also serves as a strong foreign policy statement. As China moves ahead with OBOR project, India needs to play smartly to protect its economic strategic strengths. New Delhi is engaged with the US, Japan and Russia in three separate infrastructure projects that will help India grow. The most significant of the three is the North-South Corridor project in collaboration with Russia. The TIR Convention can be an instrument for movement of goods along the International “North-South” Transport (INSTC) Corridor, which India is developing along with Russia.

4. GST roll out will be historic, it will set an example for the world: PM Narendra Modi

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

Prime Minister Narendra Modi today said that the roll-out of the Goods and Services (GST) tax from July 1 will be “historic” and the world will witness how political parties of different ideological hues came together to usher in this major reform. He also strongly favoured making the country self-reliant in defence and technology sectors...Modi said, “The roll out of the GST from July 1 will be historic. It will set an example for the world.” The prime minister said he was grateful to all those who had contributed towards the formation of a consensus over the tax reform.

I am grateful to all the Vidhan Sabhas, Lok Sabha, Rajya Sabha and political parties, Modi said. “The world will witness a transformation (in India) and how all the political parties subscribing to different ideologies united for the implementation of the GST,” he said. The biggest tax reform since Independence, GST will re- shape India’s business landscape by making the country an easier place to do business in and would bring down barriers between states. It is all set to be launched at a grand function in the Central Hall of Parliament on the midnight of June 30. GST over the medium to long term is expected to lead to higher revenues for the Centre and the states while also increasing the size of the economy and having a positive impact on the GDP. It would unify the \$2 trillion Indian economy and 1.3 billion people into a single market.

5. Railways station redevelopment project: Keen Malaysian consortium wants bid date for 7 stations, extended including for Bandra, Pune and Howrah
Source: Financial Express ([Link](#))

Taking another step forward to show its keenness to participate in India’s station redevelopment programme, a consortium of Malaysian developers has asked to extend the date to submit bids for seven railway stations. These stations are Indore, Udaipur, Bandra, Pune, Faridabad, Howrah and Secunderabad. Earlier, one of the Malaysian companies submitted a bid against request for quotation for Surat railway station. The Construction Industry Development Board, a Malaysian agency which promotes, improves and expands the country’s construction industry, is leading the consortium. In order to improve passenger experience and provide enhanced amenities, the Indian Railways plan to redevelop 400-plus stations across the country. Under the plan, the railways will lease out its land to private developers who will commercially exploit the land parcels and in turn redevelop stations. While the lease period will be for 45 years, developers will be required to maintain the stations for 15 years. Currently, 23 stations have put up for bidding, including the seven mentioned above. According to a railway official who requested not to be named, the developers have asked the date to be extended till August 31, 2017, so that they can prepare bids.

6. GST and exports: No adverse impact, says Commerce Secretary

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

Commerce secretary Rita Teatia on Tuesday said the roll out of the goods and service tax (GST) from July 1 would not have any adverse impact on exports. “Since exports are zero-rated, there will be no adverse impact,” Teatia said, addressing a press conference after the second meeting of the Board of Trade. The mid-term review of the Foreign Trade Policy (FTP) to be unveiled soon will reflect the GST-related changes for exporters. An exporter will need to pay the applicable taxes on transactions but can seek refund. Tax exemption is not given to them as it could break the GST chain, preservation of which is necessary to avoid cascading of taxes. India’s exports grew at its fastest pace in the last five years by 4.7% to \$274.65 billion in the financial year 2016-17. The FTP review would be completed in time for the launch of GST, said Teatia...Discussions over market access and market development along with need to extend additional support to export promotion councils were taken up in the meeting. Discussion over issues related to e-commerce reflected in the FTP, she said, adding that many suggestions through which e-commerce can be facilitated have been taken note of by the department.

7. Need for nodal agency to bring in Intelligent Transportation: Experts

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

There is a need of setting up a nodal agency for fast implementation of Intelligent Transportation System (ITS), which will improve efficiency of overall road transportation system in the country. According to experts, ITS is a globally proven system to optimise the utilisation of existing transport infrastructure and improve transportation system in terms of efficiency, quality, comfort and safety. “The fast-growing field of ITS spans everything from freight transport and traffic management to in-vehicle services like driver alert,” said K K Kapila, Chairman, International Road Federation (IRF), a Geneva-based body for better and safer roads. Expressing views in a round-table conference on ITS, he said at present, for implementation of ITS in India one has to deal with various ministries including ministries of road transport, communication, industry, urban development, state governments and Bureau of Indian Standards. Setting up of an unified nodal agency will help in faster implementation of ITS and develop standards that support ITS services and their interoperability, he said.

8. GST impact already resulting in higher tax compliance, says Arun Jaitley

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

Finance minister Arun Jaitley said on Tuesday that the planned shift to the goods and service tax (GST) from 1 July has already led to higher tax compliance, pointing to the benefits the unified indirect tax will bring to the economy. Briefing reporters on the ceremonial transition to GST planned at Parliament House at midnight on 30 June, Jaitley said that revenue receipts from indirect taxes have shown a sharp increase in the months of April and May, suggesting that goods which previously used to enter the value chain undeclared are now being traded legitimately. “Indications from the pre-GST months of April and May are that what were ‘undeclared goods’ have started coming into the system,” said the minister. Data from the Controller General of Accounts (CGA) said that in April 2017 stood at Rs1,323 crore, compared with an excise duty receipt deficit of Rs 402 crore in the same month a year ago. Tax receipts become negative when refunds exceed collections. Defending the decision of the GST Council—the federal indirect tax body of state finance ministers chaired by Jaitley—not to defer the July rollout of the tax reform, the minister said it was important to stick to the deadline in the case of large reforms. “When you go in for reforms, the first principle is that you should never blink. If you do, you get derailed.” GST is expected to increase tax compliance as it is nearly impossible for a business to clear goods from a factory without paying taxes and keep the goods entirely out of the legitimate supply chain till they reach the final consumer.

9. Trade, industry cannot say they are not ready for GST: Jaitley

Source: The Hindu: Business Line ([Link](#))

Finance Minister Arun Jaitley on Tuesday said the trade and industry have had adequate time to prepare for the roll out of the Goods and Services Tax (GST) from next month. “For the last six months, we are saying the rollout date is July 1, so no one can say they are not ready,” he said, adding that with the relaxed timeline for filing of returns they have an additional two-and-a-half months to prepare. “If he (trader) is still not ready, he will never be ready,” he said. To help industry deal with the teething problems in the new tax regime, the GST Council, in its meeting on June 18, had given additional time for filing of returns for July and August. The Minister said that there could be some short-term challenges in the switchover to GST, but industry must prepare itself. “It is not a very complicated system,” he said. He, however, ruled out any disruption in the

economy in the short-term due to the implementation of GST and said that it would be beneficial in the medium to long-term... He further said over the medium and long-term, GST, being a more efficient system, will help increase revenue. “Spending capacity of the Centre and States will increase and will have a positive impact on the GDP. The size of the formal economy will grow,” he said.

10. Japan’s sportswear brand ASICS to open more stores in India

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

With just 20 stores, India is a small market for ASICS Corp., the Japanese sports goods maker that is known for its celebrity users such as martial artist Bruce Lee and former US President Barack Obama. But it is in this highly under penetrated market where the company sees ‘huge scope for growth’ with focused retailing targeting the upwardly mobile middle-class looking to stay healthy more than ever. Over the next three years, ASICS will open at least 12 new stores across top Indian cities, including a few in the tier-II category towns, besides adding six more by end of this year to 20 outlets currently, said Rajat Khurana, managing director, ASICS India Pvt Ltd. Besides these ASICS brand stores, opened in partnership with local associates, ASICS shoes are available in about 300 multi-brand stores and a few online marketplaces that account for about 20% of sales. Khurana declined to give details of revenue that the company generated in India, but said ASICS had a 70% growth in sales between 2015 and 2016. The average selling price for ASICS shoes in India is about Rs8,000... ASICS will look at opening its own branded store in India after a few years. “While 100% foreign direct investment is allowed in single brand retail in India, we need to source at least 30% here. We have started sourcing locally for apparel that accounts for about 10% of total sales. It will take time to reach the level of 30% local sourcing,” said Khurana. Besides its flagship brand, ASICS is planning to open outlets for its lifestyle brand Onitsuka Tiger later this year, according to a report.