

Daily Economic News Summary: 11 January 2018

1. GST Base is Set to Cross One Crore Mark

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

Taxpayers for goods and services are set to scale the one-crore mark, marking a 25% jump in the number of taxpayers who were registered for payment of excise duty, VAT and service tax. "We will have one crore taxpayers in a day or two," said a government official. "The systems are working fine and GST Network has increased the capacity," explained an official amid rumours that the system had slowed down, forcing the government to extend the deadline-something that the finance ministry stoutly denied.

2. PM Narendra Modi Calls on PIO Lawmakers to Help Boost India's Growth

Source: Livemint ([Link](#))

Narendra Modi called on lawmakers from countries ranging from the US and the UK to Reunion Islands in the Indian Ocean to play the role of catalysts to boost India's economic growth. Addressing the first Persons of Indian Origin Parliamentarians' Conference in New Delhi, Modi also called on lawmakers from countries ranging from the US and the UK to Reunion Islands in the Indian Ocean to play the role of catalysts to boost India's economic growth. To ensure the absorption of the one million young people who join India's job market every month and assure them of employment, the government has introduced programmes like Start Up India and Skill India, he said.

3. 100% FDI in Single-Brand Retail Via Automatic Route Gets Cabinet Nod

Source: Livemint ([Link](#))

Union cabinet also eases the local sourcing rule for foreign single-brand retailers. The Union cabinet on Jan 10 allowed 100% foreign direct investment (FDI) in single-brand retail without prior government approval and liberalized local sourcing norms-steps that could benefit companies like Swedish furniture retailer IKEA of Sweden AB and fashion house Hennes and Mauritz AB

(H&M). Although 100% FDI is already permitted in single-brand retail, only up to 49% was allowed through the so-called automatic route and investment above that needed government approval. Jan 10 decision smoothes the way for new entrants to start retail operations in the country. Retail experts hold that while the FDI relaxation will remove entry barriers for foreign single brand retail companies altogether, more important concerns regarding local sourcing and FDI in multi-brand retail remain.

4. From Air India to Partially Foreign-Owned Airline?

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

Foreign airlines welcomed the government's decision to allow them own a piece of Air India, but said their interest in the national carrier would depend on the details of the policy. The Cabinet on Jan 10 removed a restriction on foreign investment in Air India, a decision that government officials and aviation industry executives said would give a boost to the efforts to sell the debt-laden and lossmaking airline. While the government now removed that restriction, it limited the total foreign investment in Air India at 49%, which will keep its control with Indians. While the FDI can be 100% in private airlines with a 49% cap on the ownership by foreign carriers, in Air India, the 49% investment can be from an airline or other investors.

5. Trump Tower Debuts in NCR With Gurugram Project

Source: Livemint ([Link](#))

The Trump Organization, the New York-based business venture of US president Donald Trump has launched its fourth and last residential project for building 275 luxury homes in Gurugram with an outlay of Rs1,000 to 1,500 crore on Jan 10. The residential project is jointly developed by M3M India and Tribeca Developers, representative of The Trump Organization in India. Apart from the four residential projects, The Trump Organization has an upcoming commercial project in India, which is expected to be launched soon. In 2016, it signed its first commercial office deal with Gurugram-based private equity and real estate firm Ireo. The total revenue potential of Trump Towers in India stand at around \$1.5 billion, making India one of the largest markets for The Trump Organization.

6. Hyderabad-Based Fintech Firm Raises ₹25 Crore from Spice Digital

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

Spice Digital, a subsidiary of Spice Mobility, has invested ₹25 crore in Hyderabad-based fintech company AnyTimeLoan that gives loans through a digital platform. Spice Digital will take a minority stake in the firm incubated at T-Hub. Using the proceeds, the firm is planning to increase disbursement volumes to ₹100 crore a month from ₹5.5 crore. “To fuel the growth, we are going to ramp up our operations by increasing the number of employees to 230 by April 2018, from the present 19. The additional workforce will be for operations, technology and customer service,” said Keerthi Kumar Jain, founder, Luharia Group, which owns the start-up. Spice Digital provides Mobile Value Added Services (MVAS), mobile applications, and internet products and services.

7. Budget to Tackle Rural Distress, Job Creation, Investments

Source: Livemint ([Link](#))

The government on Jan 10 signalled that the Union budget for 2018-19 would include solutions for vexed problems such as rural distress, weak employment and revival of private investments. These immediate challenges to the economy topped the extensive discussion that Prime Minister Narendra Modi and senior cabinet colleagues had on Jan 10 with economists and sector experts from across the country. The idea of broad-based consultation was to set a new economic policy for the future as growth is estimated to pick up further momentum after the shake-up from structural reforms. According to consulting firm EY, there are clear signs that growth numbers might progressively rise with the effects of demonetization and transition hiccups of goods and services tax behind us.

8. Construction Sector: FDI Cannot Be a Game Changer Unless Execution Hurdles Ease

Source: Livemint ([Link](#))

Unless profit growth improves by leaps and bounds by better tolling rates and traffic or improved margins in the construction sector, news of allowing 100% FDI in the sector, will not be a game changer. On Jan 10, the government decision to allow 100% foreign direct investment (FDI) in the construction sector fired up a few stocks with higher exposure to the roads business. Coming close on the heels of the ambitious target to lay out 83,000km of roads (including Bharatmala and other

plans) by the ministry of road transport and highways, the hope is that the FDI nod would help lure global funds and bidders into the grand plan. That said, road construction companies such as Ashoka Buildcon Ltd, Dilip Buildcon Ltd, Simplex Infrastructures Ltd, IRB Infrastructures Ltd and Sadbhav Engineering Ltd are the front runners that have done well in terms of revenue and profit ramp-up on the back of a robust order book and efficient execution. Yet, shares of these companies have already run up, returning between 35% and 60% in the last six months, thanks to the strong push by the government to the sector.

9. Mumbai-Delhi World's 3rd-Busiest Air Route

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

With 130 flights daily between India's political capital and the commercial capital, Mumbai-New Delhi was the third-busiest domestic air route in the world in 2017. A total of 47,462 scheduled flights were operated between the two airports in 2017, next only to South Korea's Seoul Gimpo-Jeju route (64,991 flights) and Australia's Melbourne-Sydney (54,519), according to data released by the United Kingdom's OAG Aviation Worldwide, an air travel intelligence firm. The ranking is based on the number of total flights operated between two domestic airports and not two cities. Unlike megacities such as New York and London, Mumbai and Delhi have only one major airport each, so all their air traffic is routed from these two airports

10. Muthoot Pappachan Plans Strategic Investments in Fintech Start-Ups

Source: Livemint ([Link](#))

Muthoot Pappachan Group, a Kerala-based lending and financial services conglomerate, plans to make strategic investments in fintech start-ups as part of a larger digital transformation exercise to drive synergies and profitability among its business units, as it chalks out a plan to list its flagship lending arm Muthoot Fincorp Ltd, a top company executive said. A key focus is technology solutions that will help the organisation disburse loans faster and conveniently to its target low-income customers. This will be achieved by exploring non-traditional data sources for credit appraisal, innovative repayment models and assistive technology solutions at branches. Besides Muthoot Fincorp, the group comprises a housing finance subsidiary Muthoot Housing Finance Co. Ltd, publicly traded two-wheeler financing arm Muthoot Capital Services Ltd, micro finance unit

Muthoot Microfin Ltd, and insurance broking firm Muthoot Risk and Insurance Broking Services Pvt. Ltd, among some other non-financial business units.

11. UIDAI Introduces Temporary Virtual ID to Tighten Aadhaar Security

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

The Unique Identification Authority of India (UIDAI) has stepped up its Aadhaar security protocols after sustained lapses and criticism regarding the infrastructure. An official statement said that the new processes are being introduced to strengthen privacy and security of Aadhaar numbers holders. UIDAI has introduced a temporary Virtual ID (VID) for every Aadhaar number, which can be shared instead of the Aadhaar card number. The Authority said that it will not be possible to trace an Aadhaar number from the temporary number (virtual id) that is issued. This VID can only be generated by the Aadhaar card holder and will be valid to avail of all services that require an Aadhaar number, for a limited amount of time. Unlike the Aadhaar number, the VID will lapse after a fixed duration and will negate the fear of traceability.