

## Daily Economic News Summary: 12 June 2019

### **1. India-Colombia Set Bilateral Trade Target \$ 10 Bn By 2030; Indian Two-Wheelers Have A Huge Presence**

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

Aiming to increase bilateral trade from the present level of around \$1.5 billion to at least \$10 billion by 2030, India and South American nation Colombia will soon finalize terms of reference of Partial Scope Agreement. Talking to Financial Express Online, a top Indian diplomat at the Indian Embassy in Bogota, Colombia said that achieving the target of \$ 10 billion by 2030, may seem a herculean task but should not be difficult. “As Colombia continues to improve its trade and investment climate, Indian companies should surely look at expanding and entering this lucrative market.” Colombian economy’s growth is set to climb this year on acceleration in exports. The investment should surge on infrastructure and oil sector investments; although the government’s fiscal consolidation efforts could cause domestic demand to decelerate slightly.

### **2. India's GDP Growth Overestimated By 2.5% During 2011-2017: Former CEA Arvind Subramanian**

**Source: Livemint ([Link](#))**

India’s statistics may have been painting a far rosier picture of economic growth than the more modest reality of the past decade. The nation has held the crown of the world’s fastest-growing major economy until recently, but a new study by former Chief Economic Adviser Arvind Subramanian says the expansion was overestimated between 2011 and 2017. Rather than growing at about 7% a year in that period, growth was about 4.5%, according to the research paper, published by the Center for International Development at Harvard University. The overestimation occurred after the previous Congress-led government changed the methodology in calculating gross domestic product in 2012. One of the key adjustments was a shift to financial accounts-based data compiled by the Ministry of Corporate Affairs, from volume-based data previously.

### **3. Cyclone Vayu Mars Monsoon Progress, Sparks Concerns Over Kharif Crop**

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

With southwest monsoon hitting Kerala seven days behind the usual onset date, 82% of the country's geographical area has seen deficient/no rainfall till 11 June. This, coupled with the cyclone Vayu hampering monsoon's progress IMD says it will lose momentum only by June 14 has heightened the concerns over a likely drop in kharif-sowing area. The agriculture ministry has asked state governments to prepare for any eventuality in case of an 'aberrant monsoon' and hold state-level meetings in this regard by June 15. "Till the cyclonic storm is weakened, there will not be any progress of monsoon. However the coastal area will receive rains because of the cyclone. Till monsoon reaches the central region, it is difficult to predict when it will hit the north-western region (which is facing severe heatwave)," DS Pai, head of IMD's long-range forecast division, told FE.

### **4. GST Evasion: Govt Plans Big Move To Stop Large-Scale Dodging**

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

With a foolproof system to match all transaction invoices being delayed inordinately, the Goods and Services Tax (GST) Council will soon have a facility to capture transactions of large B2B businesses on a real-time basis. The move will enable tax officials to close most routes of large-scale tax evasion, even as they fear the wait for nationwide invoice-matching system, that missed several deadlines, may get longer. Once real-time reporting of transactions to a central portal starts, it will be practically difficult for the businesses concerned to reduce their tax liability by inflating the claims for input tax credits. According to official sources, the system would be implemented in phases and could finally cover most of the taxpayer base. Initially, it would be made mandatory only for relatively large companies involved in business-to-business (B2B) transactions, they added.

### **5. OYO's Hospitality Paid Loyalty Programme Touches 1.5 Million Subscribers**

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

OYO Hotels and Homes on 11 June said OYO Wizard, its hospitality paid loyalty programme, had reached 1.5 million users, contributing to about 25 per cent of its bookings. OYO Wizard, the company's reward programme for frequent customers, comes with benefits such as guaranteed discounts, cashback, discount coupons and upgrades. The members usually repeat their use of OYO, twice compared to regular users. For Wizard hotels, in particular, 70 per cent

transactions by Wizard members are made on Wizard hotels, resulting in higher income as compared to non-Wizard ones. “Customer experience is a priority for us, and with OYO Wizard, we have created one of the most comprehensive loyalty reward programmes in the industry. With this paid programme, we give our loyal users the power to choose.

## **6. India Seeks To Ban Deloitte, KPMG Arm For Alleged Auditing Lapses**

**Source: Reuters ([Link](#))**

India is seeking to ban Deloitte Haskins Sells and KPMG affiliate BSR & Associates for five years, alleging lapses in their audits of a unit of Infrastructure Leasing & Financial Services (IL&FS), which the government took control of last year. India’s corporate affairs ministry told a company law tribunal that the companies “miserably failed” to fulfill their duties as auditors for IL&FS Financial Services (IFIN), a filing seen by Reuters shows. Both auditing firms denied any wrongdoing on 11 June. Deloitte said it “is confident that it has been thorough and diligent in the performance of its duties as an auditor. The firm stands fully for its audit work which has been conducted in full compliance with the professional standards in India.” It said it would cooperate fully with authorities.

## **7. Regenta & Royal Orchid Hotels To Add 500 Hotel Rooms In Six Months**

**Source: DNA ([Link](#))**

Regenta & Royal Orchid Hotels (RROH) will add about 500 hotel rooms across nine hotels, taking its overall portfolio to a little over 4,000 rooms and 60 hotels in 40-odd locations. This will be achieved over the next six months using the management contract route, said a senior company executive. A mid-tier hospitality firm, RROH is also looking to double the number of existing hotels to over 100 with room inventory growing in the range of 60% to 70% over the next two to three years. The expansion will not be capex intensive for the hotel company as it will be achieved taking the asset-light route. The management will selectively pursue the leasing approach primarily to establish a presence in the key metros such as Mumbai and Delhi.

## **8. Bring Down Corporate Tax, Simplify Taxation, Revive Infra Investment: Industry To FM**

**Source: DNA ([Link](#))**

India Inc on 11 June made a case for reduction in corporate tax rate, abolition of minimum alternate tax, halving dividend distribution tax to 10 per cent and increase in outlay for infrastructure sector in the upcoming Budget with a view to arrest economic slowdown.

Representatives of industry chambers made these suggestions during their customary pre-budget consultation with Finance Minister Nirmala Sitharaman, who on her part, recalled the steps taken by the government since 2014 to improve the country's business climate. Sitharaman will present the first Budget of the Modi 2.0 government on July 5. In the meeting, CII President Vikram Kirloskar suggested bringing down the dividend distribution tax to 10 per cent from the present 20 per cent, saying it should also be not taxed at the hands of the investor. In her opening remarks, Sitharaman said since 2014 the government has taken measures to simplify and rationalise existing rules and introduced Information Technology in a big way to make governance more efficient and effective.

### **9. Govt Planning New Labour Legislation By Merging 44 Laws Under 4 Categories**

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

Aimed at helping investors and accelerating growth, the Modi government is planning a new labour legislation that would merge 44 labour laws under four categories-- wages, social security, industrial safety & welfare, and industrial relations. The decision has been taken at an inter-ministerial meeting chaired by Home Minister Amit Shah and attended by Finance Minister Nirmala Sitharaman, Labour Minister Santosh Gangwar, Commerce and Railway Minister Piyush Goyal among others. "A new Labour Bill will be introduced in the coming session of the Parliament," Gangwar told reporters 11 June after the hour-long meeting. Gangwar said the draft bill will be placed before the Union Cabinet after which it will be introduced in Lok Sabha, possibly in the second week of the coming Parliament session.

### **10.13 RCEP Nations Oppose India's Strict Country Of Origin Norms**

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

At least 13 countries including Australia, Japan and New Zealand have opposed India's proposal for strict criteria to determine the source country of a product, based on which they get tariff concessions or duties, in the 16-nation Regional Comprehensive Economic Partnership (RCEP) trade pact. The 10-member ASEAN bloc too has opposed India's proposal, an official said. India wants strict rules of origin to prevent Chinese goods from flooding the country through member countries that may have lower or no duty levels. Chinese garments are making their way into India through the duty-free route under the South Asia Free Trade Pact and the Duty-Free Quota-Free window from Bangladesh.

## **11. India, Uzbekistan Explore Joint Economic Projects Ahead Of SCO Summit**

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

Key Central Asian State Uzbekistan besides Kazakhstan has taken lead in inviting business delegation from the PM's home state of Gujarat to push joint economic projects ahead of Narendra Modi's visit to the region for the June 13-14 SCO Summit. A delegation from Gujarat visited Uzbekistan's Andijan region that is being developed as a business hub. The delegation included officials of the Ministry of Tourism of Gujarat, Federation of Indian Chambers of Commerce and Industry, Industries Commissionerate, representatives of pharmaceutical, energy, innovation industries, as well as start-up companies studying promising areas for developing mutually beneficial cooperation. On June 10, members of the delegation visited Andijan, where they held talks with the leadership of the region and representatives of the private sector. Implementation of joint projects in tourism, agriculture, renewable energy sources, tele-medicine, start-up projects was discussed at the meeting. The parties also considered the issue of holding a joint business forum.

## **12. Nirav Modi Extradition Case: UK High Court Hears Fugitive Diamond Merchant's Bail Appeal**

**Source: Firstpost ([Link](#))**

The UK High Court on 11 June began hearing fugitive diamond merchant Nirav Modi's appeal against a lower court's order to deny him bail as he fights his extradition from Britain to India in the nearly \$2 billion Punjab National Bank (PNB) fraud and money laundering case. Justice Ingrid Simler at the Royal Courts of Justice here began hearing the arguments presented by Modi's legal team in an attempt to persuade the judge to overturn the Westminster Magistrates' Court ruling to deny bail during three previous attempts, for fear that the 48-year-old would fail to surrender. At the first case management hearing in the case at Westminster Magistrates' Court last month, the issue of bail was not raised and Modi was further remanded in judicial custody until 27 June, when he is scheduled to appear via videolink.