

Daily Economic News Summary: 18 January 2018

1. Arun Jaitley, State Finance Ministers to Brainstorm over GST, Union Budget Today

Source: Livemint ([Link](#))

State finance ministers and their counterpart in the central government Arun Jaitley will hold wide-ranging talks on Jan 18 about state finances and indirect taxation at the 25th meeting of the Goods and Services Tax (GST) Council and a pre-budget consultation in the national capital. State finance ministers will present their wish list for budget 2018-19 to Jaitley and senior finance ministry officials. This will be the first Union budget after the implementation of GST. With the GST Council taking all decisions with respect to this new indirect tax regime and states getting assured compensation from the centre for revenue losses under GST (calculated assuming 14% growth in tax revenues annually), states are comfortably placed as far as indirect tax revenues are concerned. However, they are expected to demand a relaxation in the deficit targets under the fiscal responsibility and budget management act as they look to roll out the recommendations of the 7th Pay Commission to state government employees. The pre-budget meeting will be followed by the meeting of the GST Council wherein steps needed to make the invoice matching process simpler will be discussed. This could mean combining some of the existing tax return forms under GST.

2. FICCI Plans Srinagar Office to Boost J&K's Business Environment

Source: Livemint ([Link](#))

In a bid to improve Jammu and Kashmir's business engagement with the rest of the country, industry lobby Federation of Indian Chambers of Commerce and Industry (Ficci) will set up an office in Srinagar. The industry chamber's move to facilitate its members' expansion in the state comes at a time the geographically challenged state is making a major push to boost its Rs1.2 trillion economy by reforming labour laws, building industrial infrastructure in rural areas and cutting logistics costs. Agriculture accounts for about a fourth of the Jammu and Kashmir economy which is also strong in horticulture and floriculture and houses the largest tulip garden in Asia. It

also accounts for about three-fourths of the apples and about 97% of walnuts produced in the country. Hydropower generation and information technology (IT) and IT-enabled services are the other areas that businesses have identified for possible investments. For Jammu and Kashmir, the biggest challenge, however, is militancy. The valley continues to report sporadic episodes of militant activities and ceasefire violations by Pakistan along the Line of Control (LoC).

3. Huawei Plans to Open Honor Experience Stores in India

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

With the government allowing 100% FDI in single brand retail under the automatic route, Huawei, the world's third-largest smartphone maker, is planning to open its experience stores in India. Speaking to indianexpress.com ahead of the launch of Honor 9 Lite, Allen Wang, director, product centre, Huawei India Consumer Business Group, said: "We're thinking of opening Huawei Honor experience stores in India. Though a product is selling online, people are keen to see and feel it at an offline store. The experience store is a part of our offline strategy." Wang said the first experience store will open sometime in the first half of the year and will be positioned as a lifestyle store where consumers can experience and purchase the devices. Committed to the Make in India programme, the Chinese tech giant is already making up to 80% of its smartphones locally. Huawei is often considered the biggest challenger to Apple and Samsung in the global market. It sells smartphones at different price points and has seen impressive growth in various markets, especially Europe.

4. How Startup Lessons from Israel Can Turn India into an Innovation Economy

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

India took big strides in its startup ecosystem with the launch of the 'Startup India' programme in 2016. Indian startups are now diversifying across various economic platforms and have unleashed technological innovations to meet India's unique challenges. Startup India is also fostering entrepreneurship and has catapulted the country to be the world's third-largest startup hub. In 2017, GoI also eased compliance requirements for foreign funding, recognising the need for India's startup ecosystem to attract FDI. This, in turn, would create jobs, and boost India's growth further. In this context, the announcement of \$40 million innovation fund is a great enabler for

Indian enterprises wanting to tap Israeli expertise in nurturing industrial innovation and technological entrepreneurship. This will support high value-added R&D and enhance the knowledge base of Indian technology industries. Israeli companies, partnering with Indian innovation startups, can leverage their technological expertise while upskilling India's engineering, IT and business management professionals. In return, Indian startups can provide access to networks and industry talent.

5. GST e-Way Bill: Old Wine in a New Bottle

Source: Livemint ([Link](#))

The nationwide e-way bill system, rolled out on 16 January on a trial basis, will help businesses and transporters to get a hang of the new mechanism that becomes mandatory in a fortnight. There are around 10 states where GST e-way bills are already being used. From 1 February 2018, all interstate movement of goods worth more than Rs50,000 will require securing an e-way bill through prior online registration of the consignment. The e-way bills system for intra-state movement of goods will be implemented from 1 June 2018. In India, an e-way bill was being used by businesses even in the pre-GST era. In fact, way-bill/entry tax as it was earlier called has been in existence in certain states for over two decades now, i.e., from the days of service tax and value-added tax (VAT). The e-way bill will be valid for a specific time only, unlike in the erstwhile tax regime. Another differentiating factor is that a seller can issue bulk e-way bills in case of multiple consignments worth more than the threshold, which was a tedious task in the VAT regime.

6. GST Council Meet: Congress to Demand Inclusion of Petrol, Real Estate

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

The Congress will demand that cement, paints, varnishes and construction materials, and other mastics, painters' fillings also be brought under GST's ambit. At the meeting of GST Council on Jan 18, the Congress will demand that petrol and petroleum products and real estate be brought within the ambit of the goods and services tax (GST). Jan 18 meeting has an agenda running into over 320 pages, of which 80 pages were sent to state finance ministers barely 24 hours before the meeting, allowing little time for them to study the proposals, Punjab Finance Minister Manpreet Singh Badal said on Jan 17. The Congress will demand that cement, paints, varnishes, and

construction materials, like glaziers' putty, grafting putty, resin cements, caulking compounds and other mastics, painters' fillings, be brought under the GST ambit. These items are currently taxed at 28 per cent. Apart from changes in rules and laws, the meeting also has on its agenda a list of items whose rates will be lowered, including mineral water that currently attracts a tax of 18 per cent.

7. Netanyahu to Meet Business Leaders in Mumbai, Pay Tributes to 26/11 Victims

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

Israeli Prime Minister Benjamin Netanyahu will have a packed schedule during the Mumbai leg of his visit on Jan 17, when he will have breakfast with business leaders, pay tributes to Mumbai terror attack victims and attend a 'Shalom Bollywood' event among other engagements. He will have a 'power breakfast' with select business personalities, including Anand Mahindra, Ajay Piramal, Adi Godrej, and Chanda Kochha. He will later address the India-Israel Business Summit at the iconic Taj Hotel in South Mumbai. Maharashtra Chief Minister Devendra Fadnavis will also attend the summit. There may be a one-on-one meeting between Fadnavis and Netanyahu, after which the chief minister will host a lunch for the Israeli premier and his delegation.

8. How Mapmyindia is Planning Rival to Google Maps

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

Location technology company MapmyIndia will be launching an alternative to [GoogleMaps](#) in the next two months. It is also targeting the two-wheeler segment for providing an in-built navigation system, a feature which is currently offered only in four-wheelers. MapmyIndia is upbeat about offering an alternative to Google Maps. "The alternative maps will be rolled out in the next two months. Besides, as part of our monetising plans in the industrial space, we will be launching an in-built, easy-to-use GPS for two-wheelers. We are in talks with an OEM for launching the product," MD Rakesh Verma said. The Map Engine is universally compatible with all commonly-used software and ERP systems/platforms, thus allowing for speedier deployment and faster turnaround time.

9. Make In India on Slow Track as Japanese Firms to Drive Bullet Train Project

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

Japan is funding most of the project and Japanese companies are likely to supply at least 70% of the core components of the rail line. Japanese steel and engineering companies are in the driver's seat to bag major supply contracts for a \$17 billion Indian bullet train, several sources said, undermining a key component of Prime Minister Narendra Modi's economic policy—a push to ‘Make in India’. Japan is funding most of the project, and Japanese companies are likely to supply at least 70 per cent of the core components of the rail line, said five sources in New Delhi with direct knowledge of the matter. But New Delhi is unlikely to announce any new projects until the final cost and commercial feasibility of the Mumbai-Ahmedabad link is clear, the officials said. “It's like a chicken and egg situation on technology. The Japanese want an economy of scale and business but the Indian view is that India is a big market that once this market is explored the business will automatically be generated,” said Khare from NHRCL.

10. Blow to Make In India, Japanese Companies Grab All Key Contracts of Modi's Bullet Train

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

Japanese steel and engineering companies are in the driver's seat to bag major supply contracts for a \$17 billion Indian bullet train, several sources said, undermining a key component of Prime Minister Narendra Modi's economic policy— a push to ‘Make in India’. Japan is funding most of the project, and Japanese companies are likely to supply at least 70 percent of the core components of the rail line, said five sources in New Delhi with direct knowledge of the matter. Japan will get major leeway because the bullet train is largely funded by a 50-year loan provided by its government, said a close aide of Modi, who spoke on condition of anonymity. “At this stage to expect Indian companies to have a bigger share in manufacturing appears to be a little difficult,” said a senior official at the Indian government's policy think-tank, NITI Aayog, who is involved in the negotiations. Modi's flagship ‘Make in India’ initiative aims to lift the share of manufacturing in India's \$2 trillion economy to 25 percent and create 100 million jobs by 2022.

11. Grab Acquires Indian Payments Start-Up iKaaz

Source: Livemint ([Link](#))

The team at iKaaz will join Grab's Bengaluru research centre to work on feature development and partner integration of GrabPay, Grab's payments platform. SoftBank-backed Grab, Uber's biggest competitor in Southeast Asian markets—chiefly Singapore, Malaysia and Indonesia—has acquired Bengaluru-based software start-up iKaaz, whose mobile payments solution will be integrated with Grab's own payments platform. "iKaaz's technology was built to work in India's challenging internet conditions and enable effortless and fast payments for thousands of merchants... This flexibility and scalability make it ideally suited for Southeast Asia's diverse payments landscape and large unbanked population," Grab said. Grab, which was valued at \$6 billion in its latest round, is backed by Tiger Global Management and car makers Hyundai and Toyota, among others. It operates in Singapore, Indonesia, the Philippines, Malaysia, Thailand, Vietnam, Myanmar and Cambodia.