

Daily Economic News Summary: 20 August 2019

1. Direct Tax Code 2.0: Task force for big relief to individual taxpayers

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

The Direct Tax Code (DTC) task force, set up to overhaul the 58-year-old Income Tax Act, has recommended a significant increase in the highest income tax slabs, besides slashing the corporate tax rate to an even rate of 25 per cent for both domestic and foreign companies, sources in the know said. Income tax payers earning up to Rs 55 lakh per annum may end up with a major tax relief if recommendations to change the tax bracket and rebates are accepted, according to sources. The task force suggested replacing the concept of assessing officer with assessment units, besides faceless scrutiny of cases picked through centrally and randomly allotted mechanism. Aimed at reducing tax litigation, the panel recommended the concept of mediation between taxpayer and the CBDT. Taxpayers may be allowed to opt for a negotiated settlement before a Collegium of Commissioners once they receive the draft order, according to sources.

2. Trump Administration urged to resolve trade tensions with India

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

A top American lawmaker has urged the Trump Administration to resolve the trade tension with India as soon as possible, saying the dispute benefits none. “This ongoing trade dispute does not benefit either nation and it is hurting Californians. India has long been a friend and strategic partner of the United States, and I urge you to work toward resolving trade tensions with India as quickly as possible,” Senator Dianne Feinstein said in a letter to US Trade Representative Robert Lighthizer. In the letter dated August 16, the Democratic Senator from California said she met Indian Ambassador to the United States Harsh Vardhan Shringla the previous month to discuss the current US-India trade relationship. “The trade sanctions that have resulted from recent disputes are hurting both countries, and I hope that they can be resolved as quickly as possible,” Feinstein wrote.

3. PM Modi's concerns over rising population: Policy prescriptions for tackling the issue

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

Prime Minister Narendra Modi in his address to the nation on August 15, 2019 expressed concerns over the growing population of the country which brought the focus on the demographic trends in India. According to the United Nations Population Division, the population of India stood at 1,366 million as on July 1, 2019 and it will reach 1,469 million in 2027 and overtake China's numbers. This means India will become the most populous country in 2027 and will continue to grow to have a population of 1,652 million in 2059. Thereafter, the population will start declining and is projected to come down to 1,450 million in 2100. Such a large population has implications for food, housing, education, energy, employment, environment, healthcare and transport.

4. H&M inks agreement with Myntra to cash in on online fashion boom

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

Swedish fashion and apparel brand H&M is tying up with leading fashion retailer Myntra to boost its prospects in the country's fast-growing online retail space. After launching its in-house e-commerce portal last year, this is the first such tie-up that the fashion retailer has formed in the country. According to Fredrik Olsson, managing director at H&M, the company already gets over 15 per cent of its sales from online channel in India, which is higher than its global average. "This is only from our own portal. With the tie-up with Myntra, which holds close to 40 percent share in the online fashion retail market, we expect sales to grow further," he said. While fashion and lifestyle market in India is estimated to be over Rs 5 trillion, the share of online remains small at close to around 7 per cent. However, it is growing at high double-digit unlike sales at mom and pop stores.

5. SoftBank shows interest in Snapdeal, might lead \$100 million round

Source: Money Control ([Link](#))

Softbank, the Japanese multinational, has shown interest in leading a funding round of \$100 million (or Rs 711 crore) in Snapdeal, the Indian e-commerce firm run by Kunal Bahl and Rohit Bansal, said sources close to both the companies. The other investors who are interested in the round are a clutch of smaller Chinese and American investors. "SoftBank will give half, or up to \$60 million, and the remaining will be given by other smaller investors," said one of the sources. "It is unlikely that any of the other existing larger fund houses will participate in the round." For

many in India's startup ecosystem the development might be surprising. Two years ago Snapdeal's founders and SoftBank were baying for control over the company. SoftBank had orchestrated a sale to Flipkart, which Bahl and Bansal were opposed to. That led to a battle, where the founders clawed back control, reduced SoftBank's number of board seats from two to one, and went off the radar to turn around the company.

6. Amazon readies new spread to lure eateries away from Zomato, Swiggy

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

US-based online retailer Amazon is proposing competitive commissions to lure restaurants onto its platform and break away exclusivity from established players Zomato and Swiggy, as it starts onboarding eateries, two people aware of the company's strategy said. Amazon's foray into the cash-guzzling online food-ordering sector comes at a time when restaurants are protesting against large food-delivery aggregators for pushing deep discounts which they claim hamper business economics. The ecommerce behemoth is actively pitching to break exclusivity contracts restaurants have signed with food aggregators, the company executive said. The etailer's food delivery service is set to be launched from Bengaluru around Diwali, through its two-hour delivery app Prime Now, under the brand 'Amazon Restaurant', the sources said. The company plans to keep the business focused on the top metros, they said. "They will look to increase use cases for their premium customers and bulk up the Amazon Prime user base," another company executive said. "Categories like food and grocery delivery form a large part of driving repeats."

7. Nirmala Sitharaman rejects demand for rollback of customs duty on newsprint

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

Virtually rejecting demand for rollback of the 10 per cent customs duty on newsprint, Finance Minister Nirmala Sitharaman on 19 August said the duty was imposed to promote domestic manufacturers and the importers will have to pay tax on the shipment. Newspaper industry had earlier made a representation to the finance minister for rollback of the Budget's announcement of customs duty imposition on imported newsprint, arguing the move will put pressure on the bottomline. There was no import duty on newsprint so far. The intention of the government was to make sure that Indian manufacturers of newsprint are promoted as they were suffering due to cheaper import, she said at an event here. When pointed out that domestic industry is unable to meet the demand of newspapers, she said it is because 50 per cent of the domestic manufacturer is underutilised.

8. India notifies imports of 30,000 tonne crude soya oil from Paraguay

Source: Money Control ([Link](#))

India on 19 August notified imports of 30,000 tonne of crude soya oil from Paraguay at concessional customs duty rate of 10 per cent under a trade agreement. "TRQ (tariff rate quota) quota for import of 30,000 tonne of crude soya oil from Paraguay under India-Mercosur trade agreement is notified," the Directorate General of Foreign Trade (DGFT) said in a notice. TRQ is a quota for specified volume of exports that enter India at relatively low import duty. After the quota is reached, a higher tariff applies on additional imports. India has a preferential trade agreement with MERCOSUR, a six-country trade bloc, including Brazil, Argentina, Paraguay and Uruguay. The pact came into existence from June 2009.

9. State Bank of India aims to eliminate debit cards; Yono cashpoints scaled up to facilitate cardless payments

Source: Firstpost ([Link](#))

If the largest lender SBI has its way, it may herald the beginning of the end of the ubiquitous debit cards from the banking system as the bank plans to promote more digital payment solutions and eliminate the plastic cards. This is despite the huge reliance on debit cards by customers of SBI which services a fifth of the population. "...it is our wish to eliminate the debit cards, and am sure we can eliminate them," chairman Rajnish Kumar said, speaking at the annual Fibac in Mumbai on 19 August. He said there are around 90 crore debit cards in the country as against 3 crore credit cards, and pointed out to digital solutions like its own 'Yono' platform as the key for achieving a debit card-less country. Kumar said through the Yono platform, one can withdraw cash at the automated teller machines or pay for purchases at a merchant establishment without having a card at all. He said the bank has already set up 68,000 'Yono cashpoints' and is in the process of scaling it up massively to over 1 million in the next 18 months, which will make the necessity to have a card even less. Additionally, the Yono platform can also give credit for buying certain merchandise, making the credit card in the pocket also as a "stand-by", Kumar said.