

Daily Economic News Summary: 10 August 2015

1. India looking for partner to set up urea plant in Iran

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

The government is scouting for an Iranian partner to set up a fertilizer plant entailing investment of over Rs.5,000 crore in the Persian Gulf nation. India revived its plans after Iranian authorities approached the government officials and evinced interest to partner with them in the project. India had nominated state-run Rashtriya Chemicals and Fertilisers (RCF), Gujarat Narmada Valley Fertilisers & Chemicals (GNFC) and Gujarat State Fertilisers Corporation (GSFC) for the proposed 1.3 million tonnes urea plant.

“Now the government is looking for an Iranian partner to be part of this project. And therefore a senior delegation from India will visit Iran next month,” a source said. The proposal is to set up a urea joint venture plant at Chahbahar in Iran, using natural gas as feedstock, which is abundant in the country. *“Indian government officials have conveyed to the Iranian authorities that they are looking for a long-term gas contract at feasible rates for producing urea,”* the source said.

2. Yuri Milner, Zoomo, Arnav Kumar, SAIF partners used cars, DST Global

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

Russian billionaire Yuri Milner is investing \$2 million, or nearly Rs 13 crore, in used-cars marketplace Zoomo, according to two people directly familiar with the development, as the online market for used automobiles is getting hotter. The funding comes after the startup raised Rs 38 crore from SAIF Partners across two rounds of funding since last year.

Milner has backed several other top Indian internet firms, including Flipkart, Ola, Housing, Swiggy, Grofers and Practo in his personal capacity or through his investment firm DST Global. The physicist-turned-investor was in India last week mainly to draw support for his mission to search for life in other planets, but also spent time meeting startup entrepreneurs. *“The round is expected to close next week and is part of the series-A raised by (Zoomo) few weeks back,”* a source said. Other partners at Milner's investment firm DST Global also invested in Zoomo, this person said.

3. Government notifies changes in IT rules to comply with FACTA pact

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

The Revenue Department has amended income tax rules to provide for reporting of information with regards to financial assets and accounts, a month after India signed a tax information sharing agreement with the US. On July 9, India and the US signed tax agreement under the Foreign Account Tax Compliance Act (FATCA) that will enable automatic exchange of financial information between the two nations about tax evaders from September 30.

The rules define various terms such as financial asset, financial account, excluded accounts, participating and non-participating financial institutions, among others. The norms prescribe information to be maintained by the reporting financial institution such as name, address, taxpayer identification number (assigned to the account holder by the country or territory of his residence for tax purposes) and date and place of birth (in the case of an individual) of each reportable person. The rules prescribe reporting requirements on a staggered basis starting from earlier year 2014 and reporting of all details prescribed from calendar year 2017 onwards. They also specify due diligence procedure for identifying reportable account and various forms.

4. Aviation Ministry likely to seek tax break from maintenance, repair and overhaul

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

The civil aviation ministry is likely to seek a tax break for the maintenance, repair and overhaul (MRO) sector and this proposal is expected to become a part of the civil aviation policy that is being prepared by the ministry. *"Meetings with MRO sector representatives were held in the ministry on two occasions last month and they have been asked to submit their wish-list for the sector and that will be included in the policy,"* said a civil aviation ministry official, who did not want to be named. One of their recommendations, the official said, was a tax break of seven years.

The MRO industry said the tax break, if the government accepts the proposal, would become a game changer. Currently, the cost of servicing an aircraft in India is higher because of a slew of taxes, said Pulak Sen, secretary-general of the MRO Association of India. *"Servicing cost in India will become 40% cheaper than neighbouring nations once these taxes are waived and will provide jobs."*

5. An ambitious south Indian port bets on policy shift to steal Colombo trade

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

A southern Indian port has established the nation's newest facilities to handle the world's largest ships. The catch? It needs a policy change to bring in the vessels. Foreign ships are barred from moving cargo between Indian ports themselves. What's more, congestion, slow turnaround and shallow waters have deterred large vessels from docking locally, sending their cargo to Colombo and Singapore instead. India can potentially recover \$260 billion in lost shipping trade annually as Prime Minister Narendra Modi moves to scrap the law under his Make in India push to gain investments.

"We have the infrastructure," said Chinta Sasidhar, managing director of Krishnapatnam Port Co., which built and manages the port of the same name. *"To achieve Modi's vision, we first need to come out of these laws, get back our cargo to our country, so that ships can straightaway steam up, have internal business."* More than half of cargo headed in and out of India goes through foreign ports led by the Sri Lankan capital, Colombo, and Singapore. Ships handled 68% of India's \$786.2 billion trade in 2014, according to government data compiled by *Bloomberg*.

"This government is listening to us," Sasidhar said in an interview from his office at Krishnapatnam port. *"They are moving, but it is not easy because these are rules which were laid long back."*

6. DGCA issues strict alcohol consumption norms for flight crew

Source: **IBN Live** ([Link](#))

Putting in place stringent measures to ensure flight safety, aviation regulator DGCA has come out with detailed guidelines related to alcohol consumption for airlines crew for both pre and post-flight periods. The measures include maintaining separate records of pre-flight and post-flight breath analyzer examination for the flight crew as well as keeping them off the roaster for three months in case of violations.

In its latest circular titled 'Procedure for medical examination of aircraft personnel for alcohol consumption', the DGCA has said that the operator should maintain all breath analyzer examination records for a period of one year. *"The operator shall maintain separate records of*

pre-flight and post-flight breath analyzer examination for the flight crew, cabin crew and maintenance personnel. All the relevant records must be preserved for a period of one year," the circular, dated August 4, said.

By Harsha Hazarika