

Daily Economic News Summary: 10 August 2016

1. Tax Collection up 28% in April-July

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

Tax collections, excluding refunds, rose 27.9 per cent to Rs 4.31 lakh crore in the first four months (April to July) of the current financial year, compared to Rs 3.37 lakh crore in the corresponding period of 2015-16. Refunds pulled back the growth in corporation tax collection in these four months. And, customs duty collections fell in July, indicating merchandise import fell at a sharper rate. While indirect tax collection grew 29.9 per cent to Rs 2.72 lakh crore, that of direct taxes rose 24 per cent to Rs 1.59 lakh crore.

Corporation tax gave an extra 2.8 per cent, while personal income tax went up 46.6 per cent. Refunds were Rs 64,181 crore in April-July, 10.4 per cent higher than in the corresponding period last year. Inclusive of refunds, corporation tax collection was up 11.6 per cent and personal income tax collection by 31.5 per cent.

Direct tax collection, net of refunds, were almost 18.8 per cent of the Budget Estimate (BE) of Rs 8.47 lakh crore for 2016-17. That of indirect tax was 34.9 per cent of the BE of Rs 7.8 lakh crore. Among the latter, excise duty collection was up 50.8 per cent at Rs 1.23 lakh crore from Rs 81,748 crore in the same period of the previous year. Part of it is the result of extra measures taken by the government, such as more excise duty on petroleum. The services tax kitty went up 25.8 per cent to Rs 76,679 crore, from Rs 60,974 crore in April-July of 2015-16. Customs duty collections rose only 7.9 per cent in these first four months at Rs 71,767 crore, against Rs 66,495 crore in 2015's corresponding period. The kitty under this head declined 11 per cent in July at Rs 16,959 crore, against Rs 19,045 crore in the same month of 2015.

2. RBI retains growth projection at 7.6% but warns of global impact

Source: **Hindu Business Line** ([Link](#))

The Reserve Bank today retained growth projection for the current fiscal at 7.6 per cent but cautioned that sluggishness in global economy may neutralise India's momentum which has been built up by good monsoon and uptick in rural demand. In its third bi-monthly monetary policy review, RBI said the momentum of growth is "expected to be quickened" by the normal monsoon raising agricultural growth and rural demand, as well as by the stimulus to

consumption spending that can be expected from the 7th Central Pay Commission award. “The current accommodative stance of monetary policy and comfortable liquidity conditions should also provide a congenial environment for the reinvigoration of aggregate demand conditions,” RBI Governor Raghuram Rajan said.

However, successive downgrades of global growth projections by multilateral agencies and the continuing sluggishness in world trade points to further slackening of external demand going forward, he added. *“Accordingly, the GVA growth projection for 2016-17 is retained at 7.6 per cent, with risks facing the economy at this juncture evenly balanced around it,”* he said.

3. Govt rolls up with e-kart for buying select goods

Source: **Hindu Business Line** ([Link](#))

Government procurement of select goods and services is now possible at a one-stop online marketplace — an arrangement aimed at improving transparency and bringing down corruption. Commerce & Industry Minister Nirmala Sitharaman on Tuesday launched the pilot phase of ‘Government e-Marketplace’ (GeM), an end-to-end procurement system for common use goods and services by government buyers developed by Directorate General of Supplies and Disposals (DGS&D). *“It is a big step towards meeting the dream of the Prime Minister to move to a system with greater transparency and no corruption. Like GST will revolutionise the taxation system, this marketplace will revolutionise government procurement,”* said Sitharaman.

While initially only common use items in 26 categories will be placed on the GeM portal, the Centre aims to bring a greater number of goods and services on the e-platform, she said. The government procures about 161 goods and services from various vendors. As per estimates, the DGS&D buys goods worth ₹10,000 crore a year for various departments and ministries. Items such as computers, office equipment and stationery can be purchased online in the pilot stage. Apart from goods, GeM provides facility for engaging taxi services with multiple options of hiring like spot, daily use, monthly or annually.

4. METRO ahead in store race

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

METRO Cash & Carry, which claims to be India’s largest wholesaler, will overtake rival Walmart India’s cash-and-carry business, Best Price Modern Wholesale, after opening its 22nd store in Bengaluru’s Mysuru Road this Thursday, it’s sixth in India’s Silicon Valley. Till now,

both the companies were at the same level, having opened 21 stores each. By 2020, METRO plans to set up 50 stores, whereas Walmart plans to have 70. While both are bullish on India, French retailing group Carrefour, which had a cash-and-carry business, left India after it found difficult to do business here.

METRO claims higher revenues and better operational metrics than Walmart's cash-and-carry business in India though these claims could not be independently verified. METRO is also working on a pilot in Jaipur to offer delivery to its registered customers, and plans to roll out the same across its stores, but it will charge for delivery, depending on the weight and the value of the goods ordered, said Arvind Mediratta, managing director & chief executive officer, METRO Cash & Carry India.

5. Demand lifts rentals at premium malls

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

Rentals at premium malls rose in the first half of 2016 due to robust demand from retailers opening new outlets, property consultant CBRE South Asia Pvt. Ltd said. Rentals in primary mall clusters including Vasant Kunj, Saket and Gurgaon in the National Capital Region (NCR) centred around Delhi, and Kurla, Ghatkopar and Lower Parel in Mumbai have gone up, said a CBRE report on Tuesday. Areas in East Bengaluru such as Whitefield and Ulsoor as well as those in West Bengaluru also witnessed a rise in rental rates.

Among the major mall clusters, the rentals have risen by 45.5% in Noida, 30.8% in Gurgaon, 28.6% in Vasant Kunj and 10.5% in East Bangalore, the report said. The trend is based on market forces as there is a gap between demand and supply and as long as that exists, the rates will keep going up, said Rajeev Talwar, chief executive officer of DLF Ltd, India's largest property developer. DLF recently opened the 2 million sq. ft DLF Mall of India in Noida.

6. Vodafone, Idea need spectrum most, will drive 29 September auction

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

Idea Cellular Ltd and Vodafone India Ltd will seek to outbid their rivals—market leader Bharti Airtel Ltd and new entrant Reliance Jio Infocomm Ltd—in the auction of spectrum (radio waves) that starts on 29 September, experts and analysts say. The two telcos, both based in Mumbai, will need to fill gaps in their spectrum. Thanks to some smart acquisitions, Airtel is sitting pretty with 769.9 megahertz (MHz) of spectrum across the 22 circles into which India's

telecom geography is divided. The Mukesh Ambani-promoted Reliance Jio, which is yet to launch its operations commercially, is also comfortably placed with 595.8MHz of spectrum across India. In contrast, Vodafone has 301.8MHz and Idea 270.7MHz.

Spectrum worth Rs.5.63 trillion at the base price will go under the hammer in India's largest auction of mobile airwaves, the government said on Monday. Bidding will begin on 29 September, with 2,354.55MHz of spectrum up for grabs. The government expects telecom companies to bid aggressively in the auction as they seek to improve the quality of their service. The telcos themselves are likely to be cautious on account of the debt on their books. Airtel and Idea, the two listed telcos, had net debt of Rs.83,491.5 crore and Rs.37,657.9 crore, respectively, on their books as of the quarter ended 30 June.

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