

## Daily Economic News Summary: 11 January 2016

### 1. Govt prepares plan to boost farm, infrastructure

Source: **Times of India** ([Link](#))

The government is readying a strategy to focus on infrastructure, agriculture and restoring the health of the banking system as well as specific measures to ease stress in the rural economy when it unveils the 2016-17 budget in February-end. According to the preliminary blueprint that emerged during the budget discussions, the government wants to focus on these crucial areas to accelerate growth and tackle growing unease in the farm economy. *"There will be more attention to irrigation and agriculture. We are working out the numbers. We will have to address the problems in the rural economy which borne the brunt of two consecutive droughts,"* said a senior official, who did not wish to be identified. *"This is a very crucial budget for the government,"* said the official, highlighting the need to take effective measures to revive vital sectors and overall growth.

He also said the infrastructure sector will see greater attention as the government is keen to step up investment despite a challenging fiscal situation. The government allocated Rs 5,300 crore to support micro-irrigation, watershed development and the Pradhan Mantri Krishi Sinchai Yojana and had urged the states to chip in substantially in this vital sector. Sources say this effort will be stepped up in the current budget. The rural economy, which is a key driver of demand and a support for the broader economy, taken a knock from the two back to back season of patchy monsoon rains. The segment drives demand for everything from motorcycles to tractors, televisions and refrigerators.

### 2. Fin Min to exempt rupee payment to Iran from withholding tax

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

The Finance Ministry will exempt payments to Iran from hefty withholding tax if the Persian Gulf nation were to receive full payment for oil it sells to India in rupees. With sanctions against Tehran blocking payment channels, 45% of the oil India imports from Iran are settled in rupees since January 2012. The remaining gets accumulated and cleared as and when easing of sanctions opens payment window. In June last year, Iran agreed to receiving all of the payment in rupees but wanted waiver of 40% withholding tax. Finance Ministry is agreeable to such waiver, a senior government official said. *"The Budget for 2012-13 had exempted Indian refiners from paying withholding tax when paying 45% of dues in rupees to Iran. The same benefit will be extended to 100% payments made in rupees,"* he said.

As of now, Indian refiners owe Iran \$5.8 billion. Cabinet approval for exempting payments to National Iranian Oil Co (NIOC) would be sought, he said. But Iran may no longer be keen on taking payments in rupee when the option of getting payment in hard tradable currencies like US dollar and Euro is on the verge of opening. Oil and banking sanctions against Iran may be lifted as early as this month following a historic deal the Persian Gulf nation reached with the US and other western powers in July last year. Sanctions are to be lifted on Iran agreeing to limit its nuclear programme. Sources said Iran was using the rupee payment it received since January 2012 to pay for imports from India. It had planned to use the full payment received in rupee for the same purpose.

### **3. India mobile phone subscribers cross 1 billion, shows TRAI data**

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

India's number of mobile-phone subscribers topped 1 billion, becoming the only country after China to cross that milestone. The number of subscribers in October reached 1.03 billion, up 0.7% from the preceding month, the Telecom Regulatory Authority of India (Trai) said in a statement on Wednesday. Though phone bills in the country are among the cheapest in the world, India's subscriber base has surged over the years to a size that's more than triple the US population, underscoring the country's growing economic influence. Top Indian carrier Bharti Airtel Ltd alone has more than 200 million subscribers.

The huge user base is also the most spoiled for choice. As many as 12 operators fight for subscribers in the third-largest Asian economy, driving down tariffs and hurting profits. The imminent launch of Mukesh Ambani-controlled Reliance Industries Ltd's \$15 billion fourth-generation services in early 2016 is set to intensify the competition further. Concerns about added competition prompted Fitch Ratings to downgrade its 2016 outlook for the Indian phone industry to negative from stable in November. Fitch said it expects only the largest five or six operators to emerge from the likely shake-out in the industry as smaller players exit or get acquired.

### **4. Mark Zuckerberg plea for free Web in India wins support in review**

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

A majority of Indians who submitted comments to the nation's telecommunications regulator said they support Facebook Inc.'s Free Basics plan that would allow free Web access. Telecom Regulatory Authority of India (Trai) said that 1.35 million responses in support of the plan—or 56% of all comments—came from Facebook's @supportfreebasics.in, according to a

report on the agency's review of different pricing for data services. It received another 544,000 responses from @facebookmail.com, with most backing Facebook's plan, the regulator said.

Comments either supporting or opposing differential pricing were "basically template responses" and "identical in nature," the regulator said Saturday on its website, without explaining how the views would be used in the review. The agency's chief, R.S. Sharma, told *The Hindu* newspaper in an interview published 1 January that such responses were "not helpful at all" and didn't represent meaningful input. The regulator has appealed to respondents and Facebook to solicit more detailed opinions. Facebook chairman Mark Zuckerberg made a personal appeal in one of India's leading newspapers last month for the country to allow a free Internet service.

Facebook's proposed Free Basics plan allows customers to access the social network and other services such as education, health care and employment listings from their phones without a data plan. Industry groups say the program threatens the principles of net neutrality and could change pricing in India for access to different websites. The company is spending billions of dollars on Internet.org, including projects to deliver the Web to under-served areas using drones, satellites and lasers. Zuckerberg, the billionaire co-founder, has said the goal is to bring the Internet to the developing world and alleviate poverty, and not to make money for Facebook or its partners.

## **5. Nissan plans to bring electric, hybrid technologies to India**

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

Nissan Motor Co. Ltd, maker of the electric car Leaf, on Friday said it plans to bring its electric and hybrid automobile technologies to India. *"We are in touch with the government and working on the possibilities of bringing this technology to India,"* Guillaume Sicard, president of Nissan's India operations, said at a press conference in Kanchipuram. Nissan is also open to adopting any technology that will reduce emissions from its vehicles, Sicard said. *"This is the right time to venture into the electric cars segment in India. There are a lot of financial impacts, and this technology is expensive, which means the government needs to put some incentives in place to support this technology. We are in discussions and the government is very proactive on this,"* he said.

Nissan's move is likely to be followed by other auto firms as the Indian government looks to crack the whip on vehicular pollution and recent policy interventions point towards limiting the use of diesel vehicles in the country. Auto makers will look to bring in new vehicles and technologies in hybrid and alternative fuel categories as the Indian government looks to fulfil its promise to cut pollution. There is growing concern over vehicular emissions polluting the nation's air and adding to its respiratory disease burden. Delhi's air has been ranked the world's dirtiest by the World Health Organization. From 1 January, the Delhi government has started

implementing a policy of allowing cars with odd and even licence plates to ply on alternate days, in a 15-day experiment. Nissan also said that it will look to slow exports from the country. *“This is a plant that is made for India. The strategy was to make sure we could reach high volume from scratch having the support of exports,”* Colin MacDonald, managing director, Renault-Nissan Alliance India Pvt. Ltd, said, indicating that as domestic demand picks up, it will cut its dependence on exports. The Chennai manufacturing unit caters to both the domestic as well as international markets. It is the second largest car exporter in India with more than 600,000 units shipped to 106 countries since 2010.

## **6. Domestic car sales rise 12.87% to 1,72,671 units in Decembers**

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

Domestic passenger car sales rose 12.87 per cent to 1,72,671 units in December from 1,52,986 units in the same month a year ago. Motorcycle sales declined 5.93 per cent to 7,24,807 units last month from 7,70,519 units a year ago, according to the data released by the Society of Indian Automobile Manufacturers (SIAM).

## **7. Pepe jeans sets sights on fully owned stores in India, files application with DIPP**

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

Denim and casual wear firm Pepe Jeans India has filed an application with the Department of Industrial Policy & Promotion for setting up fully-owned retail stores in the country. The Spain-headquartered company plans to open large format family stores in metros across India, people familiar with its plans told ET. It is currently operating as a 100% subsidiary of the parent company. The company wants to take advantage of the liberalised policies that allow foreign single-brand retailers to sell through their own stores as well as franchisee outlets, besides allowing firms selling through bricks-and-mortar stores to sell through their own online portals.

Pepe Jeans India filed the application on the DIPP website on January 6. It believes its plan will help it push its omni-channel retail strategy, said one of the people, who did not wish to be identified. Last year, it had said that it was looking to double its sales in India to nearly Rs 1,500 crore in the next three years. It also forayed into new categories of products such as kids wear and footwear, along with expanding the number of stores.

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