

Daily Economic News Summary: 2 June 2015

1. To level the playing field, government withdraws sops for defence PSUs

Source: **Indian Express** ([Link](#))

To woo private investments and encourage foreign players to explore business opportunities in the country, the government withdrew the Customs and excise duty exemptions that were applicable to products manufactured by the Ordnance Factories Board (OFB) and defence public sector undertakings (DPSUs).

While the decision — which was announced in the Budget — is justified by the government as one that will offer “level playing field” to private players, OFB and DPSUs have cited that the decision will shoot up the defence budget “significantly.”

2. Car sales grow in May but remain patchy

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

Car sales in May rose for most firms for the seventh month in a row, on the back of better sentiments, last year’s low base and improving macroeconomic indicators. Monthly sales data released by auto companies on 1 June also showed a sharp spike in sales of entry-level models, for the second month in a row, compared with a year ago.

However, extending the trend of the previous months, sales growth was patchy. It was limited to those companies that have introduced models in the recent past; for the rest, sales remained muted. Executives at car companies estimate the overall car market to have expanded 5% over last year.

3. Now, Switzerland to publish list of dormant bank accounts

Source: **Pioneer** ([Link](#))

Having started making public the names of Indians and other foreign nationals with Swiss bank accounts that are under scanner, Switzerland will now publish a list of accounts that have remained unclaimed for 60 years.

The list would be published later this year by the Swiss Banking Ombudsman and would include unclaimed assets held by foreigners in their bank accounts in Switzerland, while giving

their lawful beneficiaries an opportunity to submit a claim. These accounts have remained unclaimed since 1955.

4. Government's target to set up 100 GW of solar plants drives local, foreign companies

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

Encouraged by Prime Minister Narendra Modi's call to set up 100,000 megawatt (100 gigawatt) of solar plants in the country by 2022, foreign solar cell makers are setting up shop in India in partnership with local players. What is driving them is the government's target and the opportunity to export products from here to other countries.

Local players are equally upbeat as they see an opportunity to upgrade their technology via a foreign partner and achieve economies of scale. Currently, domestically manufactured solar modules are not only expensive but also uneconomical, compared with cheaper imports, especially from China.

5. New black money law: Expats exempted from sharing asset details

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

India has exempted foreigners working in the country from disclosing details of assets held back home or elsewhere to domestic tax authorities, easing concerns that provisions of the stringent new black money law could be applied to expatriates.

There is only marginal respite for Indian taxpayers. The revamped income tax return forms will not ask for details of foreign trips, although Indian taxpayers will have to disclose all operational bank accounts. In addition, the number of pages has been reduced and the deadline for filing returns has been extended to August 31.

6. Australia, New Zealand back Japan's regional trade pact to bat for FDI in e-commerce in India

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

Australia and New Zealand have joined Japan in trying to persuade India to open up its rapidly growing ecommerce sector, forecast to reach \$300 billion by 2030, to overseas investment. Both countries have backed Japan's proposal to include e-commerce in the 16-nation regional trade pact that's being negotiated.

India is opposed to this for various reasons. Among them is the need to ensure that homegrown online retailers are protected. On the other hand, e-commerce companies have sought to get around the restriction on overseas capital by turning themselves into marketplaces that connect vendors with buyers. That's led to protests by brick and-mortar retailers, which say they're facing stiff curbs on taking foreign money. Companies such as Ebay and Amazon have meanwhile been lobbying the Indian government to open up e-commerce to foreign investment.

India will face strong pressure in this regard during June 8-13 talks in Kyoto. Member countries aim to conclude the Regional Cooperation and Economic Partnership (RCEP) by the year end.

7. 4% of monthly global domain name registrations are from India

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

With a rapidly growing number of Internet users and a surge in e-commerce transactions, the average monthly domain name registrations in the country has more than doubled to 4 per cent of all global registrations, according to industry estimates.

This, however, is way behind the additions in China, which accounts for 20-22 per cent of monthly new domain name registrations globally.

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