

## Daily Economic News Summary: 4 August 2016

### 1. Rajya Sabha clears GST Bill

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

The Rajya Sabha on Wednesday passed the constitution amendment bill for the goods and services tax (GST), setting in motion the process for rolling out the country's single biggest tax reform. Once in place, it will, driven by the principle of one nation, one tax, economically unify the country for the first time. It will also further reset federal relations in the country, something finance minister Arun Jaitley described as "pooled sovereignty". *"We continue to work with all parties & states to introduce a system that benefits all Indians & promotes a vibrant & unified national market,"* Prime Minister Narendra Modi said on Twitter. *"I would like to add that GST will also be the best example of cooperative federalism. Together we will take India to new heights of progress."*

GST, a destination-based tax that will subsume various indirect taxes at the central and the state level including excise duty, service tax, value-added tax, entertainment tax and luxury tax, is designed to remove the cascading impact of taxes, bring in efficiency, check tax evasion and expand the tax payer base. It is estimated that implementation of GST will add up to 2% to the country's gross domestic product and ensure revenue buoyancy.

### 2. Cabinet nod to bring Uber, Ola under Motor Vehicles Act

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

Taxi aggregators such as Uber and Ola would soon be under the ambit of Motor Vehicles Act, with the Union Cabinet on Wednesday approving a draft law. According to the draft, violators of licensing rules would be penalized with fines of up to ~1 lakh. The Bill also provides for a uniform driving licence and vehicle registration processes across various states through the creation of national registers. Guardians or owners shall be deemed guilty for offences committed by juveniles. These offences would attract a penalty of ~25,000 along with three years imprisonment.

### **3. Government clears 3% SUC for upcoming Spectrum Auctions**

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

Despite having many voices raised against levying of uniform spectrum usage charge (SUC) rate by some telecom operators, including Reliance Jio, the Government on Wednesday approved 3 per cent annual usage charge for the spectrum to be procured in the upcoming auction. The uniform SUC rate has been a highly contentious issue of late with the industry due to difference in the fee for 2300 MHz band (1 per cent) and other bands.

The Union Cabinet, chaired by Prime Minister Narendra Modi, has approved the rates for Spectrum Usage Charge or SUC for various bands of spectrum for which the auction is going to be conducted shortly. *“With this, the path is clear for issuance of the notice inviting application for the auctions by the telecom department,”* an official statement said.

As the country has set the stage for the biggest ever spectrum auction of around Rs 5.66 lakh crore, the Government expects to raise at least Rs 64,000 crore from the mega auction of about 2,300 Mhz of spectrum and Rs 98,995 crore from various levies and services in the telecom sector in this financial year. The bidding process for the spectrum auction is expected to start in 2 months or before. As per the decision, spectrum to be sold in the bands of 700 MHz, 800 MHz, 900 MHz, 1800 MHz, 2100 MHz, 2300 MHz and 2500 MHz will attract SUC at the rate of 3 per cent of the Adjusted Gross Revenue. The SUC for telecom operators holding BWA airwaves (2300 Mhz band) in 2010 auction along with other set of spectrum will be calculated on the basis of weighted average.

### **4. Indian services growth at three month high in July**

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

India's services industry expanded at its fastest pace in three months in July as new business surged, driven by the first price cutting since October, a private survey showed on Wednesday. The Nikkei/Markit Services Purchasing Managers' Index climbed to 51.9 in July from the previous month's 50.3. July is the 13th straight the index has been above the 50 mark that separates growth from contraction. *“The Indian service economy started the second semester on a solid footing, posting its strongest performance since April and thereby indicating that underlying demand conditions remained reasonably firm,”* said Pollyanna De Lima, economist at survey compiler Markit.

The new business sub-index, an indicator of both domestic and foreign demand, rose to a three month high of 51.7 from 50.5 in June. But that surge in orders was accompanied by firms cutting prices for the first time since October, suggesting overall inflation could remain subdued over the coming months and making room for the Reserve Bank of India to cut rates again.

Annual consumer inflation in India was 5.77 percent in June, higher than the RBI's target of 5 percent by March 2017, but economists polled by Reuters expect a repo rate cut to 6.25 percent by the end of 2016. A sister survey on Monday showed factory growth expanded as exports jumped.

### **5. Skoda to invest Rs 100 crore on revamping sales network**

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

Czech carmaker, Skoda Auto today said it plans to invest Rs. 100 crore in India to strengthen brand and revamp its network including sales and service outlets. The company will also introduce four new products, which will help increase volumes to 20,000 units by end of 2017 from an expected 15,000 units in 2016. *“We have adopted a strategy to position us as a value luxury car-maker. The investments would be made in development of new corporate identity and corporate design, improving processes and towards enhancing digital experience,”* Skoda Auto India Chairman and Managing Director, Sudhir Rao told reporters today. He said the new Skoda India dealer network will sport an attractive layout, which will give customers new feel and enhance their ownership experience.

The company has 70 outlets and plans to redesign 40 locations by end of 2016. *“Some of the properties (outlets) will be renewed in 2017 but more than 60 per cent of the network will be ready with the new facilities by the end of this year,”* Rao said. He said Skoda will launch four products, including new Octavia vRs and Kodiaq, next year. Rao, however, did not disclose the rest of the two products. He said in 2015, the company sold 15,000 units and is likely to post a flat growth this year. *“With these four launches, we expect our volumes to grow to 20,000 cars by the end of 2017,”* Rao added. The company will introduce MySkoda mobile application from September 1, which will provide car owners to access their previous service records, locate the nearest Skoda dealership, among other features.

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