Daily Economic News Summary: 7 February 2017

1. Govt to issue exemption list on new tax for unlisted firms
Source: The Hindu: Business Line (Link)

The Government will come out with an "exhaustive list" of transactions on which the "anti—abuse" provision of levying long—term capital gains tax on share transfer in unlisted companies will not be applicable. The Central Board of Direct Taxes (CBDT) Chairman Sushil Chandra said the provision was introduced in Budget 2017—18 to plug bogus long—term capital gains being availed by investment in penny stocks and put an end to "sham transactions". "We are taking information from all stakeholders and we will give a very exhaustive list as to where Section 10(38) will not be applicable. It is absolutely an anti—abuse law which we have brought in and it will be used where the law is abused," he said at a CII post budget meet here. Finance Minister Arun Jaitley in his Budget for 2017—18 proposed 10 per cent long—term capital gains tax on those who acquired shares in unlisted companies after October 1, 2004, if they had not paid securities transaction tax (STT) at the time of purchase. Chandra said genuine investors in IPO or those which have come in through FDI need not worry as there will be no change in policy with regard to capital gains. "We will come out with clarification as to what kind of share transactions will be put (under this provision) so that there is no harassment," he said.

2. From airports to e-commerce Canadian institutional money pouring into India like never before
Source: The Economic Times (Link)

For Anuj Ranjan, the globetrotting India head of Brookfield, the fundamental investment thesis behind buying a large telecom towers portfolio from Reliance Communications was not all that different from taking over Hiranandani's 4.5 million square foot of swish office and shopping space in the financial capital. The world's largest democracy with a billion plus population needs to communicate, share information as well as work and play to sustain its trillion dollar economy. More importantly, both are scaled-up, income generating, operational assets which can be leveraged further using their global expertise to build out larger platforms. Similarly, they have high margins with low capital expenditure going forward and built-in escalators. Toronto based

Brookfield is the world's 2nd biggest manager of alternative assets like real estate and private equity with $250 billion of assets and have already overshadowed traditional Wall Street heavyweights Carlyle, KKR or even Apollo Global Managament. So capital has never been a handicap for Ranjan and his 1000 odd team on the ground. Fresh from raising $14 billion to invest in infrastructure -- believed to be the largest single commitment to the sector of its kind -- the Candian firm has been scouting around for compelling stories across emerging markets like ours. So when both the Hiranandani and the Reliance towers came up for grabs last summer, Brookfield Jumped head long.

3. What's sweet for Apple, is for all
Source: The Hindu: Business Line (Link)

A possible easing of Foreign Direct Investment (FDI) norms based on a submission made by iPhone-maker Apple could be extended to the entire electronics manufacturing sector and not just the American tech giant, a senior government official has said. "No Ministry has taken a final view on the submissions made by Apple. We are in touch with them (the Ministries). If the government decides to listen to particular demands, it would be for the good of the entire sector and the measures will be extended to all and not just the company (Apple)," Department of Industrial Policy & Promotion Secretary Ramesh Abhishek said at a news conference on Monday. Two weeks ago a team of senior Apple executives briefed a government team led by Abhishek on the company's manufacturing plans in the country and the concessions they sought. The team asked for a number of incentives, including exemption from customs duty on imports of components and equipment, and relaxation of conditions like labelling requirements and mandatory domestic sourcing norm for one-third of inputs used, an official told *BusinessLine*.

4. Dabur brings Sri Lankan brand Spice Island to India
Source: The Hindu: Business Line (Link)

NewU, a beauty retail venture by home-grown FMCG major Dabur, is bringing Sri Lankan ayurvedic beauty brand Spice Island to India to strengthen its portfolio. Spice Island, which will be retailed exclusively at NewU outlets, will have a range of premium skin care, bath and body care, and hair care products. Commenting on the development, NewU Chief Operating Officer Vijay Shanker said: "We are confident that the Spice Island range will meet the aspirations of the modern day consumer and further establish NewU as the preferred destination for all beauty care needs of the Indian consumer." The renowned Sri Lankan brand will help people re-connect with Ayurvedic means of skin care and healing, he added. The Spice Island range will include shampoos, body butter, day cream, night cream, shower gels and body lotion priced in the range of ₹649 to ₹1,399. NewU plans to expand the Spice Island range to host of other beauty products such as face wash, the company said.

5. Toyota, Suzuki explore global tie-up with India in sight
Source: Live Mint (Link)

India could be at the heart of the latest realignment in the global automobile industry as Japanese car makers Toyota Motor Corp. and Suzuki Motor Corp. on Monday announced plans to "establish an implementation framework" for a business partnership in areas such as green vehicles, safety and information technologies and mutual supply of products and components. Last October, the two companies said they were exploring a partnership, citing technological challenges facing automakers and the need to keep up with consolidation in the global auto industry.The areas of collaboration agreed upon seem to have stemmed from the rapidly changing global regulatory environment that has also started to have an impact on India, which contributes 65% of Suzuki's consolidated profit. Its local unit Maruti Suzuki India Ltd has a hefty 47% market share.

6. Proposed changes in H-1B visa regime to hurt Indian industry: Sitharaman
Source: The Hindu: Business Line (Link)

The proposed changes in the regime for issuing H-1B visas for skilled workers by the US government will have an impact on Indian companies and the Commerce Ministry will soon hold a meeting with the industry to discuss its strategy for dealing with it, Commerce Minister Nirmala Sitharaman has said. The Minister added that the changes that could have financial implications, such as doubling the minimum wage requirement, can be brought about only through Congressional approval and not executive order, indicating the government had time to take a calibrated decision. "There will be an impact on the Indian industry. As soon as Parliament session is over on February 9, I will hold a meeting with IT industry body Nasscom and industries having significant presence in the US to discuss what their strategy is to deal with the matter," Sitharaman said addressing a press conference on Monday. The Minister pointed out that since all major decisions of financial implications related to norms for H-1B visas that were being considered in the US may have to wait for Congressional approval as they can't be taken through an executive order, the government's reaction has to be nuanced. "The issue is layered. We will decide how to tackle it together with the Ministry of External Affairs. We are also constantly in touch with our Embassy and Consulate Office in the US," she said.