

Daily Economic News Summary: 21 August 2018

1. Global E-Commerce Firms Look To Buy Domestic Retailers To Up India Game

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

Global retailers are looking to enter into joint ventures or acquire stakes in domestic businesses to achieve bigger scale through multi-channel operations, say consultants. US-based e-commerce giant Amazon is in talks to buy a stake in Aditya Birla Retail and Chinese online major Alibaba is discussing a joint venture with Reliance Retail (JV), according to reports on 20 August. “The retail players are realising that larger platforms and partnerships with large players are required to make a mark in this market given the complexities in logistics, demographics, seamless customer service and widespread distribution. We are also seeing the next round of consolidation in retail,” says Rajat Wahi, a partner in Deloitte Consulting.

2. Govt Mulls Duty-Free Import Of Capital Goods To Skirt Wto

Source: The Hindu, Business Line ([Link](#))

The government is working on a scheme to allow duty-free import of capital goods by the domestic industry, a measure that may be linked to employment generation. The initiative could be an alternative to some of the export incentive schemes that will now have to be phased out or withdrawn because of their incompatibility with global trade rules, a government official told *BusinessLine*. “At present, exporters can import capital goods duty free under the Export Promotion Capital Goods (EPCG) scheme and also under initiatives for EOUs (export oriented units) and SEZ (Special Economic Zone) units. However, these schemes are no longer compatible with World Trade Organisation (WTO) norms and have to be phased out or withdrawn. The new scheme is being designed to offer similar benefits to manufacturers within the boundaries of WTO norms,” the official said. Since India’s per capita Gross National Income (GNI) exceeded the threshold of \$1,000 for three years in a row in 2015, it can no longer extend export subsidies, under WTO rules.

3. Steel Ministry Against Inclusion Of Finished Products In RCEP

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

India's steel ministry has strongly opposed the inclusion of finished steel products in the proposed regional free-trade agreement, saying it would have an adverse impact on the industry that's recovering from a crisis. A group of ministers is looking into aspects of the Regional Comprehensive Economic Partnership, or RCEP, after many ministries and departments expressed reservations about the contours of the agreement. The RCEP includes the 10 ASEAN members, China, Australia, India, New Zealand, Japan and South Korea. Finished steel in demand in India is expected to grow 5.5% to 92 million tonnes in 2018 and 6% to 97.5% in 2019, the association said in April, as the Indian economy stabilises and steel demand accelerates gradually.

4. Prabhu Reviews Proposed Industry, Farm Export Policies

Source: The Hindu, Business Line ([Link](#))

Commerce and Industry Minister Suresh Prabhu reviewed the proposed new Industrial Policy, which will replace the existing policy of 1991, and the agriculture export policy, with senior officials on 20 August. The Minister also discussed export promotion strategies that the country needs to adopt to improve performance of the export sector, according to his tweet. "(I) held a meeting with the Commerce Secretary and senior officials of the DGFT on 20 August. Discussed various export promotion strategies and reviewed the upcoming Agri Export Policy and Industrial Policy. We are working on new initiatives to take India's export to the next level," Prabhu said in a tweet. Both policies are likely to be placed before the Union Cabinet for approval soon. The new policy, which will replace the almost three-decades-old existing one, seeks to create jobs for the next two decades, promote foreign technology transfer and attract \$100-billion FDI annually. As part of the exercise, the government is also reviewing all regulatory policies so that all unnecessary regulations could be done away with, Prabhu recently said.

5. Finance Ministry Proposes To Ease Process Of Getting No Tax Deduction Certificate

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

The finance ministry has proposed amendments in the Income Tax rules for obtaining 'no deduction of tax' certificate electronically, a move aimed at minimising human interface and reducing compliance burden. The tax department proposes to make changes in Form No 13 and

related rules under the Income Tax Act. "In order to rationalise and make the process of issuance of certificate for no deduction of tax or deduction/collection of tax at lower rate electronic, the existing Form No 13 and relevant IT Rules are required to be amended," said the revenue department. "In order to rationalise and make the process of issuance of certificate for no deduction of tax or deduction/collection of tax at lower rate electronic, the existing Form No 13 and relevant IT Rules are required to be amended," said the revenue department.

6. Paytm Launches AI Cloud With Alibaba For Developers, Start-Ups, Enterprises

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

After launching a mobile wallet, financial services, an online marketplace, among other verticals, One97 Communications, the company that owns Paytm, has announced the launch of its artificial intelligence (AI) cloud computing platform Paytm AI Cloud for developers, start-ups, and enterprises in partnership with global tech giant Alibaba. The AI-powered cloud computing platform offers a suite of business-centric apps for organisations that need solutions for cloud computing. Microsoft and Amazon are few of the biggest cloud service providers in the country. "The ready-to-use services would help to automate workflow, easy-to-integrate payments, messaging and customer engagement without the hassle of managing hardware and software," the firm said.

7. As UPI 2.0 Is Unveiled, It Remains Very Much A Transaction In Progress

Source: The Wire ([Link](#))

After a delay of over six months, version 2.0 of the Unified Payments Interface (UPI) was unveiled last week by Reserve Bank of India governor Urjit Patel in the presence of Nandan Nilekani at a closed-doors event organised by the National Payments Corporation of India (NPCI) for banking and payment industry executives. Users, however, will need to wait till at least early September to see these features on their apps, as banks are still testing the same. What's new though is support for overdraft accounts, account blocking (or one-time mandate), increased overall transaction limits, invoice in inbox and signed QR/intent. The much awaited feature of e-Mandates (standing instructions for recurring debits) has been put on hold and fin-tech companies, particularly digital lending firms, will need to wait longer – probably until banks develop confidence in the system.

8. Shipping Ministry Eyes SEZ-Like Tax Breaks To Push Coastal Economic Zones

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

To get investors for its ambitious Coastal Economic Zone (CEZ) scheme, the Ministry of Shipping is pitching for tax concessions on the lines of what is available for special economic zones. This, it is felt, could give a boost to the project after the government decided to give a push to the logistics and warehousing sectors by declaring them as infrastructure. The ministry is likely to approach the Prime Minister's Office for the same. "We are in the process of seeking approval from various stakeholders including NITI Aayog, Department of Expenditure, DIPP and road ministry and would write to the PMO," an official in the know told *Business Standard*. The Union government had proposed setting up CEZs, one each on the east and west coast of the country. "The states which are ready with their set of clearances and land acquisition would get the first opportunity to execute the CEZ project," the official said.