



### E-newsletter June 2017

#### **Harvard says India will remain ahead of China in economic growth.**

According to a Harvard University research, India will be the base to the economic pole of global growth over the coming decade with a 7.7 per cent growth rate annually, remaining ahead of China. As per the new growth projections presented by researchers at Center for International Development at Harvard University (CID), the economic pole of global growth has moved over the past few years from China to neighboring India, where it is likely to stay over the coming decade. Researchers attribute India's rapid growth prospects to the fact that it is particularly well positioned to continue diversifying into new areas, given the capabilities accumulated to date. Researchers attribute India's rapid growth prospects to the fact that it is particularly well positioned to continue

### Consulate General of India, Munich

diversifying into new areas, given the capabilities accumulated to date. Growth in emerging markets is predicted to continue to outpace that of advanced economies, though not uniformly. The projections are optimistic about new growth hubs in East Africa and new segments of Southeast Asia, led by Indonesia and Vietnam.

#### **India's clean energy sector could create 300,000 new jobs by 2020: Study**

More than 300,000 new workers can be employed in wind and solar jobs and more than one million total employment opportunities can be created in achieving India's ambitious clean energy goals to install 175 gigawatts (GW) of renewable power by 2022, said a study released on Wednesday. It highlighted that the solar and wind

energy sectors employed more than 21,000 additional people across India in 2016-17 while an additional 25,000 people will be employed over the coming year. The study also said that labor-intensive rooftop solar segment will employ 70% of the new workforce, creating seven times more jobs than large-scale projects such as solar farms. India's clean energy workforce comprises solar installers, maintenance workers, engineers, technicians and performance data monitors. The study *Greening India's Workforce: Gearing Up For Expansion of Solar and Wind Power in India* published by Delhi-based think tank, Council on Energy, Environment and Water (CEEW), and the Natural Resources Defense Council (NRDC) also stressed that strong growth in the domestic solar manufacturing industry could provide full time employment for an additional 45,000 people in India. Just before 2015 Paris Climate summit, Prime Minister Narendra Modi led National Democratic Alliance (NDA) government had announced an ambitious target of 175 GW renewable power which included 100 GW Solar power and 60 GW wind power. At present, India's installed wind power capacity is 32.2GW and solar is 12.2GW. According to the CEEW analysis, India's clean energy goals have the potential to put 34,600 people to work in wind power, 58,600 in utility solar and 238,000 in rooftop solar jobs over the next five years.

### **Digital commerce in India to reach ₹ 2.20 lakh Cr by December 2017.**

The digital commerce market in India is pegged to grow to ₹ 2,20,330 crore by December 2017, an industry report said today. According to a report by Internet

and Mobile Association of India and IMRB Kantar, digital commerce in India has grown at a CAGR of 30 per cent to reach ₹ 1,68,891 crore by the end of December 2016."It is estimated to reach ₹ 2,20,330 crore by December 2017," it added. This translates into a growth of 30.4 per cent. The online travel market, which would continue to account for over half of India's digital commerce, is expected to touch Rs 1,18,598 crore by December 2017. This is over 24 per cent higher than ₹ 95,198 crore registered last year. The e-Tailing segment is expected to reach around ₹ 94,964 crore by the end of this year, growing at about 59 per cent from ₹ 59,876 crore in December 2016. The report also stated that online utility payment (for services like DTH/telephone and electricity bills) would reach ₹ 7,532 crore this year from ₹ 6,277 crore last year. Other online service market that includes online bookings done for entertainment, online grocery and online food delivery, is expected to reach ₹ 4,587 crore in the said period.

### **FIEO sets export target of US\$ 325 bn for this fiscal**

With exports recording continuous growth, exporters body FIEO expects that the country's merchandise shipments would reach USD 325 billion this fiscal. Federation of Indian Export Organizations (FIEO) President Ganesh Kumar Gupta also said while India is showing a positive trend on exports since the last nine months, there is a bit of anxiety in the business with regards to the Goods and Services Tax (GST)."Indian exports have been on an upward trend in last few months with export of USD 275 billion in last fiscal and a target of USD 325 billion to

achieve in 2017-18," FIEO said in a statement. Further, it has organized an interactive session with Commerce Secretary Rita Teotia in Kolkata. Quoting the secretary, FIEO said, "GST is a well needed reform and the transition will require some time, and calibrated process of foreign trade policy will be continuous". With regard to shipping lines overcharging, she stated that the Director General Shipping has been informed and they are waiting for a response from them.

### **GST will boost hiring by 11% across sectors: Rajiv Pratap Rudy**

According to the Union minister Rajiv Pratap Rudy, the GST roll out will boost hiring across sectors by 11 per cent by creating an integrated national market which will promote domestic demand and drive job creation. The Ministry of Skill Development and Entrepreneurship to announced a training programme to certify Goods and Services Tax practitioners under its flagship scheme Pradhan Mantri Kaushal Vikas Yojana to make the country's passage to the new tax regime smooth and glitch free. It will be a step towards improving the quality of vocational training, reduction in cost of the training and incentivizing training providers. According to the Ministry of Skill Development and Entrepreneurship, the course will equip candidates with relevant skills to benefit from job opportunities generated by the GST. The tax reform is expected to fuel demand for professionals in various segments of the economy as mid-and small-sized companies are likely to outsource similar activities to third party account firms.

### **Renewable energy boost: 4 Indian solar, wind power firms plan to raise \$2.5 billion in offshore bonds**

Four Indian renewable power producers are planning to raise up to \$2.5 billion via dollar bonds offshore because of caution among domestic lenders, banking sources said. In addition to the four solar and wind power firms, a fifth company that invests in renewable projects, Adani Group, has raised \$250 million via a loan but has yet to publicly announce the borrowing, the sources told Reuters. A source working with one of the bond issues said foreign borrowing was attractive because state banks were reluctant to lend due to existing bad loans to the power sector, while domestic banks worried about falling tariffs for solar power. According to analysts' and Bankers, foreign investors have been attracted to the sector by India's commitment to expand renewable power capacity, with plans to invest close to \$150 billion to meet its 2022 targets. New York-listed Azure Power Global Ltd, which has projects in the states of Rajasthan, Punjab and elsewhere, planned to raise \$500 million via a dollar issuance, two bankers said. Continuum Energy, a firm backed by U.S. bank Morgan Stanley that has projects in the southern state of Tamil Nadu and western state of Gujarat, planned to raise \$400 million.

### **Amazon bets on India, pumps in Rs 1,680 crore more in India unit**

Global giant Amazon has invested an additional Rs 1,680 crore in its India unit as it looks to further strengthen operations in the booming e-commerce market here. The fresh infusion part of Amazon's USD 5 billion commitment to Indian market will also provide more arsenal to the Indian entity that is locked

in an intense battle for leadership with local rival, Flipkart. Amazon Seller Services (Amazon India) received the funds last month, as per regulatory filings with the corporate affairs ministry. In June last year, the US-based firm had said it will invest an additional USD 3 billion in India, topping up the company's earlier stated investment of USD 2 billion. Amazon India is estimated to have already received over USD 2 billion in funding. These investments are being directed towards building warehouses, strengthening logistics and increasing product assortment. Besides, significant money is being invested in marketing and promotions by the e-commerce player.

### **Lockheed Martin to produce F-16 Fighter Planes in India with Tata Advanced Systems.**

Lockheed Martin has signed an agreement with India's Tata Advanced Systems to produce F-16 fighter planes in India, pressing ahead with a plan to shift its Fort Worth, Texas plant to win billions of dollars' worth of order from the Indian military. India's Air Force needs hundreds of aircraft to replace its Soviet-era fleet, but Modi's government has said foreign suppliers would have to make the planes in India with a local partner to help build a

domestic industrial base and cut outright imports. India will also have the chance to export the F-16 that is flown by Air Forces around the world, the Joint statement said. Some 3,200 of these planes are being flown by 26 countries and the model that is being offered to India will be Block 70, the most modern of all the F-16s. India has not opened formal bidding for the jet order, which is expected to be anything from 100 planes to 250. Sweden's Saab is the other contender to supply the Indian Air Force, offering to make its Gripen fighter in India. It has not yet announced a local partner for the plane which it has pitched as a modern alternative to the F-16s. Tata is already building airframe components for the C-130 military transport aircraft.

### **CBDT notifies secondary adjustment rule in transfer pricing.**

The Income Tax Department has come out with rules for operationalizing the provisions of secondary adjustment in books of accounts to reflect actual allocation of profits between a company and its arm. The Finance Act 2017 has inserted Section 92CE in the IT Act to give effect to the secondary adjustment norms, which are based on OECD's transfer pricing guidelines for multinational enterprises and tax administration.