DELHI SET TO SCORCH GROWTH CHART

Indian cities to see fastest growth in Asia over five years as the Asia-Pacific's top 30 cities will grow at an average of 4.2% in 2017-21

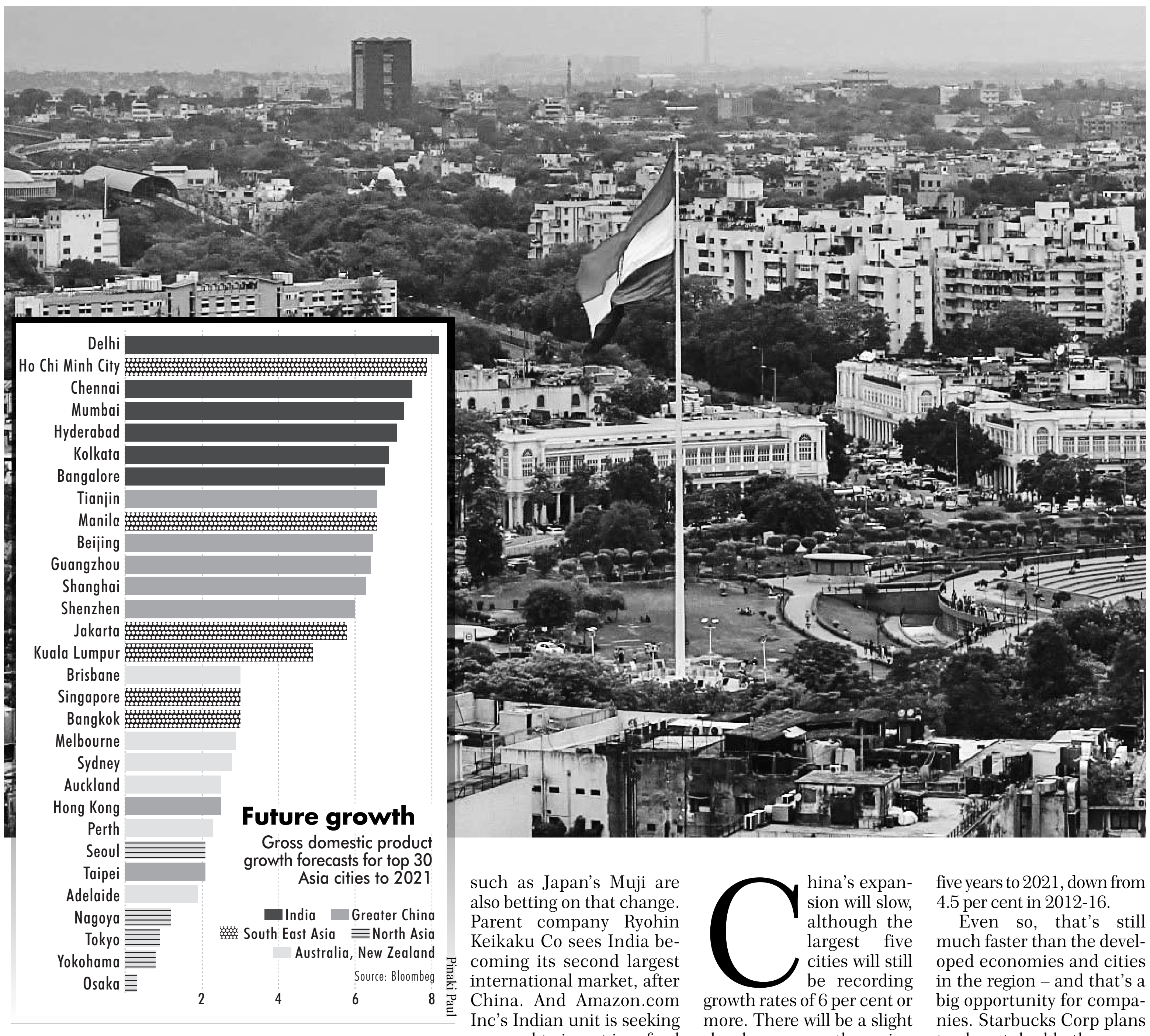
MELISSA CHEOK
Bloomberg

DELHI will have the fastest growth of any city in Asia, with the economy to be almost 50 per cent larger in 2021 than it was at the end of last year. Indian cities are set to expand the most across the region, with growth speeding up from the past 5 years, according to a new study from Oxford Economics, which ranked Asia's 30 largest cities.

With financial and business services projected to be the fastest growing sector in India, Delhi's dominance in this industry will lead to higher growth and higher incomes.

"Limits on foreign ownership of Indian companies are gradually being reduced or eliminated," wrote Mark Britton, lead economist on the report. "In the short term this is conducive to strong growth in Delhi's professional services sector, as overseas investors seek advice on possible deals, while long term it should mean steady income streams for such businesses," Britton remarked.

Consumer companies such as Japan's Muji are also betting on that change. Parent company Ryohin Keikaku Co sees India becoming its second largest international market, after China. And Amazon.com Inc's Indian unit is seeking approval to invest in a food supply chain and take advantage of government moves to ease rules on foreign retailers.



China's expansion will slow, although the largest five cities will still be recording growth rates of 6 per cent or more. There will be a slight slowdown across the region amid moderating import demand from China, with growth expected to average 4.2 per cent per year over the five years to 2021, down from 4.5 per cent in 2012-16.

Even so, that's still much faster than the developed economies and cities in the region – and that's a big opportunity for companies. Starbucks Corp plans to almost double the number of stores it has in mainland China by 2021, and McDonald's Corp plans to add 2,000 new restaurants over the same period. Both companies recently announced they were buying out their partners in mainland China and taking control of operations.

However, there are significant differences across the region.

Japanese cities are likely to remain at the bottom amid a challenging demographic outlook, with Osaka last in the rankings as its working-age population falls by approximately 1 per cent per year, the report said.

Tianjin is forecast to clock the fastest growth in China, given that it has a large manufacturing base and one of the nation's busiest ports. However, as the services sector expands, the manufacturing and shipping industries may prove to be less supportive in future.

Ho Chi Minh was the only non-Indian city in the top five, reflecting the city's success in establishing itself as a manufacturing centre, as well as its strong services sector.

Other Indian cities in the top 10 are Chennai, the capital of Tamil Nadu; Mumbai, Maharashtra capital that is known as the commercial capital of the country, the earlier cyber city Hyderabad, which was dethroned from its high pedestal by Bangalore, the infotech hub and capital of Karnataka and the last but not least Kolkata, Bengal capital that dominated the political and business map much beyond the transfer of political capital to New Delhi.

Gold imports more than doubled in July

SHRUTI SRIVASTAVA & SWANSY AFONSO
Bloomberg

GOLD imports by India are said to have risen in July on arrival of some delayed shipments booked ahead of the implementation of a new national goods and services tax on the first of last month, according to a person familiar with the information.

Inbound purchases rose to 53.4 tonnes last month from 22 tonnes a year earlier, said the person, who didn't wish to be identified because the data is not public. Sequentially, imports of the metal fell from 72 tonnes in June.

Total imports during January to July jumped more than two and half times to 625.5 tonnes, according to data compiled by Bloomberg. Finance ministry spokesman DS Malik declined to comment on the data.

While traders and dealers stocked up on gold inventories ahead of the levy of the national goods and services tax on fears of a higher duty, demand is expected to slow in the second half of 2017 as buyers take time to transition to the new regime, WGC said last week.

Consumption is estimated to remain below a five-month average of 850 tonnes and be in the range of 650 tonnes to 750 tonnes this year, it said. "Such a rise in imports is not sustainable because the demand from the consumer side in the market is very slow and interest from the investment side has also dried up on low returns," said Bachhraj Bamalwa, a director with the All India Gems & Jewellery Trade Federation, referring to the July jump.

Shipments from S Korea climbed as importers took advantage of the lower goods and services tax rate and a free-trade pact between the two nations, the person said. Imports from most other countries are taxed at 10 per cent versus zero for those from South Korea.

PM for war on communalism, casteism & poverty

FC BUREAU
New Delhi

INVOKING the spirit of 'Quit India' movement, Parliament on Wednesday pitched for strengthening secularism and democracy amid prime minister Narendra Modi's call for a determined effort by all sections to rid the nation of ills like communalism, casteism and poverty by 2022.

Congress president Sonia Gandhi, however, warned that the "forces of darkness" were trying to destroy the roots of democracy and the "clouds of the politics of division and hate" are hovering over the plural and egalitarian values enshrined in the Constitution.

Parliamentarians paid rich tributes to the freedom fighters and recalled their sacrifices as both Lok Sabha and Rajya Sabha took up a special discussion on the 75th anniversary of the 'Quit India' movement, launched on this day in 1942 by Mahatma Gandhi.

Leaders from all parties were unanimous in underlining the need for strengthening democracy and secularism even as some in the opposition equated the current situation to that prevailing during the colonial days.

Some opposition leaders contended that democracy and secularism was under threat today, with CPI(M)'s Sitaram Yechury warning against creation of "Hindu Pakistan".

The prime minister, who initiated the discussion in Lok Sabha, underlined that everyone would need to rise above political and ideological affiliations to rid the nation of ills like communalism, casteism, poverty, corruption and dirt.

He said ideological differences, which are there today, existed even during the freedom struggle and despite the different approaches, everyone had worked for the common goal of Independence.

Corruption, poverty, illiteracy and malnutrition are the greatest challenges that India now needs to overcome and to do that, there is a need to create the same spirit that existed between 1942 and 1947, he said.

Setting 2022, the 75th anniversary of the country's Independence as the target year, Modi said people should take a pledge of *'karenge, aur kar ke rahenge'* (We will do and surely do).

"In 1942, the clarion call was *'karenge ya marenge'* (do or die) – today it is *'karenge, aur kar ke rahenge.'* The next 5 years should also be about *'sankalp se siddhi'*, a resolve that will lead us to accomplishment," he said.

Pulses import up 51% in Q1 on weak global prices

RAJESH SHARMA
New Delhi

THE record output of pulses in 2016-17 failed to curb imports and during the first quarter of this financial year shipments increased by 51 per cent to 1.65 million tonnes due to weak global prices, government data showed.

Last year, India imported 1.09 million tonnes pulses in Q1. The government spent Rs 60.28 billion on imports this year against Rs 52.93 billion a year ago.

While imports increased by 51 per cent volume-wise, value-wise it rose 14 per cent due to prevailing low global prices. "Imports are increasing because of falling prices in the global market and firm Indian rupee," said an importer.

In the global market, tur is quoting around $475 a tonne against $670 a tonne in January this year. Similarly, urad FAQ prices fell to $625 from $920 while urad SQ slipped to $760 from $1,035 a tonne.

Though India's produced record pulses in 2016-17, imports are needed to fill the demand-supply gap, the importer said. "Many importers suffered losses due to fall in prices in global and local markets because of ample supplies but they have to import to honour commitments," said RK Gupta, a Delhi trader.

India is the largest producer, importer and consumer of pulses. "Pulses imports may continue to surge as imported lentils are generally cheaper due to firm rupee and lower global prices," said Mahender Gupta, another trader.

– TickerNews Service

Mining firms in Goa look to SC for relief from additional load

FC BUREAU
New Delhi

MINING companies, including Vedanta and Formento having operations in Goa, have pinned their hopes on August 14 hearing in the Supreme Court that is looking into their interlocutory application (IA) challenging setting up of the Goa iron ore permanent fund (GPF).

GPF has been set up in addition to the district mineral foundation (DMF), operationalised in the two districts of Goa. Mining firms in their petitions have said both funds look at the intergenerational equity and livelihood support for families affceted by mining and thus double the levy on them for achieving similar goals.

"The finality of order given by the Supreme Court in illegal mining case, relating to Odisha recently, has raised the hope that the court may not allow two continuing funds for the same purpose in Goa," said an official of affected miner in Goa asking not to be named, as the matter was sub judice.

"The earlier permission to set up GPF was taken when the government had not amended the mining legislation proposing DMF. Now since miners are expected to contribute a portion of royalty to the foundation, they should not be burdened with another levy that amounted to double-taxation," he said.

Goa started GPF in 2012 after the apex court asked the state to create a fund to protect 'intergenerational equity' from the adverse impact of mining. The fund required all mining firms to deposit 10 per cent of sale value of ores extracted and sold by them in GPF.

But in 2015, the Centre amended the Mines and Minerals (Development and Regulation) Act to introduce DMF by the state government in a district affected by mining. Under it, owners of operational mines have to pay 100 per cent of royalty and owners of new mines allotted through auction 33 per cent of royalty to DMF.

The two funds together, in addition to other levies, raise the tax burden on miners to over 50 per cent of the value realised on sale of ore.

"GPF has lost its relevance with introduction of DMF. Moreover, it should be emphasised that the funds have merely become another source of revenue for the government rather than it being used to improve infrastructure, livelihood and living conditions of people around mining operations," said another industry observer.

Goa has collected over Rs 200 crore through GPF and DMF but its spend on activities related to mining has been negligible. On the other hand, the dual levy on miners has increased tax incidence on them at a time when the mining industry is trying to recover from a slowdown, and prices in the export market have just started picking up.

"Iron ore miners in India are burdened with high royalty rate, which is one of the highest in the world. Against 15 per cent in India, royalty rate vary from 5.35 per cent to 7.5 per cent in Australia, 2 per cent in Brazil and between 0.5 per cent and 4 per cent in China.

"Moreover, there is no export duty on iron ore in these countries and the Australian mining sector contributes to 7 per cent of GDP compared with only 2.6 per cent in India," said Srinivas Reddy, an analyst with Juniper Advisors.

Direct tax revenue up 19% in April-July

FC BUREAU
New Delhi

THE direct tax collection registered a steady growth of 19.1 per cent in the first four months of FY18 to Rs 1.90 lakh crore. The collection for April-July is 19.5 per cent of the Rs 9.80 lakh crore target from this segment for the entire 2017-18.

"Direct tax collection in this period, net of refunds, stands at Rs 1.90 lakh crore, which is 19.1 per cent higher than the net collections for the corresponding period of last year," a finance ministry statement said. The collection of direct tax continue to register "steady growth", it said. In April-July of FY17, the direct tax mopup had grown 24.01 per cent to Rs 1.59 lakh crore.

Economic Survey-II to be tabled on Friday

FC BUREAU
New Delhi

FINANCE minister Arun Jaitley may present the second volume of Economic Survey 2016-17 in Parliament on Friday, according to Money-control News. The second volume will contain updated macroeconomic data. It may also contain a commentary on farm loan write-offs.