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iCSI

International Chamber for Service Industry

*Empowering Service Industry*

# Newsletter

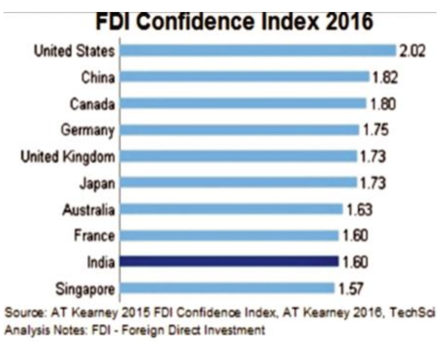
April 2017

## Service Industry
## Voice of India

## FDI NOT AN ISSUE- CAN BE EASILY ATTRACTED

The consolidation happening in the industry follows some acceptance of the fact that 100 per cent foreign direct investment (FDI) will not happen and it is left to the domestic players to grow the pie and expand their share.

Under the current rules, while 100 per cent foreign ownership is allowed in cash-and-carry trade, or wholesale trade, as well as single-brand retail, there is a cap of 51 per cent in multi-brand retail.Also, it has been left for each state to decide whether it wants foreign ownership of multi-brand retail stores or not.




In its keenness to protect interests of the smaller, unorganised trade, the government has been sending strong signals about its opposition to mega international retailers coming in.The government has been too focused on the ownership issue and has displayed a misplaced understanding of the sector.

Pure play multinational retailers are avoiding India due to the government's ambivalent attitude to FDI and it has been sending unwelcome signals.They are anyway already selling their products through e-commerce which is in fact an area that the government does not know how to handle.

## GROWING E-COMMERCE CHALLENGE

The way the business is moving and the increasing thrust on e-commerce is re-proving the country's consumption story. E-commerce or e-tailing is the recent paradigm that retailers have had to also confront and already 75 per cent of retailers have adopted e-commerce in some form and globally, retailing has already graduated to a multi-channel, omni-channel retail industry.


"E-commerce has emerged out of nowhere and forced retailers to adapt. However, its growth has been predicated on excessive discounting which is not viable in the long term," Mr.Singhal said.

"For lifestyle brands in e-commerce, the need of the hour is to protect the brand and ensure that there is no indiscriminate discounting," Mr. Rajagopalan said. "This is why leading luxury and high-end players globally as well as several leading retailers here do not offer discounts on their websites."

The margins of retailers have been impacted and although it is expected that discounting will continue for 12-18 months, the players are moving beyond discounts and thinking about building customer loyalty.

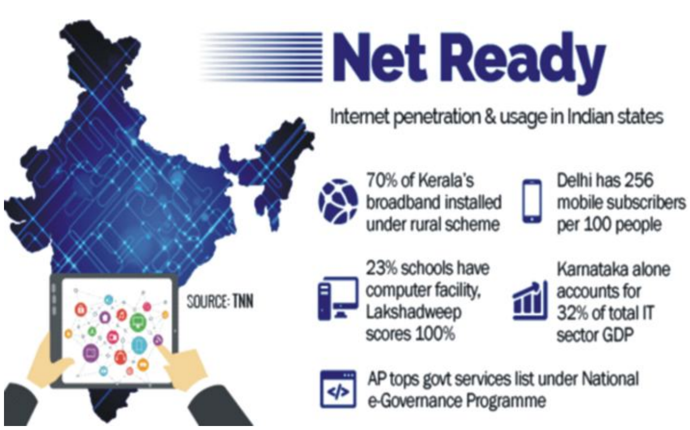
"Today, as competition intensifies and consolidation sets in, retailers are being forced to adapt to the e-commerce opportunity," Mr. Rajagopalan said. "Besides having to adopt an omni channel strategy using offline and online channels to offer a seamless and unified customer experience in order to stay relevant."

Source:http://www.thehindu.com/business/Industry/retail-sector-in-india/article7188691.ece

## DELHI TOPS AMONG STATES IN INTERNET READINESS

Delhi has emerged as the top ranked state in terms of overall Internet readiness including e-infrastructure and e-participation, overtaking last year's winner Maharashtra, according to a report titled 'Index of Internet readiness of Indian states' by Internet and Mobile Association of India (IAMAI) and Nielsen Holdings PLC, a global information and data measurement company unveiled on Wednesday.

The capital city-state is followed by Karnataka,



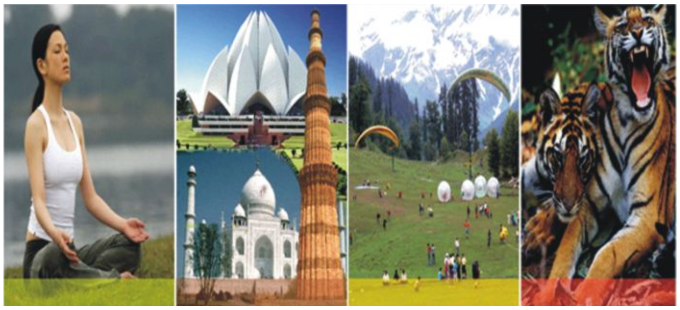
Maharashtra, Kerala and Tamil Nadu.
Internet readiness index is a composite benchmark of four components, i.e., e-infrastructure, e-participation, IT-environment and government e-services. All four components have been given equal weightage in the model, claims the research report.

Source:http://www.gadgetsnow.com/tech-news/Delhi-Maharahtra-top-internet-reach-usage-index/articleshow/50909375.cms

Among the smaller states, Delhi is at the top followed by Chandigarh and Puducherry. Chandigarh is ranked second in both e-infrastructure and e-participation. Puducherry ranks after Chandigarh when measured on the e-infrastructure index.
The report also highlights the status of digital start-up ecosystem of the states. It finds that Karnataka, Delhi and Maharashtra are the top three states with the highest number of digital start-ups. There are a total of 242 start-up incubators in the country, out of which 61 incubators are in Tamil Nadu.
Speaking at the launch of the report, IT secretary, Aruna Sundararajan, said, "Niti Aayog and other ministries of the government are increasingly trying to see that which states are leading in best practices. We are trying to find out these practices and the possibility of sharing these practices in benchmarking where each state can be."
Among the northeastern states, Nagaland tops the list, closely followed by Manipur and Tripura. Nagaland leads in IT environment and performs moderately well in other categories to get to the top.
"Significantly, even within smaller states, the northeastern states ranked low in terms of overall Internet readiness. Therefore, much more needs to be done in the form of investment and infrastructure development in the region," the report said.

## Highlights regarding FTAs & FTAs on e-Tourist Visa from Tourism

- FTAs during the period January- December, 2016 were 88.90 lakh with a growth of 10.7% as compared to the FTAs of 80.27 lakh with a growth of 4.5% in January- December, 2015 over January-December, 2014.
- The number of FTAs in February, 2017 were 9.56 lakh as compared to FTAs of 8.47 lakh in February, 2016 and 7.61 lakh in February, 2015.
- The growth rate in FTAs in February, 2017 over February, 2016 is 13.0% compared to 11.3% in February, 2016 over February, 2015.



- FTAs during the period January- February 2017 were 19.40 lakh with a growth of 14.7%, as compared to the FTAs of 16.91 lakh with a growth of 9.0% in January- February 2016 over January-February 2015.
- The percentage share of Foreign Tourist Arrivals (FTAs) in India during February 2017 among the top 15 source countries was highest from Bangladesh (17.46%) followed by UK (12.20%), USA (11.83%), Russian Fed. (4.29%), Canada (4.26%), France (3.25%), Germany (3.11%), China (2.96%), Sri Lanka (2.91%), Australia (2.62%), Malaysia (2.55%), Japan (2.26%), Thailand (1.83%), Afghanistan (1.73%), and Nepal (1.50%).
- The percentage share of Foreign Tourist Arrivals (FTAs) in India during February 2017 among the top 15 ports was highest at Delhi Airport (31.86%) followed by Mumbai Airport (16.10%), Haridaspur Land checkpost (9.44%), Chennai Airport (6.72%), Goa Airport (5.58%), Bengaluru Airport (5.14%), Kolkata Airport (4.75%), Cochin Airport (2.61%), Hyderabad Airport (2.49%), Gede Rail Land checkpost (2.43%), Ahmadabad Airport (2.03%), Amritsar Airport (1.49%), Trivandrum (1.37%), Ghojadanga land checkpost (1.24%) and Gaya Airport (1.24%).

**Foreign Tourist Arrivals on e-Tourist Visa**

- During the month of February, 2017 total of 1.70 lakh tourist arrived on e-Tourist Visa as compared to 1.17 lakh during the month of February 2016 registering a growth of 45.2%.
- During January- February 2017, a total of 32.18 lakh tourist arrived on e-Tourist Visa as compared to 20.54 lakh during January-February 2016, registering a growth of 56.7% .
- The percentage shares of top 15 source countries availing e- Tourist Visa facilities during February, 2017 were as follows:
- UK (26.1%), USA (11.0%), France (7.3%), Russian Fed (7.3%), China (5.1%), Germany (4.8%),

Canada (3.9%), Australia (3.4%), Korea (Rep.of) (2.2%), Netherlands (1.9%), Ukraine (1.5%), South Africa (1.5%), Spain (1.3%), Singapore (1.2%) and Sweden (1.2%).

Source:http://pib.nic.in/newsite/PrintRelease.aspx?relid=157393

## PVR to Launch 10 virtual reality lounges in India

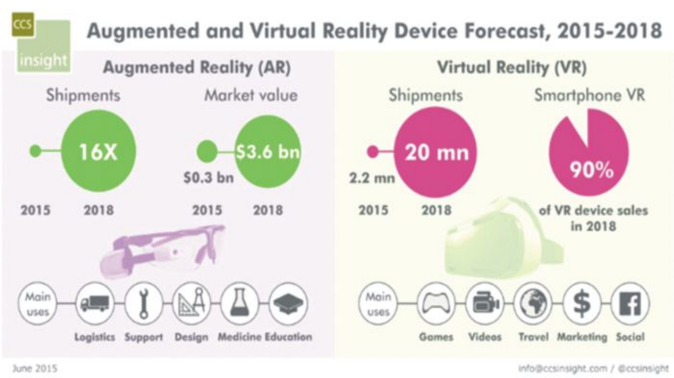
Source:http://indianexpress.com/article/technology/tech-news-technology/virtual-reality-finally-becoming-real-ces/

PVR Cinemas, India's largest multiplex chain, will be spending Rs 15 crore on 10Virtual Reality (VR) lounges across some of its properties in India.While it has kicked off its first VR Lounge in Noida on Monday, the company is planning to open similar lounges in Mumbai, Delhi and a couple of South Indian cities over the next 6 to 8 months.

The VR lounge will allow film buffs to experience a new dimension of entertainment while they wait for their film to begin. "We track our consumers' journey across properties and are always on the lookout for what more we can offer them.This idea of VR lounge came last year and we partnered with HP for the latest ground-breaking technology," said Gautam Dutta, CEO, PVR.

Dutta said that PVR's cost per lounge will be about Rs 1.5 crore on an average. "Our average per seat cost will be Rs 25 lakh, while all the lounges will have 4-12 seats. So, on an average, the 10 lounges will have 6 pods," Dutta said.

The VR Lounge will provide games as well as a library of fascinating and adventurous immersive and interactive content curated from various different genres such as drama, fiction, sci-fi, horror, action, etc.




Source:http://economictimes.indiatimes.com/news/brandwire/media-entertainment/entertainment/pvr-to-launch-10-virtual-reality-lounges-in-india/articleshow/57742014.cms

## Education is key for achieving financial inclusion in India: Rajib Saha, Indepay Networks

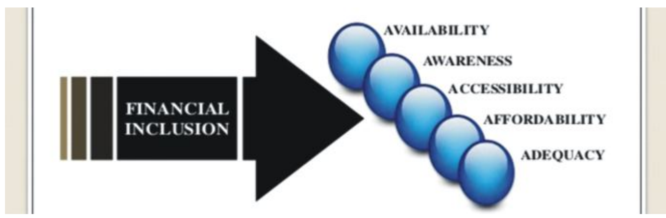
The first challenge that I see in achieving total financial inclusion is the understanding that we have of the term itself, which, as a country is very confined. While we tend to view financial inclusion as a bare minimum access of banking services to the unbanked and under-banked population, internationally there are multiple levels of inclusion.

Having said this, banks are also constrained to give credit because of low credit worthiness, even for the individuals who have a bank account because we do not have a habit of keeping money in our accounts.This leads to lack of data with the banks. In India, more than 40% of the bank accounts opened by individuals are dormant accounts which hinder the basic services that can be availed from the bank: keeping money and extending credit.

This leads me to the third and the most critical challenge that we face: Lack of awareness within the country of financial inclusion and more specifically how credit can, and will create more consumption power, and economic growth. If we study the developed markets, we realize that the lending rate is much lower than in India, because credit worthiness of each individual is high. In such a scenario, it's easy, more economical and beneficial for any individual to take credit from the bank to take .

The change of behavior, from withdrawing to keeping, and banking digitally is going to ensure banks have appropriate data to give credit to all individuals seeking monetary assistance. A big step in this area is when SBI announced that all individuals with a deposit of more than 20,000 INR would be eligible for a credit card.

Studies also show that general notion of credit is different from what it is meant to be. Indians view credit as a liability that needs to be finished. However, its credit that will ensure a financial lifeline and easy payments at low rates. These challenges lead me to the conclusion that its education, that is the key for achieving financial inclusion in a country




like ours.

The evolution of the card market is driven by the interplay of various stakeholders as markets and technologies change. As innovations, such as a card on a mobile phone and multi-currency payment facilities become available, it becomes easier and more convenient for cardholders to make purchases. As a result, cardholders are able to spend more frequently.

Essentially, as the consumption goes up, the interchange rates come down, which benefits the consumers and the merchants. Developed markets have low interchange rates which are driven primarily through banks and institutions via digital platforms. In countries like Indonesia, Bangladesh, and Pakistan, mass credit at low rates is provided to the community, something that we haven't been able to implement yet.

Key efforts in educating the under-banked and un-banked population in Bangladesh has led to Mobile money usage going up by 9% in the last year, while in India, it was just 1%. 17% of Bangladeshi's exclusively use mobile money. Use of Non-Bank financial institutions also went up by 24% in Bangladesh compared to only 9% in India.

Source:http://economictimes.indiatimes.com/opinion/interviews/education-is-key-for-achieving-financial-inclusion-in-india-rajib-saha-indepay-networks/articleshow/58082731.cms