

Weekly Compendium of Research

Period ending 22nd November 2018

During the last week, PHD Research Bureau, the research arm of PHD Chamber of Commerce and Industry focused on various issues and challenges pertaining to the economic and business environment in the country. PHD Research Bureau disseminated information to members of PHD Chamber & other stakeholders on various issues such as Decisions taken by the Union Cabinet, signing of the USD 310 million loan agreement for Jharkhand Power System Improvement Project between the Government of India and the World Bank, Namami Gange projects in Uttar Pradesh, Bihar, West Bengal and Himachal Pradesh worth Rs. 1573.28 Crore, among others.

India and World Economy

- [Namami Gange projects in Uttar Pradesh, Bihar, West Bengal and Himachal Pradesh worth Rs. 1573.28 Crore approved-](#) The Executive Committee (EC) of the National Mission for Clean Ganga (NMCG) has approved ten projects worth Rs 1573.28 crore. The project for Rehabilitation / Renovation of Agra Sewerage Scheme (Interception & Diversion Works) has been conceived at a total cost of Rs. 857.26 crore including O&M cost for 15 years. The major components of the project include tapping of 61 nalas/drains, construction of 3 Sewerage Treatment Plant (STP's) of total capacity 166 MLD, construction of 10 decentralized STPs of 9.38 MLD and renovation of 2 existing STPs, laying of rising main of 17.61 km, renovation of Sewage Pumping Station (SPS), renovation of STPs renovation of interception work, upgradation of STPs (for chlorination), and operation and maintenance for 15 years.
- [OECD Economic Outlook expects India's growth to remain strong in 2019 & 2020-](#) According to OECD's Economic Outlook November 2018, the global economy is going through a rough phase. Global GDP growth is strong, but has peaked. In many countries, unemployment is well below pre-crises level, labour shortages are biting and inflation remains tepid. Yet, global trade and investments has been slowing amid increase in bilateral tariffs, while many emerging market economies are experiencing capital outflows and a weakening of their currencies.

- [Decisions taken by the Union Cabinet](#)- Cabinet approves extension of the term of the Commission to examine the issue of Sub-categorization of Other Backward Classes in the Central List till 31st May 2019, Cabinet approves: i) Implementation of the umbrella scheme "Atmosphere & Climate Research-Modelling Observing Systems & Services"; ii) Sub-schemes to continue during 2017-20; and iii) National Facility for Airborne Research(NFAR) to be set up, Cabinet approves the Allied and Healthcare Professions Bill, 2018 for regulation and standardisation of education and services by allied and healthcare professionals, Cabinet approves MoU between India and Tajkistan on Cooperation on Youth Matters, Cabinet apprised of Agreement between India and Uzbekistan on Cooperation in the field of Science, Technology and Innovation, Cabinet apprised of the MoU between Atal Innovation Mission, India and Fund "Talent and Success", Russia for promotion of science & technology, Cabinet approves MoU with Mauritius on Consumer Protection and Legal Metrology, Cabinet approves setting up of Medical College at Silvassa in the UT of Dadra and Nagar Haveli, Cabinet approves Commemoration of the 550th Birth Anniversary of Shri Guru Nanak Devji.
- [Government of India and the World Bank sign \\$310 million Loan Agreement for Jharkhand Power System Improvement Project](#)- The Government of India, the Government of Jharkhand and the World Bank signed a \$310 million Loan Agreement for Jharkhand Power System Improvement Project to provide reliable, quality, and affordable 24x7 electricity to the citizens of Jharkhand. The Jharkhand Power System Improvement Project will help build new power transmission infrastructure, as well as put in place systems to improve the technical efficiency and commercial performance of the state power sector utilities. The Project will help bring in modern technology solutions such as automated sub-stations, and network analysis and planning tools to provide reliable power supply and enhance customer satisfaction.
- [Government of India and the Asian Development Bank \(ADB\) Sign \\$105 Million Loan to Support Hydropower Transmission in Himachal Pradesh](#)- The Asian Development Bank (ADB) and the Government of India signed a \$105 million loan to continue financing the transmission system upgrades in Himachal Pradesh for increased supply of hydropower to the state and the national grid. The tranche 3 loan is part of the \$350 million multi-tranche financing facility (MFF) for Himachal Pradesh Clean Energy Transmission Investment Program approved by the ADB Board in September 2011. The program is aimed at developing and expanding the transmission network to evacuate clean and renewable power generated from the State's hydropower sources to load centers within and outside the State.
- [Fitch Affirms India at 'BBB-'; Outlook Stable](#)- India's strong growth outlook continues to stand out among peers. Fitch expects real GDP growth of 7.8% for the FY19, up from 6.7% in FY18, although this forecast is subject to downside risks from tightening financial conditions, weak financial-sector balance sheets and high international oil prices. Fitch forecasts growth to decelerate to a still-strong

7.3% in both FY20 and FY21 for the same reasons. Average projected growth for the three years through to FY21 would be the highest among 'BBB' peers and the third-highest among all sovereigns rated by Fitch.

- [Government of India and the Asian Development Bank \(ADB\) Sign \\$ 169 Million Loan to Provide Water and Sanitation Services in Tamil Nadu](#)- Asian Development Bank (ADB) and the Government of India signed a \$169 million loan as the First Tranche of a \$500 million multi-tranche financing to develop climate-resilient water supply, sewerage, and drainage infrastructure in at least 10 cities in the State of Tamil Nadu. The signatories to the loan for the Tamil Nadu Urban Flagship Investment Program were Hon'ble Mr. Sameer Kumar Khare, Additional Secretary (Fund Bank and ADB), Department of Economic Affairs, Ministry of Finance, who signed for the Government of India; and Mr. Kenichi Yokoyama, Country Director of ADB's India Resident Mission, who signed for ADB.

Our Voice

The Indian economy has been showing signs of resilience despite global headwinds and challenges from the external environment. On the positive side, the US government has announced waiver for India among other countries from Iran sanctions which will provide respite to the economy from rising crude oil prices. Consequently the manufacturing inflation is expected to decline and with the fall in input prices, the production is expected to increase which will refuel industrial growth in the coming times. Further, sharp jump in ease of doing business rankings to the level of 77 from 100 is highly inspiring and more than the expectations. The reform measures undertaken by the government have started paying off and fruitful outcomes are visible now. Foreign investments are expected to increase significantly in the coming times. Going ahead, given the ongoing reform momentum, we expect India to rank at around 25 on the Ease of Doing Business Index in the next two years.

Economy so far

- **RBI to inject Rs 8,000 crore liquidity on November 22-** The Reserve Bank said Monday it will inject Rs 8,000 crore into the system through purchase of government securities on November 22. "Based on an assessment of prevailing liquidity conditions and also of the durable liquidity needs going forward, the RBI has decided to conduct purchase of the following government securities under Open Market Operations for an aggregate amount of Rs 80 billion on November 22, 2018 (Thursday)...," it has said in a statement.
- **Expert panel to look into issues on capital surplus: RBI-** The RBI board has decided to set up a high-powered committee to examine issues related to surplus capital of Rs 9.69 lakh crore with the central bank and advised it to consider a scheme for restructuring stressed assets in the MSME sector. At a nine-hour long meeting of the board, it was also decided that the Board for Financial Supervision (BFS) of the RBI would examine the issues concerning the banks that are under the Prompt Corrective Action framework, according to a release.

- **President Ram Nath Kovind suggests reviving maritime connect with Vietnam** – Hon'ble President of India Shri Ram Nath Kovind has suggested for reviving maritime connect with Vietnam as he exhorted increase in bilateral trade from the current \$ 12.8 billion. "Vietnam and India are not just special friends; we also have a similar economic vision and approach. Vietnam has seen spectacular economic growth in the last two decades. This has allowed reduction of the poverty rate from over 70% in the 1990s to less than 10% now. The increase in per capita GDP of Vietnam from less than US \$ 100 in 1990 to over US \$ 2500 today is a remarkable achievement with very few parallels in the developing world. I congratulate the people and government of Vietnam on this stupendous success", he has said.
- **NHAI to raise Rs 10K crore via bonds, may offer 8.5-9%-** The National Highway Authority of India (NHAI) is set to raise up to Rs 10,000 crore in its maiden public issue of taxable bonds for retail investors, the proceeds of which will be used to finance the ambitious Bharatmala Project. The much-awaited sale is likely to open for subscription in the next two weeks, with NHAI filing the offer document for approvals ahead of listing the instruments on the stock exchanges.
- **9.73 lakh jobs created in Sep, 79.48 lakh in last 13 months: EPFO** – Job creation more than doubled to 9.73 lakh in September, the highest monthly addition since September 2017, compared to 4.11 lakh in the same month last year, according to the EPFO payroll data released Tuesday. Around 79.48 lakh new subscribers were added to social security schemes of the Employees' Provident Fund Organisation (EPFO) from September 2017 to September 2018, the data showed. This indicates that these many jobs were created in the last 13 months. The lowest number of 2.36 lakh subscribers were added to the EPFO schemes in the month of March this year.
- **Government procures 16.51 million tons of rice so far; to exceed target-** The government has procured 16.51 million tonnes of rice so far in the current 2018-19 marketing year and the total quantity is likely to surpass the target. The rice procurement target set for this year was 37 million tonnes. The government had procured 38.18 million tonnes during the last marketing year (October-September), exceeding the target of 37.5 million tonnes set for that year.
- **Hon'ble Prime Minister Shri Narendra Modi seeks tech ideas to break into top 50 of doing business ranking-** Hon'ble Prime Minister Shri Narendra Modi has launched a grand challenge to further improve India's position in the World Bank's ease of doing business ranking to the top 50 by using cutting-edge technology to reform government processes. At a meeting with top industry officials and policymakers to discuss the ease of doing business ranking, in which India jumped to

77th position this year, Hon'ble Prime Minister Shri Narendra Modi has sought input based on areas such as artificial intelligence, internet of things, big data analytics and blockchain to streamline and speed up processes to improve overall business environment in the country.

- **RBI board decision to extend timeline for banks to meet capital norms 'credit negative':**
Moody's- Moody's Investors Service Tuesday said RBI board's decision to extend the timeline for banks to implement Basel 3 guidelines is "credit negative" for public sector lenders. Also, the decision to restructure stressed micro, small and medium enterprises (MSME) loans of up to Rs 25 crore also has the potential for having negative implications for the credit profiles of Indian banks, the US-based rating agency has said in a statement.
- **Bank credit grows by 14.88%, deposits by 9.13%-** Bank credit rose 14.88 per cent to Rs 91.11 lakh crore in the fortnight ended November 9, while deposits grew by 9.13 per cent to Rs 118.25 lakh crore, according to the RBI data. In the year-ago fortnight, bank advances stood at Rs 79.31 lakh crore, while deposits at Rs 108.35 lakh crore. In September this year, non-food credit rose by 11.3 per cent, as against an increase of 6.1 per cent in same month last year. Bank loans to the services sector expanded by 24 per cent, compared with 7 per cent in September 2017.
- **Government authorises PSU bank chiefs to block wilful defaulters' exit from India-** The government has empowered heads of public sector banks to directly request the authorities for issuance of look-out circular against wilful defaulters and prevent them from fleeing from the country. The recommendations were a part of the committee headed by financial services secretary Rajiv Kumar.
- **Sebi unveils rules for reclassification of promoter as public investor -** Markets regulator SEBI has come out with new rules for re-classification of a promoter as a public investor, wherein an outgoing promoter will have to relinquish special rights as well as control over the affairs of the listed firm and not be allowed to hold over 10 per cent stake. Besides, the promoter would not be allowed to have any representation on the board of directors or act as a key managerial person in the listed entity. Furthermore, the promoter seeking re-classification must not be a wilful defaulter or a fugitive economic offender, the Securities and Exchange Board of India (SEBI) has said in a notification dated November 16.

Markets so far

Indicators	Yearly			Monthly			Daily		
	2015	2016	2017	July 18	Aug 18	Sep 18	(19-11-2018)	(20-11-2018)	(22-11-2018)
BSE SENSEX	26118	26,626	34,056.83	37494.40	38,645.07*	36227.14	35574	35474	34981
GOLD (10 GRMS)	24994	29419.95	28966.08	29773.00	30226.00*	30296.00	30918	30913	30834
CRUDE OIL (1 BBL)	2,431	2,924.63	3,317.11	4822.00	4,969.00	5240	4054	4113	3897
EXCHANGE RATE (INR/USD)	64.15	67.21	65.11	68.61	70.99	72.91	71.65	71.46	70.69

Source: PHD Research Bureau, compiled from BSE, MCX and Bloomberg, RBI (*Data pertains to 31-August-2018)

Unemployment and Consumer Sentiments Indices

Indicators	19-11-2018			21-11-2018			22-11-2018		
	India	Urban	Rural	India	Urban	Rural	India	Urban	Rural
Unemployment Rate	6.69	7.3	6.37	6.58	7.32	6.19	6.59	7.32	6.2
Consumer Sentiments	100.18	97.01	102	100.18	97.01	101.82	100.53	97.01	102.37

Source: PHD Research Bureau, compiled from BSE

Newsletters

PHD Research Bureau, has released newsletter pertaining to a broad view of developments in Indian economy.

[EAC NEWSLETTER FOR THE MONTH OF OCTOBER AND NOVEMBER 2018](#)



PHD Research Bureau Subscription Opportunities

- [PHD Research Bureau Subscription Opportunities](#): PHD Research Bureau; the research arm of the PHD Chamber of Commerce and Industry was constituted in 2010 with the objective to review the economic situation and policy developments at sub-national, national and international levels and comment on them in order to update the members from time to time, to present suitable memoranda to the Government as and when required, to prepare State Profiles and to conduct thematic research studies on various socio-economic and business developments. Subscribers of PHD Research Bureau would receive daily updates on various international, national and sub-national business and economic developments, monthly newsletters related to international, national and sub-national economy, forex markets and trade and investments, analytical information on various developments, etc.

Warm Regards,

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Chief Economist



"Towards a Prosperous India"



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