

Weekly Compendium of Research

For the week ending 15th December 2018

PHD Research Bureau disseminated information to members of PHD Chamber & other stakeholders on various economic and business developments at international, national and sub-national arena such as industrial growth, developments in India's Foreign Trade, WPI and CPI inflation, direct tax collections, various government initiatives and schemes, signing of bilateral and loan agreements, developments as observed by WTO and United Nations, ministerial developments among OPEC and non-OPEC members, among others.

India and World Economy

- [Safe City projects of more than Rs 2919 Crores appraised under Nirbhaya fund](#)- The Government has appraised projects on Safe City worth Rs. 2919.55 crores under Nirbhaya fund for eight major cities of the country to make them safer for women. The projects are proposed to be implemented by MHA during the period from 2018- 19 to 2020-21.
- [November 2018 WPI inflation falls to 4.64%](#)- The WPI inflation falls to 4.64% in November 2018 as compared to 5.28% in October, 5.22% in September 2018, 4.62% in August 2018, 5.27% in July 2018 and 5.68% in June 2018. The fall in WPI inflation in the month of November 2018 is attributed to rise in the prices of Potato (86.45%), Petrol (12.06%) and LPG (23.22%).
- [The Government of India and the Asian Development Bank sign a USD 60 Million Loan Agreement to reduce floods and the riverbank erosion in Assam](#)- The Asian Development Bank (ADB) and the Government of India signed a USD 60 Million Loan Agreement to continue financing riverbank protection works, renovation of flood embankments, and community-based flood risk management activities in critically flood-prone areas along the Brahmaputra River in Assam. The Tranche 2 loan is part of the USD 120 million multi-tranche financing facility (MFF) for the Assam Integrated Flood and Riverbank Erosion Risk Management Investment Program approved by the ADB Board in October 2010.
- [Government e-Market \(GeM\) to soon onboard start-ups](#)- The Government e-Market (GeM) and Department of Industrial Policy and Promotion (DIPP) are in the process of developing a PoC (Proof of Concept) corner for start-ups and will soon be able to onboard start-ups on the GeM platform. This will be a launch pad for start-ups in the country to access government market and give them a chance to sell on the GeM platform. Government users will be able to try out the innovative products and services offered by start-ups on a trial basis and give feedback.
- [October 2018 IIP grows at 8.1%](#)- Growth in industry output, as measured in terms of IIP, for the month of October 2018 stands at 8.1% as compared to 4.5% in September 2018. The growth in the three sectors mining, manufacturing and electricity in October 2018 stands at 7.0%, 7.9% and 10.8% respectively over October 2017. Primary goods growth stands at 6.0%, capital goods growth stands at 16.8%, intermediate goods growth stands at 1.8%, infrastructure/construction goods growth stands at 8.7%, consumer durables stands at 17.6% and consumer non-durables growth stands at 7.9% during October 2018 as compared to the previous year.
- [November 2018 CPI inflation falls to 2.33%](#)- The all India general CPI inflation (Combined) for November 2018 (Prov.) falls to 2.33% from 3.38% in October 2018. The inflation rates for rural and urban areas for November 2018 (Prov.) are 1.71% and 3.12%, respectively, as compared to 2.82% and 4.04% respectively, for October 2018. Rate of inflation during November 2018 (Prov.) for fuel and light (7.39%), housing (5.99%), transport and communication (6.09%), education (6.64%) and health (7.16%) etc.

- **Ministry of Textiles under North East Region Textile Promotion Scheme (NERTPS) had sanctioned a project to set up Apparel and Garmenting Centre in all North Eastern States**- Ministry of Textiles under North East Region Textile Promotion Scheme (NERTPS) had sanctioned a project to set up one each Apparel and Garmenting Centre consisting of three units in all North Eastern States at a cost of Rs. 18.18 crore per Centre. Construction and installation of machinery in 21 units in seven States (Assam, Arunachal Pradesh, Manipur, Meghalaya, Mizoram, Nagaland and Tripura) were completed and the facilities have since been handed over to the Project Implementing Agencies of respective State Governments.
- **India Maintaining Growth Momentum: Asian Development Outlook, December 2018**- Growth forecasts for developing Asia remain unchanged at 6.0% for 2018 and 5.8% for 2019, despite challenges brought about by trade conflict, as envisaged in September in Asian Development Outlook 2018 Update. Backed by robust domestic demand, developing Asia continues to weather external headwinds.
- **Action Plan of Ministry of Commerce and Industry, Government of India**- The Ministry of Commerce and Industry, Government of India is creating an action-oriented plan which will highlight specific sector level interventions to bolster India's march towards becoming a USD 5 trillion economy before 2025. The focused plans will be on boosting services sector contribution to USD 3 trillion, manufacturing to USD 1 trillion and Agriculture to USD 1 trillion. The Ministry has created a corpus of USD 1 billion to boost 12 champion sectors in services and it is working on releasing the New Industrial Policy keeping in mind the demands of the future. Further all efforts of both the Department of Commerce and Department of Industrial Policy and Promotion have been towards achieving the goal of India becoming USD 5 trillion economy.
- **An online portal "ENSURE" has been launched to connect with Direct Benefit Transfer**- Hon'ble Union Minister of Agriculture and Farmers' Welfare Shri Radha Mohan Singh launched a portal ENSURE-National Livestock Mission-EDEG developed by NABARD and operated under the Department of Animal Husbandry, Dairying & Fisheries. Under the National Livestock Mission's component called Entrepreneurship Development and Employment Generation (EDEG), subsidy payment for activities related to poultry, small ruminants, pigs etc. through Direct Benefit Transfer (DBT) goes directly to the beneficiary's account. In order to make it better, simpler and transparent, the NABARD has developed an online portal "ENSURE" (<https://ensure.nabard.org>) so that the information related to beneficiary and processing of application can be made readily available.
- **India and Myanmar Signed Two Bilateral Agreements**- The Hon'ble President of India, Shri Ram Nath Kovind, commenced his three-day state visit to Myanmar, paying a visit to the Presidential Palace in Nay Pyi Taw. On the occasion of Hon'ble President Kovind's visit, India and Myanmar signed following two bilateral agreements: An agreement between the National Judicial Academy of India and the Office of the Union Chief Justice of Myanmar for training and capacity building of judges and judicial officers in Myanmar and an agreement for Cooperation in Science and Technology between the Department of Science and Technology, Ministry of Science and Technology, India, and the Department of Research and Innovation, Ministry of Education, Myanmar.
- **The Government of India and ADB sign a USD 31 Million Loan Agreement to develop Tourism and boost Jobs in Tamil Nadu**- The Government of India and the Asian Development Bank signed in New Delhi a Loan Agreement for USD 31 million to build-up the State Tourism Industry and boost visitor arrivals. The signatories to the tranche 4 loan for Infrastructure Development Investment Program for Tourism (IDIPT) 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 for ADB in India, who signed for ADB.
- **Direct Tax Collections up by 15.7% for FY 2018-19 up to November, 2018**- The Provisional Figures of Direct Tax Collections up to November, 2018 show that gross collections are at Rs. 6.75 lakh crore which is 15.7% higher than the gross collections for the corresponding period of last year. Refunds amounting to Rs.1.23 lakh crore have been issued during April, 2018 to November, 2018, which is 20.8% higher than refunds issued during the same period in the preceding year. Net collections (after adjusting for refunds) have increased by 14.7% to Rs. 5.51 lakh crore during April - November, 2018. The Net Direct

Tax collections represent 48% of the total Budget Estimates of Direct Taxes for F.Y. 2018-19 (Rs. 11.50 lakh crore).

- [Food and Agriculture Organisation \(FAO\) Council approves India's proposal to observe an International Year of Millets in 2023](#)- The 160th session of the Food and Agriculture Organisation (FAO) Council, currently underway in Rome, approved India's proposal to observe an International Year of Millets in 2023. This will enhance global awareness to bring back these nutri-cereals to the plate, for food and nutrition security and hence increase production for resilience to challenges posed globally by climate change.
- [ADB Provides USD 100 Million to Boost Finances of Punjab](#)- The Asian Development Bank (ADB) has approved a loan of USD 100 million as the third and last tranche of a USD 200 million policy-based program to strengthen the finances of Punjab. The state currently has huge revenue and fiscal deficits. Reining in the power subsidy burden on state finances will help generate more resources for capital spending, while rationalizing expenditures such as salaries and pensions will help strengthen fiscal discipline.
- [Streamlining of National Pension System \(NPS\): Union Cabinet Decision](#)- The Union Cabinet has approved the proposal for streamlining the National Pension System (NPS) which includes enhancement of the mandatory contribution by the Central Government for its employees covered under NPS Tier-I from the existing 10% to 14%, providing freedom of choice for selection of Pension Funds and pattern of investment to central government employees, payment of compensation for non-deposit or delayed deposit of NPS contributions during 2004-2012.

Trade

- [India's Foreign Trade : November 2018](#)- India's exports during November 2018 were valued at USD 26.50 Billion as compared to USD 26.29 Billion during November 2017 exhibiting a positive growth of 0.8%. India's imports during November 2018 were valued at USD 43.17 Billion (Rs 3,10,215.46 crore) which was 4.31% higher in Dollar terms and 15.55% higher in Rupee terms over the level of imports valued at USD 41.39 Billion (Rs. 2,68,467.53 crore) in November 2017.
- [CBIC notifies the Korean Won \(WON\) and Turkish Lira \(TRY\) in the list of currencies for Exchange Rate](#)- Under Section 14 of the Customs Act, 1962, the Central Board of Indirect Taxes and Customs (CBIC) notifies the Rate of Exchange for the purpose of conversion of foreign exchange to Indian Rupees (INR) and vice versa for assessment of imports & exports. Currently, CBIC notifies exchange rates for 20 currencies for the purpose of valuation of imported and exported goods and it has been now decided to include 2 more currencies namely Korean Won (WON) & Turkish Lira (TRY) in the list of such currencies.
- [Asia-Pacific trade performance is expected to slowdown in 2019](#)- The Asia-Pacific Trade and Investment Report 2018 tracks trade and investment trends in Asia and the Pacific since 2017, i.e. trade in goods, trade in services and foreign direct investment. The report places a special focus on related policy developments and provides a forward-looking analysis of the potential impact of existing and potentially increasing trade tensions on Asia and the Pacific.
- [Highlights of the 5th OPEC and non-OPEC Ministerial Meeting](#)- The 5th OPEC and non-OPEC Ministerial Meeting, following deliberations on the immediate oil market prospects and in view of a growing imbalance between global oil supply and demand in 2019, hereby decided to adjust the overall production by 1.2 million barrels per day (mb/d), effective as of January 2019 for an initial period of 6 months. The contributions from OPEC and the voluntary contributions from non-OPEC participating countries of the 'Declaration of Cooperation' will correspond to 0.8 mb/d (2.5%), and 0.4 mb/d (2.0%), respectively.
- [Remittances growth to low and middle income countries accelerated in 2018](#)- Remittances to low- and middle-income countries grew rapidly and are projected to reach a new record in 2018, according

to the latest edition of the World Bank's Migration and Development Brief. The World Bank estimates that officially recorded remittances to developing countries will increase by 10.8 percent to reach USD 528 billion in 2018. This new record level follows robust growth of 7.8 percent in 2017. Global remittances, which include flows to high-income countries, are projected to grow by 10.3 percent to USD 689 billion.

- **Sharp rise in the coverage of trade-restrictive measures from WTO members**- WTO in its annual overview of developments in the international trading environment observes a significant increase in trade restrictive measures by WTO members from mid-October 2017 to mid October 2018. WTO Members applied 137 new trade-restrictive measures including tariff increases, quantitative restrictions, import taxes and export duties. While members continued to implement trade facilitating measures, the trade coverage of the import-restrictive measures was more than seven times larger than that recorded in the previous annual overview.

Our Voice

Surge in IIP and deceleration in inflation encouraging: Significant rise in the IIP numbers at 8.1% for the month of October 2018 is highly encouraging. High double digit growth in capital goods at 16.8% in the month of October 2018 is an indication of strengthening investment demand in the economy. Demand in the economy especially in rural India is reviving as consumer durables grew at the rate of 17.6% in the month of October 2018. Further, the deceleration in CPI to 2.3% in November 2018 from 3.4% in October 2018 is inspiring as softer monetary policy stance is expected to continue vis-a-vis benign inflationary conditions. Going ahead, decline in international crude oil prices and stability in rupee scenario are expected to further strengthen the macro-economic environment in the economy.

Economy so far

- **Amendments in rules on HSRP for vehicles notified: Government to SC-** The Centre has informed the Supreme Court that it has notified the amendments to Central Motor Vehicles Rules, 1989 following which all new vehicles will be sold pre-fitted with high security registration plates (HSRP) from April 1. The government told this to a bench of Justices Madan B Lokur and Deepak Gupta which was hearing a matter related to hologram-based, colour-coded stickers for vehicles indicating the fuel being used by them.
- **SBI plans to raise up to \$1.25 billion via bonds** - Country's largest lender State Bank of India has said that it plans to raise up to USD 1.25 billion (around Rs 9,069 crore) by issuing bonds through various modes. Bank's executive committee of central board meeting is scheduled to take place on 13th December 2018 to consider the proposal, the SBI said in a regulatory filing. The public sector lender has said that the fund is planned to be raised during January to March, next year.
- **UK court orders Indian tycoon Mallya to be extradited on fraud charges** - Indian tycoon Vijay Mallya should be extradited from Britain to India to face fraud charges resulting from the collapse of his defunct Kingfisher, a London court has ruled. India wants to bring criminal action against Mallya, 62, whose business interests have ranged from aviation to liquor, over \$1.4 billion in loans Kingfisher took out from Indian banks which the authorities argue he had no intention of repaying.
- **Kazakhstan opens consulate in Gujarat to push business ties-** Central Asia's biggest and resource rich Kazakhstan has opened consulate in Gujarat, home state of Hon'ble PM Shri Narendra Modi to further business partnership. The Honorary consulate will be headed by businessman and managing director of the company Chandan Steel Limited, Dilip Chandan. Kazakhstan has plans to link Gujarat's Mundra Port via multimodal transport through Iran.
- **RBI remains net seller of US dollar in Oct, sells \$7.2 billion** - The Reserve Bank of India (RBI) continued to remain net seller of the US dollar in October, as it sold USD 7.204 billion of the greenback in the spot market, RBI data has showed. In the reporting month, the central bank

purchased USD 945 million, while sold USD 8.149 billion in the spot market, according to the data. In September 2018, the RBI sold USD 31 million of the US currency in the spot market on a net basis, after it bought USD 1.012 billion, while selling USD 1.043 billion.

- **India Inc's overseas direct investment drops 35% to \$1.05 billion in Nov-** India Inc's overseas investment fell 35 per cent over the year to \$1.05 billion in November, data from the Reserve Bank has shown. Indian firms had invested \$1.62 billion in their foreign ventures in November 2017. In October this year, overseas investment by Indian companies stood at \$1.96 billion. Of the total investment in November, \$447.52 million was infused as equity, \$216.91 million as loan and rest of \$384.71 million was in the form of issuance of guarantee, according to the RBI data on Outward Foreign Direct Investment (OFDI).
- **Government ties up with OEMs to weed out fakes from public procurement-** India's national public procurement portal has tied up with original equipment manufacturers (OEM) of information technology hardware and software, furniture and auto components to certify their sellers in a move to weed out counterfeits. Government e-Marketplace (GeM), the end-to-end online marketplace for central and state governments, has partnered with at least a hundred OEMs by signing memoranda of understanding with their respective industry associations including NASSCOM and Manufacturers Association for Information Technology (MAIT).
- **NBCC bags Rs 172 crore order for construction of office building in Delhi-** State-owned construction firm NBCC said that it has bagged a Rs 172 crore order from the Ministry of Skill Development and Entrepreneurship for construction of office building in the national capital. NBCC (India) is a Navratna Enterprise under the Ministry of Urban Development, with consolidated revenue of Rs 7,096 crores.
- **India still in 'middle class' in ease of doing business: WEF chief-** India is far from being perfect on global competitiveness and is saddled in the "middle class" of the rankings, World Economic Forum (WEF) founder and executive chairman Klaus Schwab has said. "It's far from being perfect. I also think the very important indicator is that how long it takes to create business and you have some places today where it takes half a day. India is still in the middle class here," he added.
- **TRAI revamps MNP rules to make number portability quicker, simpler-** Telecom regulator Telecom Regulatory Authority of India (TRAI) has revamped mobile number portability (MNP) rules, making the entire process faster and simpler, and prescribed two days timeline for port out requests within a service area. Similarly, timeline of four working days has been prescribed for requests for port out from one circle to other.
- **Liquidity constraints faced by NBFIs to tighten credit supply, dampen growth: Moody's-** Liquidity constraints faced by some non-bank financial institutions (NBFIs) will tighten credit supply and slow growth to a little over 7 per cent for the current fiscal, Moody's Investors Service has said. Besides, any further distress in the NBFIs sector will pose significant downside risks to India's growth outlook, it said.
- **NCLT orders liquidation of Nagarjuna Oil-** The National Company Law Tribunal ordered the liquidation of Nagarjuna Oil Corp, nearly 17 months after initiating corporate insolvency resolution proceedings at the company, saying that lenders had not accepted the proposals made by various prospective investors. Haldia Petrochemicals, Bharat Petroleum, Gulf Petrochem and Citax Energy DMCC had submitted resolution proposals since the insolvency resolution process had started.
- **Sebi allows MFs to segregate distressed assets, eases listing norms for startups-** The Securities and Exchange Board of India (Sebi) has allowed mutual funds to create segregated portfolios for stressed debt securities and eased listing norms for start-ups. These measures, along with a raft of other steps, were announced after the board meeting on Wednesday. The capital market regulator also permitted clubbing of investment limits for foreign portfolio investors and introduced custodial services for commodities derivatives market aimed at encouraging institutions to participate in the segment.
- **Parliamentary panel suggests developing ESI hospitals on lines of AIIMS-** A parliamentary panel

has suggested the labour ministry should approach the health ministry to take over ESIC hospitals and develop them on the lines of AIIMS. "...to efficiently utilize infrastructure already created by the ESIC and to ensure uniformity in standards of medical education across all government-run medical colleges, the Ministry of Health and Family Welfare may be approached to take over ESIC colleges/medical education projects and develop them like AIIMS since it has both the capability and mandate to run them," said a report tabled in Parliament by Public Accounts Committee (PAC).

- **India to ink mega supercomputer deal with France** -The government has inked a deal with France-based European Information Technology corporation Atos to procure supercomputers worth Rs 4,500 crore for academic and research institutions across India. The Atos and the C-DAC (Centre for Development of Advanced Computing) – the research and development organization of the Ministry of Electronics and Information Technology have signed the contract.

Markets so far

Indicators	Yearly			Monthly			Daily		
	2015	2016	2017	Sep 18	Oct 18	Nov 18*	(05-12-2018)	(06-12-2018)	(07-12-2018)
BSE SENSEX	26118	26,626	34,056.83	36227	34442	36194	34442.05	34,431.97	35,011.65
GOLD (10 GRMS)	24994	29419.95	28966.08	30296	31698	30240	31698.00	31697	31,565.00
CRUDE OIL (1 BBL)	2,431	2,924.63	3,317.11	5240	4869	3597	4869.00	4833	4,702.00
EXCHANGE RATE (INR/USD)	64.15	67.21	65.11	72.91	73.45	69.58	73.45	73.07	72.43

Source: PHD Research Bureau, compiled from BSE, MCX and Bloomberg, RBI (*Data pertains to 30-November -2018)

Unemployment and Consumer Sentiments Indices

Indicators	27-11-2018			28-11-2018			29-11-2018		
	India	Urban	Rural	India	Urban	Rural	India	Urban	Rural
Unemployment Rate	6.55	7.46	6.07	6.53	7.46	6.05	6.54	7.46	6.06
Consumer Sentiments	100.53	97.34	102.37	100.7	97.51	102.55	100.53	97.67	102.37

Source: PHD Research Bureau, compiled from BSE

Newsletters

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

STATE DEVELOPMENT MONITOR FOR THE MONTH OF 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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