

Weekly Compendium of Research

For the week ending 19th January 2019

PHD Research Bureau disseminated information to members of PHD Chamber & other industry stakeholders on various economic and business developments at International, National and Sub-national arena such as WPI inflation for December 2018, IIP for November 2018, CPI inflation for December 2018, constitution of 7-member group of Ministers for boosting real estate sector along with various decisions taken by the cabinet, among others. The details of disseminated information during the week ending 19th January 2019 is appended.

India and World Economy

- **December 2018 WPI inflation falls to 3.8%-** The WPI inflation falls to 3.8% in December 2018 as compared to 4.64% in November 2018, 5.54% in October 2018, 5.22% in September 2018, 4.62% in August 2018 and 5.27% in July 2018. The fall in WPI inflation in the month of December 2018 is attributed to fall in the prices of Potato (48.68%), Petrol (1.57%) and LPG (6.87%). Due to fall in the prices of Potato, Petrol and LPG, WPI inflation stands at 3.8% in December 2018 as compared to 4.64% in November 2018. The official Wholesale Price Index for 'All Commodities' (Base: 2011-12=100) for the month of December, 2018 declined by 1.4% to 120.1 (provisional) from 121.8 (provisional) for the previous month.
- **November 2018 IIP declines to 0.5%-** Growth in industry output, as measured in terms of IIP, for the month of November 2018 declined to at 0.5% as compared to 8.4% in October 2018. The growth in the three sectors mining, manufacturing and electricity in November 2018 stands at 2.7%, (-)0.4% and 5.1% respectively over November 2017. Primary goods growth stands at 3.2%, capital goods growth stands at (-)3.4%, intermediate goods growth stands at (-)4.5%, infrastructure/construction goods growth stands at 5.0%, consumer durables stands at (-)0.9% and consumer non-durables growth stands at (-)0.6% during November 2018 as compared to the previous year.
- **December 2018 CPI inflation falls to 2.19%-** The all India general CPI inflation (Combined) for December 2018 (Prov.) falls to 2.19% from 2.33% in November 2018. The inflation rates for rural and urban areas for December 2018 (Prov.) are 1.65% and 2.91%, respectively, as compared to 1.71% and 3.12% respectively, for November 2018. Rate of inflation during December 2018 (Prov.) for fuel and light (4.54%), housing (5.32%), transport and communication (4.30%), education (8.38%) and health (9.02%) etc.
- **Ministry of Tourism sanctions Spiritual Circuit of Rs. 85.23 Crore in Kerala-** Hon'ble Union Minister of State (I/C) for Tourism, Shri K J Alphons announced that the Ministry of Tourism sanctioned projects worth Rs.85.23 crore for the development of Spiritual Circuit III for Kerala under Swadesh Darshan Scheme. The sites identified under the circuit are spread across all 14 districts of the state and cover 133 religious places. The districts where the projects would be implemented are : Kasargode, Wayand, Kannur, Kozhikode, Palakkad, Malappuram, Thrissur, Ernakulam, Idukki, Alappuzha, Kottayam, Pathanamhitta, Kollam and Thiruvananthapuram. The destinations have been selected keeping in view the inherent historic, cultural and religious significance of the places.
- **Accelerated growth in India: World Bank's Global Economic Prospects: Darkening Skies,**

January 2019 Report- According to World Bank's Global Economic Prospects: Darkening Skies, January 2019 Report, the outlook for the global economy has darkened. Global financing conditions have tightened, industrial production has moderated, trade tensions remain elevated, and some large emerging market and developing economies have experienced significant financial market stress. Faced with these headwinds, the recovery in emerging market and developing economies has lost momentum. Downside risks have become more acute and include the possibility of disorderly financial market movements and an escalation of trade disputes. Debt vulnerabilities in emerging market and developing economies, particularly low-income countries, have increased.

- **Decisions taken by the Union Cabinet-** Cabinet approves MoU between India and Australia on the safety in Mines, Testing and Research Station; Cabinet approves Revised Cost of Estimates (RCE) for 13 new Central Universities set up under Central Universities Act, 2009; Cabinet approves expenditure sanction for Integrated E-filing and Centralized Processing Centre 2.0 Project; Cabinet approves ex-post facto approval for Agreement on the facilitation of visa arrangements signed between India and Maldives; Cabinet approves recapitalisation of Export-Import Bank of India; Cabinet approves expansion of Numligarh Refinery Assam capacity from 3 MMTPA to 9 MMTPA.
- **The Government of India and JICA sign Loan Agreements on Japan's Official Development Assistance Loan to India-** The Loan Agreements between the Government of India and JICA, under Japanese Official Development Assistance Loan Program was signed recently in New Delhi. The Loan Agreements were signed by Dr. C.S. Mohapatra, Additional Secretary, Department of Economic Affairs, Ministry of Finance, Government of India and Mr. Katsuo Matsumoto, Chief Representative, JICA, New Delhi on Japanese Official Development Assistance Loan for the following: Project for the Construction of Chennai Peripheral Ring Road (Phase 1) for JPY 40.074 billion (Rs.2470 Crore approx.)- The Project aims to meet increasing traffic demands in Chennai metropolitan area by constructing the Chennai Peripheral Ring Road (Section 1) and installing Intelligent Transport Systems, thereby contributing to mitigation of Traffic Congestion and promoting Regional Economic Development. Program for Japan-India Cooperative Actions towards Sustainable Development Goals in India for JPY 15.000 billion (Rs.950 Crore approx.)- The Program aims to contribute to promotion of SDGs in India especially in social development by supporting the efforts by the Government of India to strengthen the Policy Framework and Implementation Mechanism, thereby supporting India in achieving SDGs by 2030.

Finance

- **Interest Equalisation Scheme on Pre and Post Shipment Rupee Export Credit-** This is in reference to the operational instructions for the captioned scheme contained in RBI circular on Interest Equalisation Scheme on Pre and Post Shipment Rupee Export Credit issued vide DBR.Dir.BC.No.62/04.02.001/2015-16 dated December 4, 2015; DCBR.CO.SCB.Cir.No. 1/13.05.000/2015-16 dated February 11, 2016 and DBR.Dir.BC.No.09/04.02.001/2018-19 dated November 29, 2018. In this regard, it has been decided by the Government of India to include merchant exporters also, w.e.f. January 2, 2019, under the ongoing Interest Equalisation Scheme for Pre and Post Shipment Rupee Export Credit and allow them interest equalisation at the rate of 3% on credit for export of products covered under 416 tariff lines identified under the Scheme.
- **To boost the Real Estate Sector under the GST regime, 7-Member Group of Ministers (GoM) has been constituted** - Following the decision in the 32nd Meeting of GST Council held on 10th January, 2019 at New Delhi, a Group of Ministers (GoM) for boosting the Real Estate Sector under the GST regime has been constituted. The Terms of Reference (ToR) for the GoM for boosting Real Estate Sector under GST regime shall be as follows: Analyse tax rate of GST, including inter-alia

issues/challenges in view of proposal for boosting the Real Estate Sector under GST regime by providing a Composition Scheme for Residential Construction Units referred to GoM in 32nd Meeting of GST Council held on 10th January, 2019; Examine and suggest ways for Composition Scheme or any other Scheme, for boosting Real Estate Sector and suggest Scheme for Transition vis-a-vis introduction of suggested Scheme; Examine various aspect of levy of GST on Transfer of Development Rights (TDR) and Development Rights in a joint Development Agreement and suitable model; Examine legality of inclusion/exclusion of land or any other ingredient, in Composition and suggest Valuation Mechanism; Examine and suggest any other aspect relevant to boost Real Estate Sector, which may be brought to the notice of GoM.

- **[RBI announces the New External Commercial Borrowings \(ECB\) Framework](#)**- RBI has decided in consultation with the Government of India, to rationalise the extant framework for ECB and Rupee Denominated Bonds in light of the experience gained to improve the ease of doing business. The new framework is instrument neutral and would further strengthen the Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT) framework. ECB up to USD 750 million or equivalent per financial year, which otherwise are in compliance with the parameters and other terms and conditions set out in the new ECB framework, will be permitted under the automatic route not requiring prior approval of the Reserve Bank. The designated AD Category I bank while considering the ECB proposal is expected to ensure compliance with applicable ECB guidelines by their constituents.

Trade

- **[India among the top ten developing economies stimulating global trade in creative goods](#)**- The global trade in creative goods is an expanding and resilient sector, according to a new report released by United Nations Conference on Trade and Development (UNCTAD). The creative industries – which include architecture, arts and crafts, marketing and advertising, media and publishing, research and development, software, computer games, and other core creative work – are the lifeblood of the creative economy. The second edition of the periodic Creative Economy Outlook: Trends in International Trade in Creative Industries by UNCTAD examines the global picture and also features 130 country profiles with reported creative goods and services trade data.
- **[India's Foreign Trade : December 2018](#)**- Merchandise exports grew by 0.34% and imports declined by 2.44%. India's exports during December 2018 were valued at USD 27.93 Billion as compared to USD 27.83 Billion during December 2017 exhibiting a positive growth of 0.34%. In Rupee terms, exports were valued at Rs. 1,97,535.86 crore in December 2018 as compared to Rs. 1,78,802.77 crore during December 2017, registering a positive growth of 10.48%. India's imports during December 2018 were valued at USD 41.01 Billion (Rs 2,90,032.95 crore) which was 2.44% lower in Dollar terms and 7.41% higher in Rupee terms over the level of imports valued at USD 42.03 Billion (Rs. 2,70,015.44 crore) in December 2017.

Our Voice

India is the fastest moving emerging economy in the world economic system growing more than 7% (average) in the post-Lehman era (2009-17). The macro-economic environment has improved significantly during the last few years. Inflation has improved significantly, fiscal consolidation is on the right path and firm investment flows are growing year after year. During the last few years, government has undertaken a plethora of reforms for each and every segment of the population. Going ahead, we look forward to the continuation of dynamic policy environment to push further India's growth trajectory at the double digit level.

Economy so far

- **WPI inflation falls to an eight-month low of 3.8 per cent in December-** Softening prices of fuel and some food articles pulled WPI inflation to an 8-month low of 3.8 per cent in December raising hopes for a rate cut by the RBI. This is the second consecutive month of decline in Wholesale Price Index (WPI)-based inflation. The inflation was 4.64 per cent in November, 2018 and 5.54 per cent in October. In December 2017, WPI inflation stood at 3.58 per cent.
- **India's crude steel output falls 1.4 per cent to 8.94 million tonnes in December** - India's crude steel production fell by 1.4 per cent to 8.936 million tonnes (MT) in December 2018, according to official data. The country had produced 9.067 MT crude steel in December 2017. In December 2018, hot metal output stood at 6.158 MT, 2.6 per cent higher over 6.001 MT in the same month in 2017. The country's pig iron production fell by 5.5 per cent to 0.530 MT in December 2018 from 0.561 MT in December 2017.
- **India proposes a development group with Central Asia-** India has proposed setting up of an 'India-Central Asia Development Group' at the maiden India-Central Asia dialogue in Samarkand, Uzbekistan. The group may enable New Delhi to expand its footprints in the resource-rich region amid China's massive inroads and to fight terror effectively, including in Afghanistan.
- **West Bengal govt to bring unorganised workers under social security scheme** - The West Bengal government is undertaking steps to bring unorganised workers under the umbrella of Social Security Schemes. The Mamata Banerjee-led government has allocated Rs. 113 crore for the scheme in seven years. It had merged five schemes into one in April 2017 and named the scheme as Samajik Suraksha Yojana. According to the Labour Minister, more than 1 crore people have been brought under the SSY. Enrollment camps for the scheme will also be set up at the Labour fair which is taking place in various districts of the state across the month of January. The government also released a sum of Rs. 1600 crore in order to provide minimum support price (MSP) to the maximum number of farmers
- **Government plans credit guarantee, interest subsidy on loans for electronic manufacturing companies-** The government is considering credit guarantee for term loans of up to Rs 100 crore as well as interest subsidy on loans up to Rs 1,000 crore for electronic manufacturing companies under the new policy in works. According to official sources, the Ministry of Electronics and IT has proposed "credit guarantee fund" (CGF) scheme and "interest subvention scheme" (ISS) to boost electronics manufacturing ecosystem in the country under new National Policy on Electronics in works.
- **Government launches Global Housing Technology Challenge to build houses in shorter time-** Union minister Hardeep Singh Puri launched the Global Housing Technology Challenge (GHTC) among stakeholders, a move aimed at introducing best technologies that seek to construct houses in a shorter period of time with lower cost. Under the initiative launched by the Pradhan Mantri Awas Yojana-Urban (PMAY-U), the government will hold 'grand expo-cum-conference' in March where stakeholders will showcase their best technologies to build houses.
- **Fertiliser Min seeks add'l Rs 23,000 cr to clear Jan-Mar subsidy bill-** The Fertiliser Ministry has sought additional Rs 23,000 crore from the Finance counterpart to meet the subsidy requirement for the January-March quarter. Till December, a subsidy payment of Rs 23,283 crore was due towards fertiliser companies and the ministry was left with about Rs 13,056 crore from the budgeted allocation. The backlog of pendency will be cleared from the balance funds available during the current fiscal and the remaining dues will be paid on receipt of additional budget.

- Government working on domestic manufacturing of aircraft: Hon'ble Shri Suresh Prabhu -**
The government is working on a blueprint for the domestic manufacturing of aircraft and also looking at aircraft financing from within the country. The hon'ble minister also emphasised on carrying out of maintenance, repair and overhaul (MRO) work domestically. The minister said the government wants aircraft financing to be done by domestic players.
- Hon'ble MP CM Kamal Nath launches Rs 50,000 cr farm loan waiver scheme –** Hon'ble Madhya Pradesh Chief Minister Kamal Nath launched his government's Rs 50,000-crore farm debt-waiver scheme named 'Jai Kisan Rin Mukti Yojana'. Hailing the scheme as a milestone, Nath said here it would benefit 55 lakh small and marginal farmers.
- Group of Ministers to look into feasibility of GST rationalisation, composition scheme for real estate -** A ministerial panel headed by Hon'ble Gujarat Deputy Chief Minister Nitin Patel would look into the possibility of rationalisation of GST rate in real state sector besides formulating a composition scheme. The GST Council in its recent meeting on January 10 had decided to set up a 7-member Group of Ministers (GoM) to boost real estate sector under GST regime. The Terms of Reference (ToR) of the GoM include suggesting ways for pencilling in a composition scheme for the sector.
- Hon'ble PM Modi unveils slew of projects worth over Rs 1,550 cr in Odisha-** Hon'ble Prime Minister Narendra Modi launched a slew of projects worth over Rs 1,550 crore for Odisha. He dedicated to the nation electrification of Jharsuguda- Vizianagaram and Sambalpur-Angul lines spanning 813 km completed at a cost of Rs 1,085 crore. The hon'ble Prime Minister also inaugurated the doubling of 14.2 km of Barpali-Dungaripali and 17.354 km Balangir-Deogaon railway lines, completed at a cost of Rs 189.3 crore. It is a part of the 181.54 km Sambalpur-Titlagarh rail track doubling project.
- MGNREGA gets additional Rs 6,000 crore; highest ever total allocation in a fiscal -** The government has made an additional allocation of over Rs 6,000 crore to rural employment scheme MGNREGA, taking the total allocation to Rs 61,084 crores, which is highest ever in a financial year. The additional allocation comes after nearly 90 lawmakers, several prominent civil society members, activists, leaders of farmers' movements and former bureaucrats wrote to hon'ble Prime Minister Narendra Modi raising concerns over fund crunch.
- Cabinet approves Rs 3,600 cr for setting up 13 central varsities-** The Union Cabinet granted approval to an expenditure of over Rs 3,600 crore for setting up of 13 new central universities within the next 36 months. The new Central universities were established under the Central Universities Act, 2009 in Bihar, Gujarat, Haryana, Himachal Pradesh, Jammu and Kashmir, Jharkhand, Karnataka, Kerala, Orissa, Punjab, Rajasthan and Tamil Nadu. While one university each is to be set up in 11 of these states, Jammu and Kashmir will get two new central varsities.
- Cabinet approves Rs 6,000 recap of EXIM Bank -** The Union Cabinet approved capital infusion of Rs 6,000 crore in Export-Import Bank of India (EXIM Bank) through recapitalisation bonds to boost the bank's capacity in export financing. The Cabinet has further approved raising the authorised share capital of the bank from Rs 10,000 crore to Rs 20,000 crore. The minister said India's textile industry has huge export potential and that the government with this step will enable EXIM Bank to better support the textile exporters with adequate lines of credit.
- RBI further simplifies ECB norms -** In an attempt to go one step ahead in ease of doing business the overseas borrowing norms have been simplified. The Reserve Bank of India has rationalised the overseas borrowing norms allowing a uniform borrowing limit of Rs 750 million a year across

tenors. It has also broadened the scope of borrowers by allowing all entities that are eligible for foreign direct investment (FDI) to borrow through the external commercial borrowing (ECB) route. The government has been opening up this sector to attract capital flows ever since the rupee started depreciating steeply vis-a-vis the dollar since April 2018. The current system of two categories-Track I- medium term ECB of three to five years Tracks II- long term ECB of upto ten years are now merged into one under the existing framework as “Foreign Currency denominated ECB”.

- **India to buy \$5 billion oil, gas from US & spend \$18 billion in defence-** India has committed to purchase USD 5 billion worth of oil and gas from the US per annum and USD 18 billion worth of defence equipment that are under implementation. The US export to India has gone up by at least 30%. In the last two years, the bilateral trade has increased from USD 119 billion to USD 140 billion.
- **Electric mobility, drones, bulk drugs to contribute \$170 bn to manufacturing by 2025-26: DIPP working group-** Biotechnology, electric mobility, unmanned aerial vehicles and bulk drugs are among eight emerging sectors that will contribute \$170 billion to gross value added of manufacturing industry by 2025-26, according to a report by a working group of the Department of Industrial Policy and Promotion (DIPP). The other four emerging sectors are medical devices, robotics and automation equipment, advanced materials, and chemicals, said the working group’s report on making India a \$5 trillion economy by 2025.
- **Government mulls creating national business register, may spend Rs 300 crore in economic census -** The government plans to create a business enterprise register that will have details of all kind of businesses being run in the country as it gears up to conduct a nationwide economic census in 2019-20. MoSPI has roped in CSC e-governance, also known as CSC SPV, for conducting the seventh economic census. CSC e-governance manages around 3 lakh common service centres across country which will be roped in for the survey programme. Each CSC will create five enumerators who will be trained and certified by CSC SPV for the economic survey.
- **Niti Aayog bats for direct benefit transfer to farmers-** Farmers could get annual income support of Rs 15,000 per hectare if the Niti Aayog’s proposal for an upfront subsidy through direct benefit transfer is accepted. The Aayog has suggested that all subsidies for agriculture, including fertiliser, electricity, crop insurance, irrigation and interest subvention be replaced by income transfer. Telangana and Odisha have adopted income support to help alleviate agrarian distress as opposed to loan waivers.
- **Farmer producer organisation from Gujarat makes first cotton deposit on MCX-** A Farmer Producer Organisation (FPO) representing over 1,600 farmers from Somnath-Gir district, Gujarat has made a cotton deposit for the first time on Multi Commodity Exchange of India Ltd (MCX) thus reaffirming their confidence in the hedging tools made available by the exchange, which is indeed a very encouraging development for the market and agricultural commodity ecosystem. MCX is actively engaged in training farmers, handholding the Farmer Producer Organisations (FPOs) and connecting them with the Exchange platform in several states across the country.

Markets so far

Indicators	Yearly			Monthly			Daily		
	2016	2017	2018	Oct 18	Nov 18	Dec 18*	(16-1-2019)	(17-1-2019)	(18-1-2019)
BSE SENSEX	26,626	34,056.83	36068.33	34442	36194	36068	36321.29	36374.08	36386.61

GOLD (10 GRMS)	29419.95	28966.08	30599.62	31698	30240	31566	32351	32396	32276
CRUDE OIL (1 BBL)	2,924.63	3,317.11	4436.84	4869	3597	3701	3371	3724	3715
EXCHANGE RATE (INR/USD)	67.21	65.11	68.37	73.45	69.58	69.76	71.23	71.03	71.18

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

Study

PHD Research Bureau has released a study on Rising Jharkhand: Economic Profile with the objective to highlight the latest socio-economic developments in the state.

RISING JHARKHAND: ECONOMIC PROFILE



PHD Research Bureau has released a study on Rising Jharkhand: Skill Development to Spur Socio-Economic Growth with the objective to highlight the latest socio-economic developments in the state.

RISING JHARKHAND: SKILL DEVELOPMENT TO SPUR SOCIO-ECONOMIC GROWTH



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Warm Regards,

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