

Weekly Compendium of Research

For the week ending 25th 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 world economic outlook projections by IMF and UN, inauguration of various infrastructural and developmental projects in states, global FDI estimates by UNCTAD, along with various decisions taken by the cabinet. The details of disseminated information during the week ending 25th January 2019 are appended.

India and World Economy

- **[India's economy is poised to pick up in coming years: IMF World Economic Outlook, January 2019-](#)** According to the IMF's World Economic Outlook, January 2019, the global expansion has weakened. Global growth for 2018 is estimated at 3.7% and is projected to grow at 3.5% in 2019 and 3.6% in 2020. India's growth is estimated at 7.3% for 2018 and growth projections for 2019 and 2020 are 7.5% and 7.7%, respectively.
- **[GDP growth of India to remain robust: UN's World Economic Situation Prospects, 2019-](#)** According to the World Economic Situation and Prospects 2019, global growth is expected to remain at 3.0% in 2019 and 2020. The Indian economy is expected to expand by 7.6 and 7.4 per cent in 2019 and 2020, respectively, after expanding by 7.4 per cent in 2018.
- **[Decisions taken by the Union Cabinet-](#)** Cabinet approves Amendment to the 'Framework on Currency Swap Arrangement for SAARC Member Countries' to incorporate 'Standby Swap' amounting to USD 400 million operated within the overall size of the facility; Cabinet approves creation of the National Bench of the Goods and Services Tax Appellate Tribunal (GSTAT); Cabinet approves Memorandum of Understanding between India and Kuwait for cooperation on the Recruitment of Domestic Workers; Cabinet approves extension of Delhi Metro corridor from Dilshad Garden to New Bus Adda Ghaziabad; Cabinet approves MoC between India and Japan in the field of Food Processing Industry.
- **[Hon'ble Prime Minister Inaugurates and Lays Foundation stones of Development Projects worth Rs. 1400 Crores at Silvassa in Dadra & Nagar Haveli-](#)** The Hon'ble Prime Minister, Shri Narendra Modi, inaugurated and laid the Foundation Stone for several development projects at Silvassa in Dadra and Nagar Haveli. He laid foundation Stone of Medical College in Sayli, Dadra and Nagar Haveli.
- **[Hon'ble Nitin Gadkari Inaugurates and Lays Foundation Stone of 39 National Highways Projects in Andhra Pradesh-](#)** Hon'ble Union Minister for Road Transport & Highways, Shipping, Water Resources, River Development and Ganga Rejuvenation Shri Nitin Gadkari inaugurated and laid the foundation stone of 39 National Highways Projects in Andhra Pradesh. These include construction of eleven ROBs under Setu Bhartam programme. These projects have a length of 1384 kms, and involve investment of Rs 16,878 crore.
- **[Hon'ble Shri Nitin Gadkari inaugurates bridge over River Ravi in J&K-](#)** Hon'ble Union Minister for Road Transport & Highways, Shipping, Water Resources, River Development and Ganga Rejuvenation Shri Nitin Gadkari inaugurated a 1210-meter span-bridge over the river Ravi in Kathua

district in Jammu and Kashmir.

- [**Hon'ble PM inaugurates Centers of Excellence at Deen Dayal Hastkala Sankul in Varanasi-**](#) The hon'ble Prime Minister, Shri Narendra Modi, inaugurated Centers of Excellence at Deen Dayal Hastkala Sankul in Varanasi. The hon'ble Prime Minister unveiled a plaque to mark the inauguration of 55 outlets which would serve as Centers of Excellence at the Hastkala Sankul, which is a complex dedicated to the handicrafts of the region.
- [**Hon'ble Shri Nitin Gadkari Lays Foundation Stones for Namami Gange Projects in Agra and Mathura-**](#) The Hon'ble Union Minister for Water Resources, River Development and Ganga Rejuvenation, Road Transport & Highways and Shipping Shri Nitin Gadkari laid the foundation stones of six Namami Gange projects in Agra and Mathura.
- [**Hon'ble Ministry of Skill Development strengthens Jan Shikshan Sansthan \(JSS\) through comprehensive reforms; launches New Guidelines-**](#) To boost skill training and entrepreneurship in the remotest corners of the country, the Hon'ble Ministry of Skill Development and Entrepreneurship (MSDE) announced comprehensive reforms for Jan Shikshan Sansthan (JSS), to further strengthen the ecosystem benefiting those in the underprivileged sections of society.

Finance

- [**Global FDI fell to USD 1.2 trillion in 2018: UNCTAD-**](#) According to UNCTAD's, Global Investment Trends Monitor, Global foreign direct investment (FDI) fell by nearly a fifth in 2018 to an estimated USD 1.2 trillion from USD 1.47 trillion in 2017 with the decline concentrated in developed countries where inflows fell by as much as 40% to an estimated USD 451 billion mainly due to large repatriations of accumulated foreign earnings by United States multinational enterprises (MNEs), following tax reforms.

Our Voice

At the global charts, the Indian economy is looking remarkably attractive due to its performance in the last five years. The improvement in the Ease of Doing Business from 142nd in 2014 to 77th in 2019 is the significant outcome of the diligent efforts of the government towards improving the business environment in the economy. What needs to be accelerated is a much greater interaction with Indian Businesses at the highest level in the Government of India. At this juncture, the economy needs further bold measures to boost the investment environment and to trigger demand growth to the next level.

The macro-economic environment has improved significantly during the last four years. Inflation has been contained remarkably, fiscal consolidation is on the right path and foreign investment flows are growing year after year. During the last four years, the government has been making continuous efforts to uplift industrial growth which has increased significantly from 3.8% in FY14 to 5.5% in FY18 and is expected to be 7.8% in FY19. To bolster the industrial sector further, double digit manufacturing growth with increased participation of manufacturing sector MSMEs would create maximum opportunities for employment for the growing young workforce in India.

Economy so far

- **Tamil Nadu targets defence, aerospace investments of US\$ 10 billion-** Tamil Nadu is keen to replicate its success in building a strong automotive base with the defence and aerospace sector. It has set an ambitious target of attracting investments worth US\$ 10 billion in ten years generating direct and indirect employment opportunities for one lakh people.
- **Government may allow NRIs to subscribe to municipal bonds-** The Centre is looking at allowing non-resident Indians to subscribe to municipal bonds issued by various urban local bodies, especially for 'Swachh Bharat' projects. NRIs, at present, are not allowed to participate in these bonds.
- **Group of Ministers (GoM) on revenue shortfall to study GST collection on services by states-** A panel of state finance ministers has decided to scrutinise the GST collection on services by the

states to find out if they are taxing them correctly. The panel has been formed by the GST Council to look into revenue shortfall being faced by the states post implementation of the Goods and Services Tax.

- **Exporters may get incentives based on R&D, specific clusters under new FTP-** Exporters are likely to get incentives based on parameters like research and development, product-specific clusters and production pattern under a five-year foreign trade policy (FTP) to be released later this year.
- **India likely to target about USD11 billion from state asset sales in FY 2019-20-** The Indian government is likely to seek to raise about 800 billion rupees (USD11.21 billion) through the sale of state-owned assets in the next fiscal year, beginning April 1, 2019.
- **India said to mull USD9.8 billion spending to pay cash to farmers-** India is considering a plan to transfer cash to farmers to ease their financial burden instead of offering subsidies. Government is planning to combine all farm subsidies, including fertilizer costs, and instead pay farmers cash.
- **12 large states, including Gujarat, Bihar, failed on jobs, despite faster growth: Crisil-** According to a report by Crisil, even as 12 large states grew faster than national GDP in FY2018, the same has not translated into job creation, as GSDP expansion has come in from sectors which are less job-intensive. 11 states have recorded lower growth in employment-intensive sectors such as manufacturing, construction and trade, and hotels, transport and communication services, compared with the national rate.
- **India signs customs treaty with Netherlands to push business with Europe-** India and European economic major Netherlands recently signed Customs Treaty which will boost trade ties between the two countries through an efficient management of customs rules. According to Mr Menno Snel, Netherlands Finance Minister, more efficient cargo can pass borders, whether in the Port of Rotterdam or Mumbai – or the airport of New Delhi, the more time and money is saved.
- **India likely to achieve universal household electrification by January 2019-end-** India is all set to achieve 100% household electrification by the month end, with 2.44 crore families having received power connections out of the targeted 2.48 crore under the Rs 16,320 crore Saubhagya scheme. The Pradhan Mantri Sahaj Bijli Har Ghar Yojana (Saubhagya) was launched in September 2017.
- **India signs 11 MoUs worth USD9.5 million with Afghanistan-** Notwithstanding the recent terror attack targeting Indian nationals in Kabul and US efforts to cut a deal with Taliban, India has signed 11 MoUs worth USD9.5 million with the Afghan government recently. The MoUs were for infrastructure, public services such as health clinics and governance-related projects.
- **India's debt up 50% to Rs 82 lakh crore in last four and a half years-** According to the 8th Edition of the Status Paper on Government Debt, total liabilities of the government has increased 49% to Rs 82 lakh crore in the last four-and-half years. The huge surge in government's debt has been propelled by 51.7% growth in public debt from Rs 48 lakh crore to Rs 73 lakh crore in the four-and-half year period, which in turn was driven by 54% rise in internal debt to about Rs 68 lakh crore.
- **Eye on 10.5 lakh jobs: Tamil Nadu investors meet nets Rs 3 lakh crore from 304 MoUs -** During its two-day flagship second edition of Global Investors Meet (GIM 2019), the Tamil Nadu government has signed 304 MoUs worth over Rs 3 lakh crore which will provide job opportunities for 10.50 lakh people. The first edition of GIM held in 2015 had attracted 98 MoUs worth Rs 2.42 lakh crore.

Markets so far

Indicators	Yearly			Monthly			Daily		
	2016	2017	2018	Oct 18	Nov 18	Dec 18*	(22-1-2019)	(23-1-2019)	(24-1-2019)
BSE SENSEX	26,626	34,056.83	36068.33	34442	36194	36068	36444	36108	36195
GOLD (10 GRMS)	29419.95	28966.08	30599.62	31698	30240	31566	32324	32341	32226
CRUDE OIL (1 BBL)	2,924.63	3,317.11	4436.84	4869	3597	3701	3827	3747	3747
EXCHANGE RATE (INR/USD)	67.21	65.11	68.37	73.45	69.58	69.76	71.44	71.32	71.07

Source: PHD Research Bureau, compiled from BSE, MCX and Bloomberg, RBI

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- [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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