

Weekly Compendium of Research

For the week ending 22nd February 2019

PHD Research Bureau disseminated information to members of PHD Chamber and other industry stakeholders on various economic and business developments at International, National and Sub-national arena such as, proposal to encourage investments in start-ups, Board of Trade Meeting, World Trade Outlook indicator, WPI and CPI for the month of January 2019, IIP for the month of December 2018, India's foreign trade data for the month of January 2019, India's position in Global IP Rankings, developments during India-US Commercial dialogue and CEO forum, various draft directions released by RBI, various decisions taken by the cabinet, among others. The details of disseminated information during the week ending 22nd February 2019 are appended.

India and World Economy

- [List of MoUs/Agreements signed during State Visit of Crown Prince of Saudi Arabia to India-](#) During the State Visit of Crown Prince of Saudi Arabia to India, various MOUs/Agreements were signed such as the Memorandum of Understanding on investing in the National Investment and Infrastructure Fund between the Government of the Republic of India and the Government of the Kingdom of Saudi Arabia, Memorandum of Understanding between the Government of the Republic of India and the Government of Saudi Arabia for Cooperation in the Field of Housing, MoU for Cooperation on Broadcasting between Prasar Bharati, New Delhi, India and Saudi Broadcasting Corporation (SBC), Saudi Arabia for Exchange of Audio Visual Programme, among others.
- [Proposal to encourage investments in Start-Ups cleared-](#) The Hon'ble Union Minister of Commerce and Industry and Civil Aviation, Dr Suresh Prabhu has cleared a proposal aiming at simplifying the process of exemptions for Start-ups under Section 56 (2) (viib) of Income Tax Act. With this notification, the definition of Start-ups will be expanded.
- [MOUs/Agreements signed during State Visit of President of Argentina to India-](#) During the State Visit of President of Argentina to India on 18th February 2019, various MOUs/Agreements were signed such as the MoU between the Ministry of Defence of the Republic of India and the Ministry of Defence of the Argentine Republic on Defence Cooperation, MoU between Republic of India and Republic of Argentina for cooperation in the field of Tourism, Agreement for the establishment of India-Argentina Centre of Excellence for Information and Technology, among others.
- [Hon'ble PM unveils development projects worth Rs 33,000 crores for Bihar-](#) The Hon'ble Prime Minister Shri Narendra Modi unveiled projects worth Rs 33,000 crores in Barauni in a significant boost for development of infrastructure, connectivity, energy security and health care services in Bihar.
- [Hon'ble Union Commerce and Industry Minister, Shri Suresh Prabhu Chairs Board of Trade Meeting-](#) The Hon'ble Union Minister for Commerce & Industry and Civil Aviation, Shri Suresh Prabhu, has chaired a meeting of the Board of Trade (BOT). On this occasion, he has launched a new online "Anytime-Anywhere" export awareness course to train, mentor and hand-hold potential exporters so as to help them to tap international trade opportunities. This Online Course has been funded under the 'Niryat Bandhu' scheme of Directorate General of Foreign Trade (DGFT) and is in collaboration with the Indian Institute of Foreign Trade, New Delhi. On successful completion, a Certificate in Export Import Management under Niryat Bandhu Scheme will be awarded to participants.

- **January 2019 WPI inflation falls to 2.8%-** The WPI inflation falls to 2.8% in January 2019 from 3.8% in December 2018, 4.5% in November 2018, 5.5% in October 2018, 5.2% in September 2018 and 4.6% in August 2018. The fall in WPI inflation in the month of January 2019 is attributed to fall in the prices of Potato (26.3%), Crude Petroleum (-1.8%) and LPG (-7.5%).
- **January 2019 CPI inflation falls to 2.05%-** The all India general CPI inflation (Combined) for January 2019 (Prov.) falls to 2.05% from 2.11% in December 2018. The inflation rates for rural and urban areas for January 2019 (Prov.) are 1.29% and 2.91%, respectively, as compared to 1.50% and 2.91% respectively, for December 2018. Rate of inflation during January 2019 (Prov.) for fuel and light (2.20%), housing (5.20%), transport and communication (3.44%), education (7.99%) and health (8.93%) etc.
- **December 2018 IIP grows at 2.4%-** Growth in industry output, as measured in terms of IIP, for the month of December 2018 grows at 2.4% as compared to 0.31% in November 2018. The growth in the three sectors mining, manufacturing and electricity in December 2018 stands at (-)1.0%, 2.7% and 4.4% respectively over December 2017. Primary goods growth stands at (-)1.2%, capital goods growth stands at 5.9%, intermediate goods growth stands at (-)1.5%, infrastructure/construction goods growth stands at 10.1%, consumer durables stands at 2.9% and consumer non-durables growth stands at 5.3% during December 2018 as compared to the previous year.
- **Decisions taken by the Union Cabinet-** Cabinet approves MoU between India and Morocco for setting up of a Joint Working Group on Counter-Terrorism; Cabinet approves Memorandum of Understanding between India and Finland on Cooperation in the field of peaceful uses of outer space; Cabinet approves Proposal for leasing out of 1.61 acres of land at Alipur, Delhi, owned by Delhi Milk Scheme to Small Farmers Agribusiness Consortium for setting up of Kisan Mandi; Cabinet approves proposal for allotment of land measuring 30 acres to Pasteur Institute of India for establishment of New Viral Vaccine Manufacturing Unit at Coonoor, Tamil Nadu; Cabinet approves Extension of tenure of the National Commission for SafaiKarmacharis beyond 31.3.2019 for three years; Cabinet approves signing of Memorandum of Understanding between India and Argentine in tourism;

Cabinet approves Revision in the list of Scheduled Tribes of Chhattisgarh; Cabinet approves signing of Memorandum of Understanding between India and Saudi Arabia on establishing a mechanism for Investment Infrastructure in India; Cabinet approves Memorandum of Understanding between India and Saudi Arabia on cooperation and Mutual Assistance in Customs matters; Cabinet approves signing of Memorandum of Understanding between India and Saudi Arabia in the field of tourism; Cabinet approves continuation of sub-schemes under "Umbrella programme for development of Scheduled Tribes" for the period till March, 2020: Over 10 crore Scheduled Tribe people to be benefitted; Minimum Support Price for Raw Jute for 2019-20 season hiked to Rs.3950/- from Rs.3700/- per quintal by the Cabinet.

- **India Climbs Eight Places in Global IP Rankings-** The seventh edition of the Index(the Index benchmarks the IP framework in 50 global economies) shows India's jumping eight places in the rankings from 44th of 50 economies in 2018 to 36th in 2019. India's overall score has also increased substantially from 30.1% (12.03 out of 40) in the previous edition to 36% (16.22 out of 45) in the present edition. While broader challenges remain, the increase is a result of specific reforms that better align India's IP environment with the international IP system.

Finance

- **Investment by Foreign Portfolio Investors (FPI) in Debt-** Attention of Authorised Dealer Category-I (AD Category-I) banks is invited to Schedule 5 to the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2017 notified vide Notification No. FEMA.20(R)/2017-RB dated November 07, 2017, as amended from time to time and the relevant directions issued thereunder. In terms of paragraph 4(f) (ii) of the AP (DIR Series) Circular No. 31

dated June 15, 2018 no FPI shall have an exposure of more than 20% of its corporate bond portfolio to a single corporate (including exposure to entities related to the corporate). In order to encourage a wider spectrum of investors to access the Indian corporate debt market, it has been decided to withdrawn this provision with immediate effect.

- **RBI releases Draft Directions on Financial Benchmark Administrators-** The Reserve Bank of India (hereinafter called 'the Reserve Bank') having considered it necessary in public interest and to regulate the financial system of the country to its advantage, in exercise of the powers conferred by section 45W of the Reserve Bank of India Act, 1934, (hereinafter called 'the Act') read with section 45U of the Act and of all the powers enabling it in this behalf, hereby issues the following Directions to Financial Benchmark Administrators. The objective to introduce a regulatory framework for financial benchmarks to improve the governance of the benchmark processes in markets regulated by the Reserve Bank.
- **RBI announces draft directions on facilities for hedging foreign exchange risk by Residents and Non-residents-** As announced in the Statement on Developmental and Regulatory Policies February, 2018 and August, 2018, the existing facilities for non-residents and residents to hedge their foreign exchange risk on account of transactions permitted under FEMA, 1999 have been revised. The revised directions are provided at Annex – I to this circular(enclosed). All previous operational guidelines, terms and conditions in this regard stand withdrawn.

Trade

- **World Trade Outlook Indicator points to slower trade growth in first quarter of 2019-** Trade weakness is likely to extend into the first quarter of 2019, according to the WTO's latest World Trade Outlook Indicator (WTOI). The most recent WTOI reading of 96.3 is the weakest since March 2010 and below the baseline value of 100 for the index, signalling below-trend trade expansion into the first quarter.
- **FDI equity inflows in India declined by 7% during April to December 2018-19-** During April to December 2018-19, FDI equity inflows stands at about USD 33 billion as against USD 36 billion during the same corresponding period of last year, registering a growth rate of (-)7% year on year. Total Foreign Direct Investment (FDI) flows in India (Equity inflows + Re-invested earnings + Other capital) stands at USD 47 billion during April to December 2018-19.
- **India's Foreign Trade : January 2019-** India's Exports in January 2019 were USD 26 Billion, as compared to USD 25 Billion in January 2018, exhibiting a positive growth of 4%. In Rupee terms, exports were Rs. 1,86,453 Crore in January 2019, as compared to Rs. 1,61,697 Crore in January 2018, registering a positive growth of 15%. Imports in January 2019 were USD 41 Billion (Rs. 2,90,612 Crore), which was 0.01% higher in Dollar terms and 11% higher in Rupee terms over imports of USD 41 Billion (Rs.2,61,441 Crore) in January 2018.
- **India-US Commercial dialogue and CEO forum held in New Delhi-** India and the United States held India-US Commercial Dialogue and India-US CEO Forum in New Delhi. The Hon'ble Union Minister for Commerce & Industry and Civil Aviation, Shri Suresh Prabhu, chaired the meeting. The Secretary of Commerce, United States of America, Mr. Wilbur Ross participated in the most of the sessions remotely through teleconference.

Our Voice

The journey of Indian economy has been promising as the economic growth trajectory increased from steady during 1960s to 1990s to strong in 2000s and fastest in the 2010s. The advent of economic reforms has not only enhanced the economic growth, but also provided a conducive and promising business environment to the citizens of India. India's growth estimate of 7.2% for 2018-19 in the Revised Estimates of National Income, 2018-19 and the IMF forecast

of 7.7% for 2019 and 7.7% for 2020, shows India's position as fastest growing economy in the world ecosystem. The Interim budget for 2019-20 with a focus to boost consumption and to help India to become a USD 10 trillion economy has opened new avenues for every segment of the Indian economy.

Economy so far

- **Government sets up committee for sale of 'enemy shares' worth Rs 3,000 crore-** The Centre has constituted a high-level committee, comprising top bureaucrats, to recommend the quantum and price or price band for sale of 'enemy shares' worth Rs 3,000 crore. The high-level committee, to be jointly headed by Union Home Secretary and Secretary, Department of Investment and Public Assets Management, may recommend the quantum and price or price band for sale of enemy share or the principles or mechanism or method for sale of enemy share to the high-power committee, headed by the Hon'ble Union Home Minister.
- **IRDAI issues norms for standardized health insurance product** – The Insurance Regulatory and Development Authority has issued draft norms for standard health insurance products with basic sum assured of Rs 50,000 crore to Rs 10 lakh defining the benefit structure for individual insurance buyers.
- **Government to launch industrial projects worth Rs 65,000 crore in Kanpur on February 27, 2019-** Hon'ble Prime Minister Shri Narendra Modi will lay the foundation of about 300 industrial projects totaling Rs 65,000 crore in Kanpur later this month. The state government is planning to host the mega 'ground breaking' ceremony for the projects in the industrial town of Kanpur on February 27, 2019. These projects are part of the total Rs 4.68 trillion worth of MoUs signed by the state with different public and private sector companies at the 'UP Investors Summit' in Lucknow on February 21-22, 2018.
- **Government to upgrade MCA21 system; seeks applications from service providers** - The government has sought applications from service providers to develop as well as operate the upgraded version of Ministry of Corporate Affairs (MCA21) system, which is used mainly for submitting filings under the companies law.
- **Government launches second edition of states' startup ranking for 2019** - The government has launched the second edition of states' ranking on startup initiatives. The ranking exercise aims to evaluate measures taken by states and union territories during the assessment period from May 1, 2018 to June 30, 2019.
- **Merger of Vijaya Bank and Dena Bank with BoB to be effective from April 1 2019** – Bank of Baroda has said that the merger of Dena Bank and Vijaya Bank with itself would be effective from April 1 2019 as per the scheme of amalgamation approved by the government. Besides, the board of the bank fixed March 11, 2019, as record date for issuing and allotting equity shares of the Bank of Baroda to the Shareholders of Vijaya Bank and Dena Bank.
- **AYUSH Minister launches e-AUSHADHI portal for Online Licensing System of AYUSH Medicine-** Shri Shripad Yesso Naik, Minister of State (IC) for AYUSH, launched the e-AUSHADHI portal, for online licensing of Ayurveda, Siddha, Unani and Homoeopathy drugs and related matters recently at New Delhi. e-AUSHADHI portal is intended for increased transparency, improved information management facility, improved data usability and increased accountability.
- **NPA under Mudra Yojana stands at Rs 7,277 crore-** The government has recently informed that loans worth Rs 7,277.31 crore of public sector banks under Pradhan Mantri Mudra Yojana (PMMY) have turned bad at the end of March 2018. Loans extended under PMMY from inception of the scheme up to March 2018 by all member lending institutions (MLIs) were Rs 5.71 lakh crore.
- **Cabinet clears promulgating fresh ordinance for companies law amendments** - The Union

Cabinet has approved promulgating an ordinance for companies law amendments to plug gaps in corporate governance and enforcement framework as well as improve the ease of doing business.

- **111 Naval Utility Helicopters for Rs 21,738 crore to be built-** The Ministry of Defence (MoD) recently kicked off the procurement of 111 Naval Utility Helicopters (NUH) for the Indian Navy. This acquisition, estimated to be worth Rs 21,738 crore, is the first one being processed under the new Strategic Partner (SP) procurement model.
- **Government may exempt DPIIT-certified startups from angel tax-** The government is considering giving complete exemption to startups from angel tax once they are certified by the Ministry of Commerce and Industry, a move aimed at helping budding entrepreneurs. The consideration assumes significance as several startups have claimed to receive angel tax notices, impacting their businesses.
- **Zero Balance! Average deposits in PM Modi's Jan Dhan accounts jump by over 145%-** The cumulative deposit in more than 34 crore Jan Dhan bank accounts is set to cross the figure of Rs 90,000 crore soon. The scheme also turns out to be an important tool for financial inclusion of women as more than 53% Jan Dhan account holders are women. The average deposit size in was Rs 2,603 on January 23, 2019. The average deposit size was Rs 1,065 on March 03, 2015 and in nearly last four years it has jumped by 145% to over Rs 2,600.

Markets so far

Indicators	Yearly			Monthly			Daily		
	2016	2017	2018	Nov 18	Dec 18	Jan 19	(18-2-2019)	(20-2-2019)	(21-2-2019)
BSE SENSEX	26626	34057	36068	36194	36068	36257*	35498	35756	35898
GOLD (10 GRMS)	29420	28966	30600	30240	31566	32213	33371	33730	33531
CRUDE OIL (1 BBL)	2925	3317	4437	3597	3701	3608	3961	4009	4068
EXCHANGE RATE (INR/USD)	67	65	68	70	70	71	71.3	71.1	71.2

Source: PHD Research Bureau, compiled from BSE, MCX and Bloomberg, RBI (* denotes value as on 31st Jan 2019)

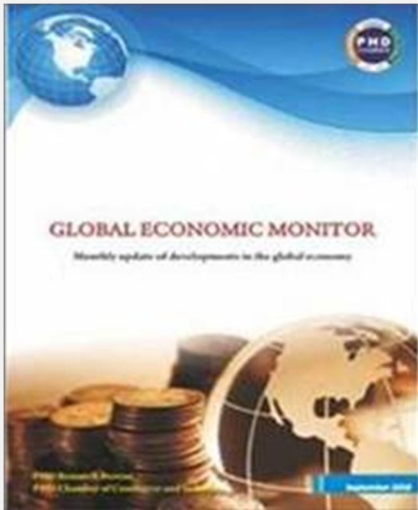
Newsletters

PHD Research Bureau has released newsletters pertaining to a broad view of developments in the Indian economy, a broad view of economic developments around the world, a broad view of developments under the trade and investment areas, and a newsletter pertaining to a broad view of developments in the foreign exchange and FEMA.

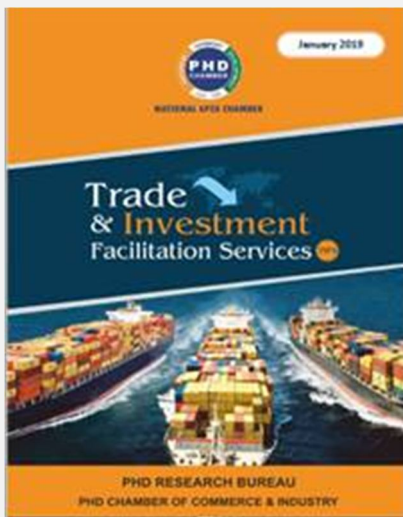
[EAC Newsletter for the month of February 2019](#)



[GLOBAL ECONOMIC MONITOR-JANUARY-2019](#)



[TRADE AND INVESTMENT FACILITATION SERVICES \(TIFS\) NEWSLETTER: Edition January 2019](#)



[FOREX & FEMA NEWSLETTER January 2019](#)



Comprehensive Research Studies / Papers

PHD Chamber prepared two reports on Haryana State, named Progressive Haryana: Economic Profile and Progressive Haryana: The Agricultural Hub of India. The reports were launched during the 4th Agri Leadership Summit 2019, held during 15-17th February at Sonapat, Haryana. Another report, titled Interim Budget 2019-20: A Dynamic, Inclusive and Pragmatic Budget was also prepared for analyzing the impact of the announcements made in the Interim Budget 2019-20 on different sectors.

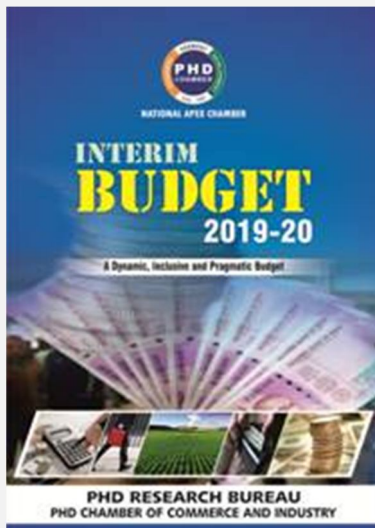
[Progressive Haryana: Economic Profile](#)



[Progressive Haryana: The Agricultural Hub of India](#)



[Interim Budget 2019-20: A Dynamic, Inclusive and Pragmatic Budget](#)



Programs/Open House Discussions

[Budget Viewing Session 2019-20, 1st February 2019, PHD House, New Delhi](#)- The Economic Affairs Committee of PHD Chamber of Commerce & Industry organized the Budget Viewing session 2019-20 on Friday, 1st February 2019 at PHD House, New Delhi. The session was addressed by Mr Ajay Shankar, Former Secretary, DIPP, Government of India and Dr C S C Shekhar, Professor of Agriculture, Institute of Economic Growth, University of Delhi. Mr. Rajeev Talwar, President, PHD Chamber, Mr. DK Aggarwal, Senior Vice President, PHD Chamber, Mr. Sanjay Aggarwal, Vice President, PHD Chamber, Mr Anil Khaitan, Immediate Former President, PHD Chamber, Mr Gopal Jiwarajka, Former President, PHD Chamber, Mr Sharad Jaipuria, Former President, PHD Chamber, Ms Sushma Berlia, Former President, PHD Chamber, Mr Anil Chopra, Chairman, Direct Taxes Committee, PHD Chamber and Dr Mahesh Y Reddy, Secretary General, PHD Chamber were also present at the event.

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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