

## Weekly Compendium of Research

For the week ending 8<sup>th</sup> February 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 Ministry of Labour Notifies Rules To Allow Employment of Women in Mines, Kisan Credit Card (KCC) facility extended to Animal Husbandry farmers and Fisheries for their working capital requirements, Clusters identified for promotion of Agriculture Exports, Sixth Bi-monthly Monetary Policy Statement, 2018-19, along with various decisions taken by the cabinet, among others. The details of disseminated information during the week ending 8<sup>th</sup> February 2019 is appended.

### India and World Economy

- **Ministry of Labour Notifies Rules To Allow Employment of Women in Mines-** In exercise of the power conferred under sub-section (1) of section 83 on the Mines Act, 1952 (35 of 1952), the Central Government exempts the women employed in any mine above ground and in any mine below ground from the provisions of section 46 of the Mines Act, 1952, subject to the certain conditions.
- **Decisions taken by the Union Cabinet-** CCEA approves proposal for setting up 12,000 MW grid-connected Solar Photovoltaic (PV) Power Projects; CCEA approves continuation for the Central Sector Scheme of Exploration of Coal and Lignite for a period of 3 years from 2017-18 2019-2020; CCEA approves creation of Agri-Market infrastructure fund for development and upgradation of Gramin Agriculture Markets; Cabinet approves MoU between India and Malaysia for Mutual Cooperation in the field of Company Secretaryship; Cabinet approves MoU between India and Election Management Bodies of Namibia and Panama; Cabinet approves MoU between India and Norway on India-Norway Ocean Dialogue; Cabinet approves MoU between India and Brazil on cooperation in the field of Traditional Systems of Medicine and Homoeopathy; Cabinet approves MoU between India and Maldives for Establishing Mutual Cooperation to Improve the Ecosystems for Agribusiness; Cabinet approves MoU between India and the UAE on Development cooperation in Africa; Cabinet approves Signing of Agreement between India and Ukraine for cooperation in Agriculture and Food Industry; Cabinet approves the revised Office Memorandum pertaining to the Cabinet Note on “Amendment of Constitution to provide for reservation for Economically Weaker Sections”; Cabinet approves MoU between India and Finland in the field of Biotechnology; Cabinet approves Regularization of certain allowances being paid over and above the 50% (pre-revised) ceiling prescribed by DPE to the executives of certain operational category employees of AAI; Cabinet approves Abolition of Institution of Income-Tax Ombudsman and Indirect Tax Ombudsman; Cabinet approves MoU between India and Uzbekistan for promoting: Bilateral cooperation in the area of e-Governance; Cabinet approves Proposal for higher allocation of power to Home State from Under Construction Projects of NTPC Ltd.; Cabinet approves Framework Agreement between India and Indonesia on cooperation in the exploration and uses of outer space for peaceful purposes; Cabinet approves introduction of National Institutes of Food Technology, Entrepreneurship and Management Bill, 2019 in the Parliament; Cabinet approves establishment of a unified authority for regulating all financial services in

International Financial Services Centres (IFSCs) in India through International Financial Services Centres Authority Bill, 2019; Cabinet approves Proposal for Official Amendments to the Banning of Unregulated Deposit Schemes Bill, 2018.

## Finance

- **GST Revenue collection of Rs. 1,02,503 crore for January 2019-** The total gross GST revenue collected in the month of January, 2019 is Rs 1,02,503 crore of which CGST is Rs 17,763 crore, SGST is Rs 24,826 crore, IGST is Rs 51,225 crore (including Rs 24,065 crore collected on imports) and Cess is Rs 8,690 crore (including Rs 902 crore collected on imports).
- **Kisan Credit Card (KCC) facility extended to Animal Husbandry farmers and Fisheries for their working capital requirements** - The Union Government had announced their decision to extend the facilities of Kisan Credit Card (KCC) to Animal Husbandry farmers and Fisheries (AH & F) in the Budget 2018-19 to help them in meeting their working capital requirements. In pursuance of the said budget announcement the matter has been examined, and in consultation with all stakeholders, it has been decided by RBI to extend the KCC facility for working capital requirement for activities related to Animal Husbandry and Fisheries. Purpose: The KCC facility will meet the short term credit requirements of rearing of animals, birds, fish, shrimp, other aquatic organisms, capture of fish.
- **Sixth Bi-monthly Monetary Policy Statement, 2018-19-** On the basis of an assessment of the current and evolving macroeconomic situation, the Monetary Policy Committee (MPC) decided to reduce the policy repo rate under the liquidity adjustment facility (LAF) by 25 basis points from 6.5% to 6.25% with immediate effect. Consequently, the reverse repo rate under the LAF stands adjusted to 6% and the marginal standing facility (MSF) rate and the Bank Rate to 6.5%. The MPC also decided to change the monetary policy stance from calibrated tightening to neutral. These decisions are in consonance with the objective of achieving the medium-term target for consumer price index (CPI) inflation of 4 per cent within a band of +/- 2 per cent, while supporting growth.

## Trade

- **Clusters identified for promotion of Agriculture Exports-** The Ministry of Commerce and Industry has announced first ever Agriculture Export Policy in December, 2018. In order to achieve the objectives of the Agriculture Export Policy, clusters have been identified across the country for development of exports. In Maharashtra, six clusters have been identified for grapes, mango, pomegranate, banana, oranges and onion. For successful implementation, Farmer Producer Organizations (FPO's) and co-operatives should be linked with the farmers and exporters. Hence, required infrastructure needs to be provided in these clusters and use of latest technology in agriculture has to be adopted. The Indian Institute of Packaging has been roped in for working on packaging standards for international markets in order to increase the demand for the identified products.

## Our Voice

Cut in repo rate from 6.5% to 6.25% by RBI in review of monetary policy would soften monetary policy stance. It will stimulate demand, boost investments, enhance exporters' competitiveness and growth of the industrial sector. While common man will be benefited with softening of EMLs on loans; the ripple effect of rate cut will enable small business to fulfill their credit requirements.

## Economy so far

- **10 crore farmers to get Rs 2,000 by March-end: Junior agriculture minister-** The government will pay 100 million farmers Rs 2,000 each by the end of March and will be able to swiftly transfer subsequent instalments under the Pradhan Mantri Kisan Samman Nidhi (PMKISAN) scheme for small landholders.
- **FDI during April-September 2018-19 fell 11 per cent to \$22.66 billion-** Foreign direct investment (FDI) into India has declined 11 per cent to USD 22.66 billion during April-September period of the current fiscal, according to commerce and industry ministry data. The foreign fund inflows during April-September 2017-18 stood at USD 25.35 billion. Key sectors that received maximum foreign investment during the first six months of the fiscal include services (USD 4.91 billion), computer software and hardware (USD 2.54 billion), telecommunications (USD 2.17 billion), trading (USD 2.14 billion), chemicals (USD 1.6 billion), and automobile industry (USD 1.59 billion).
- **50% India's working-age population out of labour force, says report-** Half of India's working-age population (15 years and above), for the first time, is not contributing to any economic activity, according to the National Sample Survey Office's (NSSO's) latest jobs survey. The labour force participation rate (LFPR) stood at 49.8 per cent in 2017-18, falling sharply from 55.9 per cent in 2011-12. LFPR is the section of working population in the age group of 16-64 in the economy currently employed or seeking employment. People who are still undergoing studies, housewives and persons above the age of 64 are not factored in the labour force.
- **Interim budget not inflationary: Eco affairs secy Subhash Chandra Garg-** The budget assumes growth of 7.5% next year and builds on the 10-point vision presented earlier, economic affairs secretary Subhash Chandra Garg told Vinay Pandey. He expects the full budget in July will be a continuation of the exercise aimed at creating a \$10 trillion economy.
- **Government to conduct survey to assess plight of farmers this year-** To assess the plight of farmers, the government will conduct a pan-India survey to ascertain their income and indebtedness among other issues for the current crop year (July-June). In a written reply to Lok Sabha, Minister of State for Agriculture Gajendra Singh Shekhawat said that the 'Situation Assessment Survey of Agricultural Households' will be conducted during the 77th round of the National Sample Survey in the current calendar year. The survey aims to provide a "comprehensive assessment of the situation of agricultural households in the country, including their income, expenditure and indebtedness.
- **Niti Aayog task force to find long-term solution to sugar sector woes: Ram Vilas Paswan-** The government think-tank Niti Aayog has constituted a task force on the sugar industry to find a long-term solution to the problems faced by the sector. With a view to find long-term solution for the sugarcane and sugar industry so as to rationalise their dependence on states' assistance while at the same time encourage farm diversification to reduce adverse impact on the water sector, a task force on sugarcane and sugar industry has been constituted.
- **Government plans to launch ease of doing agri-biz index-** The government plans to launch an index to rank states on the basis of ease of doing agri-business. To ensure that reform agenda of the government is implemented by the desired pace by all states/UTs, a need is felt to develop a competitive spirit between the states. The proposed index will help in fostering agriculture among states by promoting a competitive spirit .
- **Government allows export of bio-fuels from special economic zones, EoUs-** The government has allowed export of bio-fuels from special economic zones (SEZs) and export-oriented units (EoUs) with certain conditions, according to a notice of the directorate general of foreign trade. In

August 2018, the government imposed restrictions on export of bio-fuels for non-fuel purposes. After this restriction, exporters operating from SEZs and EoUs made representations to remove this prohibition stating they only use imported material for export of final product. They also informed government authorities that SEZ units have been granted letter of approval for export of bio-fuels and EoU units have obligations to fulfil under an export promotion scheme.

- **Banks need Rs 20 lakh crore deposits for credit growth, may up rates: Report-** The jump in credit growth will require banks to raise over Rs 20 lakh crore in deposits by March 2020 and may also push up interest rates. The healthier private sector lenders will account for up to 60 percent of the incremental deposit mobilization. In the last few years, deposit growth has dropped due to lower interest rates on fixed deposits as compared to other financial avenues, it said, adding banks have been collecting an average of Rs 7 lakh crore per annum in the last few years. The additional deposit requirements will also "put upward pressure on the interest rates bank offer on deposits".

### Markets so far

| Indicators              | Yearly |       |       | Monthly |        |        | Daily      |            |            |
|-------------------------|--------|-------|-------|---------|--------|--------|------------|------------|------------|
|                         | 2016   | 2017  | 2018  | Nov 18  | Dec 18 | Jan 19 | (6-2-2019) | (7-2-2019) | (8-2-2019) |
| BSE SENSEX              | 26626  | 34057 | 36068 | 36194   | 36068  | 36257* | 36975.23   | 36971.09   | 36546.48   |
| GOLD (10 GRMS)          | 29420  | 28966 | 30600 | 30240   | 31566  | 32213  | 33210      | 33000      | 33043      |
| CRUDE OIL (1 BBL)       | 2925   | 3317  | 4437  | 3597    | 3701   | 3608   | 3850       | 3866       | 3762       |
| EXCHANGE RATE (INR/USD) | 67     | 65    | 68    | 70      | 70     | 71     | 71.56      | 71.45      | 71.31      |

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

### 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,

Dr S P Sharma

Chief Economist

PHD Chamber of Commerce and Industry

PHD House, 4/2 Siri Institutional Area

August Kranti Marg, New Delhi-110016, India

Tel: +91 49545454

Fax: +91 11 26855450

Email: [spsharma@phdcci.in](mailto:spsharma@phdcci.in)

Website: [www.phdcci.in](http://www.phdcci.in)

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**PHD CHAMBER OF COMMERCE AND INDUSTRY**

PHD House, 4/2 Siri Institutional Area, August Kranti Marg, New Delhi - 110 016 (India) • Tel. : +91-11-2686 3801-04, 49545454, 49545400  
Fax : +91-11-2685 5450 • E-mail : phdccl@phdccl.in • Website : www.phdccl.in, CIN: U74899DL1951GAP001947

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