

Weekly Compendium of Research

For the week ending 23rd March 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 decisions taken by the GST Council in the 34th meeting held on 19th March, 2019 regarding GST rate on real estate sector, exchange rate of foreign currency relating to imported and exported goods, amendments to Foreign Trade Policy 2015-2020, among others. The details of disseminated information during the week ending 23rd March 2019 are appended.

India and World Economy

- [Decisions taken by the GST Council in the 34th meeting held on 19th March, 2019 regarding GST rate on real estate sector-](#) GST Council in the 34th meeting held on 19th March, 2019 discussed the operational details for implementation of the recommendations made by the council in its 33rd meeting for lower effective GST rate of 1% in case of affordable houses and 5% on construction of houses other than affordable house. Option in respect of ongoing projects: The promoters shall be given a one-time option to continue to pay tax at the old rates (effective rate of 8% or 12% with ITC) on ongoing projects (buildings where construction and actual booking have both started before 01.04.2019) which have not been completed by 31.03.2019. The option shall be exercised once within a prescribed time frame and where the option is not exercised within the prescribed time limit, new rates shall apply.

Finance

- [IBBI and SEBI signs a MoU for better implementation of IBC-](#) The Insolvency and Bankruptcy Board of India (IBBI) signed a Memorandum of Understanding (MoU) Yesterday, 19th March 2019 with the Securities and Exchange Board of India (SEBI). The IBBI and the SEBI seek effective implementation of the Insolvency and Bankruptcy Code, 2016 (Code) and its allied rules and regulations, which have redefined the debt-equity relationship and aims to promote entrepreneurship and debt market. They have agreed under the MoU to assist and co-operate with each other for the effective implementation of the Code, subject to limitations imposed by the applicable laws. The MoU provides for: Sharing of information between the two parties, subject to the limitations imposed by the applicable laws; Sharing of resources available with each other to the extent feasible and legally permissible; Periodic meetings to discuss matters of mutual interest, including regulatory requirements that impact each party's responsibilities, enforcement cases, research and data analysis, information technology and data sharing, or any other matter that the parties believe would be of interest to each other in fulfilling their respective statutory obligations.

Trade

- [Exchange rate of foreign currency relating to imported and exported goods-](#) In exercise of the powers conferred by Section 14 of the Customs Act, 1962 (52 of 1962), and in supersession of the notification of the Central Board of Indirect Taxes and Customs (CBIC) No.21/2019-CUSTOMS (N.T.), dated 7th March, 2019 except as respects things done or omitted to be done before such

supersession, the Central Board of Indirect Taxes and Customs (CBIC) hereby determines that the Rate of Exchange of conversion of each of the foreign currencies specified in column (2) of each of Schedule I and Schedule II annexed hereto, into Indian currency or vice versa, shall, with effect from 21st March, 2019 be the rate mentioned against it in the corresponding entry in column (3) thereof, for the purpose of the said Section, relating to imported and export goods.

- **Government announces amendments to Foreign Trade Policy 2015-2020-** In exercise of the powers conferred by Section 5 of FT(D&R) Act, 1992, read with Paragraph 1.02 of the Foreign Trade Policy, 2015-2020, as amended from time to time, the Central Government has made following amendments in Foreign Trade Policy, 2015-2020: Exemption from Integrated Tax and Compensation Cess under Advance Authorization under Para 4.14 of [FTP 2015-20](#) is extended up to 31.03.2020. Exemption from Integrated Tax and Compensation Cess under Export Promotion Capital Goods (EPCG) Scheme under Para 5.01 (a) of [FTP 2015-20](#) is extended up to 31.03.2020. Exemption from Integrated Tax and Compensation Cess under Export Oriented Units (EOU) scheme under Para 6.01 (d)(ii) of [FTP 2015-20](#) is extended up to 31.03.2020.

Our Voice

PHD Chamber suggests Economic Agenda to Political Parties: Economy @4.0 to create more than 100 million jobs in the next 5 years: PHD Chamber of Commerce and Industry has suggested an Economic Agenda to the political parties to create more than 100 million jobs in the next 5 years through 7 pronged strategy including Smart Farming, Bolstering Industrialisation with artificial intelligence and industry 4.0, Ease of Doing Business for MSMEs, Revitalizing exports growth, exploring tourism potential, quality education with skill development and inclusive health for all. PHD Chamber projects India's economy with the next era of economic reforms @4.0 would expand to the level of US\$ 5 trillion with a growth rate of 9 to 10% in the next 5 years by 2023-24.

Economy so far

- **IT services sector may register growth upto 9% in FY20 -** The information technology services sector is estimated to clock a flat growth of upto 9 percent in the fiscal year 2019-20, The growth will be at par with the 9.1 percent growth achieved by the sector in FY19, according to industry lobby Nasscom. The grouping has discontinued a 25-year-old practice of coming out with growth estimates citing the changes in the landscape which makes the job harder. Domestic rating agency Icria said the sector will clock a 7-9 percent growth in USD in FY20 mainly on demand for digital solutions.
- **RBI's MSME committee calls for public suggestions to identify issues-** The Reserve Bank of India's newly constituted committee for MSME development has called for public suggestions on a list of seven underlying issues faced by the sector ranging from definition of MSME to infrastructural gaps and even the credit rating mechanisms in the industry. The MSME development committee was constituted in January this year to understand 'the structural bottlenecks and factors affecting the performance of the MSME sector.
- **Net direct tax collection crosses Rs 10 lakh crore mark-** The net direct tax collection figure has crossed the Rs 10 lakh crore mark as on March 16, helped by the fourth and final installment of tax payment. The preliminary assessment indicates that the net direct tax collection has crossed Rs 10 lakh crore. The net direct tax collection during April-January of this fiscal stood at Rs 7.89 lakh crore as against Rs 12 lakh crore targeted for the entire fiscal of 2018-19.
- **Agro-processing, manufacturing & ICT offer opportunities for Indian investments in SADC region: Report-** Trade across the Southern African Development Community (SADC) has grown considerably since the establishment of an FTA in 2008, but there exists immense opportunities for

Indian investment in the region. An Exim Bank study analyses the current trade and investment scenario in the SADC region and the opportunities that the region presents for Indian businesses. The study highlights trends in SADC's intra-regional as well as global trade and foreign investments, and draws strategies for enhancing its trade and investment. According to the report, SADC countries are integral part of the African region accounting for around one-third of Africa's total geographical area, GDP and population in 2017. Among the major regional trading blocs in Africa, SADC is the largest contributor to Africa's GDP (in nominal terms) in 2017.

- **India needs farm revolution to attain 9-10% GDP growth: Shri Amitabh Kant-** India cannot achieve 9-10 per cent GDP growth without revolution in the farm sector, Niti Aayog CEO Shri Amitabh Kant said. There is a need to boost investment in the agriculture sector as well as to introduce new technology and market reforms. Shri Kant also stressed on scrapping Agriculture Produce Marketing Committee and some old laws like Essential Commodities Act, which restrict movement of farm produces.
- **GST Council approves transition plan for new tax rates for real estate sector-** GST Council approved a transition plan for the implementation of new tax structure for housing units. Reasonable time for transition will be given to developers in consultation with states. The meeting deliberated on the transition provision and related issues for the implementation of lower GST rates for the real estate sector. The Council had in its last meeting on February 24, slashed tax rates for under-construction flats in affordable category to 1 per cent. GST rate on other categories was reduced to 5 per cent, effective April 1.
- **IT sector generated 8.73 lakh jobs in 5 years: Shri Ravi Shankar Prasad-** Information Technology Minister Ravi Shankar Prasad said the IT sector has created 8.73 lakh new jobs in the past five years. Citing the data by apex industry body Nasscom, he said the IT sector has spawned 8.73 lakh jobs in the past five years under Prime Minister Narendra Modi-led government and currently provides employment to 41.40 lakh persons directly and 1.2 crore persons indirectly.
- **Commerce department recommends extension of anti-dumping duty on jute bags from Bangladesh-** The commerce and industry ministry recommended extension of anti-dumping duty on jute sacking bags from Bangladesh due to circumvention of the duty imposed on these imports two years ago. Currently, the duty exists on jute yarn, sacking bags and hessian fabric (made from skin of jute plant) and imposed in the range of \$6.3-351.7 per tonne. The Indian Jute Mills Association had filed an application for initiation of anti-circumvention investigation concerning import of the product exported from Bangladesh. It has requested for extension of the existing anti-dumping duties on the imports, alleging circumvention of the duty.
- **CBDT gives 90 startups immunity from Angel Tax-** Under the Startup India Action Plan, a Department of Industrial Policy and Promotion (DIPP) initiative, the startups were asked to submit all details related to capital raising and promoters, and if accepted, they get an immunity from future tax demands under section 56(2)(viib) of the Income Tax Act. The angel tax and the income tax section deals with premiums paid by investors while they invest in unlisted companies. Startups have been issued notices under two income tax sections — 56(2)(viib), which deals with valuations (classification of a funding as income or investment), and Section 68, which is about unexplained credit.
- **Set up fund for farmers: Sebi to Commexes-** Sebi has asked the exchanges dealing with agri-commodity derivatives to create a fund for farmers and FPOs in which the regulatory fee forgone by the regulator would be deposited. Besides, it has issued framework, including an action plan and

guiding principles for the utilisation of fund.

- **Andhra Pradesh asks power discoms not to back out of green power purchase agreements-**

The Andhra Pradesh government has directed state-run power distribution companies to honour contracts signed with renewable energy developers, offering relief to generators at a time when several clean energy buyers are backing out of agreements and seeking lower tariffs. Andhra Pradesh, one of the leading states in using renewable energy, has more than 7,000 MW of solar and wind projects and aims to take it to 18,000 MW by 2021-22.

Markets so far

Indicators	Yearly			Monthly			Daily		
	2016	2017	2018	Dec 18	Jan 19	Feb 19	(19-3-2019)	(20-3-2019)	(22-3-2019)
BSE SENSEX	26626	34057	36068	36068	36257	35867.4*	38363.5	38386.7	38164.6
GOLD (10 GRMS)	29420	28966	30600	31566	32213	33211.8	31952	31812	32007
CRUDE OIL (1 BBL)	2925	3317	4437	3701	3608	3906.4	4054	4049	4130
EXCHANGE RATE (INR/USD)	67	65	68	70	71	71.2	68.95	68.8	68.95

Source: PHD Research Bureau, compiled from BSE, MCX and Bloomberg, RBI (* denotes value as on 28th Feb 2019)

Comprehensive Research Studies and Papers

PHD Research Bureau has undertaken a study on “India Towards a Shared Prosperity: Economic Agenda for the Next Five Years” with an objective to suggest an Economic Agenda to the political parties to create more than 100 million jobs in the next 5 years through 7 pronged strategy.

[India Towards a Shared Prosperity: Economic Agenda for the Next Five Years](#)



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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