

# Weekly Compendium of Research

For the week ending 8<sup>th</sup> 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 OECD's projections of global and India's growth rate, various schemes and developmental projects launched the government, loan agreements signed between India and World Bank, GST revenue collection for the month of February 2019, along with decisions taken by Union Cabinet, among others. The details of disseminated information during the week ending 8<sup>th</sup> March 2019 are appended.

## India and World Economy

- **Decisions taken by the Union Cabinet-** Cabinet approves MoU between India and Germany on Cooperation in the field of Occupational Safety and Health; Cabinet approves proposal of AAI for surrendering encroached AAI's land measuring 106.76 acres at Bhopal Airport – to Madhya Pradesh Government; Cabinet approves MoU between India and UK on Cancer Research Initiative; Cabinet approves Strategy for Transformative Mobility and Battery Storage; [among others](#).
- **Global Growth Weakening as Some Risks Materialise; In India, business confidence and investment remain strong: OECD Interim Economic Outlook, March 2019-** The global expansion continues to lose momentum, amidst heightened policy uncertainty, persistent trade tensions and ongoing declines in business and consumer confidence. Global growth slowed more quickly than anticipated in the latter half of 2018, to around 3% on a quarterly basis. This was the weakest pace since mid 2016, in part reflecting the deep recessions occurring in some emerging-market economies and widespread weakness in industrial sector. Global growth is projected to ease further to 3.3% in 2019 and 3.4% in 2020, with downside risks continuing to build. GDP growth in India has eased, but is projected to be around 7.2% in FY 2019 and 7.3% in FY 2020.
- **Government of India and ADB sign USD 926 Million Loan Agreement for Mumbai Metro Rail Project-** The Asian Development Bank (ADB) and the Government of India signed a USD 926 Million Loan Agreement to operationalize two lines for the Mumbai Metro Rail System that will ease the distress of millions of commuters each day and help provide a cleaner, less congested city.
- **Hon'ble PM launches One Nation, One Card in Ahmedabad for Mobility Single Card for seamless travel through different metros and other transport systems-** Hon'ble Prime Minister Narendra Modi launched One Nation, One Card for transport mobility at a function in Ahmedabad. The Indigenous Automatic Fare Collection System based on One Nation One Card Model i.e. National Common Mobility Card (NCMC) is the first of its kind in India. India's First Indigenously Developed Payment Eco-system for transport consisting of NCMC Card, SWEEKAR (Swachalit Kiraya: Automatic Fare Collection System) and SWAGAT (Swachalit Gate) is based on NCMC Standards.
- **The Hon'ble Prime Minister Launches Pradhan Mantri Shram Yogi Maan-Dhan (PM-SYM) Scheme-** The Hon'ble Prime Minister Shri Narendra Modi formally launched Pradhan Mantri Shram Yogi Maan-Dhan (PM-SYM) Scheme in Ahmedabad. At national level, the scheme was formally

launched by Prime Minister in the event held at Ahmedabad, Gujarat where around 40,000 workers from across the nation attended. Prime Minister interacted with 35 beneficiaries of the PM-SYM from different professions across the country and also distributed PM-SYM cards to the 35 beneficiaries of the scheme from across the country.

- **[India signs Loan Agreement with the World Bank for USD 96 Million for Additional Financing for Uttarakhand Disaster Recovery Project-](#)** The World Bank, Government of India and Government of Uttarakhand (GoUK) signed a USD96 Million Loan Agreement to provide additional funds to the State of Uttarakhand in its post-disaster recovery plans, ongoing since the floods of 2013, as well as strengthen its capacity for Disaster Risk Management.
- **[India Signs Loan Agreement with the World Bank for USD 25.2 Million for Chhattisgarh Public Financial Management and Accountability Program-](#)** The Government of India, the State Government of Chhattisgarh and the World Bank signed a USD25.2 Million Loan Agreement to support the State's Reforms in Expenditure Management. This support will cover Expenditure Planning, Investment Management, Budget Execution, Public Procurement and Accountability.
- **[Government of India and World Bank Sign USD250 Million Agreement for the National Rural Economic Transformation Project \(NRETP\) to boost Rural Incomes across 13 States in India-](#)** The World Bank and the Government of India signed a USD250 Million Agreement for the National Rural Economic Transformation Project (NRETP) which will help women in rural households shift to a new generation of economic initiatives by developing viable enterprise for farm and non-farm products.

## Finance

- **[RBI introduces the Voluntary Retention Route for Investments by Foreign Portfolio Investors \(FPIs\)-](#)** The Statement on Development and Regulatory Policies in the Monetary Policy Statement dated October 05, 2018 had announced a separate scheme called 'Voluntary Retention Route' (VRR) to encourage Foreign Portfolio Investors (FPIs) to undertake long-term investments in Indian debt markets. Under this scheme, FPIs have been given greater operational flexibility in terms of instrument choices besides exemptions from certain regulatory requirements. A discussion paper on the VRR scheme was placed on the Reserve Bank's website for public consultation. Based on the feedback from the public and in consultation with Government of India, the scheme has been finalized by RBI and has been notified, vide, A.P (DIR Series) Circular No. 21 dated March 1, 2019.
- **[GST Revenue collection of Rs. 97,247 crore for February 2019-](#)** Total gross GST revenue collected in the month of February, 2019 is Rs. 97,247 crore of which CGST is Rs. 17,626 crore, SGST is Rs. 24,192 crore, IGST is Rs. 46,953 crore (including Rs. 21,384 crore collected on imports) and Cess is Rs. 8,476 crore (including Rs. 910 crore collected on imports). Total number of GSTR 3B Returns filed for the month of January up to 28th February, 2019 is 73.48 lakh.
- **[Income tax exemption for gratuity enhanced Up to Rs. 20 lakhs-](#)** The Hon'ble Ministry of Finance has enhanced the income tax exemption for gratuity under section 10 (10) (iii) of the Income Tax Act, 1961 to Rs. 20 lakhs. This would benefit those employees of PSUs and other employees not covered by Payment of Gratuity Act, 1972.

## Trade

- **[Government notifies a scheme for Transport and Marketing Assistance \(TMA\) for Specified Agriculture Products-](#)** The Department of Commerce of the Ministry of Commerce & Industry has notified a scheme for Transport and Marketing Assistance (TMA) for Specified Agriculture Products. The "Transport and Marketing Assistance" (TMA) for specified agriculture products scheme aims to

provide assistance for the international component of freight and marketing of agricultural produce which is likely to mitigate disadvantage of higher cost of transportation of export of specified agriculture products due to trans-shipment and to promote brand recognition for Indian agricultural products in the specified overseas markets. The scheme would be suitably included in the Foreign Trade Policy (2015-20).

## Our Voice

According to the Second Revised Estimates of National Income 2018-19, real GDP at Constant prices in the year 2018-19 is likely to attain a level of Rs. 141 lakh crore. The growth in GDP during 2018-19 is estimated at 7.0% as compared to the growth rate of 7.2% in 2017-18. At macroeconomic front, the CPI stood at 2.05% in January 2019 and WPI inflation fell to 2.8% in January 2019. Going ahead, the economy needs further bold measures to boost the investment environment and to trigger demand growth to the next level. Though lot of reforms have been announced across the sectors and segments, structural reforms are required in the land and labour laws along with a dedicated approach for skill development.

## Economy so far

- **India unlikely to move WTO as US scraps special tariffs-** India may not drag the US to the World Trade Organization (WTO) for ending preferential benefits to its exports, but according to trade experts, India must raise the issue as the entire review was discriminatory. Though the benefits under the Generalised System of Preferences (GSP) are supposed to be non-discriminatory and nonreciprocal, the government is unlikely to challenge the US' move as Washington has withdrawn them on the basis of India not providing "equitable and reasonable access to its markets in numerous sectors".
- **Government issues model guidelines for development & regulation of retirement homes-** Sh Hardeep S Puri, Hon'ble Minister of State(I/C) for Housing and Urban Affairs has informed that the model guidelines for development and Regulation of Retirement Homes which have been prepared by his Ministry prescribe an elderly friendly built environment, physical standards and specifications.
- **Ease of doing business via tax reforms to continue: Shri Arun Jaitley-** According to Shri Arun Jaitley, Hon'ble Finance Minister, direct and indirect tax reforms will continue to facilitate and expedite the process of ease of doing business in India. The government is committed to facilitate trade and industry in the country so that the momentum of the growth continues to move up. The Indian industry to was asked to comply with the recent recommendations of the GST Council with regard to reduction of rates of various items and pass on the benefits to consumers.
- **Engineering goods exports in FY19 may cross USD76.2 billion-** Export of engineering goods in FY19 could cross the FY18 levels, said a senior official of EEPC India. India exported USD76.2 billion engineering goods in 2017-18. The eighth edition of the International Engineering Sourcing Show (IESS), is being organised by EEPC India, from March 14-16, 2019. Leading global and domestic engineering companies are likely to take part in the event.
- **India needs land, labour reform to aid manufacturing: Chief economic adviser-** According to Shri Krishnamurthy Subramanian, Chief Economic Advisor, India's next government will have to bring in land, labour and financial sector reforms to improve the productivity of the manufacturing sector and boost economic growth.
- **Ujjwala leads to 40 million new LPG connections with a jump of 45% in FY19-** The push for clean energy through the Pradhan Mantri Ujjwala Yojana (PMUY) has led to a record 40.7 million new liquefied petroleum gas (LPG) connections being added in the current fiscal year (2018-19, or FY19). This is a jump of 45 per cent over 2017-18 (FY18).
- **Government likely to tweak IBC for cross-border cases, Bill after elections-** The government is planning to promulgate an Ordinance amending the Insolvency and Bankruptcy Code (IBC) and

adding a chapter on cross-border insolvency. This would give comfort to foreign investors in India and vice-versa.

- **Government plans skill vouchers to make youth more skilful-** The government is considering issuing skill vouchers or skill wallets to incentivize youths to undertake skilling programme of their own choice. The vouchers can be used to pay for skill training at any of the approved skill providers. This is against the existing system where trainers and employers are subsidised to impart skills training and apprenticeship. Ministry of skill development and entrepreneurship is deliberating on ways to incentivise India's youth to take on skilling programmes and one of the ways of doing this is to issue vouchers/wallets that can be redeemed by students after the skills training is imparted.
- **RCEP countries agree to intensify negotiations to conclude trade pact this year-** The 16 members of RCEP group including India and China recently agreed to intensify the ongoing negotiations for a proposed mega trade agreement to resolve all issues and conclude the talks this year. According to the statement issued, all the ministers resolved to exert utmost effort to achieve the target of concluding the negotiations this year.

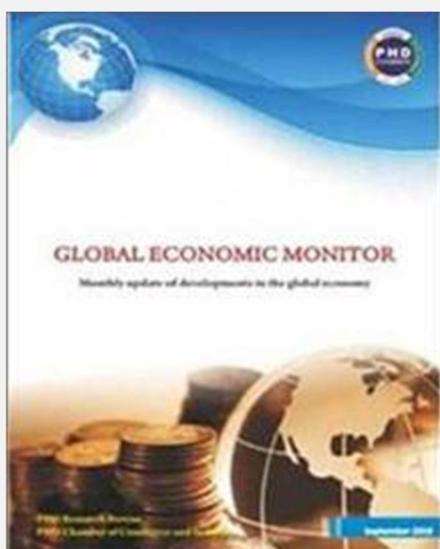
Indicators	Yearly			Monthly			Daily		
	2016	2017	2018	Dec 18	Jan 19	Feb 19	(5-03-2019)	(6-03-2019)	(7-03-2019)
BSE SENSEX	26626	34057	36068	36068	36257	35867.4*	36442	36636	36725
GOLD (10 GRMS)	29420	28966	30600	31566	32213	33211.8	32138	32174	31982
CRUDE OIL (1 BBL)	2925	3317	4437	3701	3608	3906.4	4016	4002	3968
EXCHANGE RATE (INR/USD)	67	65	68	70	71	71.2	70.49	70.27	70.00

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

## Newsletters

PHD Research Bureau released a newsletter on Global Economic Monitor to provide information on recent developments in the global economy, trend of major macroeconomic indicators of major economies, among others and a newsletter on FOREX and FEMA to provide information on recent developments in foreign exchange reserves, exchange rate, foreign exchange turnover, among others.

### [GLOBAL ECONOMIC MONITOR \(GEM\) for the month of February 2019](#)



## FOREX & FEMA NEWSLETTER February 2019



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Warm Regards,

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