

Weekly Compendium of Research

For the week ending 29th 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 medium term framework for investment by Foreign Portfolio Investors released by RBI, non-resident participation in rupee interest rate derivatives markets directions by RBI, decisions taken by Union Cabinet, among others. The details of disseminated information during the week ending 29th March 2019 are appended.

India and World Economy

- **Decisions taken by the Union Cabinet-** Cabinet apprised about MoU for cooperation on youth matters between India and Morocco; Cabinet apprised about MoU on Antarctic cooperation between India and Argentina; Cabinet apprised about MoU between India and Morocco to promote exchange of information and technical cooperation in the field of Housing and Human Settlement; Cabinet apprised about MoU between India and Saudi Arabia for cooperation in the field of Housing; Cabinet approves MoU between India and Republic of Korea on Startup Cooperation; Cabinet approves MoU between India and Indonesia on combating illicit trafficking in narcotic drugs, psychotropic substances and its precursors; cabinet approves acquiring land of Central Water Commission at Nallagandla, Hyderabad by Telangana State Government for road widening.

Finance

- **RBI releases medium term framework for investment by Foreign Portfolio Investors (FPI) in Government Securities-** The limit for FPI investment in Central Government securities (G-secs), State Development Loans (SDLs) and corporate bonds shall be 6%, 2%, and 9% of outstanding stocks of securities, respectively, in FY 2019-20; the allocation of increase in G-sec limit over the two sub-categories – ‘General’ and ‘Long-term’ – has been set at 50:50 for the year 2019-20. The entire increase in limits for SDLs has been added to the ‘General’ sub-category of SDLs; in terms of para 3 (g) of the circular dated April 06, 2018, the coupon reinvestment arrangement for G-secs shall be extended to SDLs.
- **RBI releases Non-Resident Participation in Rupee Interest Rate Derivatives Markets Directions, 2019-** This is in reference to Bi-monthly Monetary Policy Statement in April 2018 wherein it was announced that non-residents shall be given access to the Rupee Interest Rate Derivative (IRD) market in India. 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, (herein after 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 all entities including the non-residents, eligible to participate or transact in interest rate derivatives in India.

Our Voice

PHD Chamber suggest measures to achieve US \$ 700 billion merchandise exports by 2025- PHD Chamber suggested five pronged strategy would help India to more than double its merchandise exports to the level of US\$ 700 billion by 2025 from the current level of US\$ 325 billion estimated for the year 2018-19. Five pronged strategy include Identification of prospective products to scale up the export volumes; strengthening the export growth momentum

towards emerging and developing economies through greater access in the Asian and African economies; Structural improvements in export and logistics infrastructure; Developing the supply chains of Micro, Small & Medium Enterprises and Enhancing the overall ease of doing exports. There lies a massive scope for Indian exporters in the product categories wherein it could capture the high world demand by strengthening its export-oriented firms in the sectors, including Vehicles, parts and accessories of vehicles, Petroleum oils and Medicines. Efforts should be made to improve the country's competitiveness in the other areas as well where exists its inherent strengths, including the agro and food processing products, textiles and garments, and the sports goods.

Economy so far

- **Centre seeks PSUs' help to meet FY19 revenue targets-** It is the public sector to the rescue as the government races to meet its revenue and fiscal deficit estimates for FY19. The revenue authorities have dialled banks asking them to deposit tax deducted for March, that would ordinarily be paid to the government in April, in the current month itself. Such revenue along with some savings on the expenditure front may help the government meet the fiscal deficit target of 3.4% of GDP.
- **In poll season, government fast-tracks farm insurance payments, makes mechanism more user friendly-** The government has fast-tracked insurance payments to farmers and made the mechanism more user-friendly and transparent by ensuring there is no arbitrary rejection of claims and facilitating interaction with farmers in local languages. In some of the major agricultural states such as Uttar Pradesh, Rajasthan and Gujarat, insurance companies have already settled 90 per cent of claims against losses on last year's kharif, or summer-sown, crops that are harvested in winter.
- **Efficacy of rural development schemes to depend upon implementation: Report-** According to the Global Food Policy Report, India has taken various measures to bolster the rural economy but the efficacy of the schemes would depend upon their implementation. The report further said the prospects for rural development are encouraging in the current year and hoped that the general elections will increase attention to rural areas where the majority of voters live.
- **Changes planned in e-way bill system to contain GST evasion-** India is eyeing several changes to the electronic-way bill system, ranging from auto calculation of distance for movement of goods to barring businesses from generating multiple e-way bills based on one invoice, as it cracks down on evasion in the goods and services tax (GST) framework. E-way bill system will be enabled to auto calculate the distance for movement of goods based on the postal PIN codes of source and destination locations while allowing a variation of only 10%.
- **India's goods, services export to touch about USD540 billion this fiscal: Dr Suresh Prabhu-** India's merchandise and services export would touch USD540-billion mark this fiscal. According to Dr Suresh Prabhu, Ministry of Commerce and Industry, exports are growing at a healthy pace and shipments of goods would reach over USD330 billion. Similarly, services exports would touch about \$200 billion. In total, both "merchandise and services exports put together will reach about USD540 billion" by the end of this fiscal
- **Madhya Pradesh rolls out Bhavantar scheme for kharif 2018, to spend Rs 1,000 crore-** While procurement of kharif 2018 crops under PM-AASHA — the reinforced price support scheme for pulses and oilseeds — continues to be quite low, Madhya Pradesh is the only state keen on implementing a price deficiency support scheme for the kharif 2018 crop. It has announced a plan to ensure the minimum support price (MSP) benefit for about 48 lakh tonnes of soyabean and maize sans procurement.
- **Rules to revive companies before liquidation to come out soon-** The ministry of corporate affairs will soon notify regulations on last possible measures for revival of companies that have been ordered for liquidation through the insolvency process. Once the liquidation order is given, the liquidator has to explore Section 230 of the Companies Act first. The Ministry is working on the regulation on how this will be done and the process that will be followed. This follows a recent order by the National Company Law Appellate Tribunal,

in which it directed the liquidator to exhaust options available under this section before proceeding to attempt to sell the company wholly or in parts.

- **Job creation dips 6.9 pc in January 2019 to 11.23 lakh: ESIC payroll data-** Job creation fell by 6.91 per cent in January 2019, to 11.23 lakh compared to 12.06 lakh in the same month last year, according to payroll data of the Employees State Insurance Corporation (ESIC). During September 2017 to January 2019, as many as 2.08 crore new subscribers joined the ESIC scheme.
- **Job changes in focus for better data on formal employment-** The government plans to put in place a mechanism to track people who change jobs to get a comprehensive picture of formal employment in the country and the net employment generated. At present, the monthly data released by the Employees' Provident Fund Organisation (EPFO) captures new additions and also those who exit or rejoin the system after changing jobs or a gap in employment. However, the reporting of exits and those rejoining is delayed and is not considered reliable.

Markets so far

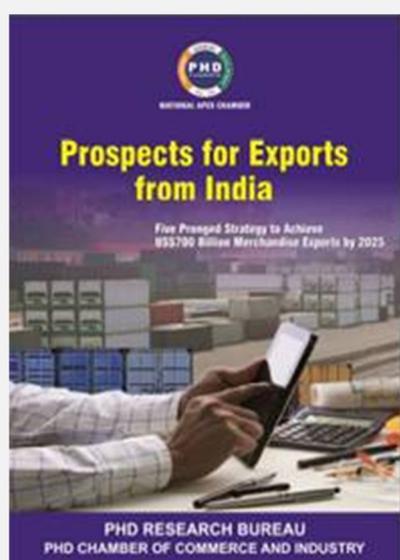
Indicators	Yearly			Monthly			Daily		
	2016	2017	2018	Dec 18	Jan 19	Feb 19	(26-3-2019)	(27-3-2019)	(28-3-2019)
BSE SENSEX	26626	34057	36068	36068	36257	35867.4*	38233	38132	38545
GOLD (10 GRMS)	29420	28966	30600	31566	32213	33211.8	31987	32067	31854
CRUDE OIL (1 BBL)	2925	3317	4437	3701	3608	3906.4	4058	4127	4094
EXCHANGE RATE (INR/USD)	67	65	68	70	71	71.2	68.86	68.87	69.33

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 "Prospects for Exports from India: Five Pronged Strategy to Achieve USD 700 Billion Merchandise Exports by 2025" with an objective to to evaluate the performance of the India's structure of exports.

[Prospects for Exports from India: Five Pronged Strategy to Achieve USD 700 Billion Merchandise Exports by 2025](#)



Newsletters

PHD Research Bureau released a newsletter on State Development Monitor to provide information on recent developments in the states.

[STATE DEVELOPMENT MONITOR \(SDM\) for the month of March 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,

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