

Weekly Compendium of Research

For the week ending 17th May 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 CPI inflation for the month of April 2019, WPI inflation for the month of April 2019, India's foreign trade for the month of April 2019, release of RBI's Payment and Settlement Systems in India: Vision 2019 – 2021, outcome of the WTO Ministerial Meeting of Developing Countries held in New Delhi, among others. The details of disseminated information during the week ending 17th May 2019 are appended.

India and World Economy

- **April 2019 CPI inflation rises to 2.92%**- The all India general CPI inflation (Combined) for April 2019 rises to 2.92% from 2.86% in March 2019. The inflation rates for rural and urban areas for April (Prov.) 2019 are 1.9% and 4.2% as compared to 1.8% and 4.1% respectively, for March 2019. Rate of inflation during April (Prov.) 2019 for fuel and light (2.6%), housing (4.8%), transport and communication (2.5%), education (6.9%) and health (8.4%) etc.
- **April 2019 WPI inflation stands at 3.1%**- The WPI inflation decrease to 3.1% in April 2019 from 3.2% in March 2019, 2.9% in February 2019, 2.8% in January 2019, 3.5% in December 2018 and 4.5% in November 2018. The decline in WPI inflation in the month of April 2019 is attributed to decrease in the prices of Potato (-17.2%), Crude Petroleum (-2.5%) and Wheat (7.5%). Due to decrease in the prices of Potato, Crude Petroleum and Wheat, WPI inflation stands at 3.1% in April 2019 as compared to 3.2% in March 2019. The official Wholesale Price Index for 'All Commodities' (Base: 2011-12=100) for the month of April, 2019 rose by 0.8% to 120.9 (provisional) from 120.0 (provisional) for the previous month.

Finance

- **CBDT dedicates 16th to 31st May 2019 for clearing pendency of appeal effect & rectification claims**- The Central Board of Direct Taxes (CBDT) has decided to dedicate second fortnight of May 2019 i.e. from 16th May 2016 to 31st May 2019 to expeditious disposal of taxpayers' claims for appeal effect and rectification. CBDT directs all Assessing Officers to accord top priority to this work and also directs that Assessing Officers should earmark the first half of day to meet applicants and counsels who seek hearing to explain their case. Further, special attention should be given to demands on account of TDS mismatch and demands disputed by taxpayers in response to proceedings u/s 245 and under section 245 of the Income Tax Act, the tax authorities can adjust the refund payable to the taxpayer against the past demand due from them.
- **RBI releases Payment and Settlement Systems in India: Vision 2019 – 2021**- The Reserve Bank of India released the "Payment and Settlement Systems in India: Vision 2019 – 2021". The Payment Systems Vision 2021 with its core theme of 'Empowering Exceptional (E)payment Experience' aims at empowering every Indian with access to a bouquet of e-payment options that is safe, secure, convenient, quick and affordable

Trade

- **India's Foreign Trade : April 2019-** Exports in April 2019 were USD 26.07 billion, as compared to USD 25.91 billion in April 2018, exhibiting a positive growth of 0.64 percent. Imports in April 2019 were USD 41.40 billion (Rs. 2,87,432.93 crore), which was 4.48 per cent higher in dollar terms and 10.52 per cent higher in Rupee terms over imports of USD 39.63 billion (Rs.2,60,084.67 crore) in April 2018. The trade deficit for April 2019 was estimated at USD 15.33 billion as against the deficit of USD 13.72 billion in April 2018.
- **Outcome of the WTO Ministerial Meeting of Developing Countries held in New Delhi-** The Ministers and high-level officials from Arab Republic of Egypt, Barbados, Central African Republic, Federal Republic of Nigeria, Jamaica, Kingdom of Saudi Arabia, Malaysia, People's Republic of Bangladesh, People's Republic of China, Republic of Benin, Republic of Chad, Republic of India, Republic of Indonesia, Republic of Malawi, Republic of South Africa, Republic of Uganda and Sultanate of Oman met in New Delhi, on 13th and 14th May 2019, to discuss recent developments at the World Trade Organization (WTO) to explore ways for working with all Members to strengthen the multilateral trading system.
- **Exchange Rate of conversion of the Foreign Currencies relating to Imported and Export Goods-** In exercise of the powers conferred by Section 14 of the Customs Act, 1962 (52 of 1962), and in super-session of the notification of the Central Board of Indirect Taxes and Customs (CBIC) No.35/2019-CUSTOMS (N.T.), dated 2nd May, 2019 except as respects things done or omitted to be done before such super-session, the Central Board of Indirect Taxes and Customs (CBIC) determines that the Rate of Exchange of conversion of each of the Foreign Currencies.

Our Voice

Decisive Government at centre must to push economic reforms to the next level: PHD Chamber: a decisive government at this juncture would be crucial to push India's growth trajectory to the next level. India is the fastest growing emerging economy in the World and has been projected to attain a size of USD 5 trillion in the next 5 years. The reforms push has contributed significantly during the last few years in terms of ease of doing business environment, containing inflation and macro-economic stability. However, the most crucial reforms such as labour reforms are a need of the hour; repealing archaic and stringent labour laws would go a long way to facilitate ease of doing business in the country although "Fixed Term Employment" is a great step forward. Land reforms such as increase in the lease period and creation of land banks for the use of industry should be seriously focussed, going forward. MSMEs hold immense potential to create employment with a special focus on ease of doing business for the MSMEs such as easier compliances and availability of finances at lower cost. The sector has potential to create millions of new jobs for the growing population. Further, The focus should be on exploring the new areas to revitalize exports growth with the improvement in logistics infrastructure and trade facilitation measures. This would enhance the exports growth trajectory and create millions of jobs in the next 5 years.

Economy so far

- **Universal debt relief scheme on cards for small borrowers-** India has begun work on a universal debt relief scheme for small borrowers aimed at micro enterprises, small farmers and artisans, which should be ready for implementation when the next government is in place. Individuals below a specified income and asset threshold will be eligible for debt relief. People with annual income of Rs 60,000 or less, outstanding loans of Rs 35,000 or less, and assets worth Rs 20,000 or less may be eligible.
- **Millionaires fleeing India in larger numbers: Report-** According to the Global Wealth Migration Review (GWMR) 2019 by AfrAsia Bank and research firm New World Wealth, India saw the third highest outflow of wealthy individuals last year. Nearly 5,000 millionaires, or high-net-worth individuals (HNWIs), left the country, which is 2% of the total number of HNWIs in India. The net outflow of HNWIs that India saw in 2018, was even faster than the UK, which is in the middle of a political turmoil owing to Brexit. The UK for the last three decades was ranked among the countries with the highest number of inflow of wealthy individuals but the trend reversed sharply in the last

two years, thanks to Brexit.

- **Government to set up panel under DGFT to look at steel availability for engineering exporters-** The government has decided to set up a committee under the Director General of Foreign Trade (DGFT) to look into availability of steel at competitive prices for engineering goods exporters. The committee will submit its report to steel and commerce ministries within two months. It will suggest measures which will be a win-win situation for both steel producers and engineering exporters. Engineering goods exporters are demanding that they should get steel at global prices as domestic rates are higher. However, steel producers state that freight charges and cost of production is high in the country, which push up prices.
- **Government wants CPSEs to exit loss-making state-level entities-** Investments by central public sector enterprises (CPSEs) in state-level entities have come under the government's radar. It is set to review these investments as part of a restructuring exercise to ensure that these CPSEs are not saddled with unrelated ventures or loss-making firms. In all, there are around 500 state level public enterprises (SLPEs), of which 200 are loss making.
- **A liberal competition law in the works to facilitate M&As-** India is looking to introduce a more liberal competition law to facilitate mergers and acquisitions and a revamp of the limited liability partnership (LLP) framework. These changes are to be part of the Ministry of Corporate Affairs' agenda for the first 100 days of the next government. Also, on the anvil are a formal mediation and conciliation mechanism under the Insolvency and Bankruptcy Code (IBC) and know-your-customer (KYC) norms for professionals such as chartered accountants and company secretaries.
- **GSP countries to benefit from trade war with China: Report-** According to a report by a group of American companies and trade associations, the year-long trade war with China is pushing American companies to source more from GSP countries such as India, Thailand, Cambodia, Indonesia and Turkey, warning that cancelling GSP benefits to India would only help China. The latest official trade figures shows that the Generalised System of Preference or GSP saved American companies USD 105 million in March, an increase of USD 28 million (36%) from March, 2018 and the second-highest level on record.
- **GST anti-profiteering body may get fresh lease of life-** India's anti-profiteering framework may remain in place for another two years as the country eyes more changes to the goods and services tax (GST) structure. Aimed at protecting consumer interest under GST, it was initially meant to be in place for two years. Discussions have begun and a decision is expected soon after a new government is in place at the Centre. At the top of the watchdog framework is the National Anti-profiteering Authority (NAA). Key sectors such as petroleum are still outside GST and more changes are expected in the rate structure, making the NAA's role critical. GST now has four slabs — 5%, 12%, 18% and 28% — and it's widely expected that middle two may be merged to reduce complexity.
- **RBI releases payments systems roadmap for a 'cash-lite' India-** A four-fold increase in digital payments, reduction in paper-based transactions, improved pricing, better customer grievance redressal mechanisms and establishment of new payment system operators (PSO) are among the list of twelve objectives the Reserve Bank of India seeks to achieve in the next three years. The Payments Systems Vision 2022 document published by the central bank has laid out a comprehensive roadmap of initiatives to be undertaken by all stakeholders and governing bodies to ensure the successful completion of these objectives in this time.
- **Government open to giving more powers to RBI in insolvency cases-** The government is open to providing more powers to the Reserve Bank of India (RBI) to direct lenders to take action on stressed assets. There is a growing view in the government that there has to be some regulatory supervision over debt resolution by the RBI.

- **Niti Aayog bats for ending data monopoly-** The government is considering a proposal to make consumer data accessible to all, subject to riders, instead of being the exclusive preserve of a few tech giants. The Niti Aayog proposal to help boost the fintech sector involves setting up an independent regulator with overarching powers to ensure that no entity has monopoly over data that has been anonymised so that the information can't be tied to specific individuals and their privacy is protected.

Markets So Far

Indicators	Yearly			Monthly			Daily		
	2016	2017	2018	Feb 19	Mar 19	Apr 19	(14-05-2019)	(15-05-2019)	(16-05-2019)
BSE SENSEX	26626	34057	36068	35867.4	38673	39031*	37318	37114	37393
GOLD (10 GRMS)	29420	28966	30600	33211.8	32036	31648	32245	32243	32051
CRUDE OIL (1 BBL)	2925	3317	4437	3906.4	4040	4420	4289	4351	4354
EXCHANGE RATE (INR/USD)	67	65	68	71.2	69.47	69.42	70.44	70.33	70.03

Source: PHD Research Bureau, compiled from BSE, MCX and Bloomberg, RBI (* denotes value as on 30th Apr 2019)

Comprehensive Research Studies and Papers

PHD Research Bureau has undertaken an analysis on Baba Kalyani Report on SEZs to analyse the recommendations provided by Baba Kalyani Committee formed in June 2018 by the Ministry of Commerce and Industry to study the existing Special Economic Zone (SEZ) of India and prepare a policy framework.

[Baba Kalyani Report on SEZs: An Analysis](#)



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- **PHD Research Bureau Subscription Opportunities:** PHD Research Bureau; the research arm of the PHD Chamber of Commerce and Industry was established 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

Website: 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 : phdcci@phdcci.in • Website : www.phdcci.in, CIN: U74899DL1951GAP001947

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