

Weekly Compendium of Research

For the week ending 24th 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 OECD economic outlook May 2019, release of accreditation norms of investors by SEBI, participation of portfolio managers in Commodity Derivatives Market, creation of specialized supervisory and regulatory cadre for regulation of Banks and NBFCs by the RBI, findings of the World Trade Outlook Indicator, among others. The details of disseminated information during the week ending 24th May 2019 are appended.

India and World Economy

- [India's growth projected at 7.2% in 2019 and at 7.4% in 2020: OECD Economic Outlook, May 2019](#)- According to OECD Economic Outlook, May 2019, global growth slowed sharply in late 2018 and is now stabilising at a moderate level. Escalating trade conflicts and dangerous financial vulnerabilities threaten a new weakening of activity by undermining investment and confidence worldwide. GDP growth in India is projected to strengthen to close to 7.2 in FY 2019 and close to 7.4% in FY 2020, with improved financial conditions, fiscal and quasi-fiscal stimulus, including new income support measures for rural farmers, and recent structural reforms all helping to support domestic demand.

Finance

- [SEBI allows participation of portfolio managers in Commodity Derivatives Market](#)- In order to promote institutional participation in the Exchange Traded Commodity Derivatives, SEBI has permitted Category III Alternative Investment Funds to participate in Exchange Traded Commodity Derivatives vide Circular dated June 21, 2017.
- [SEBI releases accreditation norms of investors for the purpose of Innovators Growth Platform](#)- SEBI has released accreditation norms of investors for the purpose of Innovators Growth Platform. Accredited Investors (AIs) for the limited purpose of Innovators Growth Platform ("IGP"), are investors whose holding in the Issuer Company, is eligible for the computation of at least 25% of the pre-issue capital in accordance with Regulation 283.(1) of the SEBI (Issue of Capital & Disclosure Requirements) Regulations, 2018 ("ICDR Regulations").
- [RBI releases half yearly report on Management of Foreign Exchange Reserves for October-March 2018-19](#)- The Reserve Bank of India publishes half-yearly reports on management of foreign exchange reserves for bringing enhancing transparency and levels of disclosure. These reports are prepared half yearly with reference to the position as at end-March and end-September each year. The present report (32nd in the series) is with reference to the position as at end-March 2019. The foreign exchange reserves stood at USD 400.53 billion as at end-September 2018. During the half-year period under review, reserves declined to USD 392.08 billion as at end-October 2018, and thereafter registered an increasing trend reaching USD 412.87 billion as at end of March 2019.

- **RBI to create specialised supervisory and regulatory cadre for regulation of Banks and NBFCs-** The Reserve Bank of India in its central board meeting held under the Chairmanship of Shri Shaktikanta Das, Governor, Reserve Bank of India in Chennai has decided to create a specialised supervisory and regulatory cadre within the RBI to strengthen the supervision and regulation of commercial banks, urban cooperative banks and Non-Banking Financial Companies (NBFCs).
- **CBDT issues draft notification for Amendment of Form No 10B of the Income-tax Rules, 1962-** CBDT has issued draft notification for Amendment of Form No 10B of the Income-tax Rules, 1962. The rule and form are proposed to be amended by way of substituting- (a) Rule 17B with a new rule 17B; and (b) Form No 10B with a new Form No 10B.

Trade

- **Trade weakness to extend into 2nd quarter of 2019: World Trade Outlook Indicator-** World trade growth is likely to remain weak into the 2nd quarter of 2019 according to the WTO's latest World Trade Outlook Indicator (WTOI). The new WTOI reading is 96.3, exactly as it was in February this year, maintaining the weakest level since 2010.

Our Voice

India is the fastest moving economy in the world economic system and should remain fastest to achieve the size of more than USD 10 trillion in the next one decade. 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. The next 5 years would be most crucial for the Indian economy as the enhanced growth trajectory has to be matched with the job creation for millions of growing young workforce. In a longer term perspective, the economy should explore the potential to become the largest economy in the world.

Economy so far

- **Hon'ble Prime Minister's big win signals that strong Indian GDP growth will continue** - Stellar performance of Hon'ble Prime Minister Shri Narendra Modi's BJP with another large parliamentary majority will see continuity of macroeconomic policy in the next five years but the key economic challenge now is to continue reforms, brokerages and economists have said. Despite challenges, the economic outlook looks positive for the second term of the present government, with GDP growth forecast to average around 7 per cent per year over the 2019-2023 period.
- **GSTN launches prototype for new return filing system-** The Goods and Services Network (GSTN) — the IT backbone for GST — on Wednesday launched the prototype for the new and simplified return filing system, which is aimed at familiarising businesses with the new processes before the eventual roll-out. However, the prototype launch is already delayed as the original plan was to introduce a pilot on April 1, followed by the new system on July 1.
- **NITI Aayog's economic agenda for new govt likely to focus on boosting private investment: Vice Chairman Shri Rajiv Kumar-** NITI Aayog is working on the economic agenda for the new Government where the focus will be on achieving long term sustainable growth and boosting private investments in the country, NITI Aayog's Vice Chairman, Shri Rajiv Kumar has said. "The basic thing is that we need to take steps to increase private investments in the economy. That's a real issue and to increase the private investment, it requires greater access to credit for small and medium enterprises (SMEs)," he has said.
- **Finance Ministry prepares 100-day agenda for new government; focus on boosting economy, investment** - The Finance Ministry has prepared a 100-day agenda for the new government with an

aim to push the economy which has slipped to 6.6 per cent in the third quarter of 2018-19. Among other things, the agenda is likely to focus on increasing private investment, employment generation and giving relief to the farm sector.

- **Asian Development Bank to provide USD 750 million loan to India for railway track electrification project** - Multilateral funding agency Asian Development Bank (ADB) has said that it has signed an agreement to provide USD 750 million equivalent in Indian rupee long-term financing to electrify railway tracks in India. It is the largest single non-sovereign loan ever committed by ADB to Indian Railway Finance Corporation (IRFC) to fund the railways track electrification project, ADB has said in a release.
- **SEBI allows mutual funds in exchange traded commodity derivatives** - The Securities and Exchange Board of India (SEBI) has allowed mutual funds to participate in exchange-traded commodity derivatives (ETCD). However, the regulator has decided to keep away MFs from trading in derivatives of sensitive commodities. The mutual fund schemes cannot invest in physical goods except in 'gold' through ETFs.
- **Job creation up at 8.14 lakh in March: EPFO** - Net employment generation in the formal sector was higher at 8.14 lakh in March 2019 against 7.88 lakh in February this year, according to the latest EPFO payroll data. Around 67.59 lakh jobs were generated in the entire 2018-19 fiscal, the payroll data based on members joining the schemes of the Employees' Provident Fund Organization (EPFO) has showed.
- **Bank credit to infrastructure sector grows 18.5% in FY19: RBI data** – Bank credit to infrastructure sector grew by 18.5 per cent to Rs 10.55 lakh crore as of 2018-19, the highest since 2012-13 fiscal, RBI data has showed. Outstanding bank credit to the sector was Rs 8.91 lakh crore as at March 2018. In the fiscal year ended March 2013, loans to infrastructure sector had grown by 15.83 per cent to Rs 7.29 lakh crore.
- **SEBI issues proposals for startups on IGP to migrate to main platform** - The Securities and Exchange Board of India has floated a consultation paper on norms for startups listed on Innovators Growth Platform (IGP), to trade under regular category of main board of stock exchanges. It has proposed that the companies listed on IGP, wanting to list on the mainboard, should complete at least one year of listing on the former platform, and should have minimum 200 shareholders.

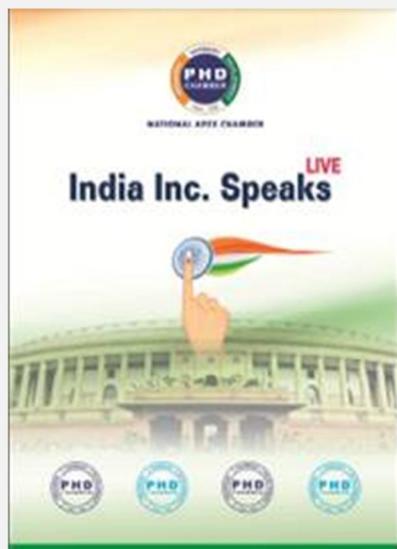
Markets So Far

Indicators	Yearly			Monthly			Daily		
	2016	2017	2018	Feb 19	Mar 19	Apr 19	(21-05-2019)	(22-05-2019)	(23-05-2019)
BSE SENSEX	26626	34057	36068	35867.4	38673	39031*	38970	39110	38811
GOLD (10 GRMS)	29420	28966	30600	33211.8	32036	31648	31540	31504	31699
CRUDE OIL (1 BBL)	2925	3317	4437	3906.4	4040	4420	4388	4392	4285
EXCHANGE RATE (INR/USD)	67	65	68	71.2	69.47	69.42	69.7	69.6	70

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

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 through 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.

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Warm Regards,

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