

Dear Members,

Greetings!

## Weekly Compendium of Research

(Week ending 15<sup>th</sup> June 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 and WPI inflation for the month of May 2019, IIP for the month of April 2019, decisions taken by the Union Cabinet, India's Foreign Trade for the month of May 2019, more than USD 500 billion FDI inflows received by developing countries in Asia, emphasis on reciprocal market access for Indian goods by the Government of India, transition plan to the new GST return worked out by the Ministry of Finance, Government of India, among others. The details of disseminated information during the week ending 15th June 2019 are appended.

### India and World Economy

- **[Transition plan to the new GST Return](#)**- Ministry of Finance, Government of India has worked out a transition plan in order to ease transition to the new GST return system. Some of the details of the indicative plan are that from July, 2019, users would be able to upload invoices using the FORM GST ANX-1 offline tool on trial basis for familiarisation, from October, 2019 onwards, FORM GST ANX-1 shall be made compulsory and FORM GSTR1 would be replaced by FORM GST ANX-1, among others.
- **[May 2019 CPI inflation rises to 3.1%](#)**- The all India general CPI inflation (Combined) for May 2019 rises marginally to 3.1% from 2.9% in April 2019. The inflation rates for rural and urban areas for May 2019 (Provisional) are 1.9% and 4.5% respectively as compared to 1.8% and 4.3% respectively, for April 2019. Rate of inflation during May 2019 for transport and communication (1.6%), fuel and light (2.5%), housing (4.8%), education (6.7%), health (8%), meat and fish (8.1%), etc.
- **[April 2019 IIP grows at 3.4%](#)**- Growth in industry output, as measured in terms of IIP, for the month of April 2019 grows at 3.4% as compared to 0.4% in March 2019. The growth in the three sectors mining, manufacturing and electricity in March 2019 stands at 5.1%, 2.8% and 6% respectively over April 2018. Primary goods growth stands at 5.2%, capital goods growth stands at 2.5%, intermediate goods growth stands at 1%, infrastructure/construction goods growth stands at 1.7%, consumer durables stands at 2.4% and consumer non-durables growth stands at 5.2% during April 2019 as compared to the previous year.
- **[Decisions taken by the Union Cabinet](#)**- The Union Cabinet, chaired by the Hon'ble Prime Minister Shri Narendra Modi, has approved to introduce a Bill, namely, the Special Economic Zones (Amendment) Bill 2019, an MoU between India and Kyrgyzstan on Cooperation in the field of Health, the Indian Medical Council (Amendment) Bill 2019, the New Delhi International Arbitration Centre Bill

2019, the Aadhaar and other Laws (Amendment) Bill 2019, among others.

- **May 2019 WPI inflation falls to 2.5%**-The WPI inflation falls to 2.5% in May 2019 from 3.1% in April 2019, 3.1% in March 2019, 2.9% in February 2019, 2.8% in January 2019 and 3.5% in December 2018. The decline in WPI inflation in the month of May 2019 is attributed to decrease in the prices of Vegetables (33.2%), Crude Petroleum (-7.9%) and Fuel & Power (1%).
- **Government Reduces the Rate of ESI Contribution from 6.5% to 4%**- The Government of India has taken a historic decision to reduce the rate of contribution under the ESI Act from 6.5% to 4% (employers' contribution being reduced from 4.75% to 3.25% and employees' contribution being reduced from 1.75% to 0.75%). Reduced rates will be effective from 01.07.2019. This would benefit 3.6 crore employees and 12.85 lakh employers.

## Trade

- **India's Foreign Trade : May 2019**- Exports in May 2019 were USD 30 billion, as compared to USD 29 billion in May 2018, exhibiting a positive growth of 4 per cent. Imports in May 2019 were USD 45 billion (Rs. 3,16,449crore), which was 4.3 per cent higher in Dollar terms and 8 per cent higher in Rupee terms over imports of USD 43 billion. The trade deficit for May 2019 was estimated at USD 15 billion as against the deficit of USD 14.6 billion in May 2018. Taking merchandise and services together, overall trade deficit for April-May 2019-20\* is estimated at USD 17 billion as compared to USD 16 billion in April-May 2018-19
- **Hon'ble Union Minister of Commerce and Industry emphasizes on reciprocal market access for Indian goods**- The Hon'ble Union Minister of Commerce and Industry & Railways, ShriPiyushGoyal has held a series of bilateral talks with a number of countries on the side lines of the two day G20 Ministerial on Trade and Digital Economy in Tsukuba, Ibaraki, Japan on 8th-9th June, 2019. During the bilateral meetings with host Japan and countries like USA, UK, China, France, Singapore, Korea, Spain, Canada, EU, Mexico, Saudi Arabia, South Africa, Chile and Australia, the Hon'ble Union Minister of Commerce has emphasized the need for reciprocal market access for Indian products.
- **Developing countries in Asia receive more than USD 500 billion investments: UNCTAD**- According to UNCTAD's World Investment Report 2019, Foreign direct investment (FDI) inflows to developing countries in Asia rose by about 4% to USD 512 billion in 2018. Growth occurred mainly in China, Hong Kong (China), Singapore, Indonesia and other countries that belong to the Association of Southeast Asian Nations (ASEAN), as well as India and Turkey. The region remained the world's largest FDI recipient, absorbing 39% of global inflows in 2018, up from 33% in 2017.

## Our Voice

**PHDCCI suggests liquidity infusion, job creation and low cost export finance to revitalize economy-** PHDCCI suggests liquidity infusion, job creation and low cost export finance would be crucial at this juncture to revitalize the economy and accelerate it to a higher growth trajectory. Going ahead, the government must expedite liquidity infusion through gradual reduction in CRR from the current level of 4% to 2% and reduction in SLR from 19% to 15%. The transmission of the policy rate cut by the banking sector in terms of reduced lending rates would be crucial to boost liquidity and induce demand in the country. There is a need to push NPA resolution timely to bring back liquidity in the system. Creation of jobs in the economy would require structural reforms in the labour laws. The low hanging fruit at this juncture is to promote labour intensive manufacturing by enacting law for fixed term employment in all sectors and making the labour laws simpler by converting 44 Labour Laws into 4 Labour Codes.

There is a need to insulate the economy from global headwinds and at the same time seize the global opportunity by enhancing low cost trade finance. Support should be extended to exporters by providing export credit at LIBOR + 1% using USD 100 billion of forex reserves as a revolving fund. The exports logistics infrastructure must be improved and bottlenecks at ports must be removed to reduce transaction costs and improve ease of doing business for industry. For attracting domestic and foreign investors in the country, an enabling business environment must be created.

The Companies Act must be reformed to make it more industry friendly by reverting all penalties to Civil Laws instead of the current prosecution provisions even for minor infractions. Creation of demand should also be a priority of the government to revitalize economic growth. The disposable income of people must be enhanced by reforming the direct tax structure. The maximum personal income tax rate should move towards 25% to increase the personal disposable income, which will boost demand in the economy. We look forward to effective reforms in the coming times with economic prosperity and jobs for all.

## Economy so far

- Hon'ble Prime Minister announces USD 200 million line of credit for Kyrgyzstan as the two sides sign 15 pacts-** The Hon'ble Prime Minister of India, ShriNarendraModi has announced a USD 200 million line of credit for Kyrgyzstan after wide-ranging talks with the Kyrgyz President Mr SooronbayJeenbekov, as the two sides upgraded their ties to the strategic partnership level and signed 15 agreements. The agreements include a Bilateral Investment Treaty (BIT), MoU on Cooperation in the field of Health, Memorandum of Cooperation between Export-Import Bank of India and the Investment Promotion and Protection Agency of the Kyrgyz Republic, among others.
- NITI Aayog's Governing Council to meet on 15th June 2019-** In keeping with the spirit of SabkaSaath, SabkaVikas and SabkaVishwaas, the Hon'ble Prime Minister, ShriNarendraModi will chair the fifth meeting of the Governing Council of NITI Aayog on 15th June. Rain-Water Harvesting, Drought Situation and Relief Measures, Aspirational Districts Programme – achievements and challenges, transforming agriculture are among the agenda of the meeting.
- PM-Kisan Pension: Farmers' contribution to be Rs 100/month** - Farmers will have to contribute Rs 100 per month under the PradhanMantriKisan Pension Yojana that seeks to provide minimum fixed monthly pension of Rs 3,000 on attainment of 60 years. The Central Government will also contribute an equal amount to the pension fund to be managed by the LIC, which will be responsible for the pension payout, it has said.
- Banks asked to issue KCC to eligible farmers within 2 weeks of submitting application** - With many farmers still out of the ambit of institutional credit, the Central Government has said that it has directed concerned banks to issue Kisan Credit Card (KCC) to eligible ones within two weeks of the submission of completed application. Currently, there are 6.95 crore active KCCs, under which crops loans are given at a subsidised interest rate. The KCC has been extended to farmers involved in animal husbandry and fishery activities as well.
- Government sets target of providing clean drinking water to all by 2024-** The Centre has set a target of providing clean drinking water to all by 2024, Hon'ble Jal Shakti Minister ShriGajendra Singh Shekhawat has said. He said that the Government is formulating a plan to provide clean drinking water to nearly 14 crore households.
- Government to make efforts to push engineering exports to USD 200 billion by 2030-** The Commerce and Steel Ministries have assured engineering exporters of making all the efforts to ensure the sector's outbound shipments reach USD 200 billion by 2030. The issues being faced by engineering sector were discussed in detail during a meeting which was attended by the Hon'ble Steel Minister ShriDharmendraPradhan, Hon'ble Commerce and Industry Minister ShriPiyushGoyal, senior officials of both the ministries, top steel makers and representatives of the engineering export sector.

## Markets So Far

Indicators	Yearly	Monthly	Daily
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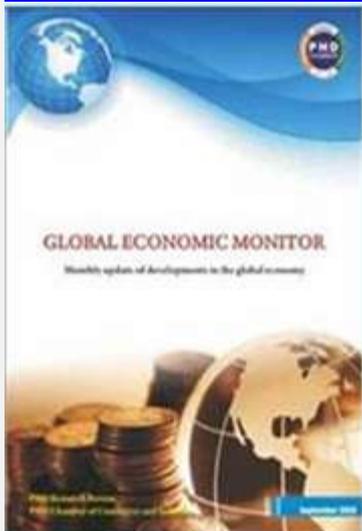
	2016	2017	2018	Mar 19	Apr 19	May 19	(12-06-2019)	(13-06-2019)	(14-06-2019)
BSE SENSEX	26626	34057	36068	38673	39031	39714*	39757	39741	39452
GOLD (10 GRMS)	29420	28966	30600	32036	31648	31721	32590	32632	33061
CRUDE OIL (1 BBL)	2925	3317	4437	4040	4420	4272	3698	3549	3626
EXCHANGE RATE (INR/USD)	67	65	68	69.47	69.42	69.77	69.3	69.5	69.8

Source: PHD Research Bureau, compiled from BSE, MCX and Bloomberg, RBI(\* denotes value as on 31<sup>st</sup> May 2019)

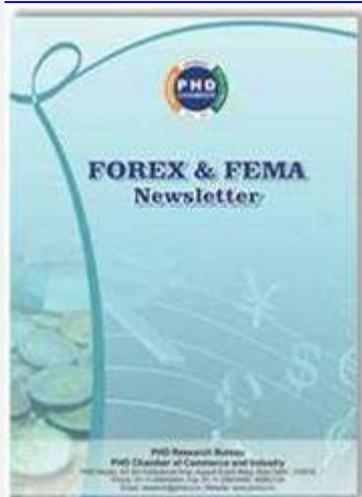
## Newsletters

PHD Research Bureau released a newsletter on Global Economic Monitor (GEM) to disseminate information on latest updates on global macroeconomic indicators including growth, inflation, trade, markets, commodities, unemployment, policy developments and publications of international organization and a newsletter on FOREX and FEMA to provide information on recent developments in foreign exchange reserves, exchange rate, foreign exchange turnover, among others.

### [GEM for the month of June 2019](#)



### [FOREX & FEMA for the month of May 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 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,

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