

Weekly Compendium of Research

For the week ending 20th July 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 WPI inflation for the month of June 2019, India's GDP growth forecast by Asian Development Outlook Supplement, July 2019, IMF External Sector Report 2019, decisions taken by the Union Cabinet, launch of "Deeksharambh- A Guide to Student Induction Programme, SRS Statistical Report 2017, India's foreign trade for June 2019, exchange rate of conversion of the foreign currencies relating to imported and export goods, among others. The details of disseminated information during the week ending 20th July 2019 are appended.

India and World Economy

- **June 2019 WPI inflation falls to 2%-** The WPI inflation falls to 2% in June 2019 from 2.5% in May 2019, 3.2% in April 2019, 3.1% in March 2019, 2.9% in February 2019 and 2.8% in January 2019. The decline in WPI inflation in the month of June 2019 is attributed to decrease in prices of Vegetables (24.8%), Petrol (-5.7%) and LPG (6.8). The official Wholesale Price Index for 'All Commodities' (Base: 2011-12=100) for the month of June, 2019 rose by 0.2% to 121.5 (provisional) from 121.2 (provisional) for the previous month.
- **India's GDP growth forecast revised downward to 7.0% for 2019 and 7.2% for 2020: Asian Development Outlook Supplement, July 2019-** The GDP growth forecast for FY2019 is revised down from the ADO 2019 forecast of 7.2% to 7.0%, mainly reflecting the unexpectedly weak FY2018 outturn. Growth is expected to inch up again to 7.2% in FY2020, helped by recent reforms to improve the business climate, strengthen banks, and relieve from agrarian distress. Moderation in growth prospects for the advanced economies could adversely affect tradable services, this drag on growth mitigated by a more competitive currency and benign oil prices.
- **India's external sector position broadly in line with the level implied by fundamentals and desirable policies: IMF External Sector Report 2019-** India's external sector position in 2018 was broadly in line with the level implied by fundamentals and desirable policies. India's low per capita income, favorable growth prospects, demographic trends, and development needs justify running CA deficits. External vulnerabilities remain, as highlighted by bouts of turbulence in 2018. India's economic risks stem from volatility in global financial conditions and an oil price surge, as well as a retreat from cross-border integration. Progress has been made on FDI liberalization, whereas portfolio flows remain controlled. India's trade barriers remain significant.
- **Decisions taken by the Union Cabinet-** Cabinet approves extension of the term of the Fifteenth Finance Commission up to 30th November, 2019; Cabinet approves Amendment in the Terms of Reference for the Fifteenth Finance Commission; Cabinet approves Inter-Institutional Agreement between India and USA for cooperation in the field of medicine; Cabinet approves Implementation of the Cabinet's decision dated 28.12.2016 regarding pharmaceutical companies in the public sector – seeking modification therein; Cabinet approves 2880 MW Dibang Multipurpose Project in Arunachal Pradesh; Cabinet approves doubling of New Bongaigaon - Agthori via Rangiyarailway line (142.97 km); Cabinet approves the construction of 150 km long 3rd railway line between Allahabad - Mughalsarai (now Pt. DeenDayal Upadhyaya Jn.); Cabinet approves construction of 81.17 Km New

Railway Line between Sahjanwa and Dohrighat.

- **Launch of “Deeksharambh- A Guide to Student Induction Programme”-** The Hon’ble Union Minister of Human Resource Development, Shri Ramesh Pokhriyal Nishank recently released UGC Guide to Student Induction Programme – “Deeksharambh”. The Student Induction Programme aims to help new students in adjusting in the new environment and making them feel comfortable. The programme also engages Students to inculcate in them the ethos, institutional policies, process and culture of the institution before the regular classes start.
- **Launch of ‘Paramarsh’- for Mentoring NAAC Accreditation Aspirant Institutions to promote Quality Assurance in Higher Education-** The Hon’ble Union Minister of Human Resource Development, Shri Ramesh Pokhriyal Nishank has recently launched ‘Paramarsh’ – A University Grants Commission (UGC) scheme for Mentoring National Accreditation and Assessment Council (NAAC) Accreditation Aspirant Institutions to promote Quality Assurance in Higher Education
- **Total fertility rate declines to 2.2%: SRS Statistical Report 2017-** According to the Sample Registration System (SRS) Statistical Report 2017, Ministry of Home Affairs, the Total Fertility Rate (TFR) for the country has declined marginally to 2.2% in 2017 after being at 2.3% for the last four years from 2013 to 2016. Bihar has recorded the highest TFR of 3.2% in 2017, while Delhi has reported the lowest TFR of 1.5%. The TFR in rural areas has declined from 5.4% to 2.4% from 1971 to 2017 whereas the corresponding decline in urban areas has been from 4.1% to 1.7% during the same period.
- **Launch of Phase-II of DBT in Fertilizer Subsidy-** Hon’ble Union Minister for Chemicals and Fertilizers, Shri D.V. Sadananda Gowda launched the Phase-II of the Direct Benefit Transfer of Fertilizer Subsidy (DBT 2.0). The Department of Fertilizers (DoF) has implemented the Phase-I of Direct Benefit Transfer (DBT) system in fertilizer subsidy pan-India in Fertilizers w.e.f. March 2018. DBT in fertilizer subsidy is a step in the direction of bringing ease of living in the lives of farmers through use of modern technology and plugging leakages, pilferages and black marketing.

Trade

- **India’s Foreign Trade: June 2019-** Exports in June 2019 were USD 25 billion, as compared to USD 28 billion in June 2018, exhibiting a negative growth of 10 per cent. In Rupee terms, exports were Rs. 1,73,682 crore in June 2019, as compared to Rs. 1,87,800 crore in June 2018, registering a negative growth of 7 per cent. Imports in June 2019 were USD 40 billion (Rs. 2,79,771 crore), which was 9 per cent lower in Dollar terms and 7 per cent lower in Rupee terms over imports of USD 44 billion (Rs.3,00,352 crore) in June 2018.
- **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 supersession of the notification of the Central Board of Indirect Taxes and Customs No.48/2019-CUSTOMS (N.T.), dated 4th July, 2019 except as respects things done or omitted to be done before such supersession, the Central Board of Indirect Taxes and Customs hereby determines that the rate of exchange of conversion of each of the foreign currencies specified in column (2) of each of Schedule I and Schedule II annexed hereto, into Indian currency or vice versa, shall, with effect from 19th July, 2019, be the rate mentioned against it in the corresponding entry in column (3) thereof, for the purpose of the said section, relating to imported and export goods.
- **“Designed in UK - Made in India” strategy for India-UK partnership in research and services: Hon'ble Union Minister of Commerce & Industry-** The Hon’ble Union Minister of Commerce & Industry and Railways, Shri Piyush Goyal has addressed the UK-India Joint Economic and Trade Committee (JETCO) in London. He spoke about various issues related to trade, commerce and the services sector that will boost economic engagement between the two countries.

Our Voice

India's share in world merchandise exports increased: PHD Chamber- Amid robust economic reforms, especially reforms in the trade policy environment during the last few years, India's presence in world merchandise exports remains intact and an uptick has been observed in India's share in world merchandise exports from 1.60% in 2015 to 1.68% in 2018. Value of India's merchandise exports increased by 22% from USD 264 billion in 2015 to USD 323 billion in 2018 which is the second highest after Netherlands. Merchandise exports of Netherlands registered highest growth at 27%, increased from USD 571 billion in 2015 to USD 723 billion in 2018. Exports from United States increased only 11% from USD 1502 billion in 2015 to USD 1664 billion in 2018 and China's exports grew only 10%, increased from USD 2273 in 2015 to USD 2464 in 2018. Trade tensions between USA and China seems impacted their share of merchandise exports and growth of exports significantly. China's share in world merchandise exports has declined from 13.73% in 2015 to 12.97% in 2018, while USA's share in world merchandise exports has declined from 9.07% in 2015 to 8.65% in 2018. The trade wars are not in favour of the world economy; the volume of world exports are likely to shrink if further escalations in trade war between USA and China continue. The further improvement in logistics infrastructure and trade facilitation measures would enhance India's exports growth trajectory and create millions of new employment opportunities.

Economy so far

- **Government to set up Credit Guarantee Enhancement Corporation with Rs 20 thousand-Crore capital-** India's proposed infrastructure finance entity – Credit Guarantee Enhancement Corporation (CGEC) – is expected to free up lending of up to Rs 3.5 lakh crore by banks to the sector. The government will set up the CGEC soon. CGEC will be set up with an authorised capital of Rs 20,000 crore and provide guarantee to bonds issued by completed projects. Rs 500 crore has already been provided as initial corpus.
- **NHAI eyes Rs 4,995 crore from monetisation of 3rd bundle of highways under TOT model-** The National Highways Authority of India (NHAI) is eyeing Rs 4,995 crore from monetisation of third tranche of 566 km of highways under TOT model. The first bundle under the toll, operate, transfer (TOT) model had fetched NHAI Rs 9,682 crore.
- **2% loans approved under Mudra turned NPAs-** Around 2% of total loans sanctioned by lenders to Pradhan Mantri Mudra Yojana beneficiaries turned into non-performing assets (NPAs) since the inception of the scheme. Some of the reasons for NPAs are: First-time borrowers under Shishu category prioritising emergent needs, business failures, inefficiencies in lending practices, poor credit appraisal, wilful default by borrowers, among others.
- **Local sourcing norms for FDI in single brand retail to be eased in few weeks: Hon'ble Commerce and Industry Minister Shri Piyush Goyal** – According to Hon'ble Commerce and Industry Minister Shri Piyush Goyal, India will be easing mandatory local sourcing norms for FDI in single brand retail trading in the next few weeks. India has opened up opportunities for single brand retail and is easing some detrimental clauses of the policy in next few weeks which will help single brand retail come in a bigger way to the country.
- **Government signs contracts for 32 hydrocarbon blocks under OALP-** The government signed revenue-sharing contracts for 32 hydrocarbon blocks offered under the Open Acreage Licensing Policy (OALP) Rounds II and III, adding 60,000 square km to India's exploration map.
- **Jalan panel proposes 'nominal' transfer of RBI funds to government over 3-5 years-** The Union government may not get the windfall gain it was expecting from the Reserve Bank of India (RBI) reserves as the Bimal Jalan committee, tasked with reviewing the central bank's economic capital framework, has proposed a "nominal" transfer of surplus to the central government in a phased manner.
- **Government clears changes to insolvency law; secured lenders to get preference-** In a big

relief for banks, the government is bringing in multiple reforms to the three-year-old Insolvency and Bankruptcy Code (IBC), providing clarity about preference to secured lenders over operational creditors, to be applicable retrospectively; strict timelines for the resolution and litigation process; and powers of the committee of creditors (CoC).

- **Transition to e-vehicles may take longer than 2030: TERI-** According to Teri, electric vehicles could be a better alternative to fuel-based automobiles to mitigate air pollution, but the government's target to switch to e-vehicles in next 10 years is hard to achieve as consumers would need time to accept the change. By 2030, the government aims to make India a 100-per cent electric-vehicle nation. It has proposed that two-wheelers below the engine capacity of 150cc sold in the country after March 31, 2025, and three-wheelers sold after March 31, 2023, should be EVs.
- **India, UK set up 3 new bilateral trade working groups-** India and the UK have agreed to set up three new bilateral working groups to tackle barriers to trade in specific sectors of food and drink, healthcare and data services as part of the Joint Economic and Trade Committee (JETCO) meeting in London.
- **Real estate developers at risk as stress in credit market dries up funding-** The country's developers are at risk of going belly-up as mounting stress in the nation's credit market dries up funding even for those willing to pay decade-high rates.
- **Literacy leaves its mark as fertility rate goes south-** According to the Sample Registration System (SRS) compiled by Registrar General of India (RGI) for 2017, Indian women are choosing to have fewer children — the total fertility rate (TFR) declined to an all-time low of 2.2 in 2017 after being stable at 2.3 for the four years from 2013 to 2016. Among the states, Bihar reported the highest TFR (3.2), about twice that of Kerala (1.7) and Delhi (1.5), which scored the lowest.
- **Financial sector is top overseas borrower: RBI-** According to the RBI data on external commercial borrowings (ECBs), Indian corporates raised USD 6.7 billion in loans overseas (including via approval and automatic routes) in the first two months of FY20. Of the total borrowing, the share of financial sector stood at USD 3 billion or 45% of the total ECBs.
- **India awaits offers on easy access to professionals across borders-** Ahead of a meeting of trade ministers of 16 Asia-Pacific countries including India and China next month for a mega regional trade agreement, New Delhi is yet to get binding offers for easier movement of professionals across borders. According to Officials, despite pressure to conclude the Regional Comprehensive Economic Partnership (RCEP) trade agreement this year, many member countries have not offered concessions on computer-related or information technology services and simpler cross-border movement of professionals.

Markets So Far

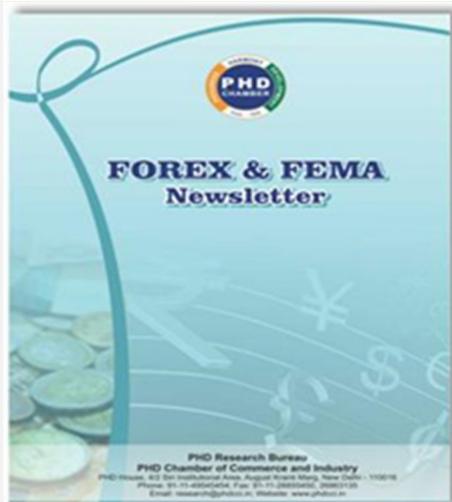
Indicators	Yearly			Monthly			Daily		
	2016	2017	2018	Apr 19	May 19	Jun 19	(17-07-2019)	(18-07-2019)	(19-07-2019)
BSE SENSEX	26626	34057	36068	39031	39714	39395*	39215	38897	38337
GOLD (10 GRMS)	29420	28966	30600	31648	31721	33105	34428	34709	35091
CRUDE OIL (1 BBL)	2925	3317	4437	4420	4272	3785	3951	3907	3809
EXCHANGE RATE (INR/USD)	67	65	68	69.42	69.77	69.43	68.81	68.80	68.80

Source: PHD Research Bureau, compiled from BSE, MCX and Bloomberg, RBI (*denotes value as on 28th June 2019)

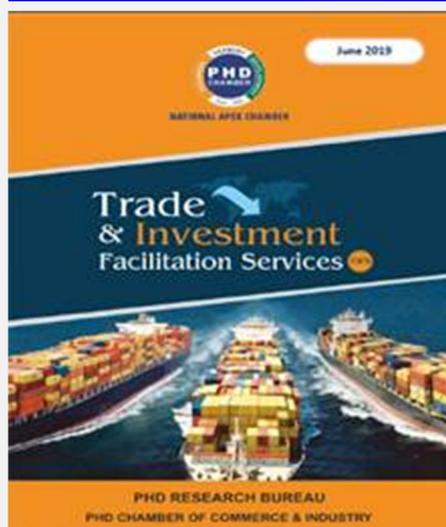
Newsletters

PHD Research Bureau has released newsletters on FOREX and FEMA to provide information on recent developments in foreign exchange reserves, exchange rate, foreign exchange turnover, among others and a newsletter on Trade and Investment facilitation Services (TIFS) to provide information on recent developments in India's foreign trade, foreign investments, policy developments, bilateral economic relations, trade agreements, WTO among others.

[FOREX & FEMA NEWSLETTER FOR THE MONTH OF JUNE 2019](#)



[TRADE AND INVESTMENT FACILITATION SERVICES \(TIFS\) NEWSLETTER FOR THE MONTH OF JUNE 2019](#)



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Warm Regards,
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