

Weekly Compendium of Research

For the week ending 26th 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 decisions taken by the Union Cabinet, improvement in India's rank in the Global Innovation Index 2019, India's GDP growth forecast as revised by the IMF, clarification issued by CBIC in respect of goods taken out of India for exhibition, among others. The details of disseminated information during the week ending 26th July 2019 are appended.

India and World Economy

- [India's GDP growth forecast revised downward to 7.0% in 2019 and 7.2% in 2020: IMF World Economic Outlook, July 2019](#)- According to IMF World Economic Outlook, July 2019, global growth is forecast at 3.2% in 2019, picking up to 3.5% in 2020. As per the Outlook, global growth remains subdued. Since the April World Economic Outlook (WEO) report, the United States further increased tariffs on certain Chinese imports and China retaliated by raising tariffs on a subset of US imports. Additional escalation was averted following the June G20 summit. Global technology supply chains were threatened by the prospect of US sanctions, Brexit related uncertainty continued, and rising geopolitical tensions roiled energy prices.
- [Decisions taken by Union Cabinet](#)- The decisions taken by Union Cabinet include approval of creation of buffer stock of 40 LMT of sugar for a period of one year from 1st August 2019 to 31st July 2020, approval of determination of 'Fair and Remunerative Price' of sugarcane payable by sugar mills for 2019-20 sugar season, approval of sale of 481.79 acres of land held by FACT to the Government of Kerala and utilization of the sale proceeds by FACT, among others.
- [India improved its position to 52nd rank in Global Innovation Index 2019](#)- The 12th edition of the Global Innovation Index (GII) has been released recently. The special theme for this edition is Creating Healthy Lives—The Future of Medical Innovation. Every year, the Global Innovation Index ranks the innovation performance of nearly 130 economies around the world. Top three positions in the Global Innovation Index 2019 are held by Switzerland, Sweden and United States of America. India jumped five places to improve its position from 57th last year to 52nd in 2019.

Trade

- [CBIC issues clarification in respect of goods taken out of India for exhibition or on consignment basis for export promotion](#)- Several goods are taken out of India on consignment basis for exhibitions or other export promotion events. These goods are sold only when approved by the prospective customers abroad. The unsold goods are then brought back to India. This is a widespread practice in various sectors, including the gems and jewellery industry. Exporters of these items were facing problems due to the lack of clarity on the procedure to be followed under GST at the time of taking these goods out of India and at the time of their subsequent sale or return to India. Taking cognizance of these problems and in order to help exporters, the Central Board of Indirect Taxes and Customs (CBIC) has now issued a comprehensive clarification in this regard.

- **Trade-restrictive measures continue at historically high level: WTO-** According to the latest mid-year report on trade-related developments of the World Trade Organization (WTO), trade flows hit by new restrictions implemented by WTO members continued at a historically high level between mid-October 2018 and mid-May 2019. The report notes that the trade coverage of import-restrictive measures implemented during the review period is estimated at USD 339 billion, the second-highest figure on record after the USD 588 billion reported in the previous period. Together, these two periods represent a dramatic spike in the trade coverage of import-restrictive measures.

Our Voice

The global economic growth has remained subdued in the recent times amidst ongoing trade tension, rapid geo-political developments impacting various economies world over. Notwithstanding the current economic situation, the Indian economy is expected to grow at 7% in 2019 and 7.2% in 2020, well above the global average. The inflation continues to remain in the benign trajectory and the external sector position of the economy is broadly in line with the level implied by fundamentals and desirable policies. However, the exports exhibited a negative growth of 10% in June 2019 largely due to base effect of an extraordinarily good month in June 2018. The negative growth in June 2019 is also consistent with certain global trends, which have impacted India's exports in recent months. The World Bank in its Global Economic Prospects (June 2019) has projected weakening of global trade in 2019. Going ahead, it is expected that the economy would grow at a higher level supported by the strong reform momentum that would improve business as well as consumer sentiments in the coming times.

Economy so far

- **SEBI eases rules for new exchanges to provide incentives under LES-** Securities and Exchange Board of India (SEBI) has eased the conditions for exchanges to provide incentives under Liquidity Enhancement Schemes (LES) in the first five years of operation. Under the scheme, brokers and other market intermediaries are given incentives for a specified period of time to bring in liquidity and generate investor interest in securities, which have limited trading activity.
- **49 projects worth Rs 1,231 crore taken up in northeastern region-** As many as 49 projects worth Rs 1,231 Crore have been taken up in the northeastern region by the Ministry of Development of North Eastern Region, North East India in the first 100 days of action plan in the second term of the BJP-led NDA Government. The projects include setting up of a bamboo industrial park in Dima Hasao district in Assam at a cost of Rs 50 crore and construction of roads and bridges in several northeastern states.
- **12.66 lakh new jobs created in May: ESIC payroll data -** Around 12.66 lakh jobs were created in May, higher than 11.15 lakh jobs in April this year, the Employees' State Insurance Corporation (ESIC) payroll data has showed. Gross enrolments of new subscribers with the ESIC were 1.49 crore during 2018-19, a report released by National Statistical Office (NSO) has stated. The NSO report is based on the payroll data of new subscribers of various social security schemes run by ESIC, retirement fund body EPFO and Pension Fund Regulatory and Development Authority (PFRDA).
- **RBI panel for hike in collateral free lending, MUDRA loan limit to Rs 20 lakh-** A committee constituted by the RBI has recommended increase in the collateral free lending limit to Rs 20 lakh for MSMEs and self-help groups, Parliament has been informed. The committee has also recommended revision of loan limit sanctioned under MUDRA (Micro Units Development and Refinance Agency) to Rs 20 lakh from Rs 10 lakh, Shri Nitin Gadkari, Hon'ble Union Minister for MSMEs has said in a written reply to the Lok Sabha.
- **India's air passenger traffic to touch 1 billion: Hon'ble Union Minister of Civil Aviation, Shri Hardeep Singh Puri -** India's civil aviation sector is experiencing dynamic growth and air passenger traffic on an annual basis is expected to touch 1 billion in the coming years, Hon'ble Union minister Shri Hardeep Singh Puri has said. The Hon'ble Union Minister has told Lok Sabha that the

Government had taken a decision to privatise six airports, including Lucknow and Ahmedabad.

- **Government amends bidding guidelines for wind power projects** - In a bid to fast-track wind energy projects, the Centre has made certain amendments to the bidding guidelines for such projects. The amendments have been made based on the experience of bidding and consultation with various stakeholders, the Ministry of New and Renewable Energy has said in a statement.
- **RBI launches medium-term strategy framework Utkarsh 2022** – The RBI Governor Shri Shaktikanta Das has launched Utkarsh 2022, the Central Banks' medium- term strategy framework, in line with evolving macro-economic environment. The framework has been launched to achieve excellence in the performance of RBI's mandates and strengthening the trust of citizens and other institutions. The Reserve Bank of India has said that its management attaches high importance to 'Utkarsh 2022' and will periodically monitor its implementation and progress through a sub-committee of the Central Board.
- **No plans to set up fertilisers plant in Iran: Government to Lok Sabha** - India has no plans to set up a fertiliser plant in Iran or import products from that country and is working to make itself self-sufficient with the revival of five defunct chemical industries, the Hon'ble Union Minister of Chemicals and Fertilisers, Shri D V Sadananda Gowda has said. He also said in Lok Sabha that currently India meets 75 per cent of its fertilisers demands and imports the rest 25 per cent from various countries.
- **Government presents 50-days report, says 'walking the talk' on promises** - Presenting a report card after completing 50 days in office, the Government has said that it is already "walking the talk" on its promise of fast-paced development with "speed, skill and scale" being manifested in the Government's second term. The Hon'ble Union Minister for Information and Broadcasting, Shri Prakash Javadekar presented the report card and achievements of the Government in the first 50 days in office and said that the country has felt assured that the pace of reforms, welfare and justice to all has increased as compared to the first term.

Markets So Far

Indicators	Yearly			Monthly			Daily		
	2016	2017	2018	Apr 19	May 19	Jun 19	(23-07-2019)	(24-07-2019)	(25-07-2019)
BSE SENSEX	26626	34057	36068	39031	39714	39395*	37983	37848	37831
GOLD (10 GRMS)	29420	28966	30600	31648	31721	33105	34,852	34,897	34,943
CRUDE OIL (1 BBL)	2925	3317	4437	4420	4272	3785	3,880	3,917	3,856
EXCHANGE RATE (INR/USD)	67	65	68	69.42	69.77	69.43	68.94	68.98	69.04

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

Newsletters

PHD Research Bureau has released a newsletter pertaining to a broad view of economic developments in the Indian economy.

[EAC Newsletter for the month of July 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,

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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