

Weekly Compendium of Research

For the week ending 6th 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 core infra for the month of May 2019, GST Revenue collections for the month of June 2019, decisions taken by the Union Cabinet, Gross Bank Credit in May 2019, studies released by international organizations such as WTO, OECD, ADB, among others. The details of disseminated information during the week ending 6th July 2019 are appended.

India and World Economy

- **May 2019 core infra stands at 5.1%**- The core infrastructure grows at 5.1% in May 2019 as against 6.3% in April 2019. The combined Index of Eight Core Industries stood at 138.7 in May, 2019, which was 5.1% higher as compared to the index of May, 2018. Its cumulative growth during April to May, 2019-20 was 5.7%.
- **GST Revenue collection for the month of June, 2019 stands at Rs.99,939 crore-** The total gross GST revenue collected in the month of June, 2019 is Rs 99,939 crore of which CGST is Rs 18,366 crore, SGST is Rs 25,343 crore, IGST is Rs 47,772 crore (including Rs 21,980 crore collected on imports) and Cess is Rs 8,457 crore (including Rs 876 crore collected on imports). The total number of GSTR 3B Returns filed for the month of May up to 30th June, 2019 is 74.38 lakh.
- **Decisions taken by the Union Cabinet-** The Union Cabinet chaired by the Hon'ble Prime Minister, Shri Narendra Modi has approved MoU between India and Maldives for Shipping, MoU between India and Maldives in Health Sector, MoU of Cooperation between India and Morocco, and the proposal for leasing out of three airports viz. Ahmedabad, Lucknow and Mangaluru of Airports Authority of India through Public Private Partnership.
- **Indian Economy on the Eve of Union Budget 2019-20:** Economic Survey 2018-19- During the last five years, India's economy has performed well. By opening up several pathways for trickle-down, the government has ensured that the benefits of growth and macroeconomic stability reach the bottom of the pyramid. To achieve the objective of becoming a US\$5 trillion economy by 2024-25, India needs to sustain a real GDP growth rate of 8%. International experience, especially from high-growth East Asian economies, suggests that such growth can only be sustained by a "virtuous cycle" of savings, investment and exports catalysed and supported by a favourable demographic phase. Investment, especially private investment, is the "key driver" that drives demand, creates capacity, increase labour productivity, introduces new technology, allows creative destruction and generates jobs.
- **Bottoms-up, Inclusive and Balanced Budget; Focus on Infrastructure, Affordable Housing, MSMEs and Women empowerment inspiring: PHD Chamber-** Hon'ble Finance Minister Smt. Nirmala Sitharaman has presented a bottoms-up, inclusive, and balanced budget with a strong focus on socio-economic development of the country to build a New India, going forward. The proposals unveiled in it on various socio-economic fronts of the economy indicate promises of progress in coming times. The focus on MSMEs, development of infrastructure, affordable housing and women

empowerment would go a long way to promote all-inclusive development in the economy.

Finance

- **Gross Bank Credit grows at around 12% in May 2019-** Gross bank credit grows at around 12% in May 2019 and April 2019 each. The gross bank credit growth stands at 11% in May 2018. On a year-on-year (y-o-y) basis, non-food bank credit increased by 11% in May 2019 as against 12% in April 2019. Credit to agriculture and allied activities increased by around 8% in May 2019 and April 2019 each.
- **ECBs stands at about USD 3 billion during May 2019-** Indian firms have raised about USD 3 billion through external commercial borrowings (ECBs) by automatic and approval route in May 2019 and April 2019 each. India has received gross ECBs worth around USD 387 billion between FY2001 and FY2019 (till May 2019). A closer look at the ECBs pattern reveals that the lion's share in ECBs during the month of May 2019 is held for on-lending and sub-lending purpose by about 50% of the total borrowings followed by modernization purpose by around 19% and rupee expenditure purpose at about 14% .

Trade

- **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.45/2019-CUSTOMS (N.T.), dated 20th June, 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 5th July, 2019.
- **International Cooperation vital in addressing Trade Finance gap: WTO & IFC-** According to a co-publication: Trade Finance and the Compliance Challenge launched by the WTO and the International Finance Corporation (IFC), the lack of availability of trade finance is severely hindering the trade opportunities of small businesses, in developing countries in particular. The study looks into the reasons for the growing reluctance of the global financial sector to engage in this form of financing and presents case studies of capacity-building programmes organized by the international community to address this issue.
- **Facilitating trade through regulatory cooperation: WTO & OECD-** The WTO Agreements on Technical Barriers to Trade (TBT) and on the Application of Sanitary and Phytosanitary Measures (SPS), and their related Committees, provide a unique framework for international regulatory co-operation contributing to ease trade frictions, according to a joint publication issued by the WTO and the Organisation for Economic Co-operation and Development (OECD).
- **Asia and Pacific should diversify Trade to spur Inclusive Development: ADB-** According to a new report by the Asian Development Bank (ADB), Aid for Trade in Asia and the Pacific: Promoting Export diversification and Empowerment, export diversification could help Asia and the Pacific to better cope with the current global slowdown in trade and make development more inclusive. Boosting industrial capacity, international competitiveness, and transport infrastructure are key to that.

Our Voice

Looking forward to a pragmatic, growth rejuvenating and jobs creating Union budget 2019-20: PHD Chamber- The budget for the year 2019-20 should step up measures to rejuvenating the economic growth trajectory with a special focus on job creating sectors such as housing and construction, tourism, food processing and textiles. The

roadmap to achieve economic size of US\$5 trillion should focus on 9-10% economic growth with a whopping manufacturing growth rate of 11-12% and size of exports at the level of US\$ 1 trillion annually. At this juncture, bold and flexible labour reforms would be crucial to create employment opportunities for millions of growing young workforce. Simplifying the labour laws by converting 44 Labour Laws into 4 Labour Codes, enacting law for fixed term employment in all sectors and reforming the Companies Act for simplification of compliances must be focused in the Budget. Corporate tax needs to be reduced to a level of 25% for corporate tax payers ignoring any turnover criteria. Higher infrastructure outlays with the roadmap to clear the pending infrastructure projects and announcement of large new projects would boost the sentiments of the private investors from domestic and global markets. Government at this juncture must provide a roadmap for Rs. 100 lakh crore investments in infrastructure sector in the next five years.

Political stability to push animal spirits; Strong economic growth seen in 2019-20: PHD Chamber - Despite the global headwinds, economy holds immense growth potential to grow more than 8% in the coming years. India continues to remain the fastest growing major economy in the world in 2018-19. Government's commitment to carry the reform process forward is highly encouraging and indicates that the robust growth trajectory is not far away. It is highly encouraging that the Economic Survey 2018-19 outlines strategic blueprint to achieve the vision of a USD 5 trillion economy with a focus on creating a virtuous cycle encompassing private investment, jobs, exports and demand. The roadmap to achieve economic size of US\$5 trillion should focus on 8% economic growth with a whopping growth in the manufacturing sector and tremendous increase in the size of exports. 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.

It is inspiring that the Government has been on the path of fiscal consolidation as fiscal deficit as a % of GDP has slightly declined from 3.5% in 2017-18 to 3.4% in 2018-19. We appreciate achievements in the renewable energy sector as India has been undertaking one of the world's largest renewable energy expansion programmes. Agriculture sector needs a greater transformation to improve livelihoods of the farmers and to achieve food security. Consequently, the focus of the Economic Survey on diversification of livelihoods is critical for inclusive and sustainable development in agriculture and allied sectors. Going forward, the forthcoming budget for the year 2019-20 should step up measures to rejuvenate the economic growth trajectory with a special focus on job creating sectors such as housing and construction, tourism, food processing and textiles.

Bottoms-up, Inclusive and Balanced Budget; Focus on Infrastructure, Affordable Housing, MSMEs and Women empowerment inspiring: PHD Chamber - The Hon'ble Finance Minister Smt. Nirmala Sitharaman has presented a bottoms-up, inclusive and balanced budget with a strong focus on socio-economic development of the country to build a New India, going forward. The focus on MSMEs, development of infrastructure, affordable housing and women empowerment would go a long way to promote all-inclusive development in the economy. The lowering of tax rates to 25% for companies with annual turnover of Rs 400 crores is encouraging as it was proposed by the industry since the last many years. The proposal to streamline multiple labour laws into a set of four labour codes is inspiring as simplification of labour laws would reduce the compliances for the industry particularly for the MSMEs and provide more room for deployment of workforce in the factories. The allocation of Rs. 70000 crore for the PSU bank recapitalization will enhance the health of the PSU bank and push up the pace of lending in the economy, by increasing the sentiments for credit availability. The proposal to invest Rs 100 lakh crore in infrastructure over the next 5 years is highly encouraging and put India's infrastructure development really on a high road. The announcement of blueprint for developing gas grids, water grids, i-ways, and regional airports on lines of One Nation, One Grid for power availability to all states at affordable rates is highly appreciable as it would be instrumental in developing infrastructure for not just industry but also for socio-economic development of the masses.

The Budget has a strong synergy for the new education policy and made comprehensive allocation of Rs. 400 crore for FY2019-20 to transform education system with the focus on learning outcomes which will play a big role in revising the current education level. The Budget announced to expand the Women SHG interest subvention programme to all districts and made provisions for overdraft of Rs. 5,000 to be given to verified women SHG member. These measures would strengthen women's role in the society, going forward. The government's commitment to skill development of the youth as per the current technological developments is indicative of the progressive thoughts of the government to steer economy towards growth and prosperity. Overall, the budget is balanced, pragmatic and would rejuvenate the economic growth trajectory of the nation.

Economy so far

- **"Beti Bachao, Beti Padhao" scheme: Uttarakhand among best performing states -** Uttarakhand has been adjudged as one of the country's five best performing states in 'Beti Bachao,

Beti Padhao', a central scheme aimed at addressing declining child sex ratio and issues of women empowerment. The state will be felicitated, along with the other selected states, in recognition of its consistent performance in respect of sex ratio at birth, according to a letter from the Union Ministry of Women and Child Development.

- **Petrol price hiked by Rs 2.45 and diesel by Rs 2.36** - Petrol price has been hiked by a minimum Rs 2.40 per litre and diesel by Rs 2.36 after the Hon'ble Finance Minister Smt Nirmala Sitharaman has raised taxes on fuels in Budget for 2019-20.
- **Finance Ministry asks officers to guide taxpayers on Budget proposals**- The Finance Ministry has sent out informative guide on various indirect tax proposals in the Union Budget to senior field officers for implementation. In a letter to Principal Chief Commissioner, Chief Commissioner and Principal Commissioner, the Revenue Department has advised them to guide trade and businesses and educate them on change in custom duties on various items.
- **Foreign exchange reserve hits new high of USD 427.67 billion** - India's foreign exchange reserves swelled by USD 1.262 billion to scale a fresh high of USD 427.678 billion in the week to 228th June 2019, boosted by higher foreign portfolio investments and a stable rupee, RBI data has showed.
- **MSMEs to contribute 50% to India's GDP, provide 15 crore jobs in 5 years: Hon'ble Union Minister for MSME and Road, Transport and Highways, Shri Nitin Gadkari**- Hon'ble Union Minister for MSME and Road, Transport and Highways, Shri Nitin Gadkari has welcomed the announcements for MSMEs in the Budget and has said that his ministry has decided to raise the sector's contribution to 50 per cent of the country's GDP in the next five years from 29 per cent currently and provide jobs to 15 crore people. "The speciality of this Budget is that our small-scale and medium-scale industries have received maximum encouragement. MSMEs have a contribution of 29 per cent in our country's GDP and the department has decided that we will increase the contribution to 50 per cent of the GDP," he has said.
- **Lok Sabha passes Aadhaar Amendment Bill** - The Lok Sabha has passed a bill to allow voluntary use of Aadhaar as proof of identity for opening bank accounts and procuring mobile phone. The Aadhaar and Other Laws (Amendment) Bill, 2019, was passed by a voice vote after the Hon'ble Union Information Technology Minister Shri Ravi Shankar Prasad assured the House that Aadhaar is voluntary and informed that the consent of the biometric identity holder has to be obtained before it is used.
- **Government considering ban on petrol, CNG two and three-wheelers: Hon'ble Union Minister for MSME and Road, Transport and Highways, Shri Nitin Gadkari**- The Government is considering a ban on all petrol and CNG-operated two and three wheelers by 2025 to promote electric vehicles. "NITI Aayog, in its meeting held on 14th May, 2019 regarding national mission for transformative mobility and battery storage has formulated an action plan to run electric two-wheeler and three-wheeler vehicles and has proposed to ban all IC (internal combustion) engine powered two-wheelers and three-wheelers in India starting in 2025 for two-wheelers and in 2023 for three-wheelers," the Hon'ble Union Minister for MSME and Road, Transport and Highways, Shri Nitin Gadkari has said in response to a question in Lok Sabha.
- **Government considering internet monitoring through centralised system** - The Government is considering monitoring internet traffic through a centralised system which is operational across the country. "The Government has set up a Centralised Monitoring System (CMS) for lawful interception and monitoring of mobile phones, landlines and internet traffic through mobile network. At present, monitoring of internet traffic through internet service providers is being done through Internet Monitoring System which is under consideration for integration with CMS," Minister

for Communications, Electronics & Information Technology and Law & Justice, Government of India, Shri Ravi Shankar Prasad has said in a written reply to Rajya Sabha.

- **RBI sets up committee to strengthen CIC framework** - The Reserve Bank of India has constituted a six-member committee to strengthen the corporate governance framework of systematically important Core Investment Companies (CICs). "Over the years, corporate group structures have become more complex involving multiple layering and leveraging, which has led to greater inter-connectedness with the financial system through their access to public funds," the RBI has said in a circular.
- **Railways earned additional Rs 1,500 Crore since December 2015 by revising fare rules: Government-** The railways has earned an additional revenue of over Rs 1,500 crore since December 2015 by charging full fare for children in the age group of five to 12 years, The Hon'ble Union Minister for Railways, Shri Piyush Goyal has said. Replying to a question in Lok Sabha, he has said the railways has earned an additional revenue of around Rs 1,569 crore from December 2015 to May 2019.
- **Government may impose antidumping duty on imports of tin mill flat rolled steel products from 4 nations** - The Government may impose anti-dumping duty on imports of certain types of steel products from the EU, Japan, the US and South Korea, as the Ministry of Commerce has started an investigation into an alleged dumping of the item following complaints from domestic players. "The authority accordingly initiates an investigation into the alleged dumping, and consequent injury to the domestic industry...to determine the existence, degree and effect of alleged dumping," the Directorate General of Trade Remedies (DGTR) has said in a notification.
- **Government sets up forum for cooperatives to boost farm exports** - The Hon'ble Union Commerce and Industry Minister, Shri Piyush Goyal has announced the formation of a Cooperative Sector Exports Promotion Forum (CSEPF) to achieve the target of doubling farm exports to USD 60 billion by 2022. He also said the first-ever 'International Cooperative Trade Fair' will be organised between 11th and 13th October 2019 at Pragati Maidan in New Delhi to promote exports by cooperatives.
- **Growth in housing prices moderated to 3.6% in Q4FY19: RBI** - The growth in housing prices moderated during the January-March quarter of last fiscal to 3.6%, according to RBI data. The Reserve Bank of India (RBI) has released the quarterly house price index (HPI) for January-March quarter of 2018-19 based on transaction data received from housing registration authorities in ten major cities (Ahmedabad, Bengaluru, Chennai, Delhi, Jaipur, Kanpur, Kochi, Kolkata, Lucknow and Mumbai).

Markets So Far

Indicators	Yearly			Monthly			Daily		
	2016	2017	2018	Apr 19	May 19	June 19	(03-07-2019)	(04-07-2019)	(05-07-2019)
BSE SENSEX	26626	34057	36068	39031	39714	39395*	39839	39908	39514
GOLD (10 GRMS)	29420	28966	30600	31648	31721	33105	34134	34134	34655
CRUDE OIL (1 BBL)	2925	3317	4437	4420	4272	3785	3881	3949	3949
EXCHANGE RATE (INR/USD)	67	65	68	69.42	69.77	69.02*	68.89	68.50	68.42

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

Newsletters

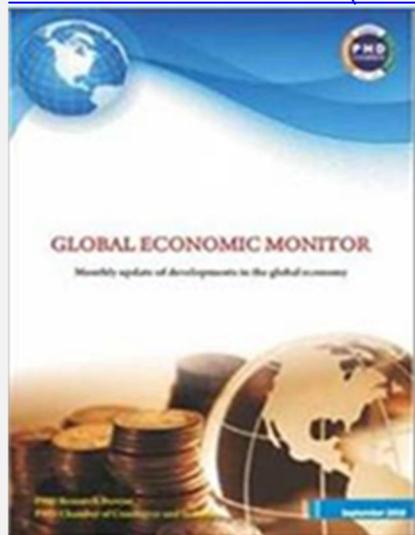
PHD Research Bureau has released newsletters pertaining to a broad view of developments in the Indian economy and

a newsletter giving information on latest updates on global macroeconomic indicators including growth, inflation, trade, markets, commodities, unemployment, policy developments and publications of international organizations.

[EAC Newsletter for the month of June 2019](#)



[Global Economic Monitor \(June 2019\)](#)



Study

PHD Research Bureau conducted a study, Indian Economy on the Eve of Union Budget 2019-20 giving a comprehensive view of the Indian economy on the eve of Union Budget 2019-20.

[Indian Economy on the Eve of Union Budget 2019-20](#)



PHD Research Bureau Subscription Opportunities

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Warm Regards,

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