

## Weekly Compendium of Research

For the week ending 17<sup>th</sup> August 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 inflation, and WPI inflation for the month of July 2019, scheme to provide a one-time partial credit guarantee to PSBs, Growth of world merchandise trade volumes likely to remain weak in Q3 2019, India's Foreign Trade of July 2019, clarification in respect of filling-up of the ITR forms for the Assessment Year 2019-20 issued by CBDT, among others. The details of disseminated information during the week ending 17th August 2019 are appended.

### India and World Economy

- **July 2019 CPI inflation falls to 3.15%**- The all India general CPI inflation (Combined) for July 2019 falls marginally to 3.15% from 3.18% in June 2019. The inflation rates for rural and urban areas for July 2019 (Provisional) are 2.19% and 4.2% respectively as compared to 2.21% and 4.3% respectively, for June 2019. Rate of inflation during July 2019 for transport and communication (1.6%), fuel and light (- 0.4%), housing (4.9%), education (6.4%), health (7.9%), meat and fish (9.05%), etc.
- **July 2019 WPI inflation falls to 1%**- The WPI inflation falls to 1% in July 2019 from 2% in June 2019, 2.8% in May 2019, 3.2% in April 2019, 3.1% in March 2019 and 2.9% in February 2019. The decline in WPI inflation in the month of July 2019 is attributed to decrease in prices of Vegetables (10.7%), onion(7.6%) Minerals (13.5%) and LPG (-15%).
- **Government issues Scheme to provide a one-time partial credit guarantee to PSBs for purchase of pooled assets of financially sound NBFCs**- The Government has issued a scheme regarding partial credit guarantee that would enable the public sector banks (PSBs) to purchase pooled assets of financially sound Non-Banking Financial Companies (NBFCs) amounting to Rs. One Lakh crore. It is expected that this measure would provide liquidity to the NBFC Sector and, in turn, enable them to continue to play their role in meeting the financing requirements of the productive sectors of economy including MSME, retail and housing. This scheme has been announced in the pursuance of the announcement made in the Union Budget 2019-20.
- **16 State Governments Sign MoU with Textiles Ministry to Impart Skill Training to Workers**- Sixteen State Governments signed MoU with Ministry of Textiles at a function in New Delhi to take Samarth - Scheme for Capacity Building in Textile Sector (SCBTS) forward. Eighteen States have agreed to partner with the Ministry under the scheme. Initially, the Ministry has allocated over 3.5 lakh targets to the agencies nominated by State Governments to implement this scheme. After the training, employment will be provided to all these beneficiaries in various textiles related activities. The programme covers the entire value chain of the textiles sector except spinning and weaving.

### Finance

- **Bank credit to registered NBFCs for on-lending will be eligible for classification as Priority**

**Sector-** In order to boost credit to the needy segment of borrowers, it has been decided by RBI that bank credit to registered NBFCs (other than Micro Finance Institutions- MFIs) for on-lending will be eligible for classification as priority sector under respective categories subject to certain conditions.

- **CBDT issues clarification in respect of filling-up of the ITR forms for the Assessment Year 2019-20**- The Income-tax return (ITR) forms for the Assessment Year (AY) 2019-20 were notified vide notification bearing G.S.R. 279(E). dated the 1st day April, 2019. Subsequently, the instructions for filing ITR forms were issued and the software utility for e-filing of all the ITR forms were also released. After notification of the ITR forms various queries have been raised by the stakeholders in respect of filling-up of the ITR forms. In order to address such queries, clarifications are issued by the CBDT in respect of filling-up of the ITR forms for the Assessment Year 2019-20

## Trade

- **Growth of world merchandise trade volumes is likely to remain weak in Q3 2019: WTO's Goods Trade Barometer**- The growth of world merchandise trade volumes is likely to remain weak in the third quarter of 2019 according to the WTO's Goods Trade Barometer. The latest reading of 95.7 from the barometer, formerly the World Trade Outlook Indicator (WTOI), is lower than the previous release and signals that stronger trade growth is not yet in sight.
- **India's Foreign Trade : July 2019**- Exports in July 2019 were USD 26 billion, as compared to USD 25.7 billion in July 2018, exhibiting a positive growth of 2 per cent. Imports in July 2019 were USD 39 billion (Rs. 2,73,580 crore), which was 10 per cent lower in Dollar terms and 10.2 per cent lower in Rupee terms over imports of USD 44 billion (Rs.3,04,917 crore) in July 2018.
- **Hon'ble Union Commerce and Industry Minister leads a high-power delegation to Vladivostok**- The Hon'ble Union Commerce and Industry Minister, Shri Piyush Goyal led a high-power delegation of Chief Ministers of Haryana, Gujarat, Uttar Pradesh and Goa and about 140 Indian companies to Vladivostok, Russia from 11th-13th August, 2019. This visit came as a fulfillment of the assurance of the Hon'ble Prime Minister, Shri Narendra Modi to Russian President, Mr. Vladimir Putin during their meeting in Bishkek earlier this year on the sidelines of the SCO Summit, to explore opportunities for enhancing trade and investment from India to the Far East region of Russia.

## Our Voice

The Indian economy is in the midst of extraordinary times when the global activity has weakened due to elevated trade tensions and geo-political uncertainties while the domestic economy has overcome liquidity crises after pro-active measures taken by the RBI and the government. However, there are disruptions in the Automobile Sector which have impacted the sector and the rural demand is subdued. At the aggregate level, the demand is impacted and there is a need to fuel consumption in the economy. Going ahead, the recent address by Hon'ble Prime Minister on Independence Day reaffirms government's reform measures to strengthen India's growth story and promote all-inclusive development in the country.

## Economy so far

- **Health remains key challenge in India's development: Hon'ble President of India Shri Ram Nath Kovind**- The Hon'ble President of India Shri Ram Nath Kovind has said that health remains a key challenge in India's development, but the Centre was committed to tackle it through its various programmes. He said lack of access to health services, malnutrition and neglected tropical diseases put severe constraints on the country.

- **BASIC nations urge developed countries to fulfill their climate finance commitments** – With the issue of finance being considered a major sticking point in negotiations ahead of future climate summit, the BASIC nations - Brazil, South Africa, India and China - have jointly urged developed countries to fulfill their climate finance commitments of mobilizing \$100 billion annually by 2020 for developing countries on a grant basis and in a transparent manner.
- **Government notifies amended Insolvency and Bankruptcy Code law-** The Government has notified the Insolvency and Bankruptcy Code (Amendment) Act, 2019, under which a deadline of 330 days has been set for completion of corporate insolvency resolution process (CIRP), including litigation and other judicial processes. The new law aims to provide greater clarity on the permissibility of corporate restructuring schemes, rights and duties of authorized representatives of voters, manner of distribution of amounts among financial and operational creditors and the applicability of the resolution plan on all statutory authorities.
- **FOREX reserve hits fresh lifetime high of \$430.57 billion-** India's foreign exchange reserves surged by USD 1.620 billion to USD 430.572 billion in the week to 9th August 2019 on rise in foreign currency assets, according to the latest RBI data. In the previous reporting week ended on 2nd August 2019, the reserves had declined by USD 697.2 million to USD 428.952 billion.
- **Government relaxes norms for shares with differential voting rights; to boost startups-** In a fillip to startups, the Government has relaxed norms for shares with differential voting rights that will help such companies to retain control while raising equity capital. With the amended rules, companies can now have up to 74% Differential Voting Rights (DVR) shares of the total post issue paid up share capital. The limit has been revised from 26%.
- **Government to launch Jal Jeevan Mission to bring piped water to households: Hon'ble Prime Minister Shri Narendra Modi-** The Hon'ble Prime Minister Shri Narendra Modi has said that more than Rs 3.5 lakh crore will be spent in the coming years under the Jal Jeevan Mission to bring piped water to households. In his Independence Day address, he said that half of the country's households do not have access to piped water.
- **North eastern states witness over 30% growth in Apr-Jul GST collection-** North eastern states registered over 30 per cent growth in GST collection during the first four months of the current fiscal 2019-20, much more than the increase witnessed in larger manufacturing states. Growth in Goods and Services Tax (GST) collection recorded by most of the seven sister states is over three times the national average of 9 per cent.
- **RBI clarifies on free ATM transactions-** The Reserve Bank of India (RBI) has told banks not to treat failed transactions at ATMs or non-cash transactions such as balance enquiries or chequebook requests as part of five free transactions available to customers every month. "It has come to our notice that transactions that have failed due to technical reasons, non-availability of currency in ATMs, etc., are also included in the number of free ATM transactions," the RBI has said in a circular to all scheduled commercial, cooperative and rural banks. These transactions are to be considered as failed transactions and no charges are to be levied for them.
- **Exports growth to be in double digits this fiscal: Commerce Secretary-** Exports growth of the country in the current fiscal is likely to be in double digits despite the challenging situation both on the external and internal fronts, Commerce Secretary Shri Anup Wadhawan has said here. In the last financial year, growth in exports was between 9 and 10 per cent and the volume touched USD 331

billion which was a "record", he said.

- RBI allows fintech companies, financial institutions to set up regulatory sandbox-** The RBI has permitted startups, banks and financial institutions to set up regulatory sandbox (RS) for live testing of innovative products in areas like retail payments, digital KYC and wealth management. RS usually refers to live testing of new products or services in a controlled/test regulatory environment for which regulators may (or may not) permit certain relaxations for the limited purpose of the testing. The RS allows the regulator, innovators, financial service providers and customers to conduct field tests to collect evidence on the benefits and risks of new financial innovations, while carefully monitoring and containing their risks. Releasing the 'enabling framework for regulatory sandbox', the RBI said the RS fosters 'learning by doing' on all sides and regulators obtain first-hand empirical evidence on the benefits and risks of emerging technologies and their implications.
- China promises to address India's concern over ballooning trade deficit-** China has promised to address India's growing concerns over the ballooning trade deficit and suggested expanding cooperation in areas like industrial production, tourism and border trade to achieve "overall balance" in bilateral commercial relations.

### Markets So Far

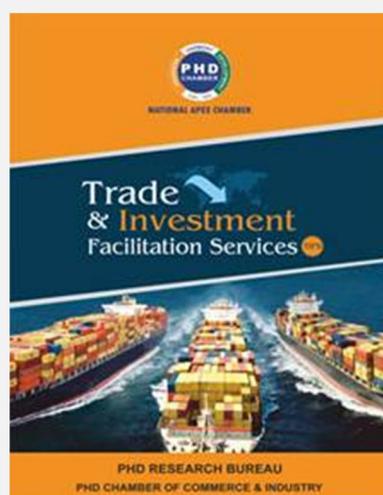
Indicators	Yearly			Monthly			Daily		
	2016	2017	2018	May 19	Jun 19	Jul 19*	(13-08-2019)	(14-08-2019)	(16-08-2019)
BSE SENSEX	26626	34057	36068	39714	39395	37481	36,958	37,311	37,350
GOLD (10 GRMS)	29420	28966	30600	31721	33105	34805	37,799	37,574	37,466
CRUDE OIL (1 BBL)	2925	3317	4437	4272	3785	3991	3,874	4,068	3,927
EXCHANGE RATE (INR/USD)	67	65	68	69.77	69.43	68.8	71.39	71.27	71.15

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

### Newsletters

PHD Research Bureau has released 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.

#### [TIFS Newsletter for the month of July 2019](#)



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Warm Regards,

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