

Weekly Compendium of Research

For the week ending 3rd 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 Lok Sabha passed Consumer Protection Bill, 2019, Code on Wages Bill, 2019; DGFT issued proforma to be submitted for obtaining license in case of import of Ethyl Alcohol and other spirits, denatured, of any strength; India to conduct 1st National Time Release Study to enable faster movement of cargo across borders to benefit traders and decisions taken by the Union Cabinet, among others. The details of disseminated information during the week ending 3rd August 2019 are appended.

India and World Economy

- **Lok Sabha passes Consumer Protection Bill, 2019-** The Lok Sabha passed the Consumer Protection Bill 2019 on 30th July 2019. The bill aims at protecting the interests of consumers by establishing authorities for timely and effective administration and settlement of consumers' dispute. As consumers do not get quick redressal of their complaints, from the passage of the Bill, consumers will be able to get speedy justice. Under the Bill, there is provision for central government to set up a Central Consumer Protection Authority (CCPA) to promote, protect and enforce the rights of consumers and will be empowered to investigate, recall, refund and impose penalties. It will regulate matters related to violation of consumer rights, unfair trade practices, and misleading advertisements. There is also a provision for class action law suit for ensuring that rights of consumers are not infringed upon. The authority will have power to impose a penalty on a manufacturer or an endorser of up to 10 lakh rupees and imprisonment for up to two years for a false or misleading advertisement.
- **Lok Sabha Passes the Code on Wages Bill, 2019-** The Lok Sabha passed The Code on Wages Bill, 2019 on 30th July 2019. It is a historic Bill which aims to transform the old and obsolete labour laws into more accountable and transparent ones which is need of the hour. As many as 17 present labour laws are more than 50 years old and some of them even belong to pre-independence era. Among the four Acts being subsumed in The Code on Wages Bill, The Payment of Wages Act, 1936 belongs to pre-independence era and The Minimum Wages Act 1948 is also 71 years old. The Payment of Bonus Act, 1965 and The Equal Remuneration Act, 1976 are also being subsumed in the Code.
- **Decisions taken by the Union Cabinet-** Cabinet approves Memorandum of Understanding between Indian Space Research Organisation and the Bolivian Space Agency on Cooperation in the Exploration and Uses of Outer Space for peaceful purposes. Cabinet approves ISRO Technical Liaison Unit at Moscow. Cabinet approves signing of the UN Convention on International Settlement Agreements resulting from mediation by India. Cabinet approves Nutrient Based Subsidy (NBS) rates for Phosphatic and Potassic (P&K) fertilizers for the year 2019-20.
- **June 2019 core infra stands at 0.2%-** The core infrastructure grows at 0.2% in June 2019 as against 4.3% in April 2019. The combined Index of Eight Core Industries stood at 131.4 in June, 2019, which

was 0.2% higher as compared to the index of June, 2018. Its cumulative growth during April to June, 2019-20 was 3.5%. In cumulative terms, core infrastructure industries registered a growth of 3.5% during April-June 2019-20 as against the same 5.5% during April-June 2018-19.

- **June 2019 Fiscal Deficit stands at 61.4% of actuals to BEs-** The gross fiscal deficit of the Central government stands at 61.4% of the actuals to budget estimates (BEs) at the end of June 2019 as compared to 68.7% of the actuals to budget estimates in the corresponding period of the previous year. The primary deficit was registered at 745.5% of the actuals to budget estimates at the end of June 2019 as compared to 586.0% of the actuals to budget estimates during corresponding period of the previous year.
- **Cabinet Decides To Form Sub-Committee To Examine Punjab Land Leasing And Tenancy Bill 2019-** The Punjab Cabinet has decided to set up a sub-committee to examine all aspects of the proposed Punjab Land Leasing and Tenancy Bill, 2019, and authorised Hon'ble Chief Minister Captain Amarinder Singh to set up the panel and decide on its terms and tenure etc. The Hon'ble Chief Minister has announced Hon'ble Finance Minister Shri Manpreet Badal as the committee head, with Hon'ble Social Security Minister Smt. Aruna Chaudhary and Hon'ble Revenue Minister Shri Gurpreet Singh Kangar as members. The Bill aims to repeal the six existing tenancy laws to bring in major reforms in matters of leasing of agricultural land in the state. It seeks to balance the rights and responsibilities of landowners and tenants, besides providing a process of fast adjudication for resolution of disputes. The introduction of this transparent land leasing law is aimed at not only allowing the landowner to enter into a written contract with the potential tenant without the fear of losing his land to him but also at incentivizing the tenant to make long term investments in improvement of land and get access to credit and subsidies.
- **Government to support Global Growth of India's IT Industry: Hon'ble Union Commerce and Industry Minister-** The Hon'ble Union Minister of Commerce & Industry and Railways, Shri Piyush Goyal has held a meeting with senior managers of IT companies in New Delhi. The meeting was held to discuss opportunities for Indian IT companies to invest and grow their business in new markets like the Nordic countries, Eastern and Central Europe, Canada, Australia and Africa and also explore avenues for greater investments and growth in East Asian markets like China, Japan and Korea.
- **Drones to undertake Large scale Mapping of Village areas in Maharashtra-** Survey of India ,the national mapping agency of the country under the Ministry of Science & Technology has signed an MoU with Department of revenue & Land records, Government of Maharashtra to undertake the Large scale Mapping of Village Gaothan (Aabadi) areas in the State of Maharashtra using drones. Hon'ble Chief Minister of Maharashtra, Shri Devendra Fadnavis inaugurated the Drone based Mapping Project being carried out by Survey of India at Nimgaon Korhale in Ahmednagar district on 31st July, 2019. This large scale mapping project is being carried out in more than 40,000 Village Gaothan (Aabadi) areas in Maharashtra State.

Finance

- **Recommendations made in 36th GST Council Meeting-** The 36th GST Council Meeting was held on 27th July 2019 under the chairmanship of Hon'ble Union Finance & Corporate Affairs Minister Smt. Nirmala Sitharaman. The Council has made the following recommendations: The GST rate on all electric vehicles be reduced from 12% to 5%. The GST rate on charger or charging stations for Electric vehicles be reduced from 18% to 5%. Hiring of electric buses (of carrying capacity of more than 12

passengers) by local authorities be exempted from GST.

- **Fed Rates lowered to 2-2.25%: Federal Open Market Committee-** Federal Open Market Committee has lowered the target range for the federal funds rate to 2 to 2.25%, in light of the implications of global developments for the economic outlook as well as muted inflation pressures.
- **GST Revenue collection for the month of July, 2019 stands at Rs 1.02 lakh crore-** The total gross GST revenue collected in the month of July, 2019 is Rs 1,02,083 crore of which CGST is Rs 17,912 crore, SGST is Rs 25,008 crore, IGST is Rs 50,612 crore (including Rs 24,246 crore collected on imports) and Cess is Rs 8,551 crore (including Rs 797 crore collected on imports). The total number of GSTR 3B Returns filed for the month of June up to 31st July, 2019 is 75.79 lakh.

Trade

- **World merchandise trade up by 3% in 2018: World Trade Statistical Review 2019-** The World Trade Statistical Review 2019 issued by World Trade Organization (WTO) looks into the latest trends in global trade, with an in-depth analysis of trade in goods and services and the performance of the leading players. It also looks at the participation of developing economies and least-developed countries in world trade, the latest developments in regional trade agreements, trade in value-added terms and digital trade. A section on trade policy developments covers the trade-restrictive and trade-facilitating measures implemented by WTO members, implementation of the WTO's Trade Facilitation Agreement, trends in applied tariffs, disbursements under the Aid for Trade initiative, and the latest developments in trade finance.
- **DGFT issues proforma to be submitted for obtaining license in case of import of Ethyl Alcohol and other spirits, denatured, of any strength-** Attention is invited to notification no. 6/2015-2020 dated 24th May 2019 wherein import policy of "Ethyl Alcohol and other spirits, denatured, of any strength" has been changed from "Free" to "Restricted". Accordingly, prospective importers of this item shall have to apply in ANF-2M to obtain license from Directorate General of Foreign Trade (DGFT). To make the process easy, the applicants have to fill up a proforma along with the application. This additional feature is being added to the existing online application. License will be issued by the DGFT on AU basis without further consultation with Ministry of Petroleum & Natural Gas, Government of India.
- **India to conduct 1st National Time Release Study to enable faster movement of cargo across borders to benefit traders-** The Department of Revenue, Ministry of Finance, as part of its strategic commitment to improve global trade, is conducting India's first national Time Release Study (TRS) between 1st – 7th August 2019. The exercise will be institutionalized on an annual basis, during the same period every year hereafter. The TRS is an internationally recognized tool advocated by World Customs Organization to measure the efficiency and effectiveness of international trade flows.

Our Voice

The Indian economy has been witnessing tremendous developments from political to economic spheres which are impacting the economy significantly. The Lok Sabha has passed the Code on Wages Bill 2019, Consumer Protection Bill 2019 and Companies (Amendment) Bill 2019 which are expected to have remarkable impact on the industry. Further the GST Council has been making amendments in the Act to make it more business and consumer friendly. On the agriculture front, the monsoon was deficient till June but the July rains have delivered above normal rainfall which is expected to give respite to the farmers. Going ahead, it is expected that with the continued reform momentum of the government, the consumer and business sentiments is expected to improve thereby leading to investments in the country and accelerating economic growth in the coming times.

Economy so far

- 36th GST Council meeting-The 36th GST Council Meeting held on 27th July 2019, in which the following recommendations have been made:** GST rate on all electric vehicles be reduced from 12% to 5%; the GST rate on charger or charging stations for Electric vehicles be reduced from 18% to 5%; Hiring of electric buses (of carrying capacity of more than 12 passengers) by local authorities be exempted from GST. These changes shall become effective from 1st August, 2019. Last date for filing of intimation, in FORM GST CMP-02, for availing the option of payment of tax to be extended from 31.07.2019 to 30.09.2019. The last date for furnishing statement containing the details of the self-assessed tax in FORM GST CMP-08 for the quarter April, 2019 to June, 2019 to be extended from 31.07.2019 to 31.08.2019.
- India rice exports could hit 7-year low on weak demand, higher prices: Industry-**India's rice exports are likely to fall to their lowest level in seven years, as weak demand from African countries weighs and shippers absorb the absence of government incentives that supported previous sales. Lower shipments from India will help rivals such as Vietnam and Myanmar in raising their exports, but could also force Prime Minister Shri Narendra Modi's government to increase buying from farmers, even as it struggles to liquidate last year's stocks.
- It is not the government's intent to hit FPIs: Nirmala Sitharaman-** According to Smt. Nirmala Sitharaman, Hon'ble Finance minister, the surcharge levied on high income earners in the budget had not been intended to hurt foreign portfolio investors (FPI) structured as trusts. The government was keeping a close watch on the economy and struggling sectors such as automobiles as she pitched for a "significant" reduction in interest rates. There is no rethink about overseas borrowings and the tax targets in the budget are achievable.
- Domestic, foreign insurers big gainers under PMFBY; pool mechanism on cards-**With insurance and reinsurance firms, particularly foreign reinsurance and private insurance firms, turning out to be big beneficiaries of premiums collected under the Pradhan Mantri Fasal Bima Yojna (PMFBY), the government is considering creating a pool mechanism for claim settlements. In the last six seasons, around Rs 5,000 crore has flown to the books of foreign reinsurers, as overall claim ratio has been just around 77%, which has led the government to rethink the involvement of reinsurance companies in the business.
- India ready to study EU plea for waiver from re-testing of stainless steel imports-**India is ready to look into a request made by the EU for exemption of 'low-risk' stainless steel product imports from compulsory re-testing requirement in BIS-authorized laboratories. But it has dismissed the suggestion made by the bloc that their steel mills with ISO 9001 quality management system in place should be exempt from the requirement of factory inspections. Steelmakers sound alarm over rising level of duty-free imports- Notwithstanding slowing domestic demand, steel companies have raised concerns over rising steel imports at 0% duty from countries such as Japan and South Korea that have signed a free trade agreement.
- Ministry of Commerce and Industry proposes a new export incentives scheme-**The Ministry of Commerce and Industry has floated a cabinet note for a new export incentives scheme that would be compliant with the World Trade Organization (WTO) norms. The Rebate of State and Central Taxes and Levies (RoSCTL) scheme, which at present is available on export of garments and made-ups, will now be extended to all exports in a phased manner. The new scheme will replace the extant Merchandise Exports from India Scheme (MEIS), which was challenged by the US last year in WTO. The new scheme will allow reimbursement of duties on export inputs and indirect taxes through freely transferrable scrips.

- **India benefited modestly from US-China trade war: SBI report-** According to a State Bank of India (SBI) Ecowrap report, India has benefited from the US-China trade war by exporting more items to China. India's exports to China post the trade war, have grown much faster than that to the US. While overall exports to the US grew 9.5% to US\$52.4 billion in 2018-19, for China the growth was 25.6% to US\$16.7 billion. Looking at the products on which China and USA have imposed tariffs on each other, India has made modest gains in capturing such market.
- **IBC Bill will not encroach on SC domain, says FM NirmalaSitharaman-** According to SmtNirmalaSitharaman, Hon'bleFinance Minister,the government's move to amend the Insolvency and Bankruptcy Code (IBC) was largely to clear its legislative intent and not to encroach on the Supreme Court's domain.
- **Weak monsoon, slowdown concerns may prompt RBI to lower rates-** Despite heavy rains across the country for over a week, rains are 14% below normal. This could lead to a slowdown in farm output and overall growth in the economy, prompting the central bank to lower policy rates by 25 bps in its policy meeting on August 08, 2019. The Reserve Bank of India is expected to continue with its accommodative policy.
- **Uday scheme: Discoms' losses rise 89% in FY19-** State-run electricity distribution companies (discoms) reported a near doubling of their financial losses in FY19, in what reflected a dramatic reversal of the trend of a secular decline in losses in FY17 and FY18 thanks to the UDAY scheme. The reasons for the losses could be politically-motivated delays and inadequacies in tariff hikes and state government departments' failure to pay them in time for the electricity purchased. Another reason for the rise in losses is the Saubhagya scheme for electrification of households. Discoms' financial losses stood at Rs 28,369 crore at the end of FY19, up 88.6% year-on-year, according to the updated data provided to the Ministry of Power.
- **Clean fuel race: CNG may turn out to be key to India's automobile future-** The government is going ahead with a massive push for clean fuel, coupled with an expansion of city gas distribution (CGD). The ninth and tenth rounds of CGD bidding are expected to see investments of around Rs 1.2 trillion in a decade, of which a major chunk of the business is dependent on compressed natural gas. CNG may turn out to be the key to India's automobile future and the dream of increasing the share of natural gas to 15% in its energy basket, from around 6% now.
- **India received highest-ever FDI worth USD 64.37 billion in FY19-**According to the Annual Report 2018-19 of the Department for Promotion of Industry and Internal Trade (DPIIT), India received the highest-ever FDI inflow of USD 64.37 billion during the fiscal ended March 2019. Foreign direct investments (FDI) worth USD 286 billion were received in the country in past five years. Highlighting the importance of FDI, the report said that the foreign inflows bring in resources, the latest technology and best practices to push economic growth on to a higher trajectory.
- **GST compliance regime not yet simple, says CAG-** According to official auditor, Comptroller and Auditor General of India (CAG), the government has failed to put in place a simplified tax compliance regime and non-intrusive e-tax system remains elusive even after two years of the Goods and Services Tax's (GST) roll-out. The complexity of return mechanism and the technical glitches resulted in roll back of invoice-matching, rendering the system prone to ITC frauds. Thus, on the whole, the envisaged GST tax compliance system is non-functional.
- **Maharashtra government accords infrastructure status to Mumbai-Pune hyperloop project-** The Maharashtra government accorded the infrastructure status to the Mumbai-Pune ultra-fast

hyperloop transport project that seeks to reduce the travel time between the two cities to just 23 minutes. The state Cabinet approved a proposal to give infrastructure status to the project.

- **July revival washes away monsoon deficit**-The southwest monsoon has roared back after an alarmingly weak start in June and delivered above normal rainfall on most days this month, which gave Mumbai one of the wettest months of July on record, substantially reduced the seasonal rainfall deficit and expanded crop planting to almost last year's level. The shortfall in monsoon rainfall since June 1 has shrunk from 35% at the end of June to 11%

Markets So Far

Indicators	Yearly			Monthly			Daily		
	2016	2017	2018	May 19	Jun 19	Jul 19*	(31-07-2019)	(01-08-2019)	(02-08-2019)
BSE SENSEX	26626	34057	36068	39714	39395	37481	37481	37018	37118
GOLD (10 GRMS)	29420	28966	30600	31721	33105	34805	34805	34572	35341
CRUDE OIL (1 BBL)	2925	3317	4437	4272	3785	3991	3991	4034	3726
EXCHANGE RATE (INR/USD)	67	65	68	69.77	69.43	68.8	68.8	69.05	69.6

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

Newsletters

PHD Research Bureau has released a newsletter on State Development Monitor for the month of July 2019 capturing the developments on various fronts such as economic, health, infrastructure, rural economy and tourism in all the states of India.

[STATE DEVELOPMENT MONITOR FOR THE MONTH OF JULY 2019](#)



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various developments, etc.

Warm Regards,

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