

Weekly Compendium of Research

For the week ending 7th September 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 GST revenue collection for the month of August 2019, core infra for the month of July 2019, ECBs during July 2019, release of the Report of the Task Force on the Development of Secondary Market for Corporate Loans by RBI, Gross Bank Credit during July 2019, FDI inflows in India during Q1 2019-20, USD 1 billion Line of Credit announcement by India to the development of Far-East, among others. The details of disseminated information during the week ending 7th September 2019 are appended.

India and World Economy

- **[GST revenue collection for the month of August, 2019 stands at Rs 98,202 crore](#)**- The total gross GST revenue collected in the month of August, 2019 is Rs 98,202 crore of which CGST is Rs 17,733 crore, SGST is Rs 24,239 crore, IGST is Rs 48,958 crore (including Rs 24,818 crore collected on imports) and Cess is Rs 7,273 crore (including Rs 841 crore collected on imports). The total number of GSTR 3B Returns filed for the month of July up to 31st August, 2019 is 75.80 lakh.
- **[July 2019 core infra grows at 2.1%](#)**- The core infrastructure grows at 2.1% in July 2019 as against 0.7% in June 2019. The combined Index of Eight Core Industries stood at 131.9 in July, 2019, which was 2.1% higher as compared to the index of July, 2018. Its cumulative growth during April to July, 2019-20 was 3.0%.
- **[Steering Committee on Fintech related issues submits its Final Report to Hon'ble Minister of Finance](#)**- The Steering Committee on Fintech related issues constituted by the Ministry of Finance, Department of Economic Affairs, headed by Secretary, Department of Economic Affairs, submitted its Final Report to Hon'ble Union Finance & Corporate Affairs Minister Smt Nirmala Sitharaman. The Committee was constituted in pursuance to the announcement made in Union Budget 2018-19.

Finance

- **[ECBs stands at about USD 5 billion during July 2019](#)**- Indian firms have raised about USD 5 billion through external commercial borrowings (ECBs) by automatic and approval route in July 2019 as against USD 5.4 billion in June 2019. India has received gross ECBs worth around USD 397 billion between FY2001 and FY2019 (till July 2019). A closer look at the ECBs pattern reveals that the lion's share in ECBs during the month of July 2019 is held for rupee expenditure purpose by about 34% of the total borrowings followed by on-lending/sublending purpose by around 24% and refinancing of earlier ECB purpose at about 13%.
- **[RBI releases the Report of the Task Force on the Development of Secondary Market for Corporate Loans](#)**- The Reserve Bank of India had constituted a Task Force on Development of Secondary Market for Corporate Loans on May 29, 2019. The Terms of Reference of the Task Force were to review the existing state of market for loan sale/transfer in India as well as the international experience in loan trading and to make recommendations for the development of secondary market for corporate loans in India. The Task Force has since submitted its report to the Governor.

- **Gross Bank Credit grows at around 12% in July 2019-** Gross bank credit grows at around 12% in July 2019 as against 11% in June 2019. The gross bank credit growth stands at 10% in July 2018. On a year-on-year (y-o-y) basis, non-food bank credit increased by 11.4% in July 2019 as against 11.1% in June 2019. Credit to agriculture and allied activities increased by around 7% in July 2019 as against 9% in June 2019.
- **CBDT consolidates circulars for ease of compliance of Start-ups-** In order to provide hassle-free tax environment to the Start-ups, a series of announcements have been made by Hon'ble Union Finance & Corporate Affairs Minister Smt. Nirmala Sitharaman in her General Budget Speech, 2019, and also on 23rd August 2019. To give effect to these announcements, the Central Board of Direct Taxes (CBDT) issued various circulars/clarifications in the matter from time to time. Vide Circular No.22/2019 dated 30.08.2019, CBDT has consolidated all the circulars/clarifications issued on this subject for the ease of compliance of Start-up entities.
- **RBI makes External Benchmark Based Interest Rate mandatory for certain categories of loans from October 1, 2019-** The Reserve Bank of India has been examining the feasibility of mandating the use of external benchmark for determining interest rate on floating rate loans. In August 2017 the RBI constituted an Internal Study Group (ISG) to examine the working of the Marginal Cost of Fund Based Lending Rate (MCLR) system that was put in place in April 2016. The report of the ISG, which recommended the move over to an External Benchmark based Lending rate system was placed in public domain in October 2017.
- **CBDT enters into 26 Advance Pricing Agreements during April to August 2019-** The Central Board of Direct Taxes (CBDT) has entered into 26 Advance Pricing Agreements (APAs) in the first 5 months of the current financial year (April to August, 2019). With the signing of these APAs, the total number of APAs entered into by the CBDT as of now stand at 297, which includes 32 Bilateral Advance Pricing Agreements (BAPAs).

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.60/2019-CUSTOMS (N.T.), dated 14th August, 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 6th September, 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.
- **FDI inflows in India stands at USD 21 billion during Q1 2019-20-** The Total FDI inflows (Equity inflows + Re-invested earnings + Other capital) in India stand at USD 21 billion during April to June 2019-20. During the last financial year 2018-19, total FDI inflows stands at about USD 62 billion as against USD 61 billion during the corresponding period of last year, registering a growth rate of 2%.
- **MoUs/Agreements exchanged during visit of Hon'ble Prime Minister of India to Vladivostok, Russia-** The Hon'ble Prime Minister of India, Shri Narendra Modi is visiting Vladivostok, Russia from 4th/5th September, 2019. The visit underlines the objective on the both sides to diversify and further strengthen the bonds of their robust bilateral relations. A number of MoUs/Agreements have been exchanged during the visit including Joint Strategy for the Enhancement of India- Russia Trade and Investments, Agreement between the Government of the Republic of India and the Government of the Russian Federation on Cooperation in Audiovisual Co-production, among others.
- **India announces USD 1 billion Line of Credit to further contribute to the development of Far-**

East- The Hon'ble Prime Minister of India, Shri Narendra Modi has visited Vladivostok, Russia from 4th-5th September, 2019. The visit underlines the objective on the both sides to diversify and further strengthen the bonds of their robust bilateral relations. The 20th India – Russia Annual Summit was held in Vladivostok. The Hon'ble Prime Minister of India, Shri Narendra Modi also participated in the 5th Eastern Economic Forum as the Chief Guest. He said that relations between India and Far- East are not of today, but are in fact very old. He added that India was the first country to open its consulate in Vladivostok. India has made significant investments in the energy sector and other natural resources like Diamond in Vladivostok.

Our Voice

States role crucial for the Ease of Doing Business for MSMEs: PHD Chamber- The Report on Ease of Doing Business for MSMEs jointly prepared by PHD Chamber of Commerce and Industry and Department of Commerce, Delhi School of Economics suggests that there is a need to give major impetus to ease of doing business for MSMEs as the MSMEs have a very special and vital role in the growth and development of the Indian economy. The study depicts very interesting findings as there is no uniform trend discernible in terms of perception of respondents towards ease of doing business for MSMEs. Majority (45%) of the respondents agreed to ease of doing business for MSMEs in the country and said that the economic and business reform measures undertaken by the government have been fruitful for them. Of the rest 55%, around 32% of the respondents opined that there is a dire need for improvement in the ease of doing business climate for MSMEs while 23% were indifferent about improvement in the ease of doing business environment in the country. However, the effect of recent economic and business reforms undertaken by the government is yet to percolate at the ground level and reflect in the ease of doing business for MSMEs. This is where the role of states becomes exceedingly important. The state's role towards promoting ease of doing business is the key towards a competitive manufacturing sector for a strong and sustainable economic growth. The states have implemented the Business Reform Action Plan (BRAP) to improve the regulatory environment for businesses to grow and flourish. It may be noted that the states which have performed well on the BRAP have observed high rates of GSDP growth and high industry growth rates as well.

Economy so far

- **Finance Ministry sets up task force to identify infra projects for Rs 100 lakh crore investment-** The Government has set up a task force to draw up a list of infrastructure projects that can be initiated in 2019-20. The Ministry of Finance, Government of India has said that the task force would prepare a road map for the "national infrastructure pipeline" from 2019-20 to 2024-25 under a Rs100 lakh crore infrastructure plan.
- **States to be key drivers of growth for making India USD 5 trillion economy: NITI Aayog CEO-** States will have to become key agents of growth to help achieve India's target of becoming a USD 5 trillion economy, said Shri Amitabh Kant, Chief Executive Officer of NITI Aayog. Speaking at the States' Policy Conclave 2019 organised by PHD Chamber of Commerce and Industry, PHDCCI, he said states have to work together and learn from each other to radically transform India.
- **Government to come out with more measures to boost economy: Hon'ble Union Minister of Finance, Smt Nirmala Sitharaman-** The Hon'ble Union Minister of Finance, Smt Nirmala Sitharaman has promised more measures from the Government to revive growth and support to sectors facing stress. "We are looking at the challenges which the sectors are facing. We will respond to the challenges and extend every possible help," she said.
- **Hon'ble Prime Minister to launch farmers pension scheme-** The Hon'ble Prime Minister Shri Narendra Modi will launch the farmers' pension scheme Pradhan Mantri Kisan Maan-Dhan Yojana (PM-KMY) from Ranchi on 12th September with a subscriber base of more than one million. Under the scheme, which was announced in the budget for 2019-20, a monthly pension of Rs 3,000 will be provided to small and marginal farmers in the age group of 18-40 years on attaining the age of 60.
- **Select suggestions of UK Sinha panel on MSMEs to be implemented in 15 days-** The

Government will implement select recommendations of the UK Sinha committee appointed by the Reserve Bank of India within 15 days to help small and medium enterprises overcome the ongoing liquidity crunch, the Hon'ble Union Minister for micro, small and medium enterprises (MSMEs), Shri Nitin Gadkari has said.

- **Hon'ble Prime Minister Shri Narendra Modi to launch Rs 13,500 crore livestock disease control scheme soon-** The Hon'ble Prime Minister Narendra Modi will launch a Rs 13,500-crore central scheme on 11th September to control livestock diseases, especially foot and mouth disease (FMD) and brucellosis, from Mathura district in Uttar Pradesh.
- **India to contribute USD 2,00,000 for WHO SEARO health emergency fund:** The Hon'ble Union Health Minister Shri Harsh Vardhan has said that India will contribute USD 2,00,000 for the WHO South-East Asia region's health emergency fund meant for rapid response towards both natural disasters and human-generated hazards.

Markets So Far

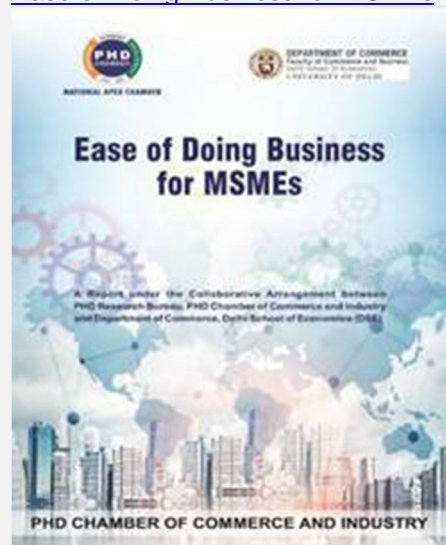
Indicators	Yearly			Monthly			Daily		
	2016	2017	2018	Jun 19	Jul 19	Aug 19	(04-09-2019)	(05-09-2019)	(06-09-2019)
BSE SENSEX	26626	34057	36068	39395	37481	37332*	36,725	36,644	36,982
GOLD (10 GRMS)	29420	28966	30600	33105	34805	37371	39,011	39,011	38,185
CRUDE OIL (1 BBL)	2925	3317	4437	3785	3991	3905	3,894	4,055	4,046
EXCHANGE RATE (INR/USD)	67	65	68	69.43	68.8	71.06	72.12	71.84	71.72

Source: PHD Research Bureau, PHDCCI, compiled from BSE, MCX and Bloomberg, RBI (*denotes value as on 30th August 2019)

Study

PHD Chamber has released a study on Ease of Doing Business for MSMEs:

[Ease of Doing Business for MSMEs](#)



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- **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,

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