

Weekly Compendium of Economic and Business Developments

For the week ending 2nd November 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 Hon'ble Prime Minister of India meets Saudi Arabia's Crown Prince in Riyadh, GST revenue collection for the month of October 2019, PFRDA permitted Overseas Citizen of India to enroll in NPS at par with Non-Resident Indians, India's marine exports to China heading for USD 1 billion mark, List of MoUs/Agreements signed during the visit of Chancellor of Germany to India, among others. The details of disseminated information during the week ending 2nd November 2019 are appended.

India and World Economy

- **Hon'ble Prime Minister of India meets Saudi Arabia's Crown Prince in Riyadh-** The Hon'ble Prime Minister of India, Shri Narendra Modi interacted with His Royal Highness Abdulaziz bin Salman Al Saud, Crown Prince of Saudi Arabia. Several energy related issues were discussed during the meeting to add even more energy to the India-Saudi Arabia bilateral relations. The Hon'ble Prime Minister of India said that energy remains an important pillar of our ties. Both the leaders discussed multiple aspects relating to further boosting cooperation with Saudi Arabia.
- **September 2019 Fiscal Deficit stands at 92.6% of actuals to Bes-** The gross fiscal deficit of the Central government stands at 92.6% of the actuals to budget estimates (BEs) at the end of September 2019 as compared to 95.3% of the actuals to budget estimates in the corresponding period of the previous year. The primary deficit was registered at 879.8% of the actuals to budget estimates at the end of September 2019 as compared to 699.9% of the actuals to budget estimates during corresponding period of the previous year.
- **September 2019 core infra stands at (-)5.2%-** The core infrastructure stands at (-)5.2% in September 2019 as against 0.1% in August 2019. The combined Index of Eight Core Industries stood at 120.6 in September, 2019, which declined by 5.2% as compared to the index of September, 2018. Its cumulative growth during April to September, 2019-20 was 1.3%.

Finance

- **PFRDA permitted Overseas Citizen of India to enroll in NPS at par with Non-Resident Indians-** Pension Fund Regulatory and Development Authority (PFRDA) has now permitted Overseas Citizen of India (OCI) to enroll in National Pension Scheme (NPS) at par with Non-Resident Indians vide Circular No: PFRDA/2019/19/PDES/3 dated 29th October 2019. The Government vide notification S.O. 3732(E) dated 17th October, 2019 on Foreign Exchange Management (Non-debt Instruments) Rules, 2019 of Dept. of Economic Affairs, has specified that an OCI may subscribe to the National Pension System governed and administered by PFRDA, provided such person is eligible to invest as per the provisions of the PFRDA Act and the annuity/accumulated saving will be repatriable, subject to FEMA guidelines.

- **GST revenue collection for the month of October 2019 stands at Rs 95,380 crore-** The gross GST revenue collected in the month of October, 2019 is Rs 95,380 crore of which CGST is Rs 17,582 crore, SGST is Rs 23,674 crore, IGST is Rs 46,517 crore (including Rs 21,446 crore collected on imports) and Cess is Rs 7,607 crore (including Rs 774 crore collected on imports). The total number of GSTR 3B Returns filed for the month of September up to 31st October, 2019 is 73.8 lakh.

Trade

- **India's marine exports to China heading for USD 1 billion mark-** India's exports of marine products to China has tripled and touched almost USD 800 million, in the first nine months of 2019, as per the data released by China's customs authority recently. India's marine exports are expected to cross USD 1 billion mark by the end of this year. A Chinese trade delegation visited India on 9th October 2019 and signed a contract for import of marine products worth USD 500 million in the next two years.
- **List of MoUs/Agreements signed during the visit of Chancellor of Germany to India-** At the invitation of the Hon'ble Prime Minister, Shri Narendra Modi, German Federal Chancellor Dr. Angela Merkel visited India from 31st October – 1st November 2019 for the fifth round of Inter-Governmental Consultations (IGC). Chancellor Merkel was accompanied by Ministers of Foreign Affairs, Science and Education, Food and Agriculture, and an Official Delegation. A business delegation comprising leaders of German companies also accompanied Chancellor Merkel. During the visit, Chancellor Merkel held meetings with the Hon'ble President of India Shri Ram Nath Kovind and the Hon'ble Prime Minister, Shri Narendra Modi.

Our Voice

The Indian economy is in the midst of extraordinary times as the festive season has brought respite in few sectors. On the Doing Business Index of World Bank, India has improved significantly once again from the rank of 77th in 2019 to the rank of 63rd in 2020. This is the true reflection of the diligent efforts of the government to improve India's position in the global rankings. Though the overall economic growth is expected to be around 6-6.5% in 2019, it is expect that the economic growth will rebound in 2020. Going ahead, reviving investments is a key to boosting growth in India. This will require further improvement in the ease of doing business and strengthening of banking system. Further, investing more in education and training, combined with a modernisation of labour laws, would help in creating better employment opportunities in the country.

Economy so far

- **DPIIT kickstarts exercise to ease FDI norms more-**The Department for Promotion of Industry and Internal Trade (DPIIT) recently kickstarted an exercise to relax India's foreign direct investment norms. The department held an inter-ministerial meeting to discuss further opening up in sectors, especially where 100% FDI is not allowed on the automatic route. The department has asked ministries and departments to submit specific proposals wherever they seek scope for relaxation. The next meeting is likely in 2-3 weeks. The exercise comes two months after the government opened up FDI in contract manufacturing and eased norms for overseas investors in single-brand retail and coal mining.
- **High-level advisory suggests panel for easier entry to foreign investors-** A high-level advisory group (HLAG) on trade and policy has recommended simpler regulatory and tax framework for overseas investment funds, allowing individual investment from abroad in Indian debt and capital markets, and state-specific policies to facilitate foreign direct investment in agro-processing. The group also favours a single ministry for the regulation of medical devices across the value chain, an independent commission on pharmaceuticals and biotechnology, a simpler medical visa regime and

health insurance portability of social security entitlements across countries.

- **Companies have spent Rs 50,000 crore on CSR in 5 years-** According to the government, corporate sector has set aside over Rs 10,000 crore every fiscal year since 2014-15 towards corporate social responsibility. The companies over the last 5 years have contributed Rs 50,000 crore and above towards CSR. Further, the maximum funds have been given to projects for poverty alleviation, safe drinking water, education and health.
- **Targeted PMKVY, skills framework rejig proposed-** The government plans to revamp its skills framework, including a more targeted Pradhan Mantri Kaushal Vikas Yojana and setting up of a dedicated national institute of skill development to centralise skill training and funding. The proposals form part of the skill development and entrepreneurship ministry's Vision 2025 to help substantially enhance the scale of skilling in the country in line with Hon'ble Prime Minister Shri Narendra Modi's vision of making India the skills capital of the world.
- **Air cargo firms hit by economic, global trade slowdown; August 2019 freight down 5%-** Economic slowdown and softening of global trade continue to hit air cargo firms with the latest official data showing 5.3% decline in freight traffic in August on a year-on-year basis. Many of the shippers are facing cancellation of orders and buyers are insisting for discounts. As per the Airports Authority of India (AAI), all the airports in the country handled 2.9 lakh tonnes of freight in August, as compared to 3.0 lakh tonnes reported in the same month a year ago.
- **Indian economy to accelerate in Q4, says report-** According to a report by The Economist Intelligence Unit (EIU), India and China are projected to see accelerated economic growth in the fourth quarter of this year, bucking trends in the US and the European Union. EIU expects third-quarter GDP growth to be weak across most of the world's biggest economies. Of the G7 and BRICS economies, only India and the UK are expected to post third-quarter results that show an acceleration from the second quarter. In the third quarter, India's real GDP growth is estimated to be 1% on a quarter-on-quarter basis and is projected to rise to 2.2% in the fourth quarter, as per the report.
- **Losses due to GST in FY23 to be Rs 13 thousand crore: UP to Finance Panel-** Uttar Pradesh has estimated that the state will suffer a loss of Rs 13,500 crore in 2022-2023 due to implementation of the Goods and Services Tax. Presenting its estimated expenditure plans for the next five years to the 15th Finance Commission recently, the state said its revenue in subsequent years too will be hit because of GST. The GST collection of UP is estimated to be Rs 65,000 crore in 2022-2023, therefore the compensation will be around Rs 18,000 crore. But the Union government will provide compensation only till June 2022, five years from the date of implementation of GST. Thus, in the last three quarters of 2022-2023, the loss of revenue is expected to be about Rs 13,500 and the revenue in the subsequent years may also be affected.
- **Revenue concerns for the government make immediate tax cuts tough-**Abolishing dividend distribution tax, securities transaction tax and long-term capital gains tax on shares could burn a Rs 80,000 crore hole in tax revenue, making it difficult for the government to offer any immediate concessions. The government has already slashed corporate tax rates, foregoing Rs 1.45 lakh crore, and more tax concessions will have to be made up for by increasing income tax on the super-rich or cutting welfare spending, both of which are not feasible.
- **India Inc spent more on R&D in FY19, auto and pharma leading sectors-** Research and development (R&D) spending by India Inc increased in 2018-19 (FY19) over the previous years (led

by automobile and pharmaceutical sectors). But, it was still a small percentage of the total sales. In FY19, India Inc spent Rs 8,721 crore under the R&D head — nearly a fifth more than the amount in 2017-18 (FY18), which was Rs 7,098 crore.

- **RCEP is a call on China first, then ASEAN-** There is every reason to raise red flags for Regional Comprehensive Economic Partnership (RCEP) because, in effect, this will be a free trade agreement with China. India already has an FTA with ASEAN, the largest grouping within the RCEP, which essentially means signing up to deal with China, Australia and New Zealand. The assumption is that more Chinese goods will make their way through ASEAN countries and so, safeguards will be absolutely vital given India's \$53 billion trade deficit with China.
- **September 2019 Fiscal Deficit stands at 92.6% of actuals to BEs-** The gross fiscal deficit of the Central government stands at 92.6% of the actuals to budget estimates (BEs) at the end of September 2019 as compared to 95.3% of the actuals to budget estimates in the corresponding period of the previous year. The primary deficit was registered at 879.8% of the actuals to budget estimates at the end of September 2019 as compared to 699.9% of the actuals to budget estimates during corresponding period of the previous year. The revenue receipts at the end of September 2019 of the central government stands at 41.6% of the actuals to budget estimates, same as compared with 40.1% of the actuals to budget estimates at the end of September 2018.
- **September 2019 core infra stands at (-)5.2%-** The core infrastructure stands at (-)5.2% in September 2019 as against 0.1% in August 2019. The combined Index of Eight Core Industries stood at 120.6 in September, 2019, which declined by 5.2% as compared to the index of September, 2018. In cumulative terms, core infrastructure industries registered stands at 1.3% during April-September 2019-20 as against 5.5% during April-September 2018-19.
- **RCEP: India says critical issues still need to be sorted out-** Ahead of the Regional Comprehensive Economic Partnership (RCEP) Leaders Summit in Bangkok, where most members, including the ASEAN and China, are pushing for conclusion of the free trade negotiations, India has said that there are still some critical issues and efforts are being made to sort them to provide a fair and transparent trade environment.
- **Draft scrappage policy to be out for feedback by November 15, 2019-** The government has firmed up a draft scrappage policy, being steered by the Ministry of Road Transport and Highways, for scrapping old vehicles and will circulate it for public comments in next two weeks, by 15 November 2019.
- **Bamboo Technology Parks to be set up in the two new UTs of Jammu and Kashmir, and Ladakh-** Dr Jitendra Singh, Hon'ble Union Minister of State (Independent Charge), Ministry of Development of North Eastern Region announced that Bamboo Technology Parks would be set up in the two new Union Territories of Jammu & Kashmir and Ladakh. The project for setting up three new Bamboo Technology Parks would be in consonance with the National Bamboo Mission (NBM). A Bamboo Industrial Park has already been approved to be set up in the Dima Hasao district of Assam.
- **GST revenue collection for the month of October 2019 stands at Rs 95,380 crore-** The gross GST revenue collected in the month of October, 2019 is Rs 95,380 crore of which CGST is Rs 17,582 crore, SGST is Rs 23,674 crore, IGST is Rs 46,517 crore and Cess is Rs 7,607 crore. The total number of GSTR 3B Returns filed for the month of September up to 31st October, 2019 is 73.8 lakh. The government has settled Rs 20,642 crore to CGST and Rs 13,971 crore to SGST from IGST

as regular settlement. The total revenue earned by Central Government and the State Governments after regular settlement in the month of October, 2019 is Rs 38,224 crore for CGST and Rs 37,645 crore for the SGST.

- Cumulative no of Houses Sanctioned under PMAY(U) now more than 93 lakhs**-The 48th Meeting of the Central Sanctioning and Monitoring Committee (CSMC) Under Pradhan Mantri Awas Yojana (Urban) chaired by Shri Durga Shanker Mishra, Secretary, Ministry of Housing and Urban Affairs, has approved 371 proposals from participating states/UT for the construction of 2,31,532 houses with an overall investment of Rs 7,322 crore involving central assistance of Rs 3,473 crore. Cumulative number of houses sanctioned so far is more than 93 lakhs.
- US seeks more relaxation in India FDI policy**-Mr Steven Mnuchin, US Treasury Secretary sought further relaxation in India's FDI rules to facilitate American companies to increase investment in the country for boosting economic growth and be a partner in achieving USD 5 trillion economy. Addressing media after the 7th India-US Economic and Financial Partnership meeting here, he said that both the countries are working together to promote growth and improve economic security.
- Reserve Bank of India rejigs regulatory and supervision departments**- The different departments responsible for supervision and regulation of banks, non-banks and co-operative banks have been unified by the Reserve Bank of India (RBI) under the Department of Supervision and Department of Regulation, with effect from November 1, 2019. Earlier, financial sector supervision was undertaken through three separate departments — the Department of banking supervision, Department of non-banking supervision and Department of co-operative bank supervision.
- First export preparedness index to rank states, UTs likely in January 2020**- The government is likely to release the first index to rank states and Union territories based on their preparedness to promote exports. The exercise would help in promoting healthy competition among states and UTs to work on parameters for promoting the country's exports, which is one of the key indicators for boosting economic growth. The index will rank them on some key parameters such as business environment, infrastructure, transport connectivity, access to finance, export infrastructure and trade support.
- Government fixes sugar sale quota of 20.5 lakh tonne for November 2019**- According to a notification by the government, sugar mill can sell 20.5 lakh tonne of sugar in the open market during November, 2019. As per the notification, 535 mills have been allocated 20.5 lakh tonne of sugar for sale in the current month. This quota is 1.5 lakh tonne less as compared to the allocation for November 2018. Additional quota of sugar has been given to those mills that have completed more than half of the export quota during the 2018-19 season.

Markets So Far

Indicators	Yearly			Monthly			Daily		
	2016	2017	2018	Aug 19	Sept 19	Oct 19	(30-10-2019)	(31-10-2019)	(1-11-2019)
BSE SENSEX	26626	34057	36068	37332	38667.3	40129.05*	40051.9	40129.05	40165.03
GOLD (10 GRMS)	29420	28966	30600	37371	37926	38246.6	38360	38650	38703
CRUDE OIL (1 BBL)	2925	3317	4437	3905	4062.2	3850.2	3928	3909	3836
EXCHANGE RATE	67	65	68	71.06	71.4	71.05	70.9	70.9	70.8

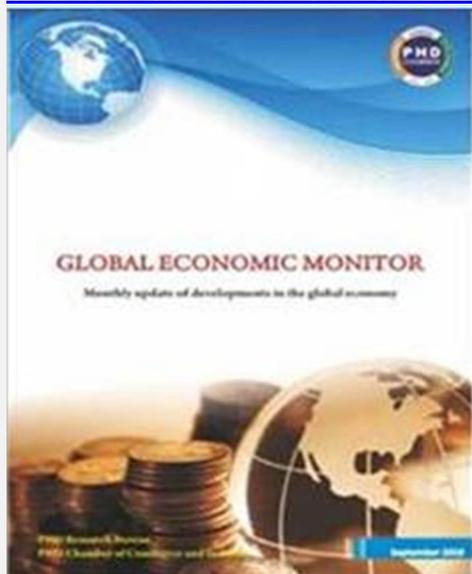
(INR/USD)

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

Newsletters

PHD Research Bureau has released a newsletter on Global Economic Monitor for the month of October 2019 that aims to disseminate information on latest updates on global macroeconomic indicators including growth, inflation, trade, markets, commodities, unemployment, policy developments and publications of international organization.

[GLOBAL ECONOMIC MONITOR FOR THE MONTH OF OCTOBER 2019](#)



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Warm Regards,

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