

Weekly Compendium of Economic and Business Developments

For the week ending 8th November 2019

PHD Research Bureau disseminated information to the members of PHD Chamber & other industry stakeholders on various economic and business developments at International, National and Sub-national arena such as decisions taken by the Union Cabinet, USD 490 Million provided by ADB for PPP to upgrade Madhya Pradesh Roads, Gross Bank Credit for September 2019, launch of two new IT Initiatives - ICEDASH & ATITHI by the Hon'ble Finance Minister, measures to promote digital payments as proposed by the RBI, decision by India to not join RCEP agreement, among others. The details of disseminated information during the week ending 8th November 2019 are appended.

India and World Economy

- **Cabinet opens Rs. 25,000 Crore Window for Stuck Houses-** The Union Cabinet has approved Rs 25,000-crore special window to provide funding to housing projects that are stuck, with the aim of reviving the key sectors to bring a relief to home buyers and boost the economy. The creation of special window for affordable and middle income housing projects would revive the real estate sector creating demand and employment. The Government will invest Rs 10,000 crore in the fund and the remaining Rs 15,000 crore will come from State Bank of India, Life Insurance Corporation of India besides sovereign wealth funds and pension funds.
- **Khadi gets separate unique HS code, exports to get a boost-** Khadi has marked its presence in the exclusive HS code bracket, issued by the central government on 4th November 2019 to categorize its products in export. In a long awaited move to make export of Khadi, exclusively categorized from the general league of textile products, the Ministry of Commerce and Industry has allocated separate HS code for this signature fabric of India. This decision of government will open a new chapter in the field of Khadi export. Earlier, Khadi did not have its exclusive HS code.
- **ADB Provides USD 451 Million to Strengthen Power Connectivity in Tamil Nadu-** The Asian Development Bank (ADB) has approved a USD 451 million loan to strengthen power connectivity between the southern and northern parts of the Chennai–Kanyakumari Industrial Corridor (CKIC) in Tamil Nadu, India. The ADB project will allow more power, including renewable energy, to be transferred from new generation facilities in the south CKIC to the north, where it is most in demand. This will help promote economic development by delivering a more reliable and competitive power supply for industry and services in the state, which will in turn spur jobs and improve livelihoods.
- **Decisions taken by the Union Cabinet-** The Union Cabinet has approved MoU between India and Maldives on Training and Capacity-Building Programme for Maldivian Judicial Officers in India, MoU signed between India and Bangladesh on withdrawal of 1.82 cusec of water from Feni River by India, MoU between India and Paraguay for Strengthening Cooperation in the field of Tourism, MoU between India and Brazil on Cooperation in the field of Health & Medicine, among others.

- **ADB Provides USD 490 Million for PPP to Upgrade Madhya Pradesh Roads-** The Asian Development Bank (ADB) has approved a USD 490 million loan as part of a USD 904 million public-private partnership (PPP) project to improve about 1,600 kilometers (km) of state highways and major district roads in Madhya Pradesh, India. State highways and major district roads are key links between the extensive web of rural roads and national highways. Increasing the capacity of the Madhya Pradesh road network will not only improve road conditions and safety but raise living standards by enabling better access to markets and better services. This project also introduces PPP arrangements through the hybrid-annuity model in Madhya Pradesh to bring private sector efficiencies for sustainable asset creation and maintenance.

Finance

- **Hon'ble Finance Minister launches two new IT Initiatives - ICEDASH & ATITHI-** Smt Nirmala Sitharaman, Hon'ble Union Minister of Finance and Corporate Affairs, Government of India has launched two new IT initiatives, ICEDASH and ATITHI – for improved monitoring and pace of Customs clearance of imported goods and facilitating arriving international passengers by electronic filing of Customs baggage and currency declarations.
- **Gross Bank Credit grows at around 8% in September 2019-** Gross bank credit grows at around 8% in September 2019 as against 10% in August 2019 (year-on-year). The gross bank credit growth stands at 11% in September 2018. On a year-on-year (y-o-y) basis, non-food bank credit increased by 8.1% in September 2019 as against 9.8% in August 2019. Credit to agriculture and allied activities increased by around 7% during September and August 2019.
- **RBI proposes measures to promote digital payments-** In pursuance of RBI's vision to promote digital payments, it has been endeavouring to establish state of the art payment systems that are efficient, convenient, safe, secure and affordable. Digital payments constituted a high 96% of total non-cash retail payments during the period October 2018 to September 2019. To further empower every citizen with an Exceptional (e) Payment Experience, and provide her access to a bouquet of options, the Reserve Bank proposes to take steps such as Mandate banks not to charge savings bank account customers for online transactions in the NEFT system with effect from January 2020, Operationalise the Acceptance Development Fund to increase acceptance infrastructure with effect from January 1, 2020, among others.
- **ECBs stands at about USD 5 billion during September 2019-** Indian firms have raised about USD 5 billion through external commercial borrowings (ECBs) by automatic and approval route in September 2019 as against USD 3.3 billion in August 2019. While, ECBs were at about USD 1.7 billion in September 2018. India has received gross ECBs worth around USD 405 billion between FY2001 and FY2020 (till Sep 2019).

Trade

- **India decides not to join RCEP agreement-** The Heads of State/Government of the Member States of the Association of Southeast Asian Nations (ASEAN) and Australia, China, India, Japan, Korea, and New Zealand, gathered on 4th November 2019 in Bangkok, Thailand, on the occasion of the 3rd Regional Comprehensive Economic Partnership (RCEP) Summit. India has decided not to sign the Regional Comprehensive Economic Partnership due to differences over tariffs, its trade deficit with other countries and non-tariff related barriers. All RCEP Participating Countries will work together to resolve these outstanding issues in a mutually satisfactory way. India's final decision will depend on satisfactory

resolution of these issues

- **Hon'ble Prime Minister of India attends 16th India - ASEAN Summit-** The Hon'ble Prime Minister of India, Shri Narendra Modi attended the 16th India-ASEAN Summit in Bangkok, Thailand. In his opening remarks, he expressed happiness in being part of the 16th India - ASEAN Summit. He thanked Thailand for the warm hospitality and extended best wishes to Vietnam for taking over as Chairman of next year's Summit. He said that India's Act East Policy is a significant cornerstone of the Indo-Pacific strategy; adding that ASEAN is at the core of Act East Policy. A strong ASEAN will immensely benefit India. He highlighted steps being taken to improve surface, maritime, air and digital connectivity. One billion dollar Indian line of credit will prove beneficial for improving physical and digital connectivity, he said.
- **India exploring trade agreements with USA & EU and FTAs with Japan, Korea & ASEAN being reviewed : Hon'ble Union Minister of Commerce and Industry-** The Hon'ble Union Minister of Commerce and Industry & Railways, Shri Piyush Goyal has assured that India will never finalize any trade agreement in a hurry. During trade negotiations the focus will be on India first he said while addressing a press conference, on the decision taken by India on the Regional Comprehensive Economic Partnership (RCEP), in New Delhi. He said that India's economic interests and national priorities come first and the concerns of the farmers, dairy sector, MSMEs and domestic manufacturing will be addressed and these sectors will be protected.

Our Voice

PHD Chamber of Commerce and Industry welcomes Hon'ble Prime Minister's decision on not to join RCEP- India's decision of not signing the RCEP agreement is in favour of India's entire industry particularly MSMEs to save them from the repercussions of the RCEP agreement which are not in synch with the growth of trade and industry in India. The Government has rightly taken the decision not to go ahead with signing of the RCEP agreement as it would have resulted in ballooning trade deficit and impacting the MSME sector which does not have level playing field in terms of logistics costs, access to cheap fund and physical infrastructure. India has decided not to sign the Regional Comprehensive Economic Partnership due to differences over tariffs, its trade deficit with other countries and non-tariff related barrier. Non-tariff barriers would create bottlenecks for India to expand its trade and investment with RCEP economies. Though India always supports the liberalised regime of the international trade scenario, the present structure of RCEP agreement is not favouring the promotion of trade and industry at large. Going ahead, we look forward to a proper give and take in India's bilateral co-operation with the free trade agreements regime for the growth of trade and investment.

Rs.25000 crores special window for funding the stuck housing projects, a great move for reviving the momentum in the Real Estate Sector, boost to the economy: PHD Chamber- The bold move of setting up a special window of Rs. 25000 crores for stuck home projects will have a positive impact on the growth and development of the Real Estate Sector in the country and give a boost to economic growth, going forward. These developments will provide relief for the stressed home buyer, further instilling their confidence in the sector, generating employment and will aid in reviving the slowed momentum in the Real Estate sector since the last few year. The government's move to utilize public funds by partnering with LIC and State Bank of India besides sovereign wealth funds and pension funds, for raising Rs. 25000 crores to the stuck projects is highly laudable. The government is set to contribute Rs. 10000 crores and the remaining funds will come from LIC and SBI, Sovereign and pension funds are also expected to join. It was time that our country routed the public savings through pension funds, LIC and sovereign funds to finance the long term infrastructure projects, as is the case with developed economies like USA and Singapore where 30% of the financing is from people's fun. Provisions made to fund projects which are 'positive net worth' and RERA registered will further make the transactions in the Real Estate sector more cleaner. This highly appreciated move of the government will have a positive ripple effect on other major sectors of the economy with which the real estate sector has backward and forward linkages such as cement, iron and steel, among other. So at this moment the setting up of the approved special window of Rs. 25000 crores for funding the stuck real estate projects will provide a much needed breather to one of the most prominent sectors of the Indian economy thereby boosting employment for the growing population in the coming times.

Economy so far

- **Hon'ble Finance Minister reviews the state of economy at FSDC meeting-** The Hon'ble Finance

Minister Smt Nirmala Sitharaman has reviewed the state of the economy, including stress in the financial sector, at the meeting of the Financial Stability and Development Council (FSDC). The FSDC is the apex body of sectoral regulators, headed by the Hon'ble Finance Minister. "Broadly overall macro-economic issues and the state of the economy were discussed in details. There were some inter-regulatory issues which were also discussed. We also discussed about cybersecurity issues that were one important component of the discussion," Reserve Bank of India (RBI) Governor Shri Shaktikanta Das told reporters after the meeting.

- **CBDT notifies PAN-Aadhaar interchangeability-** The Central Board of Direct Taxes (CBDT) has amended over 100 forms and returns to provide for interchangeability between permanent account number (PAN) and Aadhaar number. The Union Budget presented in July had amended Section 139A of the Income-tax Act, 1961 to provide for interchangeability of PAN and Aadhaar number. However, an amendment to give effect to this change in various forms or returns and statements prescribed was pending.
- **Forex reserve rise by USD 3.5 billion to new lifetime high of USD 446.09 billion-** India's foreign exchange reserves rose by USD 3.5 billion to touch a fresh lifetime high of USD 446.09 billion in the week to November 1st 2019, helped by increase in foreign currency assets, RBI data has showed.
- **SEBI extends second phase of UPI implementation for retail investors till March 2020-** The Securities and Exchange board of India (SEBI) has extended till March 2020 the timeline for second phase implementation of the Unified Payments Interface (UPI) facility for retail investors applying for shares in public issues.
- **India will achieve the target of safe drinking water for all by 2024, says Hon'ble Jalshakti Minister** – Hon'ble Minister of Jalshakti, Shri Gajendra Singh Shekhawat has said that India will achieve the target of providing safe drinking water to everyone by 2024. "India extracts half of the total ground water used by the entire world. Our ground water usage is more than the combined ground water usage of USA and China. The study of India's groundwater aquifers will be completed in next two years," he has said.
- **India to see USD 100 billion energy investment by 2024: Hon'ble Minister of Petroleum and Natural Gas, Minister of Steel-** India will see a massive USD 100 billion investment in creating oil and gas infrastructure over the next five years as the world's third-largest energy consumer steps up spending to meet rising demand, Hon'ble Minister of Petroleum and Natural Gas, Minister of Steel, Shri Dharmendra Pradhan has said. "India will see an investment of USD 100 billion by 2024 in oil refining, pipelines, city gas distribution networks, and LNG terminals," he has said.
- **SEBI issues operational guidelines for FPIs-** The Securities and Exchange Board of India (SEBI) has issued operational guidelines for foreign portfolio investors (FPI) regulations notified in September 2019. It has said that all existing FPIs registered as category III FPIs under the 2014 regulations shall be deemed to have been registered as Category II FPIs under the new regulations.
- **Huge potential in services sector: Hon'ble Union Minister of Commerce and Industry-** India's services sector has huge potential to generate job opportunities and push economic growth, the Hon'ble Union Commerce and Industry Minister Shri Piyush Goyal has said. He said the services sector has huge potential and it contributes in a significant way to the Indian economy.
- **RBI revises liquidity risk management guidelines for NBFCs-** The Reserve Bank of India (RBI)

has said that it has revised the extant guidelines on liquidity risk management for non-banking finance companies (NBFCs) in order to strengthen and raise the standard of asset liability management (ALM) framework applicable to them. All non-deposit taking NBFCs with asset size of Rs 100 crore and above, systemically important core investment companies and all deposit taking NBFCs irrespective of their asset size will segregate the 1-30 day time bucket in the statement of structural liquidity into granular buckets of 1-7 days, 8-14 days, and 15-30 days.

- **Government considering setting up mega parks near ports to attract FDI: Shri Ravi Capoor, Textile Secretary-** The Government is considering setting up around ten integrated mega parks with state-of-the-art infrastructure near ports to attract Foreign Direct Investment (FDI). He said that there has been a "very good response" from State Governments on the proposed mega parks.

Markets So Far

Indicators	Yearly			Monthly			Daily		
	2016	2017	2018	Aug 19	Sept 19	Oct 19	(05-11-2019)	(06-11-2019)	(07-11-2019)
BSE SENSEX	26626	34057	36068	37332	38667.3	40129.05*	40,248	40,469	40,653
GOLD (10 GRMS)	29420	28966	30600	37371	37926	38246.6	38,565	38,304	38,180
CRUDE OIL (1 BBL)	2925	3317	4437	3905	4062.2	3850.2	3,996	4,048	3,994
EXCHANGE RATE (INR/USD)	67	65	68	71.06	71.4	71.05	70.6	70.9	71.2

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

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Warm Regards,

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