

Weekly Compendium of Economic and Business Developments

For the week ending 16th 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 IIP for the month of September 2019, CPI and WPI numbers for the month of October 2019, simplification & extension of GSTR-9 & GSTR-9C by the government, withdrawal of certain exemptions granted to Housing Finance Institutions by RBI, revision of qualifying assets criteria for NBFC-MFIs by RBI, key points of the address of Hon'ble Prime Minister of India, Shri Narendra Modi at the BRICS Business Forum, among others. The details of disseminated information during the week ending 16th November 2019 are appended.

India and World Economy

- **September 2019 IIP stands at (-)4.3%-** Growth in industry output, as measured in terms of IIP, for the month of September 2019 stands at (-)4.3% as compared to (-)1.4% in August 2019. The growth in the three sectors mining, manufacturing and electricity in September 2019 stands at (-)8.5%, (-)3.9% and (-)2.6% respectively over September 2018. Primary goods growth stands at (-)5.1%, capital goods growth stands at (-)20.7%, intermediate goods growth stands at 7.0%, infrastructure/construction goods growth stands at (-)6.4%, consumer durables stands at (-)9.9% and consumer non-durables growth stands at (-)0.4% during September 2019 as compared to the previous year.
- **October 2019 WPI inflation falls to 0.2%-** The WPI inflation falls marginally to 0.2% in October 2019 as compared to 0.3% in September 2019, 1.2% in August 2019, 1.2% in July 2019, 2.0% in June 2019 and 2.8% in May 2019. The decline in WPI inflation in the month of October 2019 is attributed to decrease in prices of Minerals (12.8%), Fruits(2.7%) and LPG (-30.9%). Build up inflation rate in the financial year so far was 1.92% compared to a build up rate of 4.90% in the corresponding period of the previous year.
- **Government simplifies GSTR-9 & GSTR-9C and extends last dates of submission-** The Government has decided to extend the due dates of filing of Form GSTR-9 (Annual Return) and Form GSTR-9C (Reconciliation Statement) for Financial Year 2017-18 to 31st December 2019 and for Financial Year 2018-19 to 31st March 2020. The Government has also decided to simplify these forms by making various fields of these forms as optional.
- **October 2019 CPI inflation rises to about 4.6%-** The all India general CPI inflation (Combined) for October 2019 rises to about 4.6% from 4% in September 2019. The inflation rates for rural and urban areas for October 2019 (Provisional) are 4.3% and 5.1% respectively as compared to 3.2% and 4.8% respectively, for September 2019. Rate of inflation during October 2019 for transport and communication (-0.5%), fuel and light (-2.02%), housing (4.6%), education (6.1%), health (5.6%), meat and fish (9.8%), etc.

Finance

- **RBI withdraws certain exemptions granted to Housing Finance Institutions-** Housing Finance Institutions as defined under Clause (d) of Section 2 of the National Housing Bank Act, 1987 are currently exempt from the provisions of Chapter IIIB of Reserve Bank of India Act, 1934. On a review, it has been decided by RBI to withdraw these exemptions and make the provisions of Chapter IIIB except Section 45-IA of Reserve Bank of India Act, 1934, applicable to them.
- **RBI revises qualifying assets criteria for NBFC-MFIs-** Taking into consideration the important role played by Micro Finance Institutions (MFIs) in delivering credit to those in the bottom of the economic pyramid and to enable them play their assigned role in a growing economy, it has been decided by RBI to increase the household income limits for borrowers of NBFC-MFIs from the current level of ₹1,00,000 for rural areas and ₹1,60,000 for urban/semi urban areas to ₹1,25,000 and ₹2,00,000 respectively.

Trade

- **Intra-BRICS trade and investment targets should be more ambitious: Hon'ble Prime Minister of India-** Hon'ble Prime Minister of India, Shri Narendra Modi has addressed the BRICS Business Forum, on the sidelines of BRICS Summit in Brazil. Heads of states of other BRICS countries, also addressed the Business Forum. Speaking on the occasion, he said that BRICS countries account for 50% of the world's economic growth. Despite recession at the global level, BRICS countries accelerated economic growth, drove millions out of poverty and achieved new breakthroughs in technology and innovation, he added.
- **BRICS countries bring stability & balance in an uncertain World; focus on Trade as catalyst of development- Hon'ble Union Commerce and Industry Minister-** India places great importance on its engagement with BRICS as it brings stability and balance to an uncertain world said the Hon'ble Union Minister of Commerce and Industry & Railways, Shri Piyush Goyal, at the interventions made by him in the BRICS Trade Ministers meeting held in Brasilia, Brazil.
- **BRICS Business Council created a roadmap to achieve \$500 billion Intra-BRICS trade target by the next summit : Hon'ble Prime Minister of India-** Hon'ble Prime Minister of India, Shri Narendra Modi along with the Heads of states of other BRICS countries participated in the Leaders dialogue with BRICS Business Council and New Development Bank. Hon'ble Prime Minister Shri Narendra Modi said that the BRICS Business Council created a roadmap to achieve the \$ 500 billion Intra-BRICS trade target by the next summit and identification of economic complementarities among BRICS countries would be important in this effort. The partnership agreement between New Development Bank (NDB) and BRICS Business Council would be useful for both the institutions, he added.

Our Voice

PHD Chamber delegation met Mrs Nirmala Sitharaman, Hon'ble Finance Minister to discuss vital growth provoking measures: Recently, a delegation led by Dr D K Aggarwal, President, PHD Chamber of Commerce and Industry met Mrs Nirmala Sitharaman, Hon'ble Finance Minister and discussed the vital growth provoking measures including a dedicated fund for MSMEs, reduction in Tax on MSME firms working as Proprietorship/Partnerships, release of funds by the Government to BSNL and MTNL, Replacement of Advance Authorization License, reduction in DDT rates, carry forward benefit of MAT Credit for companies opting for lower new corporate tax rate of 22%, reduction in Long term Capital Gains Tax on shares, exemption from tax on foreign dividends and Rupee Trade with Venezuela. PHD Chamber suggested setting up of a dedicated fund of Rs 25,000 crore with no collateral being asked for the MSMEs on the lines of fund for stalled housing projects as the MSMEs are the major demand and employment creating sector of the Indian economy. Further, as many of the MSMEs do not fit in the corporate category and hence they are not able to avail the lower tax benefits. Thus PHD Chamber suggested the Hon'ble Finance Minister for bringing down the maximum tax slab by minimum 5%. We have urged the Finance Minister for immediate release of funds by the government to BSNL and MTNL as they owe more than Rs 20,000 crores to their MSME and other vendors. Replacement of Advance Authorization License was also suggested during the meeting with a very simple and effective way to implement a procedure which allows for zero duty import of inputs for manufacturing of Information Technology Agreement products which already exists in the system. In the meeting, we also suggested that the profits earned in Foreign Exchange and dividends received from

foreign subsidiaries may be made non-taxable. It was suggested during the meeting that Venezuelan companies may be allowed to open Rupee Accounts in specially designated bank branches in India which can be utilized for securing payments of Indian exports to Venezuela on barter basis.

India-ASEAN bilateral trade to reach USD 300 billion by 2025: PHD Chamber- India's bilateral trade with the ASEAN economies is expected to double by 2025 to the level of USD 300 billion from the current level of USD 142 billion (2018). India's merchandise exports to ASEAN economies are in the tune of around USD 38 billion, imports at USD 59 billion and total trade at USD 97 billion in 2018-19, said the research study conducted by PHD Chamber of Commerce and Industry. In the services segment, India's exports to ASEAN economies stand at USD 24 billion, imports at USD 21 billion and total trade at USD 45 billion in the recent times. Exploring synergies between manufacturing and services trade, facilitation of mobility of professionals and business visits between India and ASEAN, encouraging greater regulatory cooperation and exchange of best international practices, among others will strengthen the bilateral cooperation between India and ASEAN economies. The continuous reforms undertaken by the Government of India are significantly encouraging to promote trade and economic cooperation between India and ASEAN economies. There is immense potential for increasing India's exports to ASEAN economies considering the inherent advantages of the Indian industry in various product categories. India's trade relations with ASEAN have witnessed a shift during the pre and post ASEAN-India Free Trade Agreement (AIFTA). Going ahead, there is scope for further diversification of India's exports basket to ASEAN economies. Therefore, facilitation to exporters to diversify the composition of India's export basket with enhanced knowledge of ASEAN markets will be crucial to strengthen India-ASEAN trade trajectory.

Economy so far

- **Ministry of Labour and Employment drops the plan to corporatise EPFO-** Ministry of Labour and Employment plans to drop its proposal to corporatise the Employees' Provident Fund Organisation (EPFO) and instead dust off its earlier proposal to set up a body headed by the Hon'ble Prime Minister to oversee the social security of nearly 500 million workers. The ministry's proposal to corporatise the EPFO had faced criticism from labour unions.
- **CBDT mops up Rs 6 lakh crore in direct tax collection so far-** According to Shri P C Mody, Chairman, Central Board of Direct Taxes, the government has so far mopped up Rs 6 lakh crore or less than 50 per cent of the total tax collection target of Rs 13.35 lakh crore for the current fiscal.
- **Steel companies hike prices by Rs 500-750 a tonne for the first time this fiscal-** Steel manufacturers hiked prices for the first time in the last seven months in November 2019, as the inventory at both the consumer and steel manufacturers' end shrank after the recent pick-up in demand. Most steel companies have hiked prices of hot-rolled coil by Rs 500-Rs 750 a tonne to Rs 35,500, and TMT bars by Rs 750- Rs 1,000, depending on quality specifications.
- **India, Switzerland ink pact on sharing financial information-** Indian Government officials met their counterparts from Switzerland to discuss cooperation in tackling black money parked in offshore accounts. India has entered into an agreement with Switzerland under which the latter has already begun sharing information on accounts of Indian nationals in Switzerland. This automatic exchange of financial account information will usher a new era of financial transparency as Indian tax administration will now know the details of all bank accounts held by Indians in Switzerland.
- **Indo-US trade meet: Medical devices, GSP among issues to figure-** Hon'ble Union Commerce and Industry Minister, Shri Piyush Goyal is leading an inter-ministerial delegation for the meeting with US Trade Representative Mr. Robert Lighthizer. Issues pertaining to medical devices, agriculture, and restoration of export incentives by America for domestic players would figure in the meeting. Both the sides would discuss the outstanding bilateral trade issues with a view to arrive at a common ground on a mutually beneficial basis. The two sides are negotiating a trade package to promote two-way commerce.
- **States should dismantle APMCs, adopt eNAM for farmers' benefit: Hon'ble Minister of Finance, Smt Nirmala Sitharaman-** The hon'ble Minister of Finance, Smt Nirmala Sitharaman said

that states are being cajoled to reject the Agricultural Produce market Committees (APMCs) and adopt electronic national Agriculture market (e-NAM) so that farmers get better price for their produce. e-NAM is a PAN India electronic trading portal which networks the existing APMC mandis to create a unified national market for agricultural commodities. So far, 21 e-NAM mandis of eight states namely UP, Uttarakhand, Andhra Pradesh, Telengana, Rajasthan, Gujarat, Maharashtra and Madhya Pradesh had joined hands to start inter-state trade on e-NAM.

- **Rising onion prices fuelling India inflation, not rates-** India's headline inflation probably breached central bank's 4% medium-term threshold last month, but that's surge-driven by high onion prices is unlikely to distract monetary policy makers from their focus on growth. Economists pegged the gains in consumer prices at 4.35% in October. That would be the first above -4% print since July 2018 and the highest since June last year. While policymakers will assess the accompanying food-price data, it may not be compelling enough for underlying inflation and is expected to remain subdued.
- **Ministry of Finance turns down MoRTH's demand for Rs 43,000 crore hike in outlay -** Despite the apparent thrust being given to infrastructure spending, the finance ministry has rejected the road transport and highway ministry's demand for hiking the budget outlay for it by Rs. 43,000 crore or 51% over the budget estimate. In the Budget for 2019-20, the ministry of road transport and highways (MoRTH) was allocated Rs. 83,016 crore for highway construction, up from Rs. 78,626 crore in 2018-19 and Rs. 61,015 crore in 2017-18. Of the total budgetary support for the current fiscal, MoRTH has already spent Rs. 51,798 crore or 62% by September end, as per the Controller General of Accounts data.
- **Government may extend anti-dumping duty on imports of clear float glass -** The government may extend existing anti-dumping duty on imports of clear float glass as the Ministry of Commerce has recommended for continuation of the levy. Continuation of the duty was recommended by the ministry's investigation arm Directorate General of Trade Remedies (DGTR) after concluding a probe into it. The directorate has said there is a likelihood of dumping and injury to the domestic industry, if the existing anti-dumping duties are allowed to cease. Due to this, the authority is of the view that continuation of duty is required against Pakistan, Saudi Arabia and United Arab Emirates. According to the DGTR notification, "The authority considers it necessary to recommend continuation of definitive anti-dumping duty as modified on all imports of the goods from these countries," and the existing duty will expire in December.

Markets So Far

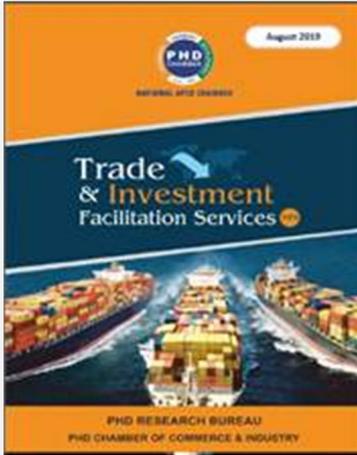
Indicators	Yearly			Monthly			Daily		
	2016	2017	2018	Aug 19	Sept 19	Oct 19	(13-11-2019)	(14-11-2019)	(15-11-2019)
BSE SENSEX	26626	34057	36068	37332	38667	40129*	40113	40286	40356
GOLD (10 GRMS)	29420	28966	30600	37371	37926	38246	38205	38217	38096
CRUDE OIL (1 BBL)	2925	3317	4437	3905	4062.2	3850.2	4058	4090	4090
EXCHANGE RATE (INR/USD)	67	65	68	71.06	71.4	71.05	71.29	71.97	71.79

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

Newsletters and Studies

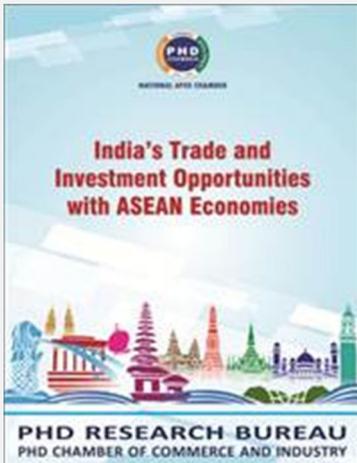
PHD Research Bureau has released a newsletter on Trade and Investment Facilitation Services (TIFS) for the month of October 2019 capturing information on recent developments in India's foreign trade, foreign investments, policy developments, bilateral economic relations, trade agreements, WTO among others.

[Trade and Investment facilitation Services Newsletter for the month of October 2019](#)



PHD Chamber released a study on India's Trade and Investment Opportunities with ASEAN Economies, during the Inaugural Session of India – ASEAN Business Summit: Today, Tomorrow, Together.

[Study on India's Trade and Investment Opportunities with ASEAN Economies](#)



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Warm Regards,

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