

Weekly Compendium of Economic and Business Developments

For the week ending 29th 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 GDP growth for Q2 FY2019-20, Core infra for them month of October 2019, World Migration Report 2020 which showed that India is the top remittance receiver and largest country of origin of international migrants; review of Non-Resident Rupee Accounts Policy by RBI; releases Second USD 150 Million Loan as Budgetary Support for West Bengal by ADB; decisions taken by the Union Cabinet; launch of web-portal of National Youth Parliament Scheme; approval of Rs 25.58 crores for Development of Loktak Inland Waterways; WTO report on trade restrictions among G20 economies, among others. The details of disseminated information during the week ending 29th November 2019 are appended.

India and World Economy

- **India's GDP growth stands 4.5% in Q2 FY2019-20-** India's GDP growth stands at 4.5% in Q2 FY2019-20. The agriculture sector growth stands at 2.1%; Mining & Quarrying at 0.1%; Manufacturing sector at (-)1.0%; Electricity, Gas, Water & Other Utility Services growth stands at 3.6%; Construction at 3.3%; Growth of Trade, Hotel, Transport, Communication at 4.8%; Financial, Real Estate & Professional Services registered a growth of 5.8% and Public Administration, Defence & Other Services at 11.6% in Q2 FY2019-20.
- **Project of Rs 25.58 crores approved for Development of Loktak Inland Waterways Project in Manipur-** The Ministry of Shipping gave approval for the development of Loktak Inland Water ways improvement project in Manipur under the central sector scheme. The estimated cost of the project is Rs 25.58 crores. The Loktak Lake is the largest fresh water lake in North east located at Moirang in Manipur.
- **ADB Releases Second USD 150 Million Loan as Budgetary Support for West Bengal-** The Asian Development Bank (ADB) has approved the release of USD 150 million for the second part of a program in West Bengal to provide budgetary support for the state government. The policy-based program loan of USD 300 million for the Second West Bengal Development Finance Program was approved in September 2017 to create fiscal space for the state to boost capital investment and improve infrastructure
- **India is the top remittance receiver and largest country of origin of international migrants: World Migration Report 2020-** According to World Migration Report 2020, International Organisation for Migration (IOM), UN Migration, there have been incremental changes in migration in recent years, such as in the overall scale of migration and displacement, although these changes could not be described as "seismic". India continued to be the largest country of origin of international migrants.
- **Decisions taken by the Union Cabinet-** Cabinet approves Agreement and Protocol between India and Chile for the avoidance of double taxation; Cabinet approves extension of the term and coverage of the Fifteenth Finance Commission and submission of two reports by the Finance Commission; Cabinet approves big increase in the authorized capital of Food Corporation of India from Rs. 3,500 crore to

Rs.10,000 crore; Cabinet approves extension of norms for mandatory packaging in jute materials; Cabinet approves India's Approach to UN Climate Change Conference to be held in Spain next week; Cabinet approves Post Facto the Agreement on establishment of Strategic Partnership Council between India and Saudi Arabia; Cabinet approves MoUs signed between India and Saudi Arabia in the field of combating illicit trafficking and smuggling of Narcotic Drugs, Psychotropic Substances and Chemical Precursors.

- [The Hon'ble President of India launches web-portal of "National Youth Parliament Scheme"](#)- At special function on the occasion to commemorate 70th Anniversary of adoption of the Constitution of India, - "Samvidhan Diwas", organized in the Central Hall of Parliament, the Hon'ble President Shri Ram Nath Kovind launched the Web-Portal of "National Youth Parliament Scheme".
- [National Sample Survey Report on Drinking Water, Sanitation, Hygiene and Housing Condition; Health; Social Consumption on Education and; Persons with Disability-](#) NSS Report No.584: Drinking Water, Sanitation, Hygiene and Housing Condition in India, NSS 76th Round (July –December 2018); Household Social Consumption in India: Health NSS 75th Round (July, 2017 – June, 2018); Household Social Consumption on Education In India NSS 75th Round (July 2017- June 2018); NSS Report No. 583: Persons with Disabilities in India NSS 76th Round (July – December 2018).
- [Unemployment Rate in urban areas estimated at 9.3% during January-March 2019: Periodic Labour Force Survey-](#) The National Statistical Office (NSO), Ministry of Statistics and Programme Implementation has released the Quarterly Bulletin for Periodic Labour Force Survey for the period January-March, 2019, presenting estimates of labour force indicators, for urban areas.
- [October 2019 core infra stands at \(-\)5.8%-](#) The core infrastructure stands at (-)5.8% in October 2019 as against (-)5.1% in September 2019. The combined Index of Eight Core Industries stood at 127.0 in October, 2019, which declined by 5.8% as compared to the index of October, 2018. Its cumulative growth during April to October, 2019-20 was 0.2%.

Finance

- [RBI reviews Non-Resident Rupee Accounts Policy-](#) With a view to promote the usage of INR products by persons resident outside India, it has been decided by RBI, in consultation with the Government of India, to expand the scope of Special Non-resident Rupee (SNRR) Account by permitting person resident outside India to open such account for: External Commercial Borrowings in INR; Trade Credits in INR; Trade (Export/ Import) Invoicing in INR; and Business related transactions outside International Financial Service Centre (IFSC) by IFSC units at GIFT city like administrative expenses in INR outside IFSC, INR amount from sale of scrap, government incentives in INR, etc. The account will be maintained with bank in India (outside IFSC).

Trade

- [Trade restrictions among G20 economies remain at historic highs: WTO-](#) According to the new Trade Monitoring Report by the World Trade Organization (WTO) shows that G20 economies from mid-May to mid-October 2019 introduced import-restrictive measures covering an estimated USD 460 billion worth of traded merchandise. This represents a 37% increase over the previous period going back to mid-October 2018, and is second only to the USD 481 billion coverage of import-restricting measures reported between mid-May and mid-October 2018.

Our Voice

Worst is behind us, looking forward to a rebound in the coming quarter: PHD Chamber- Though the growth of GDP has decelerated sharply in the last quarter to 4.5%, string of reforms undertaken during the last few months will refuel the growth trajectory of the country and we are very much hopeful that growth will rebound in the next quarter. The recent reforms such as reduction in corporate tax rates, 2-year moratorium on spectrum-related dues, cabinet

approval to Industrial Relations Code and special fund for stuck housing projects would enhance production possibility frontiers and generate employment opportunities in the economy in the coming quarter. Going ahead, we urge the government to focus more on the demand boosting measures particularly in the rural areas such as boosting the income of the farmers, promoting rural based industries and more handholding to the MSMEs. At this juncture, transmission of the cut in RBI's policy repo rate by the banking sector becomes crucial to boost the credit growth and to bring down the cost of doing business particularly for the MSMEs. Reforms in the direct taxation are required for individuals to boost their personal disposable income so that saving-investment rates are enhanced.

Economy so far

- **There is economic slowdown, but no signs of recession: Hon'ble Minister of Finance Smt Nirmala Sitharaman-** Hon'ble Minister of Finance Smt Nirmala Sitharaman defended her handling of the economy, saying steps taken by the government since the Union Budget presentation had started bearing fruit and some sectors such as automobiles are showing signs of recovery. The minister added that while economic growth had slowed in the past few quarters, the country was not undergoing a recession. The hon'ble minister of finance touched upon the difficulties in meeting the fiscal deficit, and indirectly signalled a fiscal slippage for the year. While the Centre has not revised its fiscal deficit target for the year, officials expect a slippage, given that tax revenue shortfall is expected to be larger than Rs 2 trillion in the current financial year. Allaying concerns over the revenue position of the government, she said direct tax and goods and services tax (GST) collections had seen an increase in the first seven months of the current fiscal when compared to the same period of the last year.
- **Japan keen to fix India's RCEP issues-** Keen to have India back in the Regional Comprehensive Economic Partnership (RCEP), Japan has reached out to New Delhi to help address its concerns including those on trade deficit. Tokyo's eagerness to include India stems from the fact that it fears China setting the terms of the pact and also reap the benefits from easier origin rules that would allow it to sell goods coming from China to other RCEP countries at low duties
- **Labour laws: Government proposes making 14-day notice must for holding a strike-** The government has proposed to make a 14-day notice mandatory for employees to go on strike under new labour laws, hon'ble Union Minister of Labour Shri Santosh Kumar Gangwar told the Rajya Sabha. If there is a strike in any unit, they (employees) would have to inform at least 14 days in advance. He also informed that according to a 2016 survey, there were 10 crore migrant workers in the country, which was around 20% of the labour force. The Minister had asked the state governments to prepare a list to conduct a survey of migration of people.
- **Apparel exports up 5% post Generalised System of Preferences withdrawal-** Smt Smriti Zubin Irani, Hon'ble Textiles Minister informed Rajya Sabha that exports of apparel post-withdrawal of Generalised System of Preferences (GSP), has increased by 5% as compared to the corresponding period before withdrawal.
- **The Industrial Relations Code Bill, 2019 Introduced in Lok Sabha-** Shri Santosh Kumar Gangwar Hon'ble Minister of State (I/C) for Labour and Employment introduced The Industrial Relations Code Bill, 2019 in the Lok Sabha. The Bill aims to consolidate and amend the laws relating to trade unions, conditions of employment in industrial establishment or undertaking, investigation and settlement of industrial disputes. The draft code on Industrial Relations has been prepared after amalgamating, simplifying and rationalizing the relevant provisions of following three Central Labour Acts viz: The Trade Unions Act, 1926, The Industrial Employment (Standing Orders) Act, 1946 and The Industrial Disputes Act, 1947.
- **Companies will soon be required to pay for re-skilling retrenched workers-** Companies will soon be required to pay for re-skilling workers — a sum which will go directly into their bank accounts within 45 days of their retrenchment. The Industrial Relations Code Bill, 2019, introduced in the Lok Sabha included the proposal that the government set up a re-skilling fund for workers affected by retrenchment or closure of units. The fund will be formed through contribution from employers equivalent to '15 days of

wages last drawn' by workers being retrenched.

- **Government measures fail to stem slide in NBFC credit-** Credit disbursements by nonbanking financial companies (NBFCs) have continued to slide despite government measures to boost bank funding to the sector. Loan sanctions fell 34% in the September quarter. Total NBFC sanctions fell to Rs 1.9 lakh crore at the end of September from Rs 2.9 lakh crore during the same period last year.
- **Punjab launches EMS & Web-GIS to ease Business-** The Punjab Small Industries and Export Corporation (PSIEC), under the visionary leadership of Capt. Amarinder Singh, has launched Estate Management System (EMS) & Web-GIS (Geographic Information System) with the aim of ensuring transparency and promoting ease of doing business in the State. Through EMS, applicants/ allottees will be able to apply for allotment of industrial/ commercial/ residential plots, pay dues online and also avail post-allotment services with respect to their plots. Web-based GIS will facilitate applicants/allottees to know about land availability, provision of basic amenities, like roads, sewage, electricity etc. and proximity to roads, railways, airports, dry ports etc.
- **Tighter CAFE norms may soon leave carmakers no option but to make more EVs-** The government is looking to tighten the corporate average fuel economy (CAFE) norms, in a bid to push automakers to incrementally increase production of electric vehicles by 2-3% every year. This is a more gradual effort after its efforts to make vehicle manufacturers reduce the number of vehicles powered by internal combustion engines (conventional vehicles) through limits on their production faced stiff resistance from the industry. CAFE is the average fuel efficiency of all vehicles produced by a manufacturer in a given period, taking into consideration the sales volume of each model.
- **Service sector can help government achieve target of USD5 trillion economy-** According to Shri Piyush Goyal, Hon'ble Union Minister, India's service sector can help achieve the Central government's target of USD5 trillion GDP. The service sector has the potential to be the largest job creators in the country and over the next five years, it has the potential to contribute USD3 trillion out of the USD5 trillion GDP target set by the government. He emphasised that manufacturing and services sectors need to work together, as without services, manufacturing cannot succeed and without manufacturing, services cannot grow.
- **Bill introduced to raise cap on chit fund collections-** Chit funds are distinct from unregulated deposits and Ponzi schemes, Shri Anurag Singh Thakur, Hon'ble Minister of State for Finance and Corporate Affairs said while introducing the Chit Funds (Amendment) Bill, 2019 in Rajya Sabha recently. The bill, which seeks to raise the maximum amount a chit fund can collect, was passed in the Lok Sabha last week. The bill seeks to raise the monetary limit of chit funds with less than four partners to Rs 3 lakh from Rs 1 lakh, and the limit for chit funds with four or more partners to Rs 18 lakh from Rs 6 lakh. The minister said that a government-constituted key advisory group (KAG) and the parliament's standing committee on finance had both recommended changes to the legal and regulatory framework for chit funds for the orderly growth of the sector.
- **Finance Minister Smt Nirmala Sitharaman introduces Bill in Lok Sabha to cut corporate tax-** Smt Nirmala Sitharaman, Hon'ble Finance Minister in Lok Sabha introduced the Taxation Laws (Amendment) Bill, 2019 that seeks to replace the ordinance, issued on September 20, to slash corporate tax rate to 22% without incentives and 15% for new manufacturing entities. The changes in the corporate tax rates were effected through an ordinance as Parliament was not in session then. As per the constitutional process, an ordinance promulgated has to be laid before both the houses of Parliament and shall cease to operate at the expiration of six weeks from reassembly of Parliament or if before expiration of the above period, resolutions disapproving the ordinance are passed by both the Houses, on the date on which resolutions are passed. The minister also introduced the International Financial Services Centre Authority Bill, 2019, to provide for a unified financial regulator for IFSCs.
- **Government lists activities that will not qualify for lower corporate tax scheme-** The government

has listed the items whose manufacture will not allow units to qualify for the 15% corporate tax scheme. Further, the entities opting for the reduced tax rate of 22% cannot claim any exemption or incentives, including accumulated Minimum Alternate Tax (MAT) credit. Software development, book printing, mining, conversion of marble blocks and bottling of gas into cylinders are excluded from the definition of manufacturing.

- **Committee of Secretaries on telecom bailout package disbanded-** The Committee of Secretaries (CoS) set up to suggest relief measures for the telecom sector has been 'disbanded', according to the government official indicating that the two-year moratorium on spectrum payments is possibly all that the sector will get for now. The official also mentioned that nothing more should be expected. On whether a new inter-ministerial panel could be constituted to provide relief for the Rs 1.47 lakh crore adjusted gross revenues (AGR) dues, the official said, "No".
- **Telcos to defer 5G rollout for 5 years as prices too high-** Indian mobile companies are likely to push back 5G network deployments by at least five years due to exorbitant base prices, insufficient spectrum and newer bands' unavailability. According to Shri Rajan S Mathews, Director-general of Cellular Operators Association of India, pricing originally started off as a problem for the industry. With the Rs 492 crore for 1 MHz, most operators said it was not a viable proposition given the debt and international prices.
- **Dairy out of India-US trade talks for now-** India and the US have identified almost 40 products like pistachios, walnuts and apples that can be considered for duty concessions. The two sides are also trying to zero in on workable concessions for medical devices. The issues were discussed at an official-level meeting between trade negotiators of the two countries last week even as there were no talks on dairy imports. Washington is also said to have asked New Delhi to reduce the import duty on pulses.
- **Government plans to amend IBC to ring-fence buyers of stressed assets from prosecution-** The government plans to amend the Insolvency and Bankruptcy Code (IBC) to provide immunity to companies taking over stressed assets from prosecution for financial crimes committed by erstwhile promoters. This will help make the insolvency process more attractive for the bidders and instill confidence in them.
- **RCEP offer was not as much as our aspirations: Finance Minister-** According to Smt Nirmala Sitharaman, Hon'ble Union Finance Minister, India did not join the Regional Comprehensive Economic Partnership (RCEP) as the offer was not as much as government's aspirations. She mentioned that India took the call not to the join RCEP despite spending considerable amount of time on the negotiating table
- **GoM set up to resolve land leasing issues-** The Prime Minister's Office has set up a group of 12 ministers to resolve differences over the proposed Model Agricultural Land Leasing Act, 2016. The GoM (Group of Ministers) includes the Hon'ble Ministers of Defence, Home, Agriculture and Rural Development. The model legislation, drafted by the Niti Aayog three years ago, is yet to be adopted by states. Most state governments have either legally banned or slapped restrictions on agricultural land leasing that have forced tenancy to be informal, insecure and inefficient. The move came after the Aayog took up with the PMO the issue of the crucial legislation being held up.
- **Legislation for stringent ship recycling norms this session-** India is set to bring in legislation in the ongoing winter session of Parliament, putting in place stringent standards for ship recycling that are expected to help it draw European and Japanese vessels for breaking. Shri Mansukh Mandaviya, Hon'ble Minister for state (independent charge), Ministry of Shipping said that the proposed ship recycling Bill would help India emerge as the preferred destination, especially for countries in the European Union, for ship breaking and give a significant boost to the industry.
- **Government plans to scrap e-commerce 'gifts' to curb China imports-** The government is

considering amending its rules to completely remove the provision under which citizens can receive duty-free 'gifts and samples' valued at under Rs 5,000 from overseas, after finding its rampant misuse by Chinese ecommerce vendors. The Central Board of Indirect Taxes and Customs (CBITC) is looking at multiple legal options, one being limiting the number (of gifts) to four per individual. But to implement this practically would be difficult, so CBITC is looking at a policy that prohibits the clearance of gifts altogether.

Markets So Far

Indicators	Yearly			Monthly			Daily		
	2016	2017	2018	Aug 19	Sept 19	Oct 19	(27-11-2019)	(28-11-2019)	(29-11-2019)
BSE SENSEX	26626	34057	36068	37332	38667	40129*	41021	41130	40793
GOLD (10 GRMS)	29420	28966	30600	37371	37926	38246	37751	37771	37876
CRUDE OIL (1 BBL)	2925	3317	4437	3905	4062.2	3850.2	4182	4147	4147
EXCHANGE RATE (INR/USD)	67	65	68	71.06	71.4	71.05	71.30	71.60	71.73

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,

Dr S P Sharma

Chief Economist

PHD Chamber of Commerce and Industry

PHD House, 4/2 Siri Institutional Area

August Kranti Marg, New Delhi-110016, India

Tel: +91 49545454

Fax: +91 11 26855450

Email: spsharma@phdcci.in

Website: www.phdcci.in

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PHD House, 4/2 Siri Institutional Area, August Kranti Marg, New Delhi - 110 016 (India) • Tel. : +91-11-2686 3801-04, 49545454, 49545400
Fax : +91-11-2685 5450, 49545451 • E-mail : phdcci@phdcci.in • Website : www.phdcci.in, CIN: U74899DL1951GAP001947

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