

Weekly Compendium of Economic and Business Developments

For the week ending 10th January 2020

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, First Advance Estimates of National Income, 2019-20 released by National Statistical Office (NSO); World Bank's Global Economic Prospects, January 2020; amends of Insolvency and Bankruptcy Board of India (Liquidation Process) Regulations, 2016 by IBBI; requirement to have a to have a whole time company secretary for private company with a paid up share capital of Rs 10 crore or more; Income-tax Rules amendments by CBDT; new system audit norms for exchanges, clearing corporations and depositories by SEBI; RBI's revision of Supervisory Action Framework for Primary (Urban) Co-operative Banks (UCBs); decisions taken by Union Cabinet; among others. The details of disseminated information during the week ending 10th January 2020 are appended.

India and World Economy

- **First Advance Estimates of National Income, 2019-20; GDP to grow at 5.0% in FY20- The** National Statistical Office (NSO), Ministry of Statistics and Programme Implementation has released the First Advance Estimates of National Income for 2019-20. Real GDP or GDP at Constant Prices (2011-12) in the year 2019-20 is likely to attain a level of Rs 148 lakh crore, as against the Provisional Estimate of GDP for the year 2018-19 of Rs 141 lakh crore. The growth in real GDP during 2019-20 is estimated at 5% as compared to the growth rate of 6.8% in 2018-19.
- **India's GDP forecasted to grow at 5.8% in FY20, and at 6.1% in FY21 and FY22 each: World Bank's Global Economic Prospects, January 2020-** According to World Bank's Global Economic Prospects, January 2020, global economic growth is forecasted to edge up to 2.5% in 2020 as investment and trade gradually recover from last year's significant weakness but downward risks persist. World Bank has estimated India's GDP to grow at 5% in FY2019 and forecasted that economy will grow at 5.8% in FY20, and at 6.1% in FY21 and FY22 each.
- **Decisions taken by the Union Cabinet-** Cabinet approves Memorandum of Understanding between India and United Kingdom for Enabling Energy Self Sufficiency for Indian Railways; Cabinet approves ratification of Migration and Mobility Partnership Agreement between India and France; Cabinet approves 'In Principle' strategic disinvestment of equity shareholding of Minerals & Metals Trading Corporation Limited, National Mineral Development Corporation, MECON and Bharat Heavy Electricals Ltd. in Neelachal Ispat Nigam Limited, a JV Company with two Government of Odisha State PSUs.
- **IBBI amends the Insolvency and Bankruptcy Board of India (Liquidation Process) Regulations, 2016-** The Insolvency and Bankruptcy Board of India (IBBI) notified the Insolvency and Bankruptcy Board of India (Liquidation Process) (Amendment) Regulations, 2020 on 6th January 2020. The amendment clarifies that a person, who is not eligible under the Code to submit a resolution plan for insolvency resolution of the corporate debtor, shall not be a party in any manner to a compromise or arrangement of the corporate debtor under section 230 of the Companies Act, 2013. It also clarifies that a secured creditor cannot sell or transfer an asset, which is subject to security interest, to any person, who is not eligible under the Code to submit a resolution plan for insolvency resolution of the corporate debtor.
- **Private company with a paid up share capital of Rs 10 crore or more to have a whole time company secretary-** In exercise of the powers conferred by sub-section (1) of section 203 of the

companies Act, 2013, the central Government has hereby made the following rules further to amend the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014: For rule 8A, the following shall be substituted as under: Every private company which has a paid up share capital of ten crore rupees or more shall have a whole -time company secretary.

- **Inauguration of Artificial Intelligence based NSE knowledge hub- Shri** Piyush Goyal, Hon'ble Commerce and Industry & Railways Minister, inaugurated the National Stock Exchange (NSE) Knowledge Hub in New Delhi, an Artificial Intelligence (AI) powered learning ecosystem that will assist the banking, financial services and insurance (BFSI) sector.

Finance

- **CBDT amends Rule 10DA and Rule 10DB of Income-tax Rules, 1962-** In exercise of the powers conferred by sub-section (1) and sub-section (4) of section 92D and sub-section (8) of section 286 read with section 295 of the Income-tax Act, 1961 (43 of 1961), the Central Board of Direct Taxes hereby makes rules to amend the Income-tax Rules, 1962. These rules may be called the Income-tax (2nd Amendment) Rules, 2020. The Amendment of Rule 10DA and Rule 10DB are made regarding furnishing of information and maintenance of documents by Constituent Entity of an international group.
- **CBDT notifies ITR-1 and ITR-4 forms for assessment year 2020-21-** The Central Board of Direct Taxes (CBDT) has notified two Income Tax return (ITR) forms for the assessment year of 2020-21. In exercise of the powers conferred by section 139 read with section 295 of the Income-tax Act, 1961 (43 of 1961), the Central Board of Direct Taxes has come out with Income-tax (1st Amendment) Rules, 2020, which shall come into force with effect from April 1, 2020.
- **SEBI brings new system audit norms for exchanges, clearing corporations and depositories-** Taking into account the rapid technological developments in the securities market and the entailing risks that these developments pose to the efficiency and integrity of markets, SEBI vide Circular no. CIR/MRD/DMS/13/2011 dated November 29, 2011 had mandated that stock exchanges and depositories should conduct an Annual System Audit by a reputed independent auditor. Subsequently, the framework was also extended to clearing corporations.
- **RBI revises Supervisory Action Framework for Primary (Urban) Co-operative Banks (UCBs)-** This is in reference to the circular Cir No. 3/12.05.001/2014-15 dated November 27, 2014 on Supervisory Action Framework (SAF) for UCBs. On a review it has been decided by RBI to further rationalize the Supervisory Action Framework (SAF) to make it more effective in bringing about the desired improvement in the UCBs as also expeditious resolution of UCBs experiencing financial stress. Reserve Bank will continue to monitor asset quality, profitability and capital/net worth of UCBs under the revised SAF.

Our Voice

The Indian economy has been estimated to grow at 5% in FY 2019-20 by National Statistical Office (NSO), Ministry of Statistics and Programme Implementation. This reflects a sharp decline from 6.8% in FY 2018-19 amid broad-based slowdown, delicate consumer sentiments and subdued consumer demand & investments. Manufacturing and construction industry growth is expected to decline the most to the level of 2% and 3.2% respectively. The projected GDP growth for FY20 is the lowest since FY09, when GDP growth plummeted to 3.1% because of the 2008 global financial crisis. However, the year 2019 was a year of great economic reforms wherein the government announced string of reforms for each and every socio-economic segment of the country. Moving forward, the government should work towards creation of scenario characterised by higher industrial growth vis-a-vis strong demand coupled with speedy implementation and synchronization of the reforms. The year 2020 is expected to be a year of economic rebound wherein the expectation is that the economy will regain its dynamic growth trajectory once again and take its position to become a US\$5 trillion economy by 2024.

Economy so far

- **Amid revenue shortage, government begins audit of GST returns for FY 2017-18-** Amid a looming revenue shortage, the government has begun a nation-wide audit of goods and services tax (GST) returns for the 2017-18 financial year. It is sending notices to companies across the board, seeking details on GST and income tax (I-T) returns, much ahead of the due date for annual filing.
- **Competition Commission of India pitches for self-regulation of ecomm platforms-** Competition Commission of India has called for clear policies on deep discounts and transparency in seller ratings by large ecommerce companies. The Competition Commission of India (CCI) unveiled a set of self-regulation guidelines for the ecommerce sector, along with the findings of an ecommerce market study it initiated in April last year. The CCI has said that ecommerce players should increase transparency in search rankings, collection and use of data and user review and rating mechanisms. The commission has suggested that ecommerce firms notify businesses on their platforms of any proposed changes in terms and conditions and only bring them into effect after a reasonable notice period.
- **Environment Ministry clears 10 coal mining projects-** The environment ministry has cleared 10 coal mining projects with a total capacity of 160 million tonnes a year and four washeries that can handle 31 million tonnes annually. These include Coal India's projects for seven mines and two washeries with an annual capacities of 141 million tonnes and 15 million tonnes respectively. The ministry cleared 14 of the 23 projects it considered.
- **Ministry wants update on grain procurement-** The ministry of food has asked states to regularly update data on the amount of foodgrains purchased and the money disbursed to farmers along with their names to help it monitor and plan food procurement, and identify beneficiaries across the country.
- **Highways may be ranked on safety, mobility-** India is proposing to rate its national highways on parameters including safety and mobility, among others, looking to improve the quality of highways network in the country. The exercise is aimed to help the National Highways Authority of India, or NHAI, plug gaps and adopt better practices at the design stage itself. NHAI plans to assess four national highway corridors in the next quarter. Pune-Vijayawada, Bangalore-Kanyakumari, Mumbai-Kolkata are among the corridors being taken up first.
- **Government taking steps to simplify taxation; curb harassment of honest taxpayers: Finance Minister-** According to Smt Nirmala Sitharaman, Hon'ble Finance Minister, government is taking various steps to simplify taxation system and eliminate harassment of honest taxpayers, based on suggestions received from various stakeholders. In a bid to curb harassment of taxpayers, she said that a faceless e-assessment scheme was launched in October to eliminate interface between an assessing officer and a taxpayer.
- **Need to improve supply chain in agriculture: RBI Governor-** Reserve Bank of India (RBI) Governor Shri Shaktikanta Das recently said that there was a need to improve the supply chain in the agricultural market and that increasing the average share of farmers in retail prices should be a priority area. According to the RBI governor, wider rural road network, better communication facilities, and easier access to micro credit will contribute to better price realisation for farmers. Farm and labour policy changes needed for more equitable growth, he mentioned.
- **2nd National GST Conference held for streamlining GST system-** The 2nd National GST Conference of the Commissioners of State Tax and Chief Commissioners of Central Tax was held here today under the chairmanship of Dr Ajay Bhushan Pandey, Revenue Secretary, Ministry of Finance. The multi-faceted Conference was focused on brainstorming session for streamlining Goods and Services Tax (GST) system and plugging revenue leakages. During the Conference, deliberations were held on a mechanism and machinery for disseminating inter-departmental data among various and State Tax Administrations. In order to achieve efficiency in curbing evasion and augment revenue collection, a nine-point plan has been firmed up to plug revenue leakages under the goods and services tax regime. It includes setting up a panel with tax officials from Centre and states to draw up a standard operating

procedure for tackling refund frauds.

- **Sen Panel tasks 3 subgroups with monitoring data collection-** A high-level panel headed by country's first chief statistician Dr Pronab Sen tasked to look into economic statistics has set up three subgroups to supervise the data collection process of the surveys on jobs, industry and services. The decision was taken at the panel's first meeting held recently. The standing committee on economic statistics (SCES), chaired by Sen, has subsumed in it four earlier standing committees on labour force statistics, industrial statistics, services sector and unincorporated sector enterprises. It has 27 members including academics and industry representatives.
- **Two schemes floated to revive stranded gas-based power units-** The Ministry of Power has finalised two schemes to procure 4,000 MW (Mega Watt) from gas-based power plants to rescue stranded units put up at a cost of about Rs 1,00,000 crore. The schemes include procuring 2,000 MW from gas-based plants through auction and bundling it with an equal capacity of solar power. Another 2,000 MW will be procured through online reverse auction, on a model similar to previous such schemes.
- **Government to sell 100% stake in Air India-** The government has decided to sell its entire 100 per cent stake in Air India under the proposed disinvestment process. The national carrier, which has a debt burden of more than Rs 50,000 crore, has been making loss for long and as part of revival efforts, the government has decided on disinvestment.
- **India plans to cut spending to curb deficit; may hurt growth-** The government is likely to cut spending for the current fiscal year by as much as Rs 2 lakh crore (\$27.82 billion) as it faces one of the biggest tax shortfalls in recent years. The government has spent about 65% of the total expenditure target of Rs 27.86 lakh crore till November but reduced the pace of spending in October and November. Lack of demand and weak corporate earnings growth in the economy led to lagging tax collections this year.
- **Cement demand may rise by up to 6% on government's mega infra push-** As India seeks to build infrastructure that can undergird its ambitions of expanding into a \$5-trillion economy by the middle of this decade, consumption of cement is set to increase by up to 6% immediately in the country which is the world's second biggest market for the primary building material. The Centre's proposal to invest Rs 102 lakh crore to build ports, airports, motorways or irrigation canals is expected to drive demand for the commodity, of which India is also the world's second-biggest producer after China but trails the global average in per capita consumption.
- **DGFT told to tighten system for accrediting exporters-** The Central Board of Indirect Taxes and Customs (CBIC) has asked Director General of Foreign Trade (DGFT) to beef up its system used for accrediting exporters after investigations brought to the fore integrated goods and services tax (IGST) fraud by some 'star' status holding exporters. Star exporters, which are given more leeway than others including reduced customs inspections, may now be asked to produce statutory records of compliance, including certifications declaring no non-performing assets (NPA) from the banks as CBIC cracks down on fake invoicing and fraudulent tax crediting, being encashed through IGST and input tax credit refunds.
- **Shri Amit Shah-led GoM to vet National Tariff Policy-** Shri Amit Shah, Hon'ble Home Minister will head a group of ministers (GoM) to discuss the proposed National Tariff Policy that is being awaited as a major reform by the stressed power sector but being opposed by state governments and discoms due to clauses like penalties for load shedding. The inter-ministerial group will likely have 10 ministers, including eight in cabinet rank and two with independent charge.
- **8 states finalise action plan for agriculture export policy: Government-** The government recently said that eight states, including Maharashtra, Uttar Pradesh, Punjab and Karnataka, have finalised action plan for agriculture export policy which aims to double such exports. Further, the Agricultural and

Processed Food Products Export Development Authority (APEDA) has been adopting a focused approach for ensuring greater involvement of the state governments for effective implementation of Agri Export Policy (AEP).

- Eyeing top 50 in ease of doing business: Insolvency resolution, cross-border trade, contracts in focus**- The government has chalked out a detailed action plan as it seeks to put India into the top 50 of the World Bank's ease of doing business index. The plan includes strengthening six focus areas—enforcing contracts, resolving insolvency, starting a business, registering property, paying taxes and trading across borders—before the bank releases this year's rankings. The Department for Promotion of Industry and Internal Trade (DPIIT) also plans to share reforms related to a new indicator contracting with the government for the first time with the World Bank for the upcoming 'doing business report'.
- Hon'ble Prime Minister Chairs Meeting with various sectoral groups in a pre-budget exercise-** Hon'ble Prime Minister Shri Narendra Modi called for a focussed effort from all stakeholders in order to achieve the target of USD 5 Trillion Dollar Economy in India. Prime Minister was interacting with various senior Economists, Private Equity/Venture Capitalists, Business Leaders from Manufacturing, Travel & Tourism, Apparel & FMCG, Analytics, subject experts in the fields of Agriculture, Science & Technology and Finance. Prime Minister said that the idea of USD 5 Trillion Dollar Economy is not a sudden development and that it is based on a deep understanding of the strengths of the country. He said that the strong absorbent capacity of Indian economy shows the strength of basic fundamentals of the Indian economy and its capacity to bounce back. The sectors like Tourism, Urban Development, Infrastructure and Agri based Industry have a great potential to taking forward the economy and for employment generation. Stating that India is land with unlimited possibilities he requested all stakeholders to do their bit to bridge the gap between reality and perception.
- Government to slash time taken to start new business to 5 days-** The government is set to slash the requirements & time taken for starting a new business from 10 process and 18 days to five processes and as many days. Ten key services, including name reservation, incorporation as well as registration for various taxes such as goods and services tax, will soon be available via two forms instead of multiple individual ones at present. The Ministry of Corporate Affairs will in a month unveil the two new forms — 'Spice Plus' and 'Agile Pro', which will replace six forms currently required to avail of these services.
- Green nods waived for distilleries planning to hike ethanol production-** The Ministry of Environment has decided to waive green clearance requirements for distilleries planning to produce up to 50% more ethanol than their nameplate capacity without increasing pollution. The decision will enable sugar mills to divert more raw material towards producing ethanol this season, helping them fight sugar supply glut and provide more ethanol for blending with petrol without having to wait for green clearances, which could have taken six months to a year and, in many cases, forced units to miss the opportunity of additional ethanol output this sugar year.
- Commerce ministry holds meeting with SEZ players to discuss issues-** The Hon'ble Commerce and Industry recently held a meeting with special economic zone (SEZ) players and discussed ways to further promote growth of the sector. The meeting took up certain suggestions from Bharat Forge Chairman Baba Kalyani-led committee on SEZ that are not yet implemented. The industry demand to extend the direct tax incentives to SEZ units beyond March 31st 2020 also figured in the meeting.

Markets So Far

Indicators	Yearly			Monthly			Daily		
	2016	2017	2018	Oct 19	Nov 19	Dec 19	(7-1-2020)	(8-1-2020)	(9-1-2020)
BSE SENSEX	26626	34057	36068	40129	40,793	41253*	40869	40817	41452
GOLD (10 GRMS)	29420	28966	30600	38246	38125	38084	40372	40694	39706

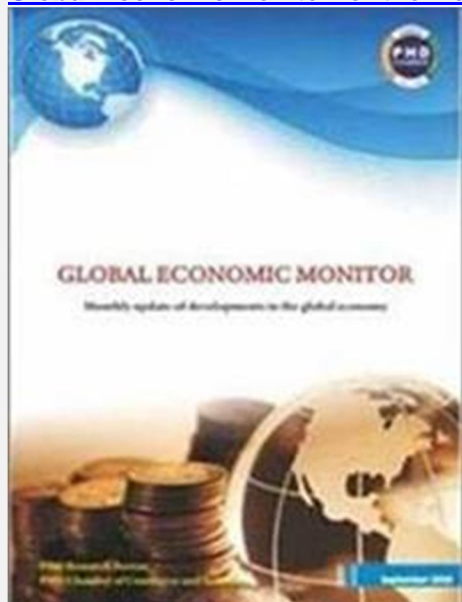
CRUDE OIL (1 BBL)	2925	3317	4437	3850.2	4074	4241	4520**	4561***	4254#
EXCHANGE RATE (INR/USD)	67	65	68	71.05	71.45	71.3	71.83	71.70	71.21

Source: PHD Research Bureau, PHDCCI, compiled from BSE, MCX and Bloomberg, RBI (*denotes value as on 31st December 2019; ** data pertains to 6 January 2020; *** data pertains to 7 January 2020; # data pertains to 10 January 2020)

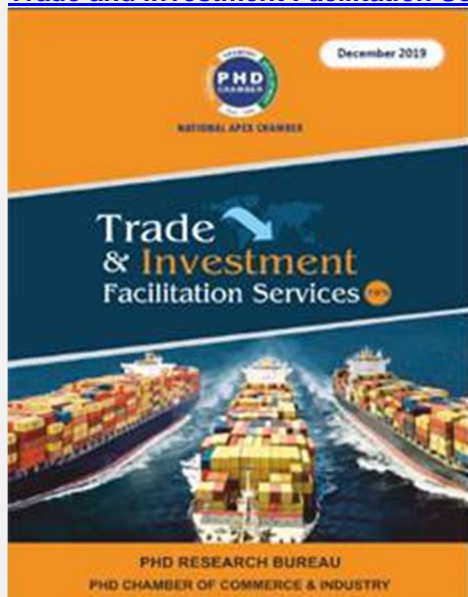
Newsletters

PHD Research Bureau has released a newsletter on Global Economic Monitor for the month of January 2020 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. Trade and Investment facilitation Services capturing information on recent developments in India's foreign trade, foreign investments, policy developments, bilateral economic relations, trade agreements, WTO among others and FOREX & FEMA Newsletter to provide information on recent developments in foreign exchange reserves, exchange rate, foreign exchange turnover, among others.

[Global Economic Monitor for the Month of January 2020](#)



[Trade and Investment Facilitation Services \(TIFS\) Newsletter: Edition December 2019](#)



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Warm Regards,

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