

Weekly Compendium of Economic and Business Developments

For the week ending 27th December 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 Amendment of the Special Economic Zones Rules, 2006, IMF's India Article IV Staff Report 2019, Decisions taken by the Union Cabinet, launch of the Good Governance Index (GGI), introduction of new type of semi-closed Prepaid Payment Instrument (PPI) by RBI, regulations for setting up of IFSC Banking Units (IBUs) announced by RBI, release of the Report on Trend and Progress of Banking in India 2018-19 by RBI, among others. The details of disseminated information during the week ending 27th December 2019 are appended.

India and World Economy

- **Amendment of the Special Economic Zones Rules, 2006**- In exercise of the powers conferred by section 55 of the Special Economic Zones Act, 2005 (28 of 2005), the Central Government has hereby made rules further to amend the Special Economic Zones Rules, 2006, such as all existing notified Special Economic Zone shall be deemed to be a multi-sector Special Economic Zone, the minimum processing area in any Special Economic Zone cannot be less than fifty per cent. of the total area of the Special Economic Zone, among others.
- **IMF's India Article IV Staff Report 2019**- According to International Monetary Fund (IMF's) Press Call on the 2019 India Article IV Staff Report, India has been among the world's fastest-growing economies in recent years, lifting millions out of poverty. However, India is now in the midst of a significant economic slowdown. Growth in the second quarter of FY 2019/20 came in at a six-year low of 4.5% (y/y), and the composition of growth indicates that private domestic demand expanded by only 1% in the quarter. Most high-frequency indicators suggest that weak economic activity has continued into December.
- **Decisions taken by the Union Cabinet**- Cabinet approves Promulgation of the Insolvency and Bankruptcy Code (Amendment) Ordinance, 2019; Cabinet approves Strategic Tunnel under Rohtang Pass to be renamed after former Prime Minister Atal Bihari Vajpayee; Cabinet approves ex-post facto agreement on Security Cooperation between India and Saudi Arabia; Cabinet approves MoU between India and Bangladesh on cooperation in Youth matters; among others.
- **Good Governance Index (GGI), Ministry of Personnel, Public Grievances & Pensions**- Dr Jitendra Singh, Hon'ble Minister of state, Ministry of Personnel, Public Grievances & Pensions launched the 'Good Governance Index' (GGI) at an event organized by the Ministry of Personnel, Public Grievances & Pensions submitted by Centre for Good Governance (CGG), on the occasion of Good Governance Day recently. The framework of GGI aims to put forth a comprehensive means of computing an index to measure governance across states and rank them accordingly. The intent of the index is to provide information for the State Governments to act on and improve providing some insights to Central Ministries and Departments.

Finance

- [RBI reviews Master Directions of Non-Banking Financial Company – Peer to Peer Lending Platform 2017-](#) This is in reference to Master Directions - Non-Banking Financial Company – Peer to Peer Lending Platform (Reserve Bank) Directions, 2017, dated October 04, 2017. On a review, it has been decided by RBI that the aggregate exposure of a lender to all borrowers at any point of time, across all P2P platforms, shall be subject to a cap of Rs. 50,00,000 provided that such investments of the lenders on P2P platforms are consistent with their net-worth, the lender investing more than ₹ 10,00,000 across P2P platforms shall produce a certificate to P2P platforms from a practicing Chartered Accountant certifying minimum net-worth of ₹ 50,00,000, among others.
- [RBI introduces a new type of semi-closed Prepaid Payment Instrument \(PPI\)-](#) In reference to the Statement on Developmental and Regulatory Policies issued as part of Monetary Policy Statement and the Master Direction on Issuance and Operation of Prepaid Payment Instruments (PPI-MD), Reserve Bank of India (RBI) has introduced a new type of semi-closed Prepaid Public Instrument (PPI) to give impetus to small value digital payments and enhanced user experience.
- [RBI announces regulations for setting up of IFSC Banking Units \(IBUs\)-](#) With reference to RBI circular DBR.IBD.BC.14570/23.13.004/2014-15 dated April 01, 2015, setting out RBI directions relating to International Financial Services Centres (IFSC) Banking Units (IBUs), the directions stand modified such as RBI will not prescribe any limit for raising short-term liabilities from banks, IBUs are not allowed to open savings accounts, the IBUs will be required to scrupulously follow "Know Your Customer (KYC)", Combating of Financing of Terrorism (CFT) and other anti-money laundering instructions issued by RBI from time to time, among others.
- [RBI releases Report on Trend and Progress of Banking in India 2018-19-](#) The Reserve Bank of India released the Report on Trend and Progress of Banking in India 2018-19, a statutory publication in compliance with Section 36 (2) of the Banking Regulation Act, 1949. This Report presents the performance of the banking sector, including cooperative banks, and non-banking financial institutions during 2018-19 and 2019-20 so far.
- [CBDT extends the time limit for filing of response to notices u/s 142\(1\) of the Income-tax Act, 1961 under E-assessment Scheme 2019-](#) With a view to provide relief to the taxpayers and tax professionals and to facilitate the compliance with respect to e-Assessment proceedings under E-assessment Scheme, 2019, the time limit for filing of response to notices under section 142(1) of the Income-tax Act issued up to 24.12.2019 by the National e-Assessment Centre is extended up to 10.01.2020 or time given in such notices, whichever is later

Our Voice

PHD Chamber urges the government for amendment in the definition of Micro, Small and Medium Enterprises (MSMEs) to rejuvenate economic growth- The Chamber has urged the government for an amendment in the definition for classification of MSMEs on the basis of turnover as it is in the interest of the growth and development of MSMEs sector and the country as a whole. The proposed definition defines a micro enterprise as a unit where the annual turnover does not exceed five crore rupees; a small enterprise as a unit where the annual turnover is more than five crore rupees but does not exceed Rs. 75 crore and a medium enterprise as a unit where the annual turnover is more than seventy five crore rupees but does not exceed Rs. 250 crore. The MSME sector is critical in meeting the national objectives of generating employment, reducing poverty and slowing rural-urban migration. Therefore, the proposed definition will help in directing the benefits of economic growth to the intended beneficiaries.

MSMEs are the pillars of economic growth as they contribute around 32% in gross value added; employs around 111 million people (36.2 million in manufacturing, 38.71 million in trade and 36.28 million in other services) with a contribution of more than 48% in total exports of India. At present, the definition of Micro, Small and Medium Enterprises (MSMEs) is based on whether MSMEs produce goods or render services. This definition, based on investment in Plant and Machinery for manufacturing MSMEs and investment in Equipment for service sector MSMEs was introduced in the year 2006 through the Micro, Small and Medium Enterprises Development Act. Going forward the new criteria for defining an MSME

could promote the ease of doing business as the process of identification and dealings with MSMEs would become simpler and faster. Also, the proposed criteria is in line with the criteria which is internationally applied and understood.

Economy so far

- **MOSPI constitutes committee on economic statistics headed by Shri Pronab Sen-** A high-level panel under India's first chief statistician Shri Pronab Sen will review and develop the country's surveys on employment, industry and services sector. The Ministry of Statistics and Programme Implementation, Government of India has set up a single standing committee on economic statistics (SCES) to deliberate and develop methodologies for surveys on industry, services and employment in place of multiple panels on these issues.
- **Centre's sanction for houses being funded under PMAY-Urban crosses over one crore-** The Centre has approved construction of 6.5 lakh houses under the Pradhan Mantri Awas Yojana (Urban), taking the total number of houses being funded under the scheme to over one crore. Addressing a press conference, Hon'ble Union Housing and Urban Affairs Minister Shri Hardeep Singh Puri said in the next three to four months, the ministry will sanction all the 1.12 crore houses, a target set by the Government.
- **Hon'ble Prime Minister of India launches Atal Jal Yojana aimed at improving groundwater level-** Hon'ble Prime Minister Shri Narendra Modi urged farmers to opt for less water intensive crops and irrigation methods that will help conserve water, as he launched the Atal Jal Yojana, aimed at improving groundwater level in seven states. Speaking at the launch of the scheme, he said by forming the Jal Shakti Ministry, his government has tried to free the subject of water from a compartmentalised approach to a more comprehensive and holistic one.
- **CBIC moves to constitute GST grievance redressal committee-** The Central Board of Indirect Taxes and Customs has decided to create goods and services tax grievance redressal committees expeditiously at zonal and state levels. The council at a meeting has decided that a structured mechanism be put in place for the taxpayers under GST to tackle the grievances of taxpayers. The GST policy wing has prescribed the guidelines and written to all principal chief commissioners and chief commissioners to set up the cells.
- **Parliamentary panel recommends setting up high-powered committee to monitor procurement plans under Chief of Defence Staff-** A parliamentary panel has recommended that a high-powered committee should be constituted to monitor the three types of plans of the defence procurement procedure, which will be implemented by the new post of the Chief of Defence Staff. The committee will have the final say in the decision making of these plans.
- **India, Oman sign maritime pact; foreign ministers of India-Oman-Iran meet in Muscat-** India and Oman signed a Maritime Transport Agreement during the visit of Hon'ble Foreign Minister of India, Dr S Jaishankar to the Sultanate. The pact – the first with any Gulf country – enables India to expand its footprint in the western Indian Ocean, the Persian Gulf and east Africa.
- **Restructuring will end departmentalism: Hon'ble Union Minister of Railways-** The restructuring of Railways will end departmentalism, Hon'ble Union Minister of Railways Shri Piyush Goyal has said, after the Union Cabinet approved the downsizing of the strength of the Railway Board from eight to five, including the chairman, and merging its different cadres and departments into a single entity.
- **Over Rs 300 crore invested in airport infra in FY'20-** The Government has said that it has invested over Rs 300 crore in the airport infrastructure till November this fiscal. In an official statement, the Aviation Ministry also said while as many as 10 airports commenced operations in 2019, 335 routes have been awarded, covering 33 aerodromes during the year.
- **Haryana approves 40 horticulture projects-** In the 32nd State-Level Executive Committee meeting of Haryana State Horticulture Development Agency held at Chandigarh, 40 horticultural projects were

approved with an aim of increasing income of farmers.

Markets So Far

Indicators	Yearly			Monthly			Daily		
	2016	2017	2018	Sept 19	Oct 19	Nov 19	(24-12-2019)	(26-12-2019)	(27-12-2019)
BSE SENSEX	26626	34057	36068	38667	40129	40,793*	41,461	41,164	41,575
GOLD (10 GRMS)	29420	28966	30600	37926	38246	38125	38,297	38,641	38,791
CRUDE OIL (1 BBL)	2925	3317	4437	4062.2	3850.2	4074	4,307	4,351	4,396
EXCHANGE RATE (INR/USD)	67	65	68	71.4	71.05	71.45	71.2	71.3	71.3

Source: PHD Research Bureau, PHDCCI, compiled from BSE, MCX and Bloomberg, RBI (*denotes value as on 29th November 2019)

PHD Research Bureau Subscription Opportunities

- PHD Research Bureau Subscription Opportunities:** PHD Research Bureau; the research arm of the PHD Chamber of Commerce and Industry was established in 2010 with the objective to review the economic situation and policy developments at sub-national, national and international levels and comment on them in order to update the members from time to time, to present suitable memoranda to the Government as and when required, to prepare State Profiles and to conduct thematic research studies on various socio-economic and business developments. Subscribers of PHD Research Bureau would receive daily updates on various international, national and sub-national business and economic developments, monthly newsletters related to international, national and sub-national economy, forex markets and trade and investments, analytical information on various developments, etc.

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

Follow us on



"Towards Inclusive & Prosperous New India"



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

Connect with us:



COPYRIGHT: All rights reserved. No part of this publication/Release may be reproduced, distributed, or transmitted in any form or by any means, without the prior written permission of the publisher. For permission requests, write to the publisher.

DISCLAIMER: This message and its attachments contain confidential information. If you are not the intended recipient, you are strictly prohibited to disclose, copy, distribute or take any action in reliance on the contents of this information. E-mail transmission cannot be guaranteed to be secure or error-free, as information could be intercepted, corrupted, lost, destroyed, arrive late or incomplete, or contain viruses. The sender therefore does not accept liability for any errors or omissions in the contents of this message, which arise as a result of e-mail transmission. If verification is required please request a hard-copy version.