

# Weekly Compendium of Economic and Business Developments

For the week ending 7th February 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 launch of Ease of Living Index and Municipal Performance Index 2019, notification of Companies (Accounts) Amendment Rules, 2020 by the Ministry of Corporate Affairs, changes in Interest Subvention Scheme for MSMEs, Sixth Bi-monthly Monetary Policy Statement, 2019-20 by the RBI, among others. The details of disseminated information during the week ending 7th February 2020 are appended.

## India and World Economy

- **[Launch of Ease of Living Index and Municipal Performance Index 2019](#)**- The Ministry of Housing & Urban Affairs have launched two Assessment Frameworks, viz. Ease of Living Index (EoLI) and Municipal Performance Index (MPI) 2019, to help assess the progress made in cities through various initiatives and empower them to use evidence to plan, implement & monitor their performance. Both these indices are designed to assess quality of life of citizens in 100 Smart Cities and 14 other Million Plus Cities.
- **[Ministry of Corporate Affairs notifies Companies \(Accounts\) Amendment Rules, 2020](#)**- In exercise of the powers conferred by sub-sections (1) and (3) of section 128, sub section (3) of section 129, section 133, section 134 and section 138 read with section 469 of the Companies Act, 2013 (18 of 2013), the Central Government has made rules further to amend the Companies (Accounts) Rules, 2014. These rules may be called the Companies (Accounts) Amendment Rules, 2020. They shall come into force on the date of their publication in the Official Gazette.
- **[Provisions of section 460 of the Companies Act, 2013 shall apply to a limited liability partnership](#)**- In exercise of the powers conferred by sub-section (1) of section 67 of the Limited liability Partnership Act, 2008 (6 of 2009), the central Government hereby directs that the provisions of section 460 of the Companies Act, 2013 (18 of 2013) shall apply to a limited liability partnership from the date of publication of this notification in the official Gazette.

## Finance

- **[Government announces changes in Interest Subvention Scheme for MSMEs](#)**- This is in reference to the operational guidelines for the captioned scheme contained in circular on Interest Subvention Scheme for MSMEs issued vide FIDD.CO.MSME.BC.No.14/06.02.031/2018-19 dated February 21, 2019. It has been decided by the Government of India to bring, inter alia, some modifications in the operational guidelines
- **[RBI maintains status quo in Sixth Bi-monthly Monetary Policy Statement, 2019-20](#)**- On the basis of an assessment of the current and evolving macroeconomic situation, the Monetary Policy Committee (MPC) at its meeting today (February 6, 2020) decided to keep the policy repo rate under the liquidity adjustment facility (LAF) unchanged at 5.15 per cent. Consequently, the reverse repo rate under the LAF remains unchanged at 4.90 per cent and the marginal standing facility (MSF) rate and the Bank Rate at

5.40 per cent. The MPC also decided to continue with the accommodative stance as long as it is necessary to revive growth, while ensuring that inflation remains within the target.

- **RBI permission no longer required to offer cash withdrawal facility at PoS terminals-** In reference to circulars DPSS.CO.PD.No.147/02.14.003/2009-10 dated July 22, 2009, DPSS.CO.PD.No.563/02.14.003/2013-14 dated September 5, 2013, DPSS.CO.PD.No.449/02.14.003/2015-16 dated August 27, 2015 and DPSS.CO.PD.No.501/02.14.003/2019-20 dated August 29, 2019, in terms of which banks are required to obtain one time permission from the Reserve Bank of India (RBI) for offering the facility of cash withdrawal at PoS terminals deployed by them.

## Our Voice

**PHD Chamber expects significant cut in repo rate in the coming quarters to boost demand and investment:** We appreciate the RBI's concerns on maintaining balance between growth and inflation dynamics in the Sixth Bi-monthly Monetary Policy Statement, 2019-20. Going ahead, there must be a significant cut in policy repo rate to the level of 4.5% in the coming quarters to boost domestic demand, provide a fillip to investments and revive economic growth. RBI in its Sixth Bi-monthly Monetary Policy Statement, 2019-20 has kept the repo rate unchanged at 5.15%, reverse repo rate under the LAF at 4.90%, marginal standing facility (MSF) rate and the Bank Rate at 5.40%. At this juncture, full transmission of the earlier cuts in repo rate with an effective reduction in lending rates by the banking sector would be crucial to percolate the benefits at the ground level with reduced cost of capital. The GDP growth is expected to revive in the coming quarters due to anticipated recovery in private consumption, particularly in rural areas, easing of global trade uncertainties and the rationalisation of personal income tax rates in the Union Budget 2020-21, along with measures to boost rural and infrastructure spending, encourage exports and spur investment activity. Though CPI inflation has been elevated in the recent times amid rise in the food prices, however, inflationary conditions are expected to ease in the coming quarters which will create policy space for future action. We appreciate that the RBI has decided to continue with the accommodative stance, given the evolving growth-inflation dynamics in the country. We expect reduction in repo rate to the level of 4.5% in the coming quarters to support the liquidity in the economy, enhance the sentiments of businesses with reduced costs of capital and easier access of credit to the MSMEs.

## Economy so far

- **Haryana launches Rs 1500 crore Mukhyamantri Parivartan Yojna-** In order to provide social security benefits to eligible families of the State, Haryana Chief Minister, Manohar Lal launched "Mukhyamantri Parivar Samridhi Yojna" here today. Under this scheme, annual financial assistance of Rs 6000 will be provided to those families in the State whose annual income is upto Rs 1.80 lakh and land holding is less than 5 acres so that premium of various welfare schemes of the Central Government, pension scheme and crop insurance could be paid automatically from the bank accounts of the needy families.
- **Railways furthering its attempts on going green: Shri Piyush Goyal-** In a bid to reduce its carbon footprints, the Indian Railways is adopting existing clean energy solutions such as solar energy, bio-diesel, CNG, etc. and is also planning to embrace such technologies currently under development in the future. "Solar panels have been fitted on rooftop of Diesel Electric Multiple Unit (DEMU) trains of capacity 4.5 KWp for catering to hotel load. Blending of high-speed diesel with Biodiesel by 5% has also been started for railway locomotives. Running of DEMU trains with Compressed Natural Gas (CNG) has also been introduced as a pilot project over 18 trains," the Hon'ble Union Minister of Railways and Commerce & Industry, Shri Piyush Goyal has said.
- **New tax dispute settlement scheme to involve only faceless interaction: Revenue Secretary-** Settlement of disputes under the 'Vivad Se Vishwas' scheme would be wholly electronic and will not involve any physical interaction with income tax officers. Tax payers wanting to avail of the scheme only need to fill a form in their e-filing account on income tax website to apply for the scheme, said Revenue Secretary, Shri Ajay Bhushan Pandey.
- **FDI at USD 34.9 billion till November of FY'20: Government-** The Foreign Direct Investment (FDI) in India has been increasing on an annual basis and was at USD 34.9 billion till November of this fiscal. According to Shri Anurag Thakur, Hon'ble Minister of State for Finance, the FDI stood at USD 62 billion in the full 2018-19

fiscal, while at USD 60.9 billion in 2017-18 and USD 60.2 billion during 2016-17.

- **Our target is \$5 billion of defence export in next five years: PM Narendra Modi-** India is eyeing defence export of USD 5 billion in the next five years, Hon'ble Prime Minister Shri Narendra Modi has said highlighting the measures taken by the Government to boost manufacturing and attract investors to set up a base in the country. The Hon'ble Minister of Defence, Shri Rajnath Singh said that the central government is working towards making India a hub of defence manufacturing
- **Manufacturing incentives scheme created 1,20,000 jobs so far-** A key scheme to incentivise domestic electronics manufacturing in the country has led to job creation of over 1,20,000 and a capital expenditure of Rs. 17,955 crore till January 2020 since its inception in 2012, the Hon'ble Union Minister for Electronics and IT, Shri Ravi Shankar Prasad has said.
- **LPG coverage 96.9 per cent as on 1st Jan 2020-** There are about 27.5 crore LPG or cooking gas connections in the country and the coverage has reached 96.9 per cent as on 1st January 2020. "We have 27.5 crore LPG connections in the country. Of which, 8 crore connections have been done under Pradhan Mantri Ujjwala Yojana (PMUY)," Shri Dharmendra Pradhan, the Hon'ble Union Petroleum and Natural Gas Minister has said.
- **Released Rs 3,520 crore in last two years to states under AB-PMJAY: Hon'ble union Health Minister-** The Health Ministry has released Rs 3,520 crore in last two years to states under the Ayushman Bharat scheme, the Hon'ble Union Health Minister, Shri Harsh Vardhan has said. Two big states (Punjab & Rajasthan) have joined AB-PMJAY only in late 2019. Large states (UP, MP and Bihar) which account for 30 per cent of the beneficiary population are implementing the scheme for the first time and hence, their demand is still picking up.
- **Over 30 crore PANs linked with Aadhaar so far: Hon'ble Union Minister of State for Finance-** As the date for linking PAN with Aadhaar has been extended by three months, the Government has linked over 30 crore such numbers with the unique identification code, the Hon'ble Union Minister of State for Finance, Shri Anurag Singh Thakur has said. The total permanent account numbers (PANs) which are linked with Aadhaar number as on 27<sup>th</sup> January, 2020, is 30,75,02,824.
- **NREGS fund rationalisation underway to check misuse-** The Government is in the process of rationalising allocation of funds to states under the Mahatma Gandhi National Rural Employment Guarantee Scheme, to check large-scale misappropriation of funds in the prosperous states of Punjab, Kerala, Gujarat and Haryana. This could be done through mapping of districts which genuinely need funds under the scheme, stringent audits of the programme and greater use of funds towards creating durable assets.

## Markets So Far

Indicators	Yearly			Monthly			Daily		
	2017	2018	2019	Nov 19	Dec 19	Jan 19	(05.02.2020)	(06.02.2020)	(07.02.2020)
BSE SENSEX	34057	36068	41253	40793	41253	40723	41142.6	41306	41141.8
GOLD (10 GRMS)	28966	30600	34813	38125	38084	39988	40,059	40,406	40,556
CRUDE OIL (1 BBL)	3317	4437	4007.8	4074	4241	4123	3,529	3,617	3,630
EXCHANGE RATE (INR/USD)	65	68	70.4	71.45	71.3	71.3	71.2	71.1	71.4

Source: PHD Research Bureau, PHDCCI, compiled from BSE, MCX and Bloomberg, RBI (Note: \*data pertains to 30-1-2020; \*\*data pertains to 31-1-2020)

## Newsletters and Studies

PHD Research Bureau has released a newsletter on the developments on various fronts such as economic, health, infrastructure, rural economy and tourism in all the states of India.

[State Development Monitor for the month of January 2020](#)



## 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,

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