

Weekly Compendium of Economic and Business Developments

For the week ending 28th 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 India's GDP growth in Q3 2019-20, January 2020 core infra growth, creation of National Technical Textiles Mission, signing of 3 pacts during the State Visit of President of USA to India, notification of 100% FDI for insurance intermediaries, Hon'ble Finance Minister unveils EASE 3.0, the PSB Reforms Agenda 2020-21, Decisions taken by the Union Cabinet, release of report on Assessment of the progress of digitization from cash to electronic by RBI, amendments in International Financial Services Centres Guidelines, 2015 by SEBI, Government to extend support to 80,000 new micro enterprises under PMEGP, among others. The details of disseminated information during the week ending 28th February 2020 are appended.

India and World Economy

- [January 2020 core infra growth increases to 2.2%; January 2020 Fiscal Deficit stands at 129% of actuals to Res](#)- The core infrastructure increases to 2.2% in January 2020 as against 2.1% in December 2019. The combined Index of Eight Core Industries stood at 137.5 in January 2020, which increased by 2.2% as compared to the index of December, 2019. Its cumulative growth during April to January, 2019-20 stands at 0.6% as against 4.4% in April to January 2018-19. The gross fiscal deficit of the Central government stands at 128.5% of the actuals to revised estimates (REs) at the end of January 2020 as compared to 121% of the actuals to revised estimates in the corresponding period of the previous year. The primary deficit was registered at 362% of the actuals to revised estimates at the end of January 2020 as compared to 657% of the actuals to revised estimates during corresponding period of the previous year.
- [India's GDP growth stands 4.7% in Q3 2019-20 and estimated to grow at 5.0% in 2019-20](#)- India's GDP growth stands at 4.7% in Q3 2019-20. The agriculture sector growth stands at 3.5%; Mining & Quarrying at 3.2%; Manufacturing sector at (-)0.2%; Electricity, Gas, Water & Other Utility Services growth stands at (-)0.7%; Construction at 0.3%; Trade, Hotel, Transport, Communication at 5.9%; Financial, Real Estate & Professional Services registered a growth of 7.3% and Public Administration, Defence & Other Services at 9.7% in Q3 2019-20. According to the Second Advance Estimates of National Income, GDP is estimated to grow at 5.0% in 2019-20.
- [Government launches KIERI-UGC Higher Education Leadership Development Programme for Administrators in New Delhi](#)- The Hon'ble Union Minister of Human Resource Development, Shri Ramesh Pokhriyal Nishank, launched 'Higher Education Leadership Development Programme for Administrator'— a joint initiative of UGC and British Council under the auspices of UK India Education and Research Initiative (UKIERI). It aims to deliver a leadership development programme for middle and senior level administrative functionaries in Indian Universities.
- [32 projects sanctioned under Pradhan Mantri Kisan Sampada Yojana](#)- In meetings of the Inter-Ministerial Approval Committee (IMAC), a total of 32 projects were sanctioned under the 'Unit' scheme of Pradhan Mantri Kisan Sampada Yojana (PMKSY) of Ministry of Food Processing Industries. The projects are spread across almost 17 States, leveraging an investment worth Rs 406 Crore.
- [Government to extend support to 80,000 new micro enterprises under PMEGP](#)- In a meeting held

recently, chaired by Smt. Nirmala Sitharaman, Hon'ble Finance Minister and Shri Nitin Gadkari, Hon'ble Minister of MSME, with senior management of all Banks, some of the key schemes of Ministry of MSME which generate large number of jobs with low capital investment were reviewed. The focus of the meeting was on the Prime Minister's Employment Generation Programme (PMEGP), a flagship scheme of the Ministry of MSME, and Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE). In addition, the issue of restructuring of stressed loans to MSMEs was also discussed to find a way forward to support MSMEs.

- [CCEA approves Creation of National Technical Textiles Mission](#)- The Cabinet Committee on Economic Affairs (CCEA), chaired by the Hon'ble Prime Minister Shri Narendra Modi, has given its approval to set up a National Technical Textiles Mission with a total outlay of Rs 1480 Crore, with a view to position the country as a global leader in Technical Textiles. The Mission would have a four year implementation period from FY 2020-21 to 2023- 24.
- [DPIIT issues clarification on FDI Policy on Single Brand Retail Trading](#)- The Department for Promotion of Industry and Internal Trade (DPIIT), Ministry of Commerce and Industry, Government of India, has issued certain clarification on FDI (Foreign Direct Investment) Policy on Single Brand Retail Trading (SBRT).
- [Hon'ble Finance Minister unveils EASE 3.0, the PSB Reforms Agenda 2020-21](#)- Smt. Nirmala Sitharaman, Hon'ble Union Minister for Finance & Corporate Affairs, has unveiled EASE 3.0, the Public Sector Bank (PSB) Reforms Agenda 2020-21 for smart, tech-enabled banking, and the PSB EASE Reforms Annual Report 2019-20. EASE 3.0 seeks to enhance ease of banking in all customer experiences, using technology, FinTech, alternate data and analytics. Dial-a-loan for doorstep loan facilitation, Credit@click for end-to-end digitalised lending, on the-spot EASE Banking Outlets at well-frequented places like malls and stations, palm banking, digitalised branch experience, analytics-based instant credit offers, cash-flow-based credit and tech-enabled agriculture lending are part of a wide array of tech-enabled ease enhancements that PSBs would effect during FY2020-21.

Finance

- [SEBI notifies amendments in International Financial Services Centres Guidelines, 2015](#)- This is in reference to Securities and Exchange Board of India (SEBI) International Financial Services Centres (IFSC) Guidelines, 2015 which were notified by SEBI on March 27, 2015. In order to further streamline the operations at IFSC, it has been decided to amend provisions of the aforesaid guidelines.
- [IBBI and SEBI to use a Panel of IPs as Administrators for effective implementation of the Regulations](#)- The Insolvency and Bankruptcy Board of India (IBBI) and the Securities and Exchange Board of India (SEBI) have mutually agreed upon to use a Panel of Insolvency Professional (IPs) for appointment as Administrators for effective implementation of the Regulations. The IBBI shall prepare a Panel of IPs keeping in view the requirements of SEBI and the Regulations and the SEBI shall appoint the IPs from the Panel as Administrators, as per its requirement in accordance with the Regulations.
- [RBI releases report on Assessment of the progress of digitisation from cash to electronic](#)- The digital revolution is taking the world by storm and no other area has witnessed such metamorphosis as payment and settlement systems, resulting in a myriad of digital options for the common man. Consumers now have a range of options to choose from when selecting a payment method to complete a transaction. At this background, Reserve Bank of India (RBI) has released a report on Assessment of the progress of digitisation from cash to electronic.
- [RBI notifies banks to link medium enterprise loans to external benchmark](#)- This is reference to the Reserve Bank of India (RBI) circular DBR.DIR.BC.No.14/13.03.00/2019- 20 dated September 04, 2019, in terms of which all new floating rate personal or retail loans (housing, auto, etc.) and floating rate loans to Micro and Small Enterprises (MSEs) extended by banks with effect from October 01, 2019 were linked to external benchmarks. With a view to further strengthening monetary policy transmission, it has now been decided that all new floating rate loans to the Medium Enterprises extended by banks from April 01, 2020

shall be linked to the external benchmarks.

- [**MCA notifies revamped Companies \(Auditor's Report\) Order, 2020**](#)- In pursuance of its objective of strengthening the corporate governance framework under the Companies Act, 2013 to attain the national objective of becoming a US\$ 5 trillion economy, powers conferred under sub-section (11) of section 143 of the Companies Act, 2013 and in supersession of the Companies (Auditor's Report) Order, 2016, the Central Government (Ministry of Corporate Affairs- MCA) has notified the Companies (Auditor's Report) Order, 2020 (CARO, 2020).
- [**Decisions taken by the Union Cabinet**](#)- Cabinet approves Exemption from applicability of DPE Guidelines to India Ports Global Limited (IPGL) and Cabinet approves Issuance of an Order for adaptation of Central laws in the Union territory of the Jammu and Kashmir under section 96 of the Jammu and Kashmir Reorganisation Act, 2019.
- [**MCA inaugurates SPICe+ web form and notifies Companies \(Incorporation\) Amendment Rules, 2020**](#)- As part of Government of India's Ease of Doing Business (EODB) initiatives, the Ministry of Corporate Affairs (MCA) has notified a new Web Form christened 'SPICe+' (pronounced 'SPICe Plus') replacing the existing SPICe form. SPICe+ would offer 10 services by 3 Central Government Ministries & Departments (Ministry of Corporate Affairs, Ministry of Labour & Department of Revenue in the Ministry of Finance) and One State Government (Maharashtra), thereby saving as many procedures, time and cost for Starting a Business in India and would be applicable for all new company incorporations.

Trade

- [**MoUs exchanged during the State Visit of President of Myanmar to India**](#)- At the invitation of Hon'ble President of India, Shri Ram Nath Kovind, His Excellency U Win Myint, President of the Republic of the Union of Myanmar are paying a State Visit to India from 26th to 29th February 2020. During the interactions, the leaders discussed a wide range of bilateral, regional and international issues of common interest. They emphasized that regular high level interactions have added momentum to the bilateral relations. Several Memoranda of Understanding (MoUs)/Agreements have been exchanged during the visit including in the field of communication, petroleum products, wildlife, among others.
- [**India and USA sign 3 pacts during the State Visit of President of USA to India**](#)- The President of USA, Mr. Donald J Trump is on a state visit to India from 24th to 25th February 2020 along with his delegation. The Hon'ble Prime Minister of India, Shri Narendra Modi welcomed the President of USA to India and said that India-USA bilateral relations are no longer just another partnership rather it is a far greater and a closer relationship. The Hon'ble Prime Minister of India said that both India and USA are known for their openness and fair and balanced trade in the global economy. He added that during the last three years, India-US bilateral trade has witnessed double digit growth. The MoUs signed between the two countries are in the area of Health and Oil sectors.
- [**Government notifies 100% FDI for insurance intermediaries**](#)- The Government of India has reviewed the extant FDI policy on Insurance sector and has made amendments in the Consolidated FDI Policy of 2017 (FDI Policy). The Government has allowed 100% FDI for insurance intermediaries including insurance brokers, re-insurance brokers, insurance consultants, corporate agents, third party administrator, Surveyors and Loss Assessors and such other entities, as may be notified by the Insurance Regulatory and Development Authority of India from time to time.

Our Voice

Better GDP growth inspiring, looking forward to a strong rebound in the coming quarters: PHD Chamber- We appreciate the uptick in Q3 GDP growth trajectory. The growth is expected to improve further in the coming quarters. Plethora of reform measures and focus on consumption demand in the Union Budget 2020-21 will rejuvenate the growth trajectory particularly boost the rural demand and help manufacturing sector to post higher growth. GDP growth has improved marginally to 4.7% in Q3 2019-20 as compared to the estimates of Q2 2019-20 at 4.5%, released by MOSPI in the

month of November 2019. The GDP growth in Q3 2019-20 stands at 4.7% supported by growth in the public administration, defence and other services (9.7%), Financial, Real Estate & Professional Services (7.3%), Trade, Hotel, Transport, Communication & Services related to Broadcasting (5.9%), Agriculture, Forestry & Fishing (3.5%) and Mining and Quarrying (3.2%). However, Construction grew at 0.3%, Electricity, Gas, Water Supply & Other Utility Services at (-)0.7%, and Manufacturing sector at (-)0.2%.

Coronavirus may hit global growth, domestic capacity building must be enhanced, PHD Chamber: Disease may hit global GDP by more than USD 250 billion: The spread of Coronavirus disease (COVID) in many countries is very unfortunate and has severely hit the world's second largest economy China, leading to a subdued global demand scenario and weaker prospects for exports across the nations. As China is a major player in global trade, contributing around 13% in world merchandise exports, exporting majorly to USA, Hong Kong, Japan, Korea, Vietnam, Germany, India, Netherlands, among others, the impact on global trade would undermine the growth prospects of the world economy. Disruptions in the global supply chains will not only hit China's exports but also the exports of the importing countries as they are importing a large chunk of raw materials and intermediate goods from China while exporting to other respective destinations. The outbreak has the potential to cause considerable global economic and market dislocation, however, the economic impact of the disease will depend on its duration and severity. The continuous spread of Coronavirus may impact global growth by 0.3 percentage points which becomes more than USD 250 billion. At this juncture, we need to boost our domestic consumption demand and domestic capacities to mitigate the likely impact of Coronavirus on global trade. Focus must be given to strengthen India's supply chain to its top 10 export destinations including USA, UAE, Hong Kong, Singapore, UK, Germany, among others where China has also its significant contribution in their respective imports. Going ahead, India should strengthen its supply chain to regain its lost market share as the country is moving up in terms of Ease of Doing Business and competitiveness of businesses along with market access opportunities. Domestic capacity building at this juncture will not only mitigate the impact of Coronavirus but will also provide an opportunity to increase our presence in global exports particularly towards our top export destinations.

Donald Trump's visit a leap towards a USD 500 Billion trade between the two Nations by 2025- PHD Chamber of Commerce and Industry congratulates the leaders of India and the United States and its citizens over finalizing of a USD 3 Billion defense deal and the signing of 3 significant MOUs, in the Health and Oil sectors among others. Both the countries have significant potential to enhance trade to the level of USD 500 Billion by 2025 from the current level of less than USD 150 Billion. The current visit of the US President will significantly boost the sentiments of businesses to enhance the trade and investment trajectory between the two economies. In recent times when National Safety and Security of its citizens is of utmost importance for any country, a significant defense deal with the United States for providing us with the best and most feared military equipment, including Apache and MH-60 Romeo helicopters, will be a big leap forward in further building our defense cooperation. Going forward, there is an unparalleled potential for development of bilateral relations between India and US and we expect a comprehensive trade agreement to be successfully signed between the two Nations in the near future, taking the Indo-US ties to a global partnership level. There is a need to outline the contours for a sustainable trade negotiation between the two countries which is broad based and encompasses wide ranging potential sectors of development.

Economy so far

- **Government looking for funding for Rs 60,000 crore river linking project: Shri Nitin Gadkari-** The Union Government was looking for funding from financial institutions for its Rs 60,000 crore project to link rivers Godavari and Cauvery, the Hon'ble Union Minister for Road Transport & Highways, Shri Nitin Gadkari has said. The project, for which the plan has been prepared, will save about 1,200 tmc ft of Godavari water that drains into the sea and dramatically satisfy the irrigation needs of farmers in Tamil Nadu
- **Punjab budget allocates Rs 2000 crore for farm debt waiver-** The Punjab Government in annual budget 2020-21 has announced Rs 2000 crore for the next tranche of debt waiver for farmers and landless farm workers in the state. The state government has also announced to set up Agricultural Marketing Innovation Research and Intelligence Centre (AMIRIC) at Mohali, Rs 200 for crop diversification and Rs 8257 for free power for farmers in the next financial year.
- **Government not to change farmers' share of premium under Pradhan Mantri Fasal Bhima Yojana-** The Government is not going to change farmers' share of premium on crops insured under the Pradhan Mantri Fasal Bhima Yojana (PMFBY). The PMFBY, which was launched in February 2016 by the hon'ble Prime Minister Shri Narendra Modi, provides comprehensive crop insurance from pre-sowing to post-harvest period against non-preventable natural risks at extremely low premium rate of 2 per cent for kharif crops, 1.5 per cent for rabi crops and 5 per cent for horticulture and commercial crops.

- **India's annual defence exports to touch Rs 35,000 crore by 2024: Shri Rajnath Singh-** The Hon'ble Union Defence Minister Shri Rajnath Singh has projected that the annual Indian defence exports will touch Rs 35,000 crore by 2024 from the current level of Rs 17,000 crore. Further, he said that he has no doubt about India emerging as among the three major economies of the world by 2030 and the defence industries will have an important role to play.
- **India Post Payments Bank crosses 2 crore customer mark-** The India Post Payments Bank (IPPB) has crossed over two crore customers in less than two years of being operational. Since its launch, IPPB has enabled more than 1.3 lakh post offices and 1.9 lakh dakiyas (postmen) to provide a complete suite of banking services at the doorstep of the customer providing access to any Aadhaar linked bank account, leading to an increase in rural banking infrastructure by almost 2.5 times, the Hon'ble Communications Minister Shri Ravi Shankar Prasad has said.
- **Food processing ministry approves Rs 162 crore under Operation Greens scheme-** The Government has approved Rs 162 crore under Operation Green scheme which has an outlay of Rs 500 crore to stabilize the supply of tomato, onion and potato (TOP) crops and to ensure their availability round the year without price volatility.
- **Government lifts ban on onion exports-** The Government has decided to lift ban on export of onions. Prices have now stabilised and crops are reaching mandis in large quantities. So further ban on onion will put prices under pressure. he government had imposed ban on onions in September last year when the prices of the bulb had crossed Rs 150 per kg in some retail markets. The government also had imposed stock limit and imported onions from Egypt, Afghanistan and Turkey to tame the prices.
- **Government reallocates 6.5 lakh tonnes of unused sugar export quota-** The Government has reallocated unused export quota of 6,50,000 tonnes of sugar in the ongoing 2019-20 marketing year under the Maximum Admissible Export Quota (MAEQ) scheme. For the current year, the Government has allowed export of 6 million tonnes of sugar under the quota to help deal with the surplus sugar.
- **Government notifies higher pension for 6.3 lakh EPS pensioners who opted for commutation-** The labour ministry, has notified the restoration of full pension after 15 years of retirement for pensioners under the Employee Provident Fund Scheme (EPF scheme) who have commuted part of their pension at the time of retirement. The move is expected to result in a substantial increase in pension for those Employees Provident Fund Organisation (EPFO) pensioners who retired before 26, September, 2008 and had opted for partial commutation of pension which is about 6.3 lakh pensioners.
- **India's 1st Aadhaar authenticated farmers' database likely in June-** The Government will launch first of its kind Aadhaar-authenticated digital data base of farmers in June. This will be used as a master database for implementing any farmer-related government schemes. The database will be a consolidation of all kinds of genuine lists of farmers available with the Government.

Markets So Far

Indicators	Yearly			Monthly			Daily		
	2017	2018	2019	Nov 19	Dec 19	Jan 19	(26.02.2020)	(27.02.2020)	(28.02.2020)
BSE SENSEX	34057	36068	41253	40793	41253	40723	39,888	39,745	38,297
GOLD (10 GRMS)	28966	30600	34813	38125	38084	39988	42,530	42,451	42,352
CRUDE OIL (1 BBL)	3317	4437	4007.8	4074	4241	4123	3,586	3,495	3,372
EXCHANGE RATE (INR/USD)	65	68	70.4	71.45	71.3	71.3	71.6	71.5	72.1

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 February 2020](#)



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Warm Regards,

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