March
2018

Economic Affairs Committee Newsletter

(Monthly update on India's socio-economic developments)

PHD Research Bureau

PHD CHAMBER OF COMMERCE & INDUSTRY

EAC Newsletter
March 2018

The Indian economy has been witnessing rebound in growth as the GDP growth at 7.2% in Q3 of 2017-18 is inspiring and strong signs of economic revival are visible. The construction sector registered a high growth 6.8% in Q3 2017-18 as compared with 2.8% in Q2 2017-18. The revival of construction sector is inspiring and an indicative of broad based recovery in the economy. The agriculture sector registered a growth of 4.1% in Q3 2017-18 from 2.7% in Q2 2017-18 which is encouraging. The manufacturing sector on the other hand, also registered a significant growth of 8.1% in Q3 2017-18 from 6.9% in Q2 2017-18 which is highly inspiring. However, the mining and quarrying registered a growth of (-)0.1% in Q3 2017-18 from 7.1% in Q2 2017-18. This could be due to the high base effect.

On the macroeconomic front, most of the lead indicators are in positive trajectory. The core infrastructure grew at 6.7% in January 2018 from 4.2% in December 2017. The IIP also registered a growth of 7.5% in January 2018 from 7.1% in December 2017 which is highly encouraging. The CPI inflation declined to 4.4% in February 2018 from 5.07% in January 2018. The WPI inflation on the other hand, declined marginally to 2.5% in February 2018 from 2.8% in January 2018. However, the exports registered a growth of 4.48% in February 2018 from 9.07% in January 2018. The current account deficit widened to 2% of GDP in Q3 FY2018 from 1.1% in Q2 FY2018. Further, the FDI equity inflows registered a marginal growth of 0.27% during the period April-December 2017.

Nonetheless, the government has made significant policy pronouncements recently. The Cabinet has approved various agreements signed with different countries, methodology for auction of coal mines, creation of national urban housing fund, national health protection mission, among others. As announced in the Union Budget 2018-19, the government has extended the facility of hiring workers on fixed term employment to all sectors. This move will facilitate ease of doing business in the economy as this will lead to lower restrictions in hiring workforce in factories and establishments. At this juncture, it may be noted that according to the estimates from present Quarterly Employment Survey, Labor Bureau, there was an overall positive change of 1.36 lakh workers (in July-September) over the previous quarter (April-June), across eight sectors at all India level which is highly inspiring.

However, the RBI has discontinued Letters of Undertaking (LoUs) and Letters of Comfort (LoCs) for Trade Credits for imports into India which will impact trade facilitation in the economy. This move by RBI would result into increasing working capital requirement of the industries as per their trade cycle and will disrupt Trade, Services and Industry. Industry particularly MSMEs whose working capital is based as per their trade cycle, will require higher working capital or else suffer irreparable losses. It is suggested that all Banks should have Central Monitoring Cell to monitor parallely issuance of the LOU/LUTs which should be restored forthwith. Systems have to be strengthened in the Banking Community and not the Path of Least Resistance by stopping issuance of LoUs / LoCs because of certain fraudulent companies. The RBI must therefore look into this matter which is of serious concern to the entire business community of the country.

Trade & Investment Facilitation Services (TIFS)

Trade and Investment Facilitation Services (TIFS)

Single Window Facilitation and Procedural Facilitation

Trade and Investment Facilitation Services (TIFS) is a vital component for international trade and investment community. It is envisioned to facilitate firms across the globe for trade and investments in India while simultaneously meeting India's rapidly growing appetite for new markets to enhance trade and investments.

Considering the thirst of the Nation to place India at the forefront of Global Economic Architecture, PHD Chamber of Commerce and Industry launched a specialized desk on Trade and Investment Facilitation Services (TIFS) on 31st March 2017. TIFS is an information and advisory hub to provide requisite and detailed information to facilitate national and international business firms to invest in India; advising them on prospective business opportunities in India in general and in States and promising sectors in particular.

Vision of TIFS

We aim to make India a US$ 100 billion (per annum) investment destination in the next five years and to enhance India's trade trajectory to the higher level. We envisages US$ 1000 billion merchandize trade (exports and imports) and US$ 500 billion services trade (exports and imports) per annum in the next five years.

Geographical Area

TIFS covers pan India from Jammu Kashmir in the North to Tamil Nadu in the South and from Gujarat in the West to Arunachal Pradesh in the East.

Three role dimensions

1. **Information role:**
Serving as a key link to all information centres on all national and regional/local regulations and clearances. This includes maintaining or having direct and easy access to such information. This also means constant updating of such information.

2. **Catalyst role:**
Providing facilitative advisory services to help overcome key obstacles and strengthen key positive enablers for enhanced trade and investments. This includes providing information or “leads” on opportunities that would benefit international business community to invest in India.

3. **Networking role:**
Effective networking with relevant Indian and overseas agencies and leveraging of such networks in the direction of risk mitigation and enhancing trade and investments.

Strategic Collaborators of TIFS

TIFS work in close coordination with Trade Consulars of different countries as well as international trade and business community and international chambers of commerce. Further, for facilitating and providing information on procedural requirements, TIFS also work in close coordination with the government both at the central and the state level as well as industry associations in India.

- Trade Consular's of different countries
- Government including Central and State
- Industry Associations
- International Trade and Business Community
- International Chambers of Commerce
- International Consulting Firms

How TIFS work in assisting investors?

It is envisaged to be the first-point-one-stop reference for potential investors from around the world. Our team of domain and functional experts provides sector-and state-specific inputs, and hand- holding support to investors. We assist with location identification, expediting regulatory approvals, facilitating meetings with relevant government and corporate officials among others. For instance, if an investor A from Germany wants to invest USD 100 million in a textile business in India.

- A team of trained staff will be associated with the task for maintaining a physical helpdesk and provide the investor with all the help required regarding the relevant approvals to set up a business and information related to investment areas across India.
- Facility to set up meetings of the investors with Government officials for specific investor queries, both at the state government and central government level.
- Regular updates on various economic developments in India in general and sector specific in particular.
- Updates on state level developments related to policy amendments, sectoral developments, taxation mechanism, infrastructural, etc.
- Updates on Foreign Direct Investment norms, Foreign Trade Policy, etc.

TIFS undertakes the following activities

i. Through regular research and networking with Government bodies, Entrepreneurs, Industry associations, Embassies/Consulates, Investment delegations, etc., the TIFS gather information on possible trade and investment opportunities in various sectors of the Indian economy.

ii. TIFS advises prospective traders and investors, national and international, in their process of filing applications and helping them meet other procedural and regulatory requirements. For this purpose, information on specific trade and investment guidelines at the state and central level is provided by TIFS.

iii. TIFS provides information at a broad level to international investors about possible potential joint venture partners in India. If TIFS is aware of any Indian parties interested in formation of Joint Ventures (JVs) with some global partners, such information is made available to interested investors.

iv. In case of requests made by individual investors to undertake specific research assignments, financial analysis or due diligence of any specific joint venture partner or Mergers & Acquisitions (M&A) targets, TIFS provides adequate resources to carry out such requests on an agreed cost.

v. In a nutshell, TIFS increases understanding amongst national and international investors on the promising investment areas and requirements and regulations for making investments. Facilitates in dealing with the Government in application procedures amongst the national and international Investors. Reduce lead time in investment processes and procedural transactions.

Registration

Registration is open to both Indian and foreign entities.

ANNUAL REGISTRATION FEE

Indian Entities	Foreign Entities
Rs. 2500*	USD 100*

Registration fees is for your registration with TIFS program to receive updates on Trade and Investment scenario regularly for 1 year from the date of registration. However, for your specific queries consultancy charges would vary from case to case basis for facilitation services on detailed projects and exhaustive research studies.

* Inclusive of all taxes.

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1. Indian economy so far

1.1 Growth

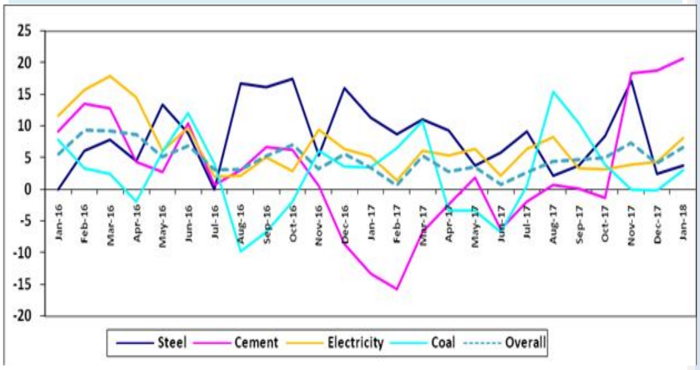
Second Advance Estimates of National Income, 2017-18 and Quarterly estimates of Gross Domestic Product for the Third quarter (Oct-Dec), 2017-18- According to the estimates of Gross Domestic Product(GDP) for the third quarter (October-December) Q3 of 2017-18, GDP at constant (2011-12) prices in Q3 of 2017-18 is showing a growth rate of 7.2 % in Q3 of 2017-18 as compared to 6.5% in the Q2 of 2017-18. According to the second advance estimates national income at constant (2011-12) and current prices, the growth in GDP (at constant prices) during 2017-18 is estimated at 6.6% as compared to the growth rate of 7.1 % in 2016- 17.been 2.5%, 4.3% and 5.3% respectively.

Growth Rates of GDP (% growth)

Growth Rates of GDP	Constant prices (2011-12)	Current prices
Annual 2017-18 (Second advance)	6.6	9.8
Q12017-18(April-June)	5.7	9.2
Q2 2017-18(July-Sep)	6.5	10.0
Q3 2017-18(Oct-Dec)	7.2	11.9

Source: PHD Research Bureau, compiled from CSO

Sector wise trend in monthly production (% growth)



January 2018 core infra stands at 6.7%- The core infrastructure stands at 6.7% in January 2018 as against 4.2% in December 2017. The combined Index of Eight Core Industries stands at 133.1 in January, 2018, which was 6.65% higher as compared to the index of January 2017. Cement and Refinery products growth stands at 20.7% and 11% respectively in the month of January 2018. In cumulative terms, core infrastructure industries registered a growth of 4.3% during April- January 2017-18 as against 5.1% during the corresponding period of the previous year.

January 2018 IIP grows at 7.5%- Growth in industry output, as measured in terms of IIP, for the month of January 2018 grows at 7.5% as compared to 7.1% in December 2017. The growth in the three sectors mining, manufacturing and electricity in January 2018 stands at 0.1%, 8.7% and 7.6% respectively over January 2017. The cumulative growth in these three sectors during April- January 2017-18 over the corresponding period of 2016-17 has been 2.5%, 4.3% and 5.3% respectively.

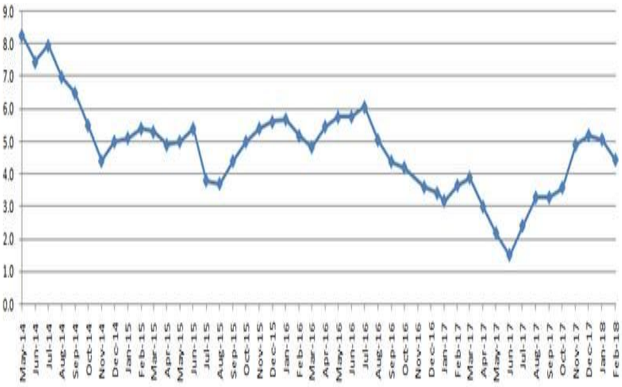
Recent growth pattern in IIP (% growth)

	Weight in IIP	April-Jan 2016-17	April-Jan 2017-18	Dec 17	Jan 18
Mining	14.3	4.8	2.5	1.2	0.1
Manufacturing	77.6	4.8	4.3	8.5	8.7
Electricity	7.9	6.3	5.3	4.4	7.6
Use based classification					
Primary goods	34.0	5.3	3.7	3.8	5.8
Capital goods	8.2	3.0	4.4	14.4	14.6
Intermediate goods	17.2	3.4	2.0	6.6	4.9
Infrastructure/construction goods	12.3	4.9	4.4	6.6	6.8
Consumer durables	12.8	4.1	(-)0.3	1.5	8.0
Consumer non-durables	15.3	7.7	10.4	16.6	10.5
Overall IIP	**100**	**5.0**	**4.1**	**7.1**	**7.5**

1.2 Inflation

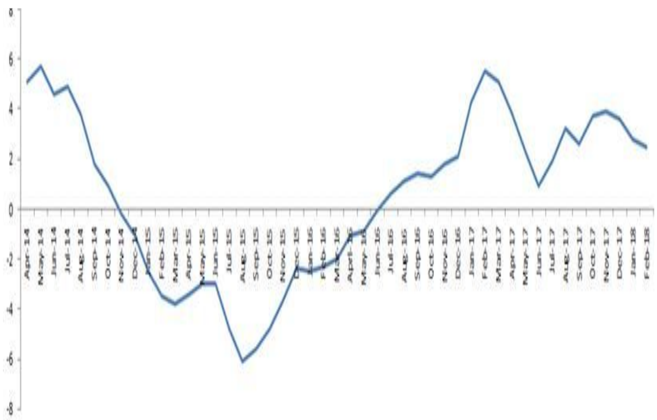
February 2018 CPI inflation stands at 4.44%- The all India general CPI inflation (Combined) for February 2018(Prov.) stands at 4.44% as compared to 5.07% in January 2018. The inflation rates for rural and urban areas for February 2018 (Prov.) are 4.37% and 4.52% respectively, as compared to 5.21% and 4.93% respectively, for January 2018. Rate of inflation during February 2018 (Prov.) for sugar and confectionery stands at (-)0.26 %, pan and tobacco at 7.34%, cereals and products at 2.10%, milk and products at 3.83%, egg at 8.51%, spices at (-)1.01%, pulses and products at (-)17.35% etc.

Consumer Price Inflation (Combined) (%)



Source: PHD Research Bureau, compiled from CSO

Trend in WPI inflation (Y-O-Y) %

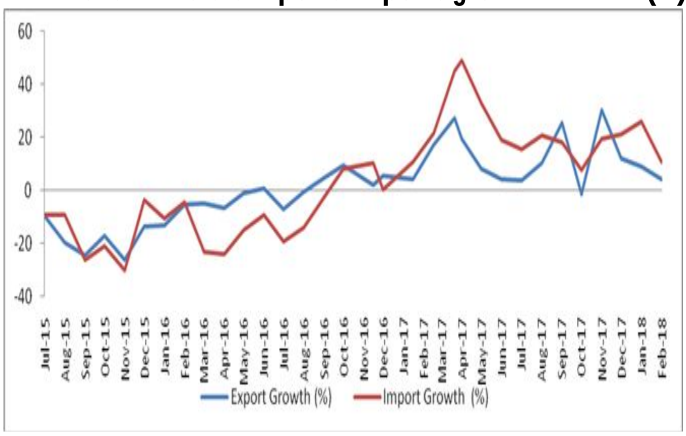


Source: PHD Research Bureau, compiled from the office of the Economic Advisor to the Govt. of India

February 2018 WPI inflation stands at 2.5%- The WPI inflation stands at 2.5% in February 2018 as compared to 2.8% in January 2018, 3.6% in December 2017, 4.02% in November 2017, 3.7% in October 2017 and 3.14% in September 2017. The decline in WPI inflation in the month of February 2018 is attributed to fall in the prices of food articles (0.88%), vegetables (15.86%), fruits (6.13%), eggs, meat & fish (-0.22%) and LPG (8.5%) Driven by fall in the prices of food articles, vegetables, fruits, eggs, meat & fish and LPG, WPI inflation stands at 2.5% in February 2018 as compared to 2.8% in January 2018. The official Wholesale Price Index for 'All Commodities' (Base: 2011-12=100) for the month of February, 2018 remained unchanged at its previous month level of 115.8 (Provisional).

1.3 External sector

Trend in India's Exports-Imports growth (%)



Source: PHD Research Bureau, compiled from Ministry of Commerce and Industry, Govt of India

Merchandize exports and imports grew by 4.48% and 10.41% in February 2018- India's merchandize exports have exhibited high positive growth of 4.48% in February 2018 to value at USD 25.83 billion compared to USD 24.72 billion during February 2017.On the other hand, India's merchandize imports witnessed expansion, growing by 10.41% to value at USD 37.81 billion in February 2018 compared to USD 34.24 billion during same period previous year. Cumulative value of exports for the period April-February 2017-18 stood at USD 273.73 billion as against USD 246.55 billion registering a growth of 11.02% over the same period last year. Cumulative value of imports for the period April-February 2017-18 was USD 416.86 billion as against USD 344.41 billion registering a growth of 21.04% over the same period last year.

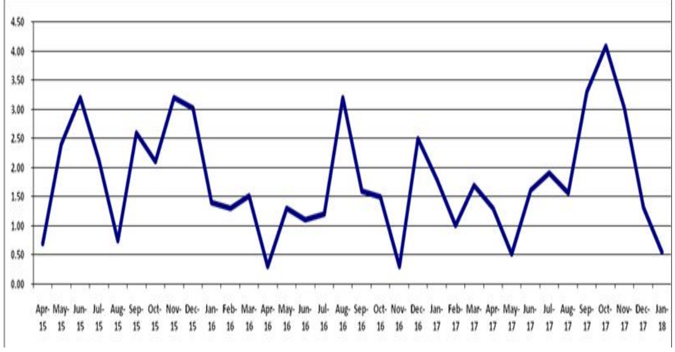
Services	Nov-17	Dec-17	Jan-18
Exports (Receipts) (USD billion)	15.39	16.05	16.34
Imports (Payments) (USD billion)	9.65	9.85	9.85
Trade Balance (USD billion)	5.74	6.14	6.49

Source: PHD Research Bureau, compiled from Ministry of Commerce and Industry, Govt of India

Service Exports grows at 3.98% in January 2018- Exports during January 2018 were valued at USD 16.33 billion (Rs. 1,03,963.6 Crore) registering a positive growth of 2.07% in dollar terms as compared to positive growth of 3.98% during December 2017. Imports during January 2018 were valued at USD 9.84 billion (Rs. 62663.25 Crore) registering a negative growth of 0.12% in dollar terms as compared to positive growth of 2.20% during December 2017.

ECBs stand at USD 0.5 billion during January 2018- Indian firms have raised about USD 0.54 billion through external commercial borrowings (ECBs) by automatic and approval route in January 2018 as against USD 1.31 billion in December 2017. The borrowings stood at USD 1.8 billion in January 2017. India has received gross ECBs worth around USD 332 billion between FY2001 and FY2018 (till January 2018). A closer look at the ECBs pattern reveals that the lion's share in ECBs during the month of January 2018 is held for the purpose of on lending/sub-lending by about 43% of the total borrowings followed by import of capital goods at around 19% and new project at around 18%.

External commercial borrowings since April 2015



Source: PHD Research Bureau, compiled from RBI , Note: ECB contains both automatic and approval routes

FDI equity inflows in India stands at USD 36 billion during April – December 2017-18- During April to December 2017-18, FDI equity inflows stands at USD 35.95 billion as against USD 35.84 billion during same period previous year, registering a growth rate of 0.27% (Y-o-Y). FDI equity inflows during October to December 2017-18 stands at USD 10.59 billion. While, total Foreign Direct Investment (FDI) flows in India (Equity inflows + Re-invested earnings + Other capital) stands at USD 14.55 billion during October – December 2017-18.

FDI Inflows during October - December, 2017

1.	**TOTAL FDI INFLOWS INTO INDIA** **(Equity inflows + 'Re-invested earnings' + 'Other capital')** (as per RBI's Monthly bulletin)s	-	**US$ 14,547 Million**
2.	**FDI EQUITY INFLOWS**	**Rs. 68,429 Crore**	**US$ 10,587 Million**

Source: PHD Research Bureau; Compiled from Department of Industrial Policy and Promotion, Government of India

India's CAD narrowed to 1.2% of GDP in Q2 2017-18 from 2.5% of GDP in Q1 2017-18- India's current account deficit (CAD) stands at US$ 7.2 billion (1.2 per cent of GDP) in Q2 of 2017-18 which narrowed sharply from US$ 15.0 billion (2.5 per cent of GDP) in the preceding quarter, but was substantially higher than US$ 3.4 billion (0.6 per cent of GDP) in Q2 of 2016-17. The widening of the CAD on a year-on-year (y-o-y) basis was primarily on account of a higher trade deficit (US$ 32.8 billion) brought about by a larger increase in merchandise imports relative to exports.

Major Items of India's Balance of Payments (USD bn)

(US$ Billion)

	October-December 2017 P			October-December 2016			April-December 2017-18 P			April-December 2016-17		
	Credit	Debit	Net	Credit	Debit	Net	Credit	Debit	Net	Credit	Debit	Net
A. Current Account	150.1	163.6	-13.5	130.2	138.1	-8.0	435.6	471.3	-35.6	382.8	394.6	-11.8
1. Goods	77.5	121.6	-44.1	68.8	102.0	-33.3	226.8	345.6	-118.9	202.8	285.5	-82.7
Of which:												
POL	9.9	29.2	-19.3	8.1	21.8	-13.7	26.5	75.8	-49.2	22.5	61.3	-38.8
2. Services	50.0	29.0	20.9	42.1	24.4	17.8	143.3	85.7	57.6	122.4	72.6	49.8
3. Primary Income	4.9	11.3	-6.4	4.0	10.4	-6.4	14.3	34.9	-20.6	11.8	32.5	-20.7
4. Secondary Income	17.7	1.6	16.1	15.3	1.4	13.9	51.3	5.1	46.3	45.8	4.0	41.8
B. Capital Account and Financial Account	168.8	156.2	12.6	138.7	131.4	7.3	470.9	437.0	33.9	406.8	395.0	11.8
Of which:												
Change in Reserve (Increase (-)/Decrease (+))	0.0	9.4	-9.4	1.2	0.0	1.2	0.0	30.3	-30.3	1.2	15.5	-14.2
C. Errors & Omissions (-) (A+B)	0.8		0.8	0.7		0.7	1.8		1.8	0.0	0.01	-0.01

P: Preliminary

Note: Total of subcomponents may not tally with the aggregate due to rounding off.

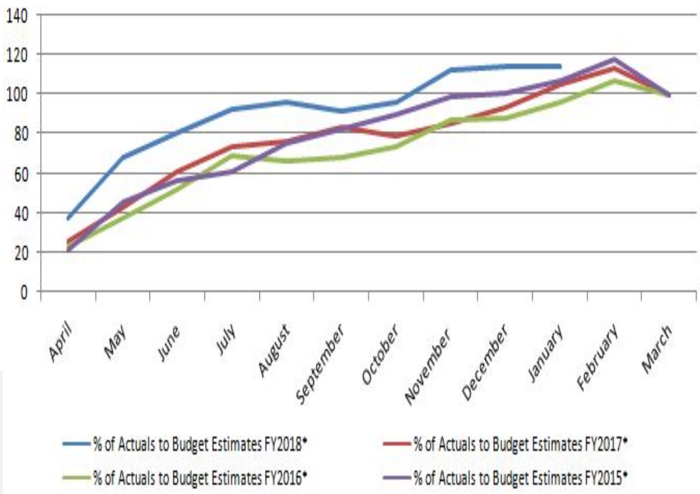
Source: RBI P: Preliminary. Note: Total of subcomponents may not tally with aggregate due to rounding off.

**India's external debt registered at about US $496 billion at end-September 2017**- India's external debt stock stood at US$ 495.7 billion, recording an increase of US$ 23.9 billion (5.1 %) at end-September 2017, over the level at end-March 2017 . The rise in external debt during the period was primarily due to the increase in foreign portfolio investment (FPI) in the debt segment of domestic capital market included under commercial borrowings. Some increase in short-term debt primarily due to trade related credit also contributed to the overall increase in total external debt. On a sequential basis, total external debt at end-September 2017 increased by US$ 10.0 billion (2.1 %) from the end-June 2017 level. The maturity pattern of India's external debt indicates dominance of long-term borrowings. At end-September 2017, long-term external debt accounted for 81.3 % of India's total external debt, while the remaining (18.7 %) was short-term external debt. Long-term debt at end-September 2017 was at US$ 403.0 billion, showing an increase of US$ 19.1 billion (5.0 %) over the level at end-March 2017.

1.5 Fiscal scenario

January 2018 fiscal deficit stands at 113.7% of actuals to BEs- The gross fiscal deficit of the Central government stands at 113.7% of the actuals to budget estimates (BEs) at the end of January 2018 as compared to 105.6% of the actuals to budget estimates in the corresponding period of the previous year. The primary deficit was registered at 409.8% of the actuals to budget estimates at the end of January 2018 as compared to 382.0% of the actuals to budget estimates during corresponding period of the previous year. The revenue receipts at the end of January 2018 of the central government stands at 72.8% of the actuals to budget estimates as compared with 70.9% of the actuals to budget estimates at the end of January 2017. The government's market borrowing stands at 103% of the actuals to budget estimates at the end of January 2018 as compared with 114% of the actuals to budget estimates at the end of January 2017.

Differentials in use of fiscal deficit space at the end of January 2018 vis-à-vis January 2017 (in %)



Source: PHD Research Bureau, compiled from Government of India accounts

India's CAD increased to 2% of GDP in Q3 2017-18 from 1.1% of GDP in Q2 2017-18- India's current account deficit (CAD) stands at US$ 13.5 billion (2.0 per cent of GDP) in Q3 of 2017-18 which increased from US$ 8.0 billion (1.4 per cent of GDP) in Q3 of 2016 -17 and US$ 7.2 billion (1.1 per cent of GDP) in the preceding quarter. On a cumulative basis, the CAD increased to 1.9 per cent of GDP in April-December 2017 from 0.7 per cent in the corresponding period of 2016-17 on the back of a widening of the trade deficit The widening of the CAD on a year-on-year (y-o-y) basis was primarily on account of a higher trade deficit (US$ 44.1 billion) brought about by a larger increase in merchandise imports relative to exports.

Table: Composition of Public Debt

Item	At end-Dec 2017#	At end-Sep 2017	At end-Dec 2017#	At end-Sep 2017
	(₹ crore)		(% of Total)	
1	2	3	4	5
Public Debt (1 + 2)	**66,61,038**	**65,80,599**	**100.0**	**100.0**
1. Internal Debt	**62,03,776**	**61,19,493**	**93.1**	**93.0**
Marketable	**55,01,480**	**54,30,078**	**82.6**	**82.5**
(a) Treasury Bills	4,16,298	4,81,387	6.2	7.3
(i) Cash Management Bills		5,327	-	0.1
(ii) 91-days Treasury Bills	2,07,464	2,32,526	3.1	3.5
(iii) 182-days Treasury Bills	73,845	98,545	1.1	1.5
(iv) 364-days Treasury Bills	1,34,989	1,44,990	2.0	2.2
(b) Dated Securities	50,85,182	49,48,691	76.3	75.2
Non-marketable	**7,02,296**	**6,89,416**	**10.5**	**10.5**
(i) 14-days Treasury Bills	1,39,148	1,26,267	2.1	1.9
(ii) Securities Issued to NSSF*	4,00,280	4,00,280	6.0	6.1
(iii) Compensation and other bonds*	60,358	60,358	0.9	0.9
(iv) Securities issued to International Financial Institutions*	1,02,511	1,02,511	1.5	1.6
(v) Ways and Means Advances				
2. External Debt	**4,57,262**	**4,61,106**	**6.9**	**7.0**
(i) Multilateral	2,94,309	2,99,355	4.4	4.5
(ii) Bilateral	1,25,671	1,24,469	1.9	1.9
(iii) IMF*	36,746	36,746	0.6	0.6
(iv) Rupee debt*	536	536	0.0	0.0

#: Data are provisional.
*These data are not available for end-Dec 2017. So they are carried over from the previous quarter.

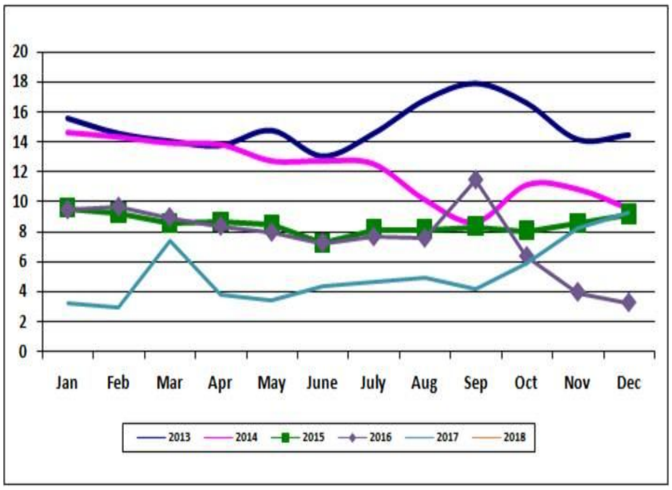
Source: PHD Research Bureau, compiled from Public Debt Management Quarterly report

Direct Tax Collections grows by 19.5% up to February, 2018- The provisional figures of Direct Tax collections up to February, 2018 show that net collections are at Rs.7.44 lakh crore which is 19.5% higher than the net collections for the corresponding period of last year. The net Direct Tax collections represent 74.3% of the Revised Estimates of Direct Taxes for the Financial Year 2017-18 which stand at Rs. 10.05 lakh crore. Gross collections (before adjusting for refunds) have increased by 14.5% to Rs.8.83 lakh crore during April 2017 to February 2018. Refunds amounting to Rs.1.39 lakh crore have been issued during April 2017 to February 2018. The growth rate for Net collections for Corporate Income Tax (CIT) is 19.7% and for Personal Income Tax (PIT) is 18.6%.

1.5 Monetary scenario

Gross Bank Credit grows at 8.8% in January 2018- Gross bank credit grows at 8.8% in January 2018 as against 9.3% in December 2017. The gross bank credit growth stands at 3.3% during January 2017. On a year-on-year (y-o-y) basis, non-food bank credit increased by 9.5% in January 2018 as against 10% in December 2017. Credit to agriculture and allied activities increased by 9.4% in January 2018, in comparison to 9.5% in December 2017. Credit to industry increased by 1.1% in January 2018 as compared with a contraction of 2.1% in December 2017. Credit to major sub-sectors such as textiles, chemical & chemical products, all engineering, food processing and construction have accelerated. However, credit to infrastructure, basic metal & metal products, cement & cement products and petroleum, coal products & nuclear fuels have contracted.

Monthly trend in growth of gross bank credit (%) (Y-o-Y)



Source: PHD Research Bureau, compiled from RBI

The RBI Policy Rates So Far

Components	6th Apr 2017	7th Jun 2017	2nd Aug 2017	4th Oct 2017	6th Dec 2017	7th Feb 2018
CRR	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Repo Rate	6.25%	6.25%	6.00%	6.00%	6.00%	6.00%
Reverse Repo Rate	6.0%	6.0%	5.75%	5.75%	5.75%	5.75%
WPI Inflation	6.55% (Feb-17)	3.85% (Apr-17)	0.9% (Jun-17)	3.24% (Aug-17)	3.59% (Oct-17)	3.6% (Dec-17)
CPI inflation\@	3.65% (Feb-17)	2.99% (Apr-17)	1.5% (Jun-17)	3.36% (Aug-17)	3.6% (Oct-17)	5.2% (Dec-17)
IIP growth	2.7% (Jan-17)	2.5% (Mar-17)	1.7% (May-17)	1.2% (July-17)	3.8% (Sep-17)	8.4% (Nov-17)
Real GDP growth	7.4%^&*	7.3% ^&**	7.3% ^&***	6.7% ^&^	6.7% ^&^^	6.6%

Source: PHD Research Bureau, compiled from various sources, Note: The Ministry of Statistics & Programme Implementation has released the new series of national accounts, revising the base year from 2004-05 to 2011-12. ^##GVA growth projection for 2016-17 by RBI in monetary policy dated 7 Dec 2016. ^### GVA growth as per Sixth Bi-monthly Monetary Policy Statement 2016-17 ^&* GVA growth for 2017-18 as per First Bi-monthly Monetary Policy Statement, 2017-18, ^&** GVA growth for 2017-18 as per Second Bi-monthly Monetary Policy Statement, 2017-18, ^&*** GVA growth for 2017-18 as per Third Bi-monthly Monetary Policy Statement, 2017-18. ^&^ GVA growth for 2017-18 as per Fourth Bi-monthly Monetary Policy Statement, 2017-18. ^&^^ GVA growth for 2017-18 as per Fifth Bi-monthly Monetary Policy Statement, 2017-18.

RBI maintains status quo in Sixth Bi-monthly Monetary Policy Statement, 2017-18- On the basis of an assessment of the current and evolving macroeconomic situation, the Monetary Policy Committee (MPC) of RBI has decided to keep the policy repo rate under the liquidity adjustment facility (LAF) unchanged at 6%. Consequently, the reverse repo rate under the LAF remains at 5.75%, and the marginal standing facility (MSF) rate and the Bank Rate at 6.25%. The decision of the MPC is consistent with the neutral stance of monetary policy in consonance with the objective of achieving the medium-term target for consumer price index (CPI) inflation of 4% within a band of +/- 2 per cent, while supporting growth.

2. Major policy pronouncements

RBI discontinues LoUs and LoCs for Trade Credits- It has been decided by RBI to discontinue the practice of issuance of Letters of Undertaking (LoUs)/ Letters of Comfort (LoCs) for Trade Credits for imports into India by AD Category –I banks with immediate effect. Letters of Credit and Bank Guarantees for Trade Credits for imports into India may continue to be issued subject to compliance with the provisions contained in Department of Banking Regulation Master Circular No. DBR. No. Dir. BC.11/13.03.00/2015-16 dated July 1, 2015 on "Guarantees and Co-acceptances", as amended from time to time.

AD Category-I banks may bring the contents of this circular to the notice of their constituents and customers. The aforesaid Master Direction No. 5 dated January 01, 2016 will be updated to reflect the changes. The changes will be applicable from the date of issuance of this circular. The directions contained in this circular have been issued under sections 10(4) and 11(1) of the Foreign Exchange Management Act, 1999 (42 of 1999) and are without prejudice to permissions/ approvals, if any, required under any other law.

Government of India makes Amendments in Small Savings Act- In order to remove existing ambiguities due to multiple Acts and rules for Small Saving Schemes and further strengthen the objective of "Minimum Government, Maximum Governance", Government of India has proposed merger of Government Savings Certificates Act, 1959 and Public Provident Fund Act, 1968 with the Government Savings Banks Act, 1873. With a single act, relevant provisions of the Government Savings Certificates (NSC) Act, 1959 and the Public Provident Fund Act, 1968 would stand subsumed in the new amended Act without compromising on any of the functional provision of the existing Act.

RBI notifies revised framework for resolution of Stressed Assets- The Reserve Bank of India has issued various instructions aimed at resolution of stressed assets in the economy, including introduction of certain specific schemes at different points of time. In view of the enactment of the Insolvency and Bankruptcy Code, 2016 (IBC), it has been decided to substitute the existing guidelines with a harmonised and simplified generic framework for resolution of stressed assets. Lenders shall identify incipient stress in loan accounts, immediately on default, by classifying stressed assets as special mention accounts (SMA), the classifications of which are specified in the circular. The lenders shall report credit information, including classification of an account as SMA to Central Repository of Information on Large Credits (CRILC) on all borrower entities having aggregate exposure of Rs. 50 million and above with them.

All lenders must put in place Board-approved policies for resolution of stressed assets under this framework, including the timelines for resolution. In respect of accounts with aggregate exposure of the lenders at Rs. 20 billion and above, on or after March 1, 2018 ('reference date'), including accounts where resolution may have been initiated under any of the existing schemes as well as accounts classified as restructured standard assets which are currently in respective specified periods (as per the previous guidelines), RP shall be implemented as per the following timelines: If in default as on the reference date, then 180 days from the reference date or If in default after the reference date, then 180 days from the date of first such default.

Cabinet approves MoU between India and Macedonia on cooperation in the field of Health- The Union Cabinet chaired by Hon'ble Prime Minister Shri Narendra Modi has approved signing of a Memorandum of Understanding (MoU) between India and Macedonia on cooperation in the field of Health. The MoU covers capacity building and shirt term training of human resources in health; exchange and training of medical doctors, officials, other health professionals and experts; assistance in development of human resources and setting up of health care facilities and any other are of cooperation can be mutually decided upon.

Cabinet approves methodology for auction of coal mines / blocks for sale of coal under the Coal Mines (Special Provisions) Act, 2015 and the Mines and Minerals (Development and Regulation) Act, 1957- The Cabinet Committee on Economic Affairs, chaired by Hon'ble Prime Minister Shri Narendra Modi Ji has approved the methodology for auction of coal mines / blocks for sale of coal under the Coal Mines (Special Provisions) Act, 2015 and the Mines and Minerals (Development and Regulation) Act, 1957. The Supreme Court of India vide its order dated 24.09.2014 cancelled 204 coal mines/blocks allocated to the various Government and Private Companies since 1993 under the provisions of Coal Mines (Nationalisation) Act, 1973. To bring transparency and accountability, the Coal Mines (Special Provisions) Bill 2015 was passed by the Parliament which was notified as an Act on 30.03.2015. Enabling provisions have been made in the Coal Mines (Special Provisions) Act, 2015 for allocation of coal mines by way of auction and allotment for the sale of coal. The methodology gives highest priority to transparency, ease of doing business and ensures that natural resources are used for national development. The auction will be an ascending forward auction whereby the bid parameter will be the price offer in Rs./tonne which will be paid to the State Government on the actual production of coal. There shall be no restriction on the sale and/or utilization of coal from the coal mine.

Cabinet approves creation of National Urban Housing Fund- The Union Cabinet chaired by Hon'ble Prime Minister Shri Narendra Modi has given approval for creation of National Urban Housing Fund (NUHF) for Rs.60,000 crores. This fund will be situated in Building Materials and Technology Promotion Council (BMTPC), an autonomous body registered under the Societies Registration Act, 1860 under the Ministry of Housing and Urban Affairs. The Ministry has so far sanctioned 39.4 lakh houses under Pradhan Mantri Awas Yojana (Urban). There is a very good response from the States / UTs and nearly 2 - 3 lakh houses are being sanctioned every month. More than 17 lakh houses have been grounded and about 5 lakh houses have been completed. Under Credit Linked Subsidy Scheme (CLSS), wherein housing for EWS / LIG / MIG beneficiaries is being sanctioned by the Banks / HFCs to the eligible beneficiaries under the PMAY(Urban), the responses have grown significantly. Nearly 87,000 Housing Loans have been sanctioned in last 8 months under the Scheme and over 40,000 applications are under consideration for approval. The target is to cater to the demand of housing shortage of nearly 1.2 crore and make available housing to all by 2022, when the Country celebrates its 75th Anniversary of Independence.

RBI releases revised guidelines relating to participation of a person resident in India and FPI in the ETCD Market- Attention of Authorized Dealers Category - I (AD Category - I) banks is invited by RBI to the Foreign Exchange Management (Foreign Exchange Derivative Contracts) Regulations, 2000 dated May 3, 2000 (Notification No. FEMA.25/RB-2000 dated May 3, 2000), as amended from time to time, A.P. (DIR Series) Circular No. 90 dated March 31, 2015 relating to participation of a person resident in India in the Exchange traded currency derivatives (ETCD) market, A.P. (DIR Series) Circular No. 91 dated March 31, 2015 relating to participation of a Foreign Portfolio Investor (FPI) in the ETCD market. Currently, persons resident in India and FPIs are allowed to take a long (bought) or short (sold) position in USD-INR upto USD 15 million per exchange without having to establish existence of underlying exposure. In addition, residents & FPIs are allowed to take long or short positions in EUR-INR, GBP-INR and JPY-INR pairs, all put together, upto USD 5 million equivalent per exchange without having to establish existence of any underlying exposure. It has now been decided by RBI to permit persons resident in India and FPIs to take positions (long or short), without having to establish existence of underlying exposure, upto a single limit of USD 100 million equivalent across all currency pairs involving INR, put together, and combined across all exchanges.

Cabinet approves MoU between India and Vietnam on Economic and Trade Cooperation- The Union Cabinet chaired by Hon'ble Prime Minister Shri Narendra Modi has approved thesigning of a Memorandum of Understanding (MoU) between India and Vietnam on Economic and Trade Cooperation. The MoU would expand more bilateral trade and economic cooperation between India and Vietnam.

Cabinet approves signing of MoU between India and Jordan on Cooperation in the Field of Manpower- The Union Cabinet chaired by Hon'ble Prime Minister Shri Narendra Modi has approved the proposal for signing of a Memorandum of Understanding (MoU) between India and Jordan on Cooperation in the Field of Manpower. The MoU aims at enhancing collaboration between the two sides in promoting best practices in the administration of contractual employment, reflects the latest reforms in recruitment processes and enhances the protection and welfare of Indian workers in Jordan. Collaboration between the two sides in use of online portal for recruitment of Indian manpower is expected to usher in greater transparency and curb malpractices in the recruitment process. The MoU will be valid for a period of five years, incorporates provision of automatic renewal and a monitoring mechanism through a Joint Technical Committee.

Cabinet approves doubling of Government guarantee from Rs 9,500 crore to Rs.19,000 crore for procurements of pulses and oilseeds at MSP under Price Support Scheme by NAFED- The Cabinet Committee on Economic Affairs, chaired by Hon'ble Prime Minister Shri Narendra Modi, has approved the regularization and extension of Govt. Guarantee provided to lender Bank for providing credit limit to National Agricultural Cooperative Marketing Federation of India (NAFED) Rs.19,000 crore from earlier Rs.9,500 crore for undertaking procurement operation of pulses and oilseeds under Price Support Scheme (PSS) and to Small Farmers Agri-Business Consortium (SFAC) for Rs. 45 crore for meeting their existing liability and settlement of extant claims. These Government Guarantees are provided for a period of five years i.e. till 2021-22 by Govt. of India and with waiver of 1% Government Guarantee fee.

As the market price of almost all pulses and oilseeds are ruling below Minimum Support Price (MSP) as notified by Govt. of India, provision of Govt. Guarantee will help in protecting the farmers producing these commodities from making distress sales during the peak arrival period and to provide remunerative prices with a view to encourage higher investment and production and also to safeguard the interest of consumer by making available supplies at reasonable price with low cost of intermediation.

RBI releases Priority Sector Lending-Targets and Classification- The RBI has decided that the sub-target of 8 percent of Adjusted Net Bank Credit (ANBC) or Credit Equivalent Amount of Off-Balance Sheet Exposure (CEOBE), whichever is higher, shall become applicable for the foreign banks with 20 branches and above, for lending to the small and marginal farmers from FY 2018-19. Further, the sub-target of 7.50 percent of ANBC or CEOBE, whichever is higher, for bank lending to the Micro Enterprises shall also become applicable for the foreign banks with 20 branches and above from FY 2018-19.

Additionally, in the light of feedback received from various stakeholders and in line with the increasing importance of services sector in our economy, it has been decided by RBI to remove the currently applicable loan limits of Rs 5 crore and Rs 10 crore per borrower to Micro/ Small and Medium Enterprises (Services) respectively, for classification under priority sector. Accordingly, all bank loans to MSMEs, engaged in providing or rendering of services as defined in terms of investment in equipment under MSMED Act, 2006, shall qualify under priority sector without any credit cap.

Cabinet approves Ayushman Bharat-- National Health Protection Mission- The Union Cabinet chaired by Hon'ble Prime Minister Shri Narendra Modi has approved the launch of a new Centrally Sponsored Ayushman Bharat - National Health Protection Mission (AB-NHPM) having central sector component under Ayushman Bharat Mission anchored in the MoHFW. The scheme has the benefit cover of Rs. 5 lakh per family per year. The target beneficiaries of the proposed scheme will be more than 10 crore families belonging to poor and vulnerable population based on SECC database. AB-NHPM will subsume the on-going centrally sponsored schemes - RashtriyaSwasthyaBimaYojana (RSBY) and the Senior Citizen Health Insurance Scheme (SCHIS).

Government constitutes a Steering Committee on Fintech related issues- The Government constitutes a Steering Committee on Fintech related issues to consider various issues relating to development of Fintech space in India with a view to make Fintech related regulations more flexible and generate enhanced entrepreneurship in an area where India has distinctive comparative strengths vis-à-vis other emerging economies. Further, it will focus on how Fintech can be leveraged to enhance financial inclusion of MSMEs. The Steering Committee would comprise of the following :-

Sl. No.	Designation	Department	Remarks
(i)	Secretary	Department of Economic Affairs (DEA)	Chairman
(ii)	Secretary	Ministry of Electronics and Information Technology (MeitY)	Member
(iii)	Secretary	Department of Financial Services (DFS)	Member
(iv)	Secretary	Ministry of Micro, Small and Medium Enterprises (MSME)	Member
(v)	Chairperson	Central Board of Excise and Customs (CBEC)	Member
(vi)	Chief Executive Officer	Unique Identification Authority of India	Member
(vii)	Deputy Governor (DG)	Reserve Bank of India	Member
(viii)	Joint Secretary (Investment)	Department of Economic Affairs (DEA)	Convener

The Steering Committee may also invite participants from the private sector.

Cabinet approves Opening of Missions in Africa to implement commitments of India-Africa Forum Summit (IAFS-III)- The Union Cabinet chaired by Hon'ble Prime Minister Shri Narendra Modi has approved the opening of 18 new Indian Missions in Africa over a four year period from 2018-2021. The 18 new Indian Missions in Africa will be opened in Burkina Faso, Cameroon, Cape Verde, Chad, Republic of the Congo, Djibouti, Equatorial Guinea, Eritrea, Guinea, Guinea Bissau, Liberia, Mauritania, Rwanda, Sao Tome& Principe, Sierra Leone, Somalia, Swaziland and Togo over a four year period from 2018-2021 thereby increasing the number of Resident Indian Missions in Africa from 29 to 47. The decision will enhance India's diplomatic outreach in the African continent and allow India to engage with Indian diaspora in African countries. Opening of new Missions is also a step towards implementing the vision of enhanced co-operation and engagement with Africa.

Cabinet approves closure of India Development Foundation of Overseas Indians- The Union Cabinet chaired by Hon'ble Prime Minister Shri Narendra Modi has given its approval for closure of India Development Foundation of Overseas Indians (IDF-OI)to enhance synergies in channelizing Diaspora's contributions to Government of India's flagship programmes such as National Mission for clean Ganga and Swachh Bharat Mission.

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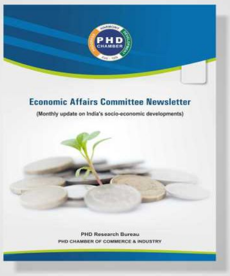
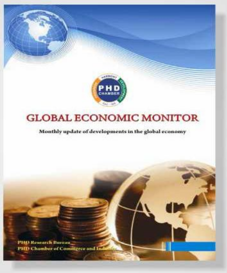
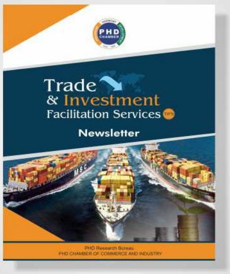


Economic Affairs Committee (EAC) issues a comprehensive newsletter on the economic and social developments in the economy in a particular month. The report provides a concise view of the movements in lead indicators in that month and in the coming times.

Forex Committee Newsletter provide a broad view of developments related to forex affairs of our economy such as rupee movement, forex reserves, regulatory developments, stock markets behaviour, interest rate scenario, commodities overview and key macroeconomic indicators etc.



Global Economic Monitor (GEM) aims to disseminate information on latest updates on global macro-economic indicators including growth, inflation, trade, markets, commodities, unemployment, policy developments and publications of international organization



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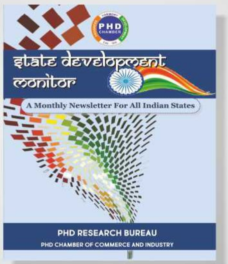

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Cabinet approves revision of the Agreement between India and Qatar for the avoidance of double taxation and for the prevention of fiscal evasion with respect to taxes on income- The Union Cabinet chaired by Hon'ble Prime Minister Shri Narendra Modi has given its approval for revision of the Agreement between India and Qatar for the avoidance of double taxation and for the prevention of fiscal evasion with respect to taxes on income. The existing Double Taxation Avoidance Agreement (DTAA) with Qatar was signed on 7thApril, 1999 and came into force on 15thJanuary, 2000.The revised DTAA updates the provisions for exchange of information to latest standard, includes Limitation of Benefits provision to prevent treaty shopping and aligns other provisions with India's recent treaties. The revised DTAA meets the minimum standards on treaty abuse under Action 6 and Mutual Agreement Procedure under Action 14 of G-20 OECD Base Erosion & Profit Shifting (BEPS) Project, in which India participated on an equal footing.

Cabinet approves the Memorandum of Understanding (MoU) on Cooperation between India and Iran in the field of Traditional Systems of Medicine- The Union Cabinet chaired by Hon'ble Prime Minister Shri Narendra Modi has approved the Memorandum of Understanding (MOU) between India and Iran in the field of Traditional Systems of Medicine. The MoU will enhance bilateral cooperation between the two countries in the areas of Traditional Systems of Medicine. This will be of immense importance to both countries considering their shared cultural heritage.

Cabinet approves Agreement for the Avoidance of Double Taxation and Prevention of Fiscal Evasion between India and Iran- The Union Cabinet, chaired by Hon'ble Prime Minister Shri Narendra Modi has approved an Agreement for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to taxes on income between India and Iran. The Agreement will stimulate flow of investment, technology and personnel from India to Iran & vice versa, and will prevent double taxation. The Agreement will provide for exchange of information between the two Contracting Parties as per latest international standards. It will thus improve transparency in tax matters and will help curb tax evasion and tax avoidance. The Agreement is on similar lines as entered into by India with other countries. The proposed Agreement also meets treaty related minimum standards under G-20 OECD Base Erosion & Profit Shifting (BEPS) Project, in which India participated on an equal footing.

RBI allocates separate limit of Interest Rate Futures (IRFs) for Foreign Portfolio Investors (FPIs)- Currently, the FPI limit for Government Securities (G-secs) is fungible between investments in G-secs and investment in IRF. FPI long positions in IRF are not allowed on G-sec limit utilisation reaching 90%. To facilitate further market development and to ensure that access of FPIs to IRFs remains uninterrupted, it has been decided by RBI to allocate FPIs a separate limit of Rs. 5,000 crore for long position in IRFs. Accordingly, para 4.2 of the RBI Directions No. IDMD.PCD.07/ED(RG)-2013 dated December 05, 2013 is amended to read as follows:

"Foreign Portfolio Investors, registered with Securities and Exchange Board of India, are permitted to purchase or sell Interest Rate Futures subject to the following conditions:

(i) the aggregate long position of all FPIs, each of whom has a net long position in any IRF instrument, shall not exceed Rs 5000 crore, aggregated across all IRF instruments, and
(ii) the total gross short (sold) position of any Foreign Portfolio Investor shall not exceed its consolidated long position in Government securities and Interest Rate Futures, at any point in time".

The limits prescribed for investment by FPIs in G-secs (currently Rs 3,01,500 crore) will be exclusively available for investment in G-secs. All other terms and conditions of the extant IRF directions will remain unchanged. The detailed operational guidelines in this regard will be issued separately by SEBI. The above directions are issued under section 45 (W) of the RBI Act, 1934.

Recommendations made during the 26th meeting of the GST Council- The GST Council in its 26th meeting has decided to extend the available tax exemptions on imported goods for a further 6 months beyond 31.03.2018. Thus, exporters presently availing various export promotion schemes can now continue to avail such exemptions on their imports upto 01.10.2018, by which time an e-Wallet scheme is expected to be in place to continue the benefits in future. In the meeting held on 06.10.2017 the Council had noted that exporters are experiencing difficulties of cash blockage on account of having to upfront pay GST / IGST on the inputs, raw materials etc. / finished goods imported / procured for purposes of exports. The permanent solution agreed to by the Council was to introduce an e-Wallet scheme w.e.f. 01.04.2018. The e-Wallet scheme is basically the creation of electronic e-Wallets, which would be credited with notional or virtual currency by the DGFT. This notional / virtual currency would be used by the exporters to make the payment of GST / IGST on the goods imported / procured by them so their funds are not blocked.

For the reverse charge mechanism, the liability to pay tax on reverse charge basis has been deferred till 30.06.2018. In the meantime, a Group of Ministers will look into the modalities of its implementation to ensure that no inconvenience is caused to the trade and industry. The provisions for deduction of tax at source (TDS) under section 51 of the CGST Act and collection of tax at source (TCS) under section 52 of the CGST Act shall remain suspended till 30.06.2018. In the meantime, the modalities of linking State and Central Governments accounting system with GSTN will be worked out so that seamless credit is available to the registered traders whose tax is deducted or collected at source.

Cabinet approves the extension of the term of the Commission constituted to examine the issue of Sub-categorization of Other Backward Classes in the Central List upto20th June, 2018- The Union Cabinet chaired by Hon'ble Prime Minister Shri Narendra Modi has approved the second and final extension of the term of the Commission constituted to examine the issue of Sub-categorization of Other Backward Classes in the Central List, beyond 27th March 2018 for a period of twelve weeks i.e. upto 20th June, 2018.

3. Other key developments

India ranks 81 on the Corruption Perception Index 2017- According to Transparency International, this year's Corruption Perceptions Index highlights that the majority of countries are making little or no progress in ending corruption, while further analysis shows journalists and activists in corrupt countries risking their lives every day in an effort to speak out. This year, New Zealand and Denmark rank highest with scores of 89 and 88 respectively. Syria, South Sudan and Somalia rank lowest with scores of 14, 12 and 9 respectively. The best performing region is Western Europe with an average score of 66. The worst performing regions are Sub-Saharan Africa (average score 32) and Eastern Europe and Central Asia (average score 34). Though India's score remained intact at 40 points, the Corruption Perception Index 2017 has singled out India as one of the "worst offenders" in the Asia-Pacific region. In 2016, India was in the 79th place among 176 countries. India's ranking in the index had plummeted in 2013 and 2014. The ranking has improved since then, but seems to be showing signs of weakening.

Government of India signs a MoU with Canada's International Development Research Centre (IDRC)- A Memorandum of Understanding between the Government of the Republic of India and Canada's International Development Research Centre (IDRC), to usher the "programme based research support" in addressing current and future global and local developmental challenges, was signed on Thursday, 22 February, 2018 at New Delhi between Shri S. Selvakumar, Joint Secretary (Bilateral Cooperation), Department of Economic Affairs and Dr. Jean Lebel, the President of IDRC, Canada.

MoUs/Agreements signed during the State Visit of President of France to India- At the invitation of Hon'ble Prime Minister Shri Narendra Modi, the President of the French Republic, Mr. Emmanuel Macron paid a State Visit to India from 10th to 12th March 2018. The leaders held wide ranging and constructive discussions and underlined the growing convergence between the two countries on regional and international issues. The MoUs were signed for Agreement between India and France on the Prevention of Illicit Consumption and Reduction of Illicit Traffic in Narcotic Drugs, Psychotropic Substances and Chemical Precursors and Related Offences, India-France Migration and Mobility Partnership Agreement, Mutual Recognition of Academic Qualifications, technical cooperation in the field of Railways, creation of a permanent Indo-French Railways Forum, provision of reciprocal logistics support between their Armed Forces, cooperation in the field of Environment, cooperation in the field of Sustainable Urban Development, implementation of the Jaitapur nuclear power project, cooperation in the matter of Hydrography and Maritime Cartography, Smart City Projects and Solar Energy.

India's rank slips to 133rd in 2018 from 122nd in 2017 on World Happiness Index 2018: World Happiness Report 2018- The World Happiness Report is a landmark survey of the state of global happiness. The Report ranks 156 countries by their happiness levels, and 117 countries by the happiness of their immigrants according to things such as GDP per capita, social support, healthy life expectancy, social freedom, generosity and absence of corruption. UN Sustainable Development Solutions Network's (SDSN) World Happiness Report 2018 notes that Finland, rose from fifth place last year to oust Norway from the top spot. The 2018 top-10, as ever dominated by the Nordics, is: Finland, Norway, Denmark, Iceland, Switzerland, Netherlands Canada, New Zealand, Sweden and Australia. India was ranked at 133 in the UN Sustainable Development Solutions Network's (SDSN) 2018 World Happiness Report which ranked 156 countries according to things such as GDP per capita, social support, healthy life expectancy, social freedom, generosity and absence of corruption.

Fixed-term employment extended to all sectors to boost ease of business- As announced in the Union Budget 2018-19, the government has extended the facility of hiring workers on fixed term employment to all sectors. The facility for hiring on fixed term contract was initially available only for the apparel manufacturing sector as per the Industrial Establishment (Standing Order) 1946. It also states that no permanent employee be moved to fixed term employment. The fixed-term worker would be entitled to all benefits such as wages, hours of work, allowances and others statutory benefits, not less than permanent workmen. To protect existing permanent workers, the rules provide that no employer will convert the posts of permanent workmen into fixed-term employment. This move will facilitate ease of doing business in the economy as this will lead to lower restrictions in hiring workforce in factories and establishments. Further, this would also lead to free labour movement giving companies more flexibility in hiring employees and is expected to boost job creation in the coming times.

US challenges India's export subsidy programmes at WTO - The US challenged Indian export subsidy schemes at the World Trade Organisation, saying these programmes harm American workers by creating an "uneven" playing field. The US Trade Representative (USTR) argued that at least half a dozen Indian programmes provide financial benefits to Indian exporters, which allow them to sell their goods more cheaply to the detriment of American workers and manufacturers.

India's growth to touch 7.3% next fiscal, 7.5% in 2019-20: Fitch - Fitch projected India's economic growth to rise to 7.3 per cent next fiscal and further to 7.5 per cent in 2019-20. In its Global Economic Outlook report, the US-based agency forecast Indian economy to clock a growth rate of 6.5 per cent this fiscal, a tad lower than official estimates by the Central Statistics Office (CSO) of 6.6 per cent. The economy grew 7.1 per cent in 2016-17.

Eight sectors add 1.36 lakh jobs in July-September FY18– According to the estimates from present Quarterly Employment Survey, Labor Bureau, there was an overall positive change of 1.36 lakh workers (in July-September) over the previous quarter (April-June), across eight sectors at all India level.

In a nutshell

According to RBI, the slowdown of economic activity that set in from Q1 of 2016-17 and became pronounced in the second half of the year appears to have extended into the first half of 2017-18. However, there is a recovery in economy activity as the GDP grew to 7.2% in Q3 FY2018. Most of the macro-economic indicators are in positive trajectory such as the IIP, core infra and the CPI inflation an WPI inflation have also declined in February 2018.

Further, the government has been implementing various reform measures. The announcement of fixed term employment in the Union Budget 2018-19 has been implemented and the Cabinet has approved various agreements with different countries which will step up investments in the economy, going forward. The government however, must look into the ban on issuance of LoUs and LoCs which is going to impact the business community significantly. Going ahead, we believe the growth trajectory should continue to improve as teething problems of GST are almost over and the economy is looking up once again

The lead economic and financial indicators so far...

S. No	Components	December 2017	January 2018	February 2018
1.	IIP Growth	7.1%	7.5%	-
2	Export Growth	12.36%	9.07%	4.48%
3	WPI Inflation Y-O-Y growth	3.6%	2.8%	2.5%
4	CPI inflation (combined)	5.2%	5.07%	4.4%
5	Gold (10 GRMS)	29252^	29818^^	30357
6	Crude Oil (1 BBL)	3840^	4028^^	4005^^^
7	BSE Sensex	34057^	35965^^	34184^^^
8	Exchange rate average (INR/ 1 USD)	63.87^	63.63^^	64.37^^^
9	Repo rate	6%	6%	6%
10	CRR	4%	4%	4%
11	10 year Bond yield	7.4429%	7.6571%	7.7387%
12	Base rate	8.65% - 9.45%@#	8.65% - 9.45%@@#	8.65% - 9.45%@@@#

Source: PHD Research Bureau compiled from various sources, ^ Data pertains to 29th December 2017, ^^Data pertains to 31st January 2018, @#Data pertains to 16 January 2018, @@#Data pertains to 13 February 2018, ^^^Data pertains to 28th February 2018, @@@#Data pertains to 23 March 2018

India: Statistical snapshot

Indicators	FY12	FY13	FY14	FY15	FY16	FY17	FY18
GDP at FC - Constant prices (Rs cr)	8736039	9215125	9817822	10536984	11381002	12189854	12985363#^
GDP at FC-Constant prices growth YOY (%)	6.7	5.5*	6.4*	7.5*	8*	7.1@#	6.5#^
Agriculture growth	5.0	1.5	5.6	(-)0.3	0.7*	4.9@#	3.0#^
Industry growth	7.8	3.4	4.2	6.9	8.2	5.8@#	4.8#^
Services growth	6.6	7.7	9.5	9.8	7.9	7.9@#	8.3#^
Consumption (% YOY)	8.9	5.2	4.7	-	-	-	-
Private consumption (% YOY)	9.3	5.5	6.8	6.2	7.3	8.7	-
Gross domestic savings as % of GDP	31.4	30.1	30.5	30.6"'	-	-	-
Gross Fixed Capital Formation as % of GDP	34.3	34.1	33	32.3	31.2	-	-
Gross fiscal deficit of the Centre as a % GDP	5.7	4.9	4.5	4.1''	3.9	3.5	3.5*@
Gross fiscal deficit of the states as a % GDP	1.9	1.9	2.5	2.3''	-	-	-
Gross fiscal deficit of Centre & states as a % GDP	8.1	7.2	6.7	6.6''	-	-	-
Merchandise exports (US$Bn)	305.7	300.2	312.35	310.5	261.14	274.64	25.83^^^^
Growth in exports	21.9	-1.8	3.98	(-)1.2	(-)15.9	4.7	4.48^^^^
Imports (US$Bn)	489.1	490.3	450.94	447.5	379.59	380.37	37.81^^^^
Growth in imports (YOY)	32.4	0.2	-8.1	-0.59	(-)15.3	(-)0.17	10.41^^^^
Trade deficit (US$Bn)	183.4	190.1	138.6	137	118.46	46.42	11.97^^^^
Net invisibles US$Bn	111.6	107.5	115.0	-	107.9^^	-	-
Current account deficit US$Bn	78.2	88.2	32.4	26.8^^	22.1^^	15.2^^*	13.5#^
Current account deficit as % of GDP	4.2	4.8	1.7	1.3	1.1^^	0.7^^*	2$#^
Net capital account US$Bn	67.8	94.2	33.3^^	11.8	23.2	14.9^^*	-
Overall balance of payments US$Bn	12.8	3.8	15.5^^	6.9	-	-	-
Foreign exchange reserves US$Bn	294.9	292.04	304.22	316.2	355.56~~	367.9~~~	421.5~~~
External debt - Short term US$Bn	78.2	96.7	89.2``	86.4```	83.6&&&	88^^*	-
External debt - Long term US$Bn	267.5	293.4	351.4``	376.4```	398.6&&&	383.9^^*	-
External debt - US$Bn	345.8	392.1	441``	462```	480.18&&&	472^^*	-
Money supply growth	13.5	13.6	13.2	11.1&&	11.3&&&&	6.3^^	10.8&&^
Bank credit growth	16.8	13.5	14	8.6	9~~~~	7^^	8.8**
WPI inflation	8.9	7.4	5.7#	2.1	(-)0.85^^^	1.33	2.5^^^^
CPI inflation	6.0	10.2	9.8	6.4	4.83^^^	4.5	4.4^^^^*
Exchange rate Rs/US$ annual average	47.9	54.4	60.68	61.14	66.43@@	64.39^^	65.06@@@

Source: PHD Research Bureau compiled from various sources, *Data pertains to Provisional Estimates of Annual National Income 2016-17 from MOSPI, !$Data pertains to Q1 FY2018, '" Data pertains to Annual Report of RBI 2013-14, *@Data pertains to Budget Estimates of 2018-19, '' Data pertains to GVA at Basic Prices at constant prices for Q3 2015-16,. ^^Data pertains to India's Balance of payment for 2015-16 from RBI, ^^^Data pertains to March 2016, ``India's external debt end Dec 2013 from RBI, ``` Data pertains to end Dec 2014 from RBI, # Data pertains to Mar 2013, ~ Data pertains to 2014-15 from the Economic Survey,^^* Data pertains to FY2016-17 ~~Data as on week ending 25th March 2016 from RBI, ~~~ Data as on 9th March 2018 from RBI, && Data pertains to March 2015, @@ Data pertains to 13th April 2016 from RBI, ^^^^Data pertains to February 2018, @@@ Data as on 22 March 2018 from RBI, &&&& Y-o-Y Growth of Money Supply, 2015-16 from RBI. # Data pertains to end March 2017, compiled from RBI, ** Bank credit growth as on January 2018, &&^ as on January 2018.@# GDP growth and agriculture growth is as per Provisional Estimates of Annual National Income, 2016-17and Industry and service growth is from Office of economic advisor, #^Data pertains to Second Advance Estimates of GVA at basic price for 2017-18, ^^^^*Data pertains to January 2018, $#^Data pertains to Q3 FY18

PHD Research Bureau

PHD Research Bureau; the research arm of the PHD Chamber of Commerce and Industry was constituted 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.

The Research Bureau has been instrumental in forecasting various lead economic indicators national and sub-national. Many of its research reports have been widely covered by media and leading newspapers. Recently, the Research Bureau has undertaken various policy projects of Government of India including Framework of University-Industry Linkages in Research assigned by DSIR, Ministry of Science & Technology, Study on SEZ for C&AG of India, Study on Impact of Project Imports under CTH 9801 for C&AG of India and has attracted a World Bank Project on free trade zones.

Research Activities	Comments on Economic Developments	Newsletters	Consultancy
• Research Studies	• Macro Economy	• Economic Affairs Newsletter (EAC)	• Trade & Inv. Facilitation Services (TIFS)
• State Profiles	• States Development	• Forex and FEMA Newsletter	
• Impact Assessments	• Infrastructure	• Global Economic Monitor (GEM)	
• Thematic Research Reports	• Foreign exchange market	• Trade & Inv. Facilitation Services (TIFS) newsletter	
• Releases on Economic Developments	• International Trade	• State Development Monitor (SDM)	
	• Global Economy		

Studies Undertaken by PHD Research Bureau

A : Thematic research reports

1. Comparative study on power situation in Northern and Central states of India (September2011)
2. Economic Analysis of State (October 2011)
3. Growth Prospects of the Indian Economy, Vision 2021 (December 2011)
4. Budget 2012-13: Move Towards Consolidation (March 2012)
5. Emerging Trends in Exchange Rate Volatility (Apr 2012)
6. The Indian Direct Selling Industry Annual Survey 2010-11 (May 2012)
7. Global Economic Challenges: Implications for India (May 2012)
8. India Agronomics: An Agriculture Economy Update (August 2012)
9. Reforms to Push Growth on High Road (September 2012)
10. The Indian Direct Selling Industry Annual Survey 2011-12: Beating Slowdown (March 2013)
11. Budget 2013-14: Moving on reforms (March 2013)
12. India- Africa Promise Diverse Opportunities (November 2013)
13. India- Africa Promise Diverse Opportunities: Suggestions Report (November 2013)
14. Annual survey of Indian Direct Selling Industry-2012-13 (December 2013)
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20. Economy on the Eve of Union Budget 2014-15 (July 2014)
21. Budget 2014-15: Promise of Progress (July 2014)
22. Agronomics 2014: Impact on economic growth and inflation (August 2014)
23. 100 Days of new Government (September 2014)
24. Make in India: Bolstering Manufacturing Sector (October 2014)
25. The Indian Direct Selling Industry Annual Survey 2013-14 (November 2014)
26. Participated in a survey to audit SEZs in India with CAG Office of India (November 2014)
27. Role of MSMEs in Make in India with reference to Ease of Doing Business in Ghaziabad (Nov 2014)
28. Exploring Prospects for Make in India and Made in India: A Study (January 2015)
29. SEZs in India: Criss-Cross Concerns (February 2015)
30. Socio-Economic Impact of Check Dams in Sikar District of Rajasthan (February 2015)
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33. Budget Analysis (2015-16)
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36. Progress of Make in India (September 2015)
37. Grown Diamonds, A Sunrise Industry in India: Prospects for Economic Growth (November 2015)
38. Annual survey of Indian Direct Selling Industry 2014-15 (December 2015)
39. India's Foreign Trade Policy Environment Past, Present and Future (December 2015)
40. Revisiting the emerging economic powers as drivers in promoting global economic growth(February 2016)
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48. Union Budget 2017-18: A budget for all-inclusive development (January 2017)
49. Annual Survey of Indian Direct Selling Industry 2015-16 (February 2017)
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59. The Wall of Protectionism: : Rise and Rise of Protectionist Policies in the Global Arena, (November 2017)
60. India-Israel Relations: Building Bridges of Dynamic Trade(October 2017)
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63. Analysis of Trade Pattern between India and ASEAN (January 2018)
64. Union Budget 2018-19 (February 2018)
65. Study Ease of Doing Work for Women: A Survey of Delhi NCR (March 2018)
66. Restraining Wilful Defaults: Need of the hour for Indian Banking System (March 2018)

B: State profiles

67. Rajasthan: The State Profile (April 2011)
68. Uttarakhand: The State Profile (June 2011)
69. Punjab: The State Profile (November 2011)
70. J&K: The State Profile (December 2011)
71. Uttar Pradesh: The State Profile (December 2011)
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75. Resurgent Bihar (April 2013)
76. Life ahead for Uttarakhand (August 2013)
77. Punjab: The State Profile (February 2014)
78. Haryana: Bolstering Industrialization (May 2015)
79. Progressive Uttar Pradesh: Building Uttar Pradesh of Tomorrow (August 2015),
80. Suggestions for Progressive Uttar Pradesh (August 2015)
81. State profile of Telangana- The dynamic state of India (April 2016)
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86. Prospering Himachal Pradesh : A Mountain of Opportunities (August2017)
87. Kashmir: The Way Forward (March 2018)

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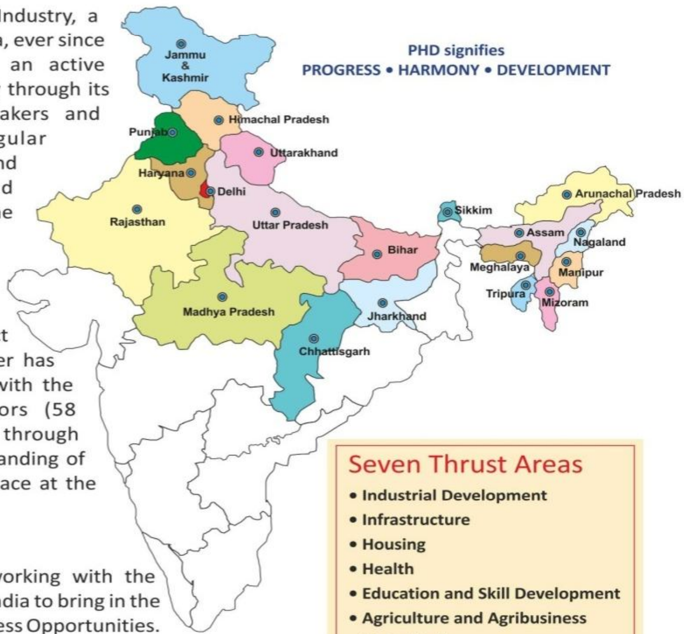

Seven Thrust Areas

- Industrial Development
- Infrastructure
- Housing
- Health
- Education and Skill Development
- Agriculture and Agribusiness
- Digital India

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