NATIONAL APEX CHAMBER

FOREX & FEMA Newsletter

December 2019

PHD Research Bureau

PHD Chamber of Commerce and Industry

PHD House, 4/2 Siri Institutional Area, August Kranti Marg, New Delhi - 110016

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FOREX & FEMA NEWSLETTER

The daily average monthly turnover in India's foreign exchange market including merchant and interbank transactions in the category of purchases increased from USD 2591 million in May 2019 to USD 2657 million in June 2019. In the category of sales, the average daily turnover has also increased from USD 2639 million in May 2019 to USD 2668 million in June 2019.

In the month of December 2019, the average exchange rate of rupee against USD stands at 71.2. The average exchange rate of rupee against Japanese yen stands at 65.3. The exchange rate of rupee against Euro has remained at an average of 79 in the month of December 2019. While, the average exchange rate of rupee against pound sterling is at 93.3 during December 2019.

India's foreign exchange reserves stands at about USD 455 billion as on December 20, 2019 of which Foreign Currency Assets consists of USD 423 billion, Gold reserves at USD 27 billion, SDRs at USD 1.4 billion and reserve position in the IMF at USD 3.6 billion.

At regulatory front, RBI released Financial Stability Report which states that the Overall assessment of systemic risks is that India's financial system remains stable notwithstanding weakening domestic growth; the resilience of the banking sector has improved following recapitalisation of Public Sector Banks (PSBs) by the Government. Risks arising out of global/domestic economic uncertainties and geopolitical developments, however, persist. RBI also introduced a new type of semi-closed Prepaid Payment Instrument (PPI) to give impetus to small value digital payments and enhanced user experience.

On the basis of an assessment of the current and evolving macroeconomic situation, the Monetary Policy Committee (MPC) at its meeting held in December 2019 decided to keep the policy repo rate under the liquidity adjustment facility (LAF) unchanged at 5.15 per cent. Consequently, the reverse repo rate under the LAF remains unchanged at 4.90 per cent, and the marginal standing facility (MSF) rate and the Bank Rate at 5.40 per cent.

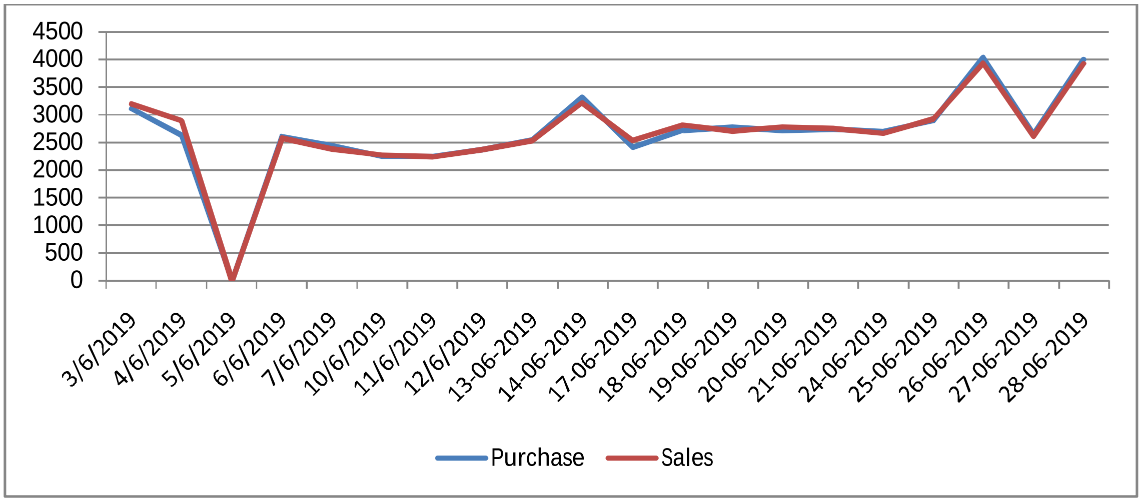
At this juncture, the full transmission of the earlier policy rate cuts by the banking sector in terms of reduced lending rates would be crucial to boost liquidity, induce demand and industrial growth in the country. Easy availability of money becomes crucial to enhance the domestic demand and sentiments of businesses to capture slowdown in the economy. Going ahead, reduction in repo rate to the level of 4.5% is expected in the coming quarters to support the liquidity in the economy and easier access of credit to the industry, especially for the MSMEs.

At commodity front, the average price of Gold has decreased from Rs 38125 per 10 grams in November 2019 to Rs 37986 per 10 grams in December 2019. The average price of silver has also decreased from Rs. 44886 per 1 kg in November 2019 to Rs 44325 in December 2019. The average price of crude oil has increased from Rs 4074 per barrel in November 2019 to Rs. 4232 per barrel in December 2019. The average price of copper has risen from Rs. 446 per 1 kg in November 2019 to Rs. 452 per 1 kg in December 2019. However, the average price of Zinc has declined from Rs. 194 per 1 kg in November 2019 to Rs. 184 per 1 kg in December 2019.

India’s foreign exchange market turnover (daily average)

The daily average monthly turnover in India’s foreign exchange market including merchant and interbank transactions in the category of purchases increased from USD 2591 million in May 2019 to USD 2657 million in June 2019. In the category of sales, the average daily turnover has also increased from USD 2639 million in May 2019 to USD 2668 million in June 2019.

Daily average monthly turnover in India’s foreign exchange market (USD million)



Source: PHD Research Bureau compiled from RBI

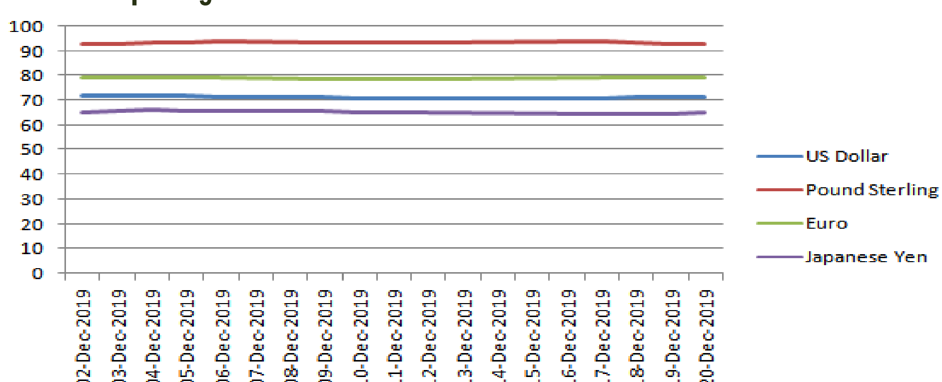
Overview of Indian rupee

In the month of December 2019, the average exchange rate of rupee against USD stands at 71.22. The average exchange rate of rupee against Japanese yen stands at 65.32. The exchange rate of rupee against Euro has remained at an average of 79 in the month of December 2019. While, the average exchange rate of rupee against pound sterling is at 93.3 during December 2019.

Indian rupee overview

Average Exchange rate of rupee against USD stands at 71.22 in Dec 2019, against pound sterling at 93.3, against Euro at 79 and against Japanese Yen at 65.32

Trend of rupee against various currencies



Source: PHD Research Bureau compiled from RBI. Data pertains till 20th December 2019 only

Monthly trend of rupee exchange rate (high and low) against currencies

Exchange rate of rupee against USD stood highest at 71.72 and lowest at 70.74 in Dec 2019.

In the month of December 2019, the exchange rate of rupee against USD recorded highest at 71.72, while it registered lowest at 70.74. The exchange rate of rupee against pound registered highest at 94.22 and lowest at 92.61. In case of Euro currency, exchange rate of rupee recorded highest at 79.50 and lowest at 78.45. The exchange rate of rupee against Japanese yen recorded highest at 66.11and lowest at 64.78.

Indian rupee overview (Dec 2019)

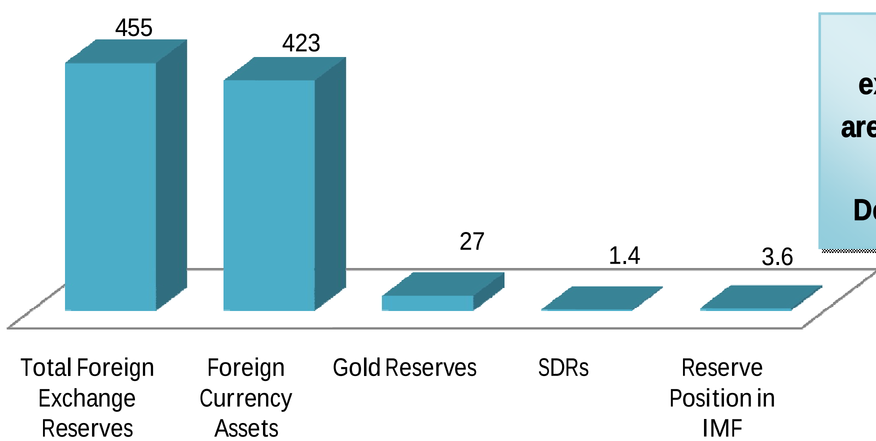
INR against foreign currency	Open	High	Low	Close*
USD	71.72	71.72	70.74	71.15
Pound Sterling	92.64	94.22	92.61	92.61
Euro	79.02	79.50	78.45	79.10
Japanese Yen	65.41	66.11	64.78	65.09

Source: PHD Research Bureau compiled from RBI. * Data pertains till 20th December 2019

Foreign exchange reserves

India's foreign exchange reserves stands at about USD 455 billion as on December 20, 2019 of which Foreign Currency Assets consists of USD 423 billion, Gold reserves at USD 27 billion, SDRs at USD 1.4 billion and reserve position in the IMF at USD 3.6 billion.

Foreign exchange reserves as on December 20, 2019 (USD Billion)



India's foreign exchange reserves are at about USD 455 billion as on December 20, 2019

Source: PHD Research Bureau compiled from RBI

Trade & Investment Facilitation Services

TIFS

Single Window Information 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 envisage 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.

Registration fee 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.

For details, contact:

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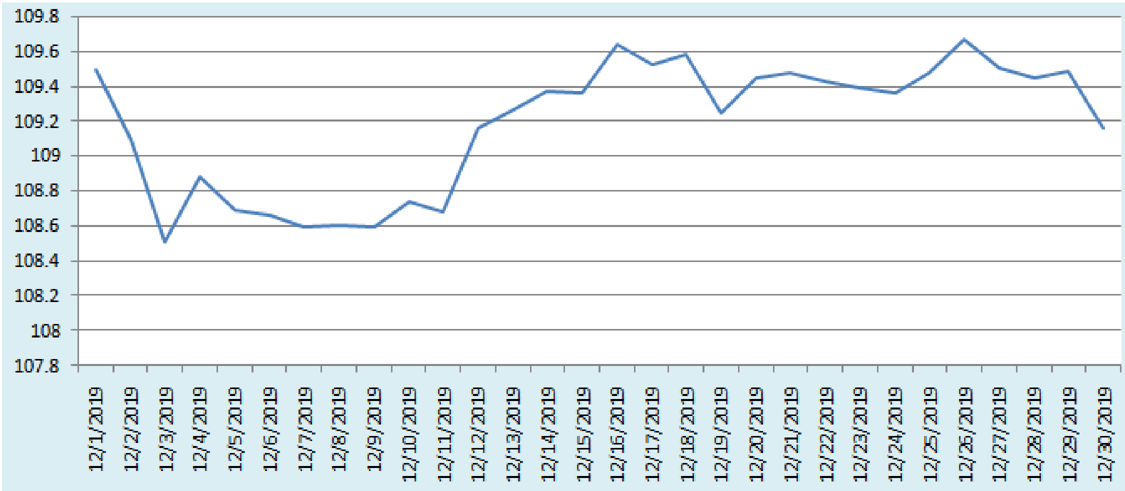
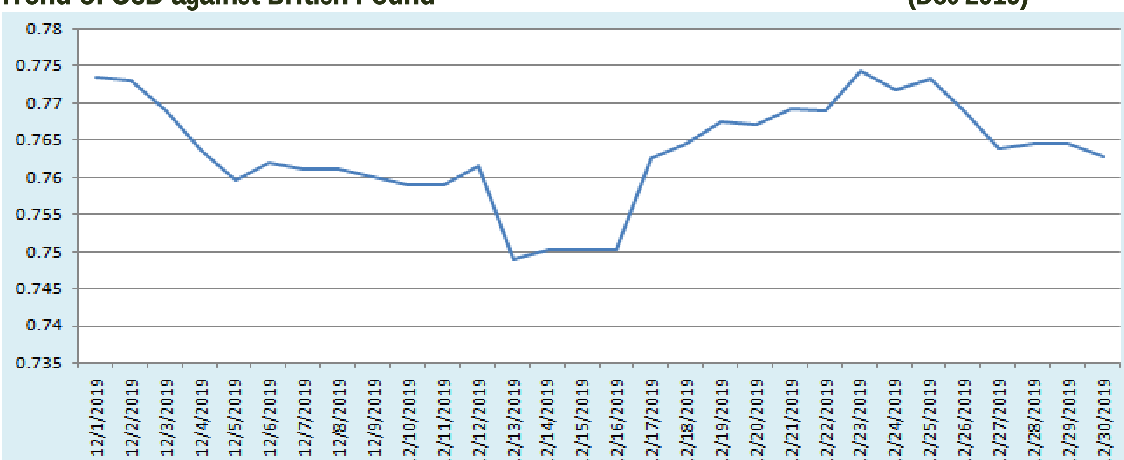
Trend of USD against Japanese Yen, British Pound and Euro in Dec 2019

Trend of USD against Japanese Yen (Dec 2019)



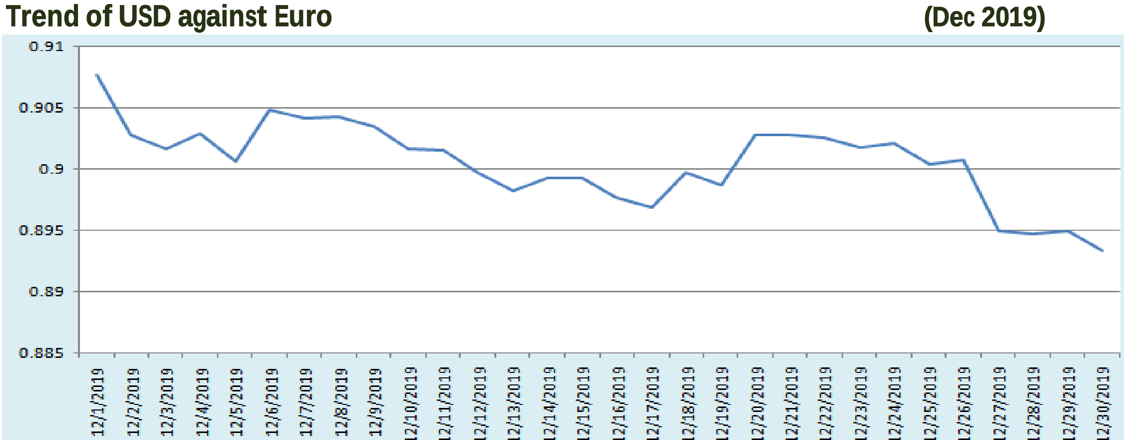
Source: PHD Research Bureau compiled from x-rates.

Trend of USD against British Pound (Dec 2019)



Source: PHD Research Bureau compiled from x-rates.

Trend of USD against Euro (Dec 2019)

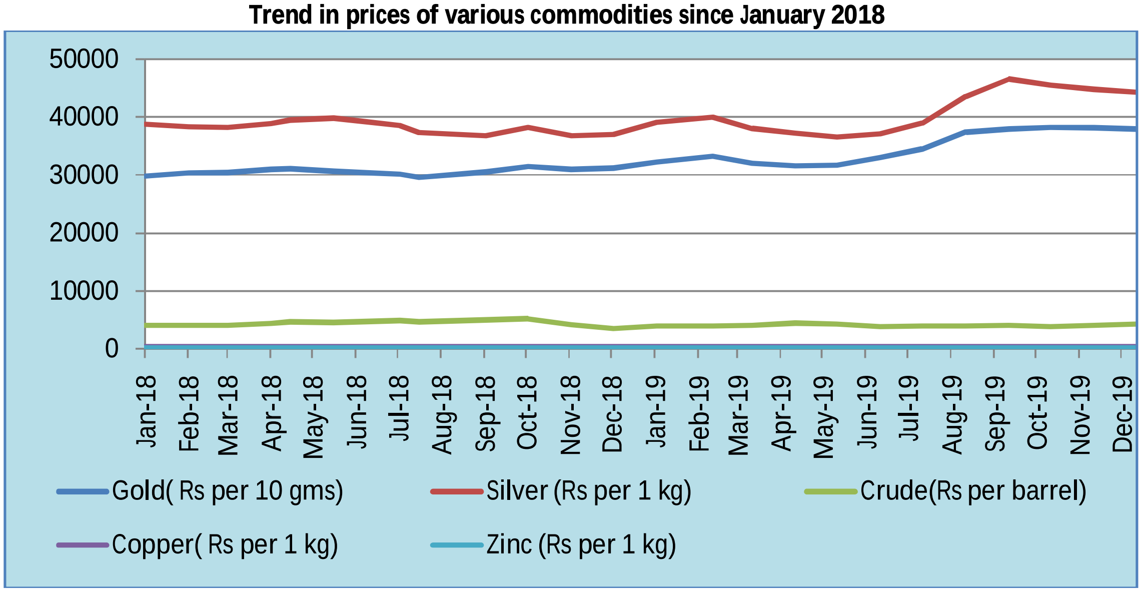


Source: PHD Research Bureau compiled from x-rates.

Commodity Markets

At commodity front, the average price of Gold has decreased from Rs 38125 per 10 grams in November 2019 to Rs 37986 per 10 grams in December 2019. The average price of silver has also decreased from Rs. 44886 per 1 kg in November 2019 to Rs 44325 in December 2019. The average price of crude oil has increased from Rs 4074 per barrel in November 2019 to Rs. 4232 per barrel in December 2019. The average price of copper has risen from Rs. 446 per 1 kg in November 2019 to Rs. 452 per 1 kg in December 2019. However, the average price of Zinc has declined from Rs. 194 per 1 kg in November 2019 to Rs. 184 per 1 kg in December 2019.

Trend in prices of various commodities since January 2018



Source: PHD Research Bureau, compiled from MCX.

Financial Markets

Select indices such as DAX, DJIA, NIKKEI, SENSEX and SHSZ have exhibited positive growth of around 0.76%, 2.12%, 2.34%, 1.92% and 6.35% in December 2019 over November 2019 (point to point on closing values).

Global Indices

Index	Index (as on 29th Nov 2019)	Index (as on 27th Dec 2019)	Monthly Change (in %)
DAX[1]	13236	13337	0.76
DJIA[2]	28051	28645	2.12
NIKKEI[3]	23293	23837	2.34
SENSEX[4]	40,793	41,575	1.92
SHSZ[5]	3828	4071	6.35

Source: PHD Research Bureau, compiled from various sources. Note: [1] Deutscher Aktien Index (Germany) data, [2] Dow Jones Industrial Average (US) Data, [3] NIKKEI (Japan), [4] BSE SENSEX (India), [5] Shanghai Shenzhen CSI 300 Index (China).

Recent regulatory developments

Exchange Rate of conversion of the Foreign Currencies relating to Imported and Export Goods

In exercise of the powers conferred by section 14 of the Customs Act, 1962 (52 of 1962), and in supersession of the notification of the Central Board of Indirect Taxes and Customs No.85/2019-CUSTOMS (N.T.), dated 21st November, 2019 except as respects things done or omitted to be done before such supersession, the Central Board of Indirect Taxes and Customs hereby determines that the rate of exchange of conversion of each of the foreign currencies specified in column (2) of each of Schedule I and Schedule II annexed hereto, into Indian currency or vice versa, shall, with effect from 6th December, 2019, be the rate mentioned against it in the corresponding entry in column (3) thereof, for the purpose of the said section, relating to imported and export goods.

SCHEDULE-I

S.No.	Foreign Currency	Rate of exchange of one unit of foreign currency equivalent to Indian rupees	
(1)	(2)	(3)	
		(a)	(b)
		(For Imported Goods)	**(For Exported Goods)**
1.	Australian Dollar	50.10	47.85
2.	Bahraini Dinar	195.95	183.80
3.	Canadian Dollar	55.25	53.30
4.	Chinese Yuan	10.30	10.00
5.	Danish Kroner	10.80	10.40
6.	EURO	80.80	77.85
7.	Hong Kong Dollar	9.30	8.95
8.	Kuwaiti Dinar	243.20	228.10
9.	New Zealand Dollar	48.10	45.90
10.	Norwegian Kroner	7.95	7.65
11.	Pound Sterling	95.50	92.20
12.	Qatari Riyal	20.30	19.05
13.	Saudi Arabian Riyal	19.70	18.50
14.	Singapore Dollar	53.40	51.60
15.	South African Rand	5.05	4.75
16.	Swedish Kroner	7.65	7.40
17.	Swiss Franc	73.85	71.00
18.	Turkish Lira	12.80	12.05
19.	UAE Dirham	20.10	18.85
20.	US Dollar	72.40	70.70

Source: Ministry of Finance, Government of India

SCHEDULE-II

S.No.	Foreign Currency	Rate of exchange of 100 units of foreign currency equivalent to Indian rupees	
(1)	(2)	(3)	
		(a)	**(b)**
		(For Imported Goods)	**(For Export Goods)**
1.	Japanese Yen	66.95	64.50
2.	Korean Won	6.20	5.80

Source: Ministry of Finance, Government of India

RBI releases Financial Stability Report –December 2019

The Reserve Bank of India released the Report on Financial Stability (FSR). The FSR reflects the collective assessment of the Sub-Committee of the Financial Stability and Development Council (FSDC) on risks to financial stability and also the resilience of the financial system. The Report also highlights issues relating to development and regulation of the financial sector. **The Overall assessment of systemic risks according to the report says that India's financial system remains stable notwithstanding weakening domestic growth; the resilience of the banking sector has improved following recapitalisation of Public Sector Banks (PSBs) by the Government. Risks arising out of global/domestic economic uncertainties and geopolitical developments, however, persist.**

Global and domestic macro-financial risks

- The global economy confronted a number of uncertainties, delayed in the Brexit deal, trade tensions, whiff of an impending recession, oil-market disruptions and geopolitical risks, leading to significant deceleration in growth. These uncertainties weighed on consumer confidence and business sentiment, dampened investment intentions and unless properly addressed are likely to remain a key drag on global growth.
- As regards the domestic economy, aggregate demand slackened in Q2:2019-20. Further extending the growth deceleration. While the outlook for capital inflows remains positive, India's exports could face headwinds in the event of sustained global slowdown but current account deficit is likely to be under control reflecting muted energy price outlook.
- Reviving the twin engines of consumption and investment while being vigilant about spillovers from global financial markets remains a critical challenge going forward.

Financial Institutions: Performance and risks

- Scheduled commercial banks' (SCBs) credit growth remained subdued at 8.7 per cent year-on-year (y-o-y) in September 2019, though Private Sector Banks (PVBs) registered double digit credit growth of 16.5 per cent.
- SCBs' capital adequacy ratio improved significantly after the recapitalisation of public sector banks (PSBs) by the Government.

- SCBs' gross non-performing assets (GNPA) ratio remained unchanged at 9.3 per cent between March and September 2019.
- Provision Coverage Ratio (PCR) of all SCBs rose to 61.5 per cent in September 2019 from 60.5 per cent in March 2019 implying increased resilience of the banking sector.
- Macro-stress tests for credit risk show that under the baseline scenario, SCBs' GNPA ratio may increase from 9.3 per cent in September 2019 to 9.9 per cent by September 2020 primarily due to change in macroeconomic scenario, marginal increase in slippages and the denominator effect of declining credit growth.
- As per network analysis, total bilateral exposures between entities in the financial system registered a marginal decline in quarter ended September 2019. Among all the intermediaries, Private Sector Banks (PVBs) saw the highest y-o-y growth in their payables to the financial system, while insurance companies recorded the highest y-o-y growth in their receivables from the financial system. Commercial Paper (CP) funding amongst the financial intermediaries continued to decline in the last four quarters.
- The size of the inter-bank market continued to shrink with inter-bank assets amounting to less than 4 per cent of the total banking sector assets as at end-September 2019. This reduction, along with better capitalisation of PSBs led to a reduction in contagion losses to the banking system compared to March 2019 under various scenarios relating to idiosyncratic failure of a bank/non-banking finance company (NBFC) /housing finance company (HFC) and macroeconomic distress.

Financial sector: Regulation and developments

- Reserve Bank has initiated policy measures: to introduce a liquidity management regime for NBFCs; to improve the banks' governance culture; for resolution of stressed assets and for the development of payment infrastructure
- The Reserve Bank has accepted some of the key recommendations of the Task Force on Offshore Rupee Markets viz., allowing domestic banks to freely offer foreign exchange prices to non-residents and allowing rupee derivatives (with settlement in foreign currency) to be traded in International Financial Services Centres (IFSCs).
- The Securities and Exchange Board of India (SEBI) has taken a number of steps to improve the financial markets including a revised risk management framework of liquid funds, revised norms for investment and valuation of money market and debt securities by mutual funds (MFs), revised norms for credit rating agencies (CRAs), facilitating new commodity derivative products and setting up institutional trading platforms (ITPs) on stock exchanges to promote start-ups.
- The Insolvency and Bankruptcy Board of India (IBBI) continues to make steady progress in the resolution of stressed assets.
- The Insurance Regulatory and Development Authority of India (IRDAI) has taken initiatives for growth of InsurTech and strengthening insurers' corporate governance processes.
- The Pension Fund Regulatory and Development Authority (PFRDA) continues to bring more citizens under the pension net.

RBI introduces a new type of semi-closed Prepaid Payment Instrument (PPI)

In reference to the Statement on Developmental and Regulatory Policies issued as part of Monetary Policy Statement and the Master Direction on Issuance and Operation of Prepaid Payment Instruments (PPI-MD), Reserve Bank of India (RBI) has introduced a new type of semi-closed Prepaid Public Instrument (PPI) to give impetus to small value digital payments and enhanced user experience.

The features of Prepaid Public Instrument (PPI) are as follows:

- Such PPIs shall be issued by bank and non-bank PPI Issuers after obtaining minimum details of the PPI holder.
- The minimum details shall necessarily include a mobile number verified with One Time Pin (OTP) and a self-declaration of name and unique identity / identification number of any 'mandatory document' or 'officially valid document' (OVD) listed in the 'Master Direction- Know Your Customer (KYC) Direction, 2016' issued by Department of Regulation, Reserve Bank of India, as amended from time to time.
- These PPIs shall be reloadable in nature and issued in card or electronic form. Loading / Reloading shall be only from a bank account
- The amount loaded in such PPIs during any month shall not exceed Rs. 10,000 and the total amount loaded during the financial year shall not exceed Rs. 1,20,000.
- The amount outstanding at any point of time in such PPIs shall not exceed Rs. 10,000.
- These PPIs shall be used only for purchase of goods and services and not for funds transfer.
- PPI issuers shall provide an option to close the PPI at any time and also allow to transfer the funds 'back to source' (payment source from where the PPI was loaded) at the time of closure.
- The features of such PPIs shall be clearly communicated to the PPI holder by SMS / e-mail/ post or by any other means at the time of issuance of the PPI / before the first loading of funds.
- The minimum detail PPIs existing as on the date of this circular can be converted to the above type of PPI, if desired by the PPI holder.

RBI releases Report on Trend and Progress of Banking in India 2018-19

The Reserve Bank of India released the Report on Trend and Progress of Banking in India 2018-19, a statutory publication in compliance with Section 36 (2) of the Banking Regulation Act, 1949. This Report presents the performance of the banking sector, including co-operative banks, and non-banking financial institutions during 2018-19 and 2019-20 so far.

The highlights of the Report released by RBI are set out below:

- The banking sector showed improvement with the gross non-performing assets (GNPA) ratio of Scheduled Commercial Banks (SCBs) declining from 11.2 per cent in March 2018 to 9.1 per cent in March 2019 and a return to profitability in H1: 2019-20.

- This turnaround has been facilitated by a conducive policy environment underpinned by the traction in insolvency and bankruptcy code (IBC).

- Recapitalisation of Public Sector Banks (PSBs) shored up the capital position of PSBs.

- In the co-operative banking arena, the consolidated balance sheet of Urban Co-operative Banks (UCBs) expanded in 2018-19 on account of robust deposit growth, although, a fall in interest income adversely affected their profitability; among rural co-operatives, the financial health of state co-operative banks and district central co-operative banks weakened with an increase in the non-performing assets and slowdown in profitability.

- The pace of credit expansion by NBFCs, which began slowing in 2018-19, continued in the first half of 2019-20, largely affected by the performance of non-deposit taking systemically important NBFCs (NBFCs-ND-SI), though capital buffers remained above the stipulated norms. Bank credit remained a stable source of funding for NBFCs.

RBI revises norms for ARCs on acquisition of financial assets

This is in refer to Circular DNBS (PD) CC.No.37/SCRC/26.03.001/2013-2014 dated March 19, 2014 of notification on Buyback of assets from Securitisation Companies/Reconstruction Companies (SC/RCs) by the Defaulters and acquisition of assets by SC/RCs from sponsor banks.

On a review, it has been decided by RBI that **Asset Reconstruction Companies (ARCs) shall not acquire financial assets from the following on a bilateral basis**, whatever may be the consideration:

(i) a bank/ financial institution which is the sponsor of the ARC;

(ii) a bank/ financial institution which is either a lender to the ARC or a subscriber to the fund, if any, raised by the ARC for its operations;

(iii) an entity in the group to which the ARC belongs.

However, they may participate in auctions of the financial assets provided such auctions are conducted in a transparent manner, on arm's length basis and the prices are determined by market forces.

RBI releases half yearly report on Management of Foreign Exchange Reserves for April-September, 2019

The Reserve Bank of India publishes half-yearly reports on management of foreign exchange reserves for bringing enhancing transparency and levels of disclosure. These reports are prepared half yearly with reference to the position as at end-March and end September each year. The present report (33rd in the series) is with reference to the position as at end-

September 2019. The foreign exchange reserves stood at USD 413 billion as at end-March 2019. During the half-year period under review, reserves followed an increasing trend from USD 419 billion as at end-April 2019 to USD 434 billion as at end-September 2019.

Although both US dollar and Euro are intervention currencies and the Foreign Currency Assets (FCA) are maintained in major currencies, the foreign exchange reserves are denominated and expressed in US dollar terms. Movements in the FCA occur mainly on account of purchase and sale of foreign exchange by the RBI, income arising out of the deployment of the foreign exchange reserves, external aid receipts of the Central Government and changes on account of revaluation of the assets.

Movement in Foreign Exchange Reserves

(USD Million)

Month End	FCA	Gold	SDR	RTP	Forex Reserves
March-19	385357	23071	1457	2986	412871
			(1049)		
April-19	390966	23022	1454	3351	418793
			(1049)		
May-19	394135	22959	1443	3331	421868
			(1047)		
June-19	400715	24304	1456	3362	429837
			(1047)		
July-19	398239	25505	1441	3636	428820
			(1047)		
August-19	395962	27339	1432	3617	428349
			(1046)		
September-19	402026	26650	1427	3604	433707
			(1046)		

Source: RBI, Notes: FCA (Foreign Currency Assets): FCA are maintained as a multi-currency portfolio comprising major currencies, such as, US dollar, Euro, Pound sterling, Japanese yen, etc. and are valued in terms of US dollars. FCA excludes (a) investment in bonds issued by IIFC (UK) (b) SDR holdings of Reserve Bank, which is included under SDR and (c) amount lent under SAARC Swap Arrangement. SDR (Special Drawing Rights): Values in SDR have been indicated in parentheses. RTP refers to the Reserve Tranche Position in the IMF. Difference, if any, is due to rounding off.

Forward Outstanding— The net forward liability (payable) of the Reserve Bank in domestic foreign exchange market stood at USD 7.5 billion as at the end of September 2019.

Adequacy of Reserves- At the end of June 2019, the foreign exchange reserves cover of imports increased to 10.0 months from 9.6 months at end-March 2019. The ratio of short-term debt (original maturity) to reserves, which was 26.3 per cent at end-March 2019, declined to 25.5 per cent at end-June 2019. The ratio of volatile capital flows (including cumulative portfolio inflows and outstanding short-term debt) to reserves declined from 88.7 per cent at end-March 2019 to 86.7 per cent at end-June 2019.

Management of Gold Reserves- As at end-September, 2019, the Reserve Bank held 618.17 tonnes of gold, with 325.87 tonnes being held overseas in safe custody with the Bank of

England and the Bank for International Settlements, while the remaining gold is held domestically. In value terms (USD), the share of gold in the total foreign exchange reserves increased marginally from about 5.59 per cent as at end-March 2019 to about 6.14 per cent as at end-September 2019.

Sources of Accretion to Foreign Exchange Reserves - On a balance of payments basis (i.e., excluding valuation effects), the foreign exchange reserves increased by US$ 14 billion during April-June 2019 as against a decrease of US$ 11.3 billion during April-June 2018. The foreign exchange reserves in nominal terms (including valuation effects) increased by US$ 17 billion during April-June 2019 as against a decrease of US$ 19 billion in the corresponding period of the preceding year.

RBI reviews Master Directions of Non-Banking Financial Company – Peer to Peer Lending Platform 2017

This is in reference to Master Directions - Non-Banking Financial Company – Peer to Peer Lending Platform (Reserve Bank) Directions, 2017, dated October 04, 2017. On a review, it has been decided by RBI that:

- The aggregate exposure of a lender to all borrowers at any point of time, across all P2P platforms, shall be subject to a cap of Rs. 50,00,000 provided that such investments of the lenders on P2P platforms are consistent with their net-worth.

- The lender investing more than ₹ 10,00,000 across P2P platforms shall produce a certificate to P2P platforms from a practicing Chartered Accountant certifying minimum net-worth of ₹ 50,00,000. Further, all the lenders shall submit declaration to P2P platforms that they have understood all the risks associated with lending transactions and that P2P platform does not assure return of principal/payment of interest.

- Escrow accounts to be operated by bank promoted trustee for transfer of funds need not be mandatorily maintained with the bank which has promoted the trustee.

Macro-economic indicators

October 2019 IIP stands at (-)3.8%

Growth in industry output, as measured in terms of IIP, for the month of October 2019 stands at (-)3.8% as compared to (-)4.3% in September 2019. The growth in the three sectors mining, manufacturing and electricity in October 2019 stands at (-)8.0%, (-)2.1% and (-)12.2% respectively over October 2018. Primary goods growth stands at (-)6.0%, capital goods growth stands at (-)21.9%, intermediate goods growth stands at 22.2%, infrastructure/construction goods growth stands at (-)9.2%, consumer durables stands at (-)18.0% and consumer non-durables growth stands at (-)1.1% during October 2019 as compared to the previous year.

October 2019 CPI inflation rises to about 4.6%

The all India general CPI inflation (Combined) for October 2019 rises to about 4.6% from 4% in September 2019. The inflation rates for rural and urban areas for October 2019 (Provisional) are 4.3% and 5.1% respectively as compared to 3.2% and 4.8% respectively, for September 2019. Rate of inflation during October 2019 for transport and communication (-0.5%), fuel and light (-2.02%), housing (4.6%), education (6.1%), health (5.6%), meat and fish (9.8%), etc.

November 2019 WPI inflation grows at 0.6%

The WPI inflation rises to 0.6% in November 2019 from to 0.2% in October, 0.3% in September 2019, 1.2% in August 2019, 1.2% in July 2019, and 2.0% in June 2019. The increase in WPI inflation in the month of November 2019 is attributed to increase in the prices of vegetables (45.32%) and onion (172.30%).

Merchandise exports and imports grew by (-) 0.3% and (-) 13% respectively in November 2019

Exports in November 2019 were around USD 26 billion, as compared to USD 26 billion in November 2018, exhibiting a negative growth of 0.34 per cent. In Rupee terms, exports were Rs. 1,85,645 crore in November 2019, as compared to Rs. 1,87,335 crore in November 2018, registering a negative growth of 0.90 per cent. Imports in November 2019 were USD 38 billion (Rs.2,72,274 crore), which was 13 per cent lower in Dollar terms and 13 per cent lower in Rupee terms over imports of USD 44 billion (Rs.3,13,681 crore) in November 2018.

India's Trade Statistics at a Glance

Merchandise	Apr-Mar 2018-19	Apr-19	May-19	June-19	July-19	Aug-19	Sep-19	Oct-19	Nov-19
Exports (USD billion)	**331**	**26**	**30**	**25**	**26**	**26**	**26**	**26**	**26**
Growth (%)	9	0.6	4	-10	2	-6	-6	-1	-0.3
Imports (USD billion)	**507**	**41**	**45**	**40**	**39**	**39**	**37**	**37**	**38**
Growth (%)	9	4.4	4.3	-9	-10	-13	-14	-16	-13
Trade Balance (USD billion)	**-176**	**-15**	**-15**	**-15**	**-13**	**-13**	**-11**	**-11**	**-12**

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

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Select Indicators

S. NO.	Indicators	Dec -19
1	Daily average monthly turnover in foreign exchange market	
	Purchase (USD billion) *	2.7
	Sales (USD billion) *	2.7
2	Exchange rate of rupee against USD (monthly average)**	71.2
3	Exchange rate of rupee against Pound Sterling (monthly average) **	93.3
4	Exchange rate of rupee against Euro (monthly average) **	79
5	Exchange rate of rupee against Japanese Yen (monthly average) **	65.3
6	Foreign exchange reserves (USD billion)^	455
7	IIP (growth in %)-Oct 2019	-3.8%
8	CPI inflation (%) – Oct 2019	4.6%
9	WPI inflation (%)- Nov 2019	0.6%
10	FDI inflows (USD billion) Q1 2019-20	16.3
11	FDI inflows (% growth)****	28%
12	External Debt (USD billion)@	557
13	ECBs (USD billion) –October 2019	3
14	Current account deficit as a % of GDP Q1 FY2020	2
15	India's exports (USD billion) – Nov 2019	26
16	Growth of exports (%)–Nov 2019	-0.3
17	India's imports (USD billion)- Nov 2019	38
18	Growth of imports (%)–Nov 2019	-13
19	Trade balance (USD billion) – Nov 2019	-12
20	Repo rate ^^	5.15%
21	Reverse repo rate^^	4.90%
22	Cash reserve ratio^^	4%
23	Statutory liquidity ratio^^	18.50%

Source: PHD Research Bureau compiled from various sources. *Data for the month of June 2019. ** Data for Dec 2019 ^ Foreign exchange reserves on December 20, 2019, @Data for the end-June 2019,^^Key policy rates such as repo, CRR, reverse repo and SLR pertains to as on 5th December 2019, ****Growth (YOY) Q1 2019-20 over the last quarter.

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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. The Research Bureau has undertaken various policy studies for Government of India and State Governments.

Research Activities	Comments on Economic Developments	Newsletters	Consultancy
• Research Studies	• Global Economic Developments	• Economic Affairs Newsletter (EAC)	• Trade and Investment Facilitation Services (TIFS)
• State Profiles	• India's Economic Developments	• Forex and FEMA Newsletter	
• Impact Assessments	• States' Economic Developments	• Global Economic Monitor (GEM)	
• Thematic Research Reports	• International Developments	• Trade & Investment Facilitation Services (TIFS) Newsletter	
• Releases on Economic Developments	• Financial Markets	• State Development Monitor (SDM)	
	• Foreign exchange market		
	• Developments in International Trade		

Studies undertaken by the 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)
15. Imperatives for Double Digit Growth (December 2013)
16. Women Safety in Delhi: Issues and Challenges to Employment (March 2014)
17. Emerging Contours in the MSME sector of Uttarakhand (April 2014)
18. Roadmap for New Government (May 2014)
19. Youth Economics (May 2014)
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)Participated in a
    survey to audit SEZs in India with CAG Office of India (November 2014)
26. Role of MSMEs in Make in India with reference to Ease of Doing Business in Ghaziabad (Nov 2014)
27. Exploring Prospects for Make in India and Made in India: A Study (January 2015)
28. SEZs in India: Criss-Cross Concerns (February 2015)
29. Socio-Economic Impact of Check Dams in Sikar District of Rajasthan (February 2015)
30. India - USA Economic Relations (February 2015)
31. Economy on the Eve of Union Budget 2015-16 (February 2015)
32. Budget Analysis (2015-16)
33. Druzhba-Dosti: India's Trade Opportunities with Russia (April 2015)
34. Impact of Labour Reforms on Industry in Rajasthan: A survey study (July 2015)
35. Progress of Make in India (September 2015)
36. Grown Diamonds, A Sunrise Industry in India: Prospects for Economic Growth (November 2015)

37. Annual survey of Indian Direct Selling Industry 2014-15 (December 2015)
38. India's Foreign Trade Policy Environment Past, Present and Future (December 2015)
39. Revisiting the emerging economic powers as drivers in promoting global economic growth(February 2016)
40. Bolstering MSMEs for Make in India with special focus on CSR (March 2016)
41. BREXIT impact on Indian Economy (July 2016)
42. India's Exports Outlook (August 2016)
43. Ease of Doing Business : Suggestive Measures for States (October 2016)
44. Transforming India through Make in India, Skill India and Digital India (November 2016)
45. Impact of Demonetization on Economy, Businesses and People (January 2017)
46. Economy on the eve of Budget 2017-18 (January 2017)
47. Union Budget 2017-18: A budget for all-inclusive development (January 2017)
48. Annual Survey of Indian Direct Selling Industry 2015-16 (February 2017)
49. Worklife Balance and Health Concerns of Women: A Survey (March 2017)
50. Special Economic Zones: Performance, Problems and Opportunities (April 2017)
51. Feasibility Study (socio-Economic Survey) of Ambala and Rohtak Districts in Haryana (March 2017)
52. Goods and Services (GST): So far (July 2017)
53. Reshaping India-Africa Trade: Dynamics and Export Potentiality of Indian Products in Africa (July 2017)
54. Industry Perspective on Bitcoins (July 2017)
55. Senior Housing: A sunrise sector in India (August 2017)
56. Current state of the economy (October 2017)
57. Equitable finance to fulfill funding requirements of Indian Economy (October 2017)
58. The Wall of Protectionism: : Rise and Rise of Protectionist Policies in the Global Arena, (November 2017)
59. India-Israel Relations: Building Bridges of Dynamic Trade(October 2017)
60. Role of Trade Infrastructure for Export Scheme (TIES) in Improving Export Competitiveness (November 2017)
61. India - China Trade Relationship: The Trade Giants of Past, Present and Future (January 2018)
62. Analysis of Trade Pattern between India and ASEAN(January 2018)
63. Union Budget 2018-19 – (February 2018)
64. Ease of Doing Work for Women: A survey of Delhi NCR (February 2018)
65. Restraining Wilful Defaults: Need of the hour for Indian Banking System (March 2018)
66. Impact of GST on Business, Industry and Exporters (April 2018)
67. India – Sri Lanka Bilateral Relations: Reinforcing trade and investment prospects (May 2018)
68. Growth Prospects of the Indian Economy: Road to US $5 Trillion Economy(May 2018)
69. India's Free Trade Agreements Dynamics and Diagnostics of Trade Prospects(May 2018)
70. Growth Prospects of the India Economy: Road to US $5 Trillion Economy(May 2018)
71. India – UK Trade Relations and Societal Links: Way Forward (June 2018)
72. Rural India: Road to US$ 5 trillion economy (September 2018)
73. Economy on the eve of Interim Budget 2019-20 (January 2019)
74. Interim Budget 2019-20 analysis (February 2019)

75. Women Entrepreneurship: Transforming from domestic household to financial independence (March 2019)
76. India towards a Shared Prosperity: Economic agenda for the Next Five Years (March 2019)
77. Analysis of State Budget for 2019-20: Select States (March 2019)
78. Job Creation: A Pan India Survey of Households (March 2019)
79. Report India Inc Speaks LIVE-2019 (May 2019)
80. Baba Kalyani Report on SEZs: An Analysis (May 2019)
81. Suggestive Roadmap for Revitalizing Economic Growth by PHD Chamber (June 2019)
82. Economy on the Eve of Union Budget (July 2019)
83. Budget 2019-20: A road to USD 5 trillion economy (July 2019)
84. Emerging contours of India's defence and homeland security (October 2019)
85. Framework of University-Industry linkages in Research (October 2019)
86. India's Trade and Investment Opportunities with ASEAN economies (November 2019)

B: State profiles

87. Rajasthan: The State Profile (April 2011)
88. Uttarakhand: The State Profile (June 2011)
89. Punjab: The State Profile (November 2011)
90. J&K: The State Profile (December 2011)
91. Uttar Pradesh: The State Profile (December 2011)
92. Bihar: The State Profile (June 2012)
93. Himachal Pradesh: The State Profile (June 2012)
94. Madhya Pradesh: The State Profile (August 2012)
95. Resurgent Bihar (April 2013)
96. Life ahead for Uttarakhand (August 2013)
97. Punjab: The State Profile (February 2014)
98. Haryana: Bolstering Industrialization (May 2015)
99. Progressive Uttar Pradesh: Building Uttar Pradesh of Tomorrow (August 2015),
100. Suggestions for Progressive Uttar Pradesh (August 2015)
101. State profile of Telangana- The dynamic state of India (April 2016)
102. Smart Infrastructure Summit 2016- Transforming Uttar Pradesh (August 2016)
103. Smart Infrastructure Summit 2016-Transforming Uttar Pradesh : Suggestions for the State Government (August 2016)
104. Rising Jharkhand: An Emerging Investment Hub (February 2017)
105. Punjab: Roadmap for the New Government Suggestions for the Industrial and Socio-Economic Development – Focus MSMEs ease of doing business (May 2017)
106. Prospering Himachal Pradesh: A Mountain of Opportunities (August 2017)
107. Kashmir: The way forward (February 2018)
108. Analysis of State Budgets for 2018-19: Select Sates (March 2018)
109. Rising Uttar Pradesh : One District One Product Summit (August 2018)
110. Rajasthan Steady Strides into the Future: Emerging Growth Dynamics and the Way Forward (August 2018)
111. Jharkhand: Economic Profile (January 2019)
112. Rising Jharkhand: Skill Development to spur socio-economic growth (January 2019)
113. Progressive Haryana: The Agricultural Hub of India (February 2019)
114. Progressive Haryana: Economic Profile (February 2019)

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At the National Level, the PHD Chamber is well represented in 16 states with its own offices and MOUs with eleven Partner Chambers in different states.

At the Global level, we have been working with the Concerned Ministries, Embassies and High Commissions to bring in the International Best Practices and Business Opportunity.

PHD Chamber has special focus on the following thrust areas:

- Economic & Business Policy Advocacy
- Industry
- Infrastructure
- Housing
- Health
- Education & Skill Development
- Agriculture & Agri-business
- ICT
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