Weekly Compendium of Economic and Business Developments

For the week ending 22nd February 2020

PHD Research Bureau disseminated information to the members of PHD Chamber & other industry stakeholders on various economic and business developments at International, National and Sub-national arena such as World Banks's report in report on Delivering Road Safety in India, decisions taken by Union Cabinet, 2nd Advance Estimates, FY2020 of Foodgrain Production, discussion paper released by IBBI on Corporate Insolvency Resolution Process Regulations, capturing of district-wise data or origin of export goods by Central Board of Indirect Taxes and Customs, among others. The details of disseminated information during the week ending 22nd February 2020 are appended.

India and World Economy

- **World Bank releases report on Delivering Road Safety in India: Leadership Priorities and Initiatives to 2030-** World bank releases report on Delivering Road Safety in India: Leadership Priorities and Initiatives to 2030. The India road safety report is part of a regional report, Road Safety in South Asia: Opportunities for Shared Regional Initiatives. India will require an estimated additional investment of US$109 billion over the coming decade to achieve the Sustainable Development Goal (SDG) target.

- **Decisions taken by the Union Cabinet-** Cabinet approves Revamping of "Pradhan Mantri Fasal Bima Yojana (PMFBY)" and "Restructured Weather Based Crop Insurance Scheme (RWBCIS)" to address the existing challenges in implementation of Crop Insurance Schemes; Cabinet approves Swachh Bharat Mission (Grameen) Phase-II; CCEA approves upward revision of interest subvention from "upto 2%" to "upto 2.5% p.a." under the scheme Dairy processing and Infrastructure Development Fund (DIDF); CCEA approves scheme for "Formation and Promotion of Farmer Producer Organizations (FPOs) " to form and promote 10,000 new FPOs; Cabinet approves the Constitution of an empowered “Technology Group”; Cabinet approves Constitution of 22nd Law Commission of India for a term of three years; Cabinet approves Updating European Union Alternative Investment Fund Managers Directive (AIFMD) MoU signed between SEBI and Financial Conduct Authority (FCA), United Kingdom; Cabinet approves Elevation of BISAG as BISAG(N) under MEITY, Government of India.

- **FY2020 (2nd Advance Estimates) Foodgrain Production Estimated at 292 million Tonnes-** Department of Agriculture, Cooperation and Farmers Welfare has released the 2nd Advance Estimates of Production of Major Crops for 2019-20. Total Foodgrain production in the country is estimated at record 291.9 million tonnes which is higher by 6.7 million tonnes than the production of foodgrain of 285.2 million tonnes achieved during 2018-19. However, the production during 2019-20 is higher by 26.2 million tonnes than the previous five years' (2013-14 to 2017-18) average production of foodgrain.

- **IBBI seeks inputs on Discussion paper on Corporate Insolvency Resolution Process Regulations, 2016**- Insolvency and Bankruptcy Board of India (IBBI) has released a Discussion Paper Corporate Insolvency Resolution Process Regulations, 2016. The paper solicits comments on the issues, such as replacement of authorised representative, voting by class of creditors at two stages and voting on two or more compliant resolution plans simultaneously.

Trade

- **Central Board of Indirect Taxes and Customs starts capturing district-wise data or origin of export goods-** Keeping with the Hon'ble prime Minister's objective of turning districts into export hubs, Central Board of Indirect Taxes and Customs (CBIC) has now started capturing district-wise data or origin of export goods. The idea was also recently echoed by the Hon'ble Finance Minister in her Budget speech. This additional information from the export declarations will provide a key statistical input to policy makers on the importance of each district for exports and will help in aligning the policies to enhance local capacity.

- **CBIC releases tariff Notification No. 13/2020-CUSTOMS (N.T.)-** In exercise of the powers conferred by sub-section (2) of section 14 of the Customs Act, 1962 (52 of 1962), the Central Board of Indirect Taxes & Customs, being satisfied that it is necessary and expedient so to do, hereby makes the following amendments in the notification of the Government of India in the Ministry of Finance (Department of Revenue), No. 36/2001-Customs (N.T.), dated the 3rd August, 2001, published in the Gazette of India, Extraordinary, Part-II, Section-3, Sub-section (ii), vide number S. O. 748 (E), dated the 3rd August, 2001.

Our Voice

World economy is experiencing subdued growth rate along with weakened growth prospects across the advanced, emerging and developing economies. The impact of Coronavirus on businesses in China and around the world is expected to have an impact on economic growth forecasts for the year. On the domestic front, revival of GDP growth is expected in the coming quarters due to anticipated recovery in private consumption, particularly in rural areas, easing of global trade uncertainties and the rationalisation of personal income tax rates in the Union Budget 2020-21, along with measures to boost rural and infrastructure spending, encourage exports and spur investment activity. Though CPI inflation in India has been elevated in the recent times amid rise in the food prices, however, inflationary conditions are expected to ease in the coming quarters which will create policy space for future action.

Economy so far

- **Coronavirus: Department of Pharmaceuticals recommends ban on export of 12 drug formulations, ingredients**- The Department of Pharmaceuticals (DoP) has asked the Directorate General of Foreign Trade (DGFT) to restrict export of 12 active pharmaceutical ingredients (APIs) and formulations, amid recent coronavirus outbreak. The 12 APIs and formulations include antibiotics such as Choramphenicol, Neomycin, Metronidazole, some Vitamins B1, B12, B6 and Hormone progesterone, among others.

- **Coronavirus outbreak to hit global growth; to have limited impact on India: RBI Governor-** According to Shri Shaktikanta Das, Governor, Reserve Bank of India (RBI), the coronavirus outbreak will have a limited impact on India but the global GDP and trade will definitely get affected due to the large size of the Chinese economy. He mentioned that only a couple of sectors in India are likely to see some disruptions but alternatives are being explored to overcome those issues. Only a couple of sectors in India are likely to see some disruptions but alternatives are being explored to overcome those issues. He stated that it is definitely an issue which needs to be closely monitored by every policymaker whether in India or any other country. Every policymaker, every monetary authority needs to keep a very close watch.

- **PM-Kisan Scheme benefits not reaching tillers: RBI directors-** The members of the board of Reserve Bank of India (RBI) have drawn finance minister Nirmala Sitharaman's attention to the inefficacy of the government's PM-Kisan Scheme and the plight of housing finance companies (HFCs) during their interaction with her in previous week. It was pointed out that the scheme, under which the government provides Rs. 6,000 a year to small and marginal farmers, is often failing to reach the actual tiller of the soil.

- **India's Rs 1.2 lakh crore nuclear submarine project closer to realisation-** India is taking a crucial step for its Rs 1.2 lakh crore project to produce future nuclear-powered submarines, with top levels of the government processing clearances for the detailed design phase. The plan to build six advanced attack submarines — to be nuclear powered but armed with conventional missiles and torpedoes — is being monitored closely and the first of the boats could roll out in a decade if things go as per plan. The initial design phase for the new boats has progressed successfully and more resources will now be deployed to move to the more complex detailed design and construction — to be undertaken by the Directorate of Naval Design (Submarine Design Group) with assistance from the Defence Research and Development Organisation (DRDO

- **Government takes a call to save telecom firms, but no relaxation likely on AGR-** After back-to-back parleys this week between the top management of telecom companies and the government, a consensus seems to have emerged on the need to save the financially stressed sector. Department of Telecommunication (DoT) and the Finance Ministry were looking at many steps to bring back the sector on track and that a ''monopoly'' situation was not desirable. A telecom fund to give loans to operators is among the measures being discussed. The Union government is of the view that there can be a debate on the quantum of payment and penalty but not on the fact that the companies have to make the payments.

- **India urges European Union to reduce non-tariff barriers on food-** India has asked the European Union to reduce non-tariff barriers such as maximum residue level (MRL) limits on food products as they have impacted exports of rice, peanuts, chillies and spices, tea, grapes, vegetables and sea food. Insisting that MRL limits on these food products are much higher than the limits set by the standard setting agencies such as CODEX, and trade restrictive, India said it "remains concerned" over this practice as it is defended on grounds other than demonstrated risks to human or animal health or the environment.

- **Policy Pause has full MPC Backing-** Member of Reserve Bank of India (RBI) Monitory Policy Committee (MPC) voted almost unanimously for a pause in policy rate in its February 6, 2020 meeting on inflation concerns as it had overshot the medium term target, seeing space for future cuts. This information has been released in the latest minutes of MPC meeting by RBI

- **Centre releases Rs 19,950 crore as GST compensation to states and UTs**- In a move that will surely address the growing concerns among states, the centre released Rs 19,950 crore as GST compensation to states and Union Territories (UTs) ahead of the GST council meet, thereby taking the total amount released to them to over Rs 1.2 lakh crore. Recently, Smt Nirmala Sitharaman, Hon'ble Finance Minister, said that the compensation cess collection saw a dip in December, which led to the delay in handing out GST compensation to the states.

- **Ministry of Finance pins hope on global pension funds to buy into India's infrastructure play-** According to officials of Ministry of Finance, global pension funds with USD 40 trillion of assets under management will now look at India's infrastructure sector more favourably because of the elimination of dividend distribution tax (DDT). Pension funds, insurance funds and sovereign wealth funds invest in the long term and wish to earn through dividends rather than capital gains and the elimination of DDT would make it more attractive for such investors to invest in the country's infrastructure sector.

- **Norm change may hit 1,000 km road projects-** The Ministry of Finance decision to treat highway projects as a single entity that cannot be divided into small packages could impact award of about 1,000 km of key infrastructure projects, including the Delhi-Mumbai and Ahmedabad-Dholera Expressways. As a norm, any public-private infrastructure project costing over Rs. 2,000 crore is sent to the PPP Appraisal Committee (PPPAC) and then to the cabinet for its nod

- **India to stop import of thermal coal from Financial Year 2023-24 -** Shri Shri Pralhad Joshi, Union Coal and Mines Minister, said that India will stop importing thermal coal from Financial Year 2023-24. Highlighting key takeaways of the Shivir, said that various ways and means were discussed with key stakeholders to achieve 1 billion tonnes (BT) coal production target by Coal India Limited (CIL) by Financial Year 2023-24. The Ministry of Coal will coordinate with Indian Railways and Shipping Ministry and enable CIL, Captive and Commercial Miners evacuate more coal by 2030.

- **Exports from SEZs achieve USD 100 Billion mark-** The Special Economic Zones (SEZs) continue to take the lead in expanding the exports for the country. Even in the midst of volatile global economy, SEZs in India have shown resilience and have achieved 100-billion-dollar worth of exports in FY 2019-20,as on 17th February 2020. It may be mentioned that SEZs achieved this land-mark of 100-billion-dollar worth of exports in 2018-19 in full financial year.

- **RBI Governor says no reason to doubt government will meet fiscal deficit targets-** Shri Shaktikanta Das, Governor, Reserve Bank of India has said that there is no reason to doubt that the government will be able to cut fiscal deficit to 3.5 per cent of the GDP in the fiscal beginning April 1, 2020. Das said that the government has remained within the limits set by the Fiscal Responsibility and Budget Management (FRBM) Committee for the budget deficit. He added that the excess fiscal deficit has been restricted to 0.5 per cent. The government has adhered to that and a large part of the financing of fiscal deficit next year will come from small savings.

- **More than 90% of large GST tax payers file return for 2017-18-** More than 90 per cent of the large taxpayers have filed their annual return for the fiscal year 2017-18 by February 12, GSTN (the IT backbone of the indirect tax system). February 12 was the last date for filing annual return for fiscal year 2017-18.While annual return filing is optional for taxpayers having annual turnover up to ₹2 crore, it is mandatory for those having annual turnover above ₹ 2 crore. Such taxpayers are also required to file a reconciliation Certificate known as GSTR-9C, which can be filed only after filing GSTR-9. A total of 42.0 lakh regular taxpayers filed GSTR-9 out of which 32.9 lakh were not mandated to file it. A total of 9.5 lakh regular taxpayers filed GSTR-9C out of which 1.0 lakh were not mandated to file it.

- **Government to infuse Rs 1,300 crore in Exim Bank next fiscal-** The government has decided to pump Rs 1,300 crore into state-owned Export-Import Bank of India (Exim Bank) to fund its business growth. Last year, the government doubled its authorised capital from Rs 10,000 crore to Rs 20,000 crore. This is Rs 350 crore higher than provision made by the government for the current fiscal. The government earmarked Rs 950 crore capital infusion for the bank

- **MMTC's exports increased by 101% during April-December 2019-** The state-run trading company MMTC has achieved revenue from operations of Rs 20638 crore for the nine months period ended 31st December 2019. During this period, the company exports increased by 101% to Rs1384 crore as compared to Rs 687 crore during the corresponding period last year. Imports increased to Rs 16680 crore as compared to Rs16537 crore during the corresponding period last year.

Markets So Far

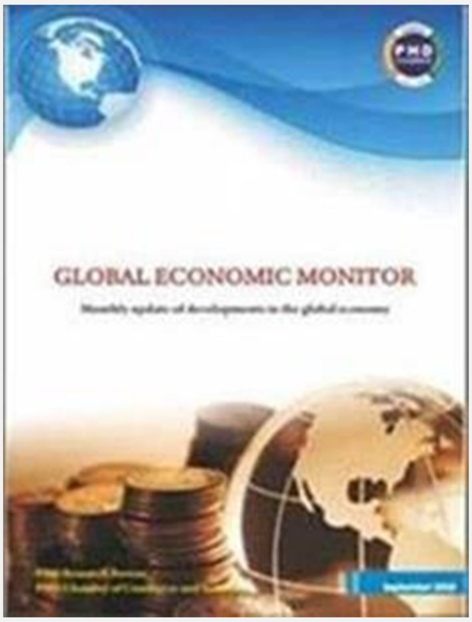
Indicators	Yearly			Monthly			Daily		
	2017	2018	2019	Nov 19	Dec 19	Jan 20	(18-2-2020)	(19-2-2020)	(20-2-2020)
BSE SENSEX	34057	36068	41253	40793	41253	40723	40894	41323	41170
GOLD (10 GRMS)	28966	30600	34813	38125	38084	39988	40976	41491	41590
CRUDE OIL (1 BBL)	3317	4437	4007.8	4074	4241	4123	3716	3716	3805
EXCHANGE RATE (INR/USD)	65	68	70.4	71.45	71.3	71.3	71.29*	71.56**	71.66

Source: PHD Research Bureau, PHDCCI, complied from BSE, MCX and Bloomberg, RBI (Note: *data pertains to 17-02-2020; **data pertains to 18-02-2020)

Newsletters and Studies

PHD Chamber released the newsletter on **Global Economic Monitor** for the month of February 2020 that aims to disseminate information on latest updates on global macroeconomic indicators including growth, inflation, trade, markets, commodities, unemployment, policy developments and publications of international organization.

Global Economic Monitor for the month of February 2020



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Warm Regards,

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