

Weekly Compendium of Research

For the week ending 19th October 2019

PHD Research Bureau disseminated information to members of PHD Chamber & other industry stakeholders on various economic and business developments at International, National and Sub-national arena such India's growth rate projections by IMF and World Bank, CPI, WPI and Foreign Trade data for the month of September 2019, IIP for the month of August 2019, launch of India Innovation Index, details of the 2nd India-China Informal Summit, among others. The details of disseminated information during the week ending 19th October 2019 are appended.

India and World Economy

- **India's growth rate projected at 6.1% in 2019 and 7.0% in 2020 by IMF's World Economic Outlook, October 2019-** According to International Monetary Fund's (IMF) World Economic Outlook (WEO): Global Manufacturing Downturn, Rising Trade barriers, October 2019, the global economy is in a synchronized slowdown, with growth for 2019 projected at 3%—its slowest pace since the global financial crisis. After slowing sharply in the last three quarters of 2018, the pace of global economic activity remains weak. India's economy is set to grow at 6.1% in 2019, picking up to 7% in 2020.
- **September 2019 CPI inflation rises to about 4%-** The all India general CPI inflation (Combined) for September 2019 rises to about 4% from 3.3% in August 2019. The inflation rates for rural and urban areas for September 2019 (Provisional) are 3.2% and 4.8% respectively as compared to 2.2% and 4.5% respectively, for August 2019. Rate of inflation during September 2019 for transport and communication (0.08%), fuel and light (-2.2%), housing (4.7%), education (6.2%), health (7.7%), meat and fish (10.3%), etc.
- **September 2019 WPI inflation falls to 0.3%-** The WPI inflation falls to 0.3% in September 2019 as compared to 1.1% in August 2019, 1.2% in July 2019, 2% in June 2019, 2.8% in May 2019 and 3.2% in April 2019. The inflation for Primary Articles stands at 5.5%, fuel and power at (-)7.1% and manufactured products at (-)0.4% in September 2019.
- **India's GDP forecasted to grow at 6.0% in 2019 and 6.9% in 2020: World Bank-** According to South Asia Economic Focus: Making (De)centralization Work, World Bank's twice-a-year regional economic update, global GDP growth is decelerating, while trade and industrial production are stagnating. The slowdown started early 2018 and is strongest in investments and other cyclical components of GDP. Uncertainty caused by trade tensions, Brexit and oil supply is weighing on global confidence.
- **CBIC and Customs launch scheme to attract investment and support Make in India programme-** Central Board of Indirect Taxes and Customs (CBIC) has launched a revamped and streamlined programme to attract investments into India and strengthen Make in India through manufacture and other operations under bond scheme, under Customs Act, 1962. Section 65 of the Customs Act, 1962 enables conduct of manufacture and other operations in a customs bonded warehouse. The scheme has been modernized with clear and transparent procedures, simplified compliance requirements ICT-based documentation and account keeping, by issue of Manufacture and Other Operations in Warehouse (no. 2) Regulations, 2019 and Circular 34/2019 both dated 01 October 2019.

- [India ranks at 102nd place in Global Hunger Index 2019-](#) India has been ranked at 102nd place among 117 economies in the Global Hunger Index (GHI) 2019. According to the Global Hunger Index: The Challenge of Hunger and Climate Change, while the world has made gradual progress in reducing hunger on a global scale since 2000, this progress has been uneven. Hunger persists in many countries and in some instances progress is even being reversed.
- [August 2019 IIP stands at \(-\)1.1%-](#) Growth in industry output, as measured in terms of IIP, for the month of August 2019 stands at (-)1.1% as compared to 4.6% in July 2019. The growth in the three sectors mining, manufacturing and electricity in August 2019 stands at 0.1%, (-)1.2% and (-)0.9% respectively over August 2018. Primary goods growth stands at 1.1%, capital goods growth stands at (-)21.0%, intermediate goods growth stands at 7.0%, infrastructure/construction goods growth stands at (-)4.5%, consumer durables stands at (-)9.1% and consumer non-durables growth stands at 4.1% during August 2019 as compared to the previous year.
- [NITI Aayog launches India Innovation Index 2019-](#) NITI Aayog with Institute for Competitiveness as the knowledge partner released the India Innovation Index (III) 2019. Karnataka is the most innovative major state in India. Tamil Nadu, Maharashtra, Telangana, Haryana, Kerala, Uttar Pradesh, West Bengal, Gujarat, and Andhra Pradesh form the remaining top ten major states respectively. The top ten major states are majorly concentrated in southern and western India. Sikkim and Delhi take the top spots among the north- eastern & hill states, and union territories/city states/small states respectively. Delhi, Karnataka, Maharashtra, Tamil Nadu, Telangana, and Uttar Pradesh are the most efficient states in translating inputs into output.

Finance

- [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.72/2019-CUSTOMS (N.T.), dated 3rd October, 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 18th October, 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

Trade

- [India's Foreign Trade : September 2019-](#) Merchandise exports and imports grew by (-) 6% and (-) 14% respectively in September 2019- Exports in September 2019 were USD 26 billion, as compared to USD 28 billion in September 2018, exhibiting a negative growth of 6 per cent. Imports in September 2019 were USD 37 billion (Rs. 2,63,158 crore), which was 14 per cent lower in Dollar terms and 15 per cent lower in Rupee terms over imports of USD 43 billion (Rs.3,09,223 crore) in September 2018.
- [Navigating Non-tariff Measures towards Sustainable Development: United Nations ESCAP and UNCTAD-](#) While applied tariffs in the Asia-Pacific region have halved over the past two decades, the number of non-tariff measures (NTMs) – policy regulations other than tariffs affecting international trade - has risen significantly, according to a new report launched by the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP) and

UNCTAD. Trade costs of non-tariff measures are now more than double that of tariffs.

- **2nd India-China Informal Summit-** The Hon'ble Prime Minister of India, Shri Narendra Modi and the President of the People's Republic of China Mr Xi Jinping held their Second Informal Summit in Chennai, India, from 11th-12th October 2019. The two Leaders had an in-depth exchange of views in a friendly atmosphere on overarching, long-term and strategic issues of global and regional importance. They also shared their respective approaches towards national development. They evaluated the direction of bilateral relations in a positive light and discussed how India-China bilateral interaction can be deepened to reflect the growing role of both countries on the global stage

Our Voice

Karnataka, Kerala and Gujarat top in the University-Industry Linkages in Research: PHD Chamber-

Karnataka, Kerala and Gujarat top in University-Industry Linkages (UILs) and have scored 7.8, 7.3 and 6.7 respectively on the scale of ten in a research report conducted by the PHD Chamber of Commerce and Industry with the support of Department of Scientific and Industrial Research, Ministry of Science and Technology, Government of India. The analysis conducted on the basis of ten parameters shows that University – Industry Linkages are found moderate in India with an overall score of 4.7 points out of 10 but surprisingly lot of disparities are observed among the States. Some States are good in University – Industry Linkages and others are found to have moderate or weak University – Industry Linkages. The top ten sectors of the Indian economy with strong University-Industry Linkages have been found with the UIL score of IT & ITeS- 17.7, Tourism with a score of 17.4, Textiles- 17.1, Agro and Food Processing with a score of 15.0, Agriculture and Allied activities have a UIL Score of 14.1, Drugs and Pharmaceuticals- 13.8, Automobiles and Auto components- 12.8, Engineering 11.5, Power- 11.3 and Cement- 10.7.

The results indicate that industry consultation in setting pedagogy; gaining patents and regular interaction with industry have significant impact on placement level. Hence, the universities must ensure more collaboration with industries particularly in pedagogy and gaining patents which will facilitate higher employment level of students. Going ahead, there is an urgent need to re-draft and re-introduce The Protection and Utilisation of Public-Funded Intellectual Property Bill 2008 which will enable increased focus on R&D activities and greater interest from the private sector to enhance the increased University-Industry Linkages in Research. India needs to adopt a model wherein the concentration of industry clusters must be facilitated by state of the art universities with centers of excellence, incubation centres supporting the research activities. The Government may support both the stakeholders to facilitate accelerating innovations in the country thereby making India globally competitive and a strong economic power in the coming times.

Economy so far

- **New industrial policy not to replicate state models-** The government has begun work on redrafting the proposed national industrial policy, keen to offer benefits in addition to what states provide. According to government, it does not want to replicate the state models but have decided to engage in wider consultations. The government has already constituted a working group to prepare the contours of the new industrial policy to make India a manufacturing hub. The move comes even as India's industrial production shrank 1.1% in August, the worst performance in almost seven years, reflecting a slump in demand and highlighting the challenge faced by the government in reversing the economic slowdown.
- **Government likely to remove controversial bail-in provision from FRDI Bill-** The government is likely to remove the controversial "bail-in provision" from the revamped Financial Resolution and Deposit Insurance (FRDI) Bill. The redrafted and revamped Bill will be a crucial tool for the government to deal with the liquidity crisis in the non-banking financial company (NBFC) sector, as a number of NBFCs have defaulted on their payments to creditors.
- **India's aim of being a USD 5 trillion economy 'challenging' but 'realisable': Finance**

Minister- According to Smt Nirmala Sitharaman, Hon'ble Finance Minister, government's vision of making India a USD 5 trillion economy and a global economic powerhouse by 2024-25 is challenging but realizable. She underlined that more reforms are on the anvil before the close of the fiscal year. She also emphasised that a USD 5 trillion economy will make India a global economic powerhouse moving it from the 7th to 3rd position in terms of current dollar exchange rate.

- **State governments and industry have committed to train 7 lakh apprentices in the current fiscal: Ministry of Skill Development and Entrepreneurship (MSDE)-** State governments and industry has together committed to train 7 lakh apprentices in the current fiscal at the just concluded 15-day apprenticeship pakhwada organised by the MSDE. The industry has committed to engage 4.5 lakh more apprentices with States committing another 2.5 lakh apprentices. MSDE has pledged Rs 560 crore to state governments to promote demand-driven and industry-linked skill development and signed 22 MoUs with various states through third party aggregators (TPAs).
- **New set of reforms: Discoms' roles to be redefined, multiple private franchises in each area to recover full tariffs-** The government has drawn up plans to address the issue of lack of competition in the electricity distribution segment by allowing multiple private franchisees in each area, while state-run utilities will continue to own the network. Though the model falls short of outright privatisation, the Ministry of Power believes that light-handed regulations and partial pricing freedom might make it attractive to private players, while the loss-making government discoms will benefit from upfront guaranteed payment for the power drawn by the franchisees and the use of the distribution infrastructure. According to the proposed mechanism, the franchisees would be mandated to buy 50-75% of their power requirement from discoms.
- **India cannot sacrifice economic strength to comply with US sanctions: FM-** According to Smt Nirmala Sitharaman, Hon'ble Finance Minister, India wants to comply with global sanctions, including US sanctions on Venezuela and Russia, but also needs to maintain its own strength and strategic interests. The minister informed that in specific issues which are critical for India's strategic interests, India has explained to the United States that India is a strategic partner for the US and a strategic partner should be made strong and not weakened.
- **India halved its poverty rate since 1990s: World Bank-** According to World Bank, India has halved its poverty rate since the 1990s and achieved a seven plus growth rate over the last 15 years. The country has achieved annual growth exceeding seven per cent over the last 15 years, halved its poverty rate since the 1990s, and enjoyed strong improvements in most human development outcomes. Noting that India's growth is expected to continue and elimination of extreme poverty in the decade is within reach, the country's development trajectory nonetheless faces considerable challenges. For this, the World Bank said, India will need to achieve greater resource efficiency as it sustains growth, given its resource endowments and large population.
- **Indian economy structurally, fundamentally strong: MoS Finance-** Indian economy is structurally and fundamentally very strong and the current slowdown, which is cyclical in nature, would not affect it much, according to Shri Anurag Thakur, Hon'ble Minister of State for Finance. The government has taken several steps to boost the Indian economy. The minister further exuded confidence that India would achieve the target of becoming USD 5 trillion economy by 2024-25. India has become an attractive investment destination in the world. When more investment takes place, the economy will expand and it will also boost employment generation.

- **Hon'ble Finance Minister Smt Nirmala Sitharaman urges big firms to clear Rs 40,000 crore MSME dues**- Smt Nirmala Sitharaman, Hon'ble Finance Minister has said banks have sufficient liquidity, and efforts are being made to ensure that large firms clear their dues to the micro, small and medium enterprises (MSMEs). The corporate affairs ministry will approach the large companies that owe MSMEs close to Rs 40,000 crore. The government will also look at bankers for suggestions on allowing non-banking finance companies (NBFC) with good pooled assets but poor institutional rating to become eligible under the Centre's one-time partial credit guarantee scheme. The banks have been asked to provide bill discounting facility to the MSMEs against these payments from big corporates. According to Shri Rajeev Kumar, Hon'ble Finance Secretary, state-run banks have seen good response with disbursements at Rs 81,781 crore in nine days and will now hold the second round of outreach programme before Diwali, from October 21 to 25.
- **Fit India gets new Impetus as Sports Ministry Makes Sporting Infrastructure Accessible to All**- Ministry of Youth Affairs & Sports has decided to allow national and state sports federations, leagues and clubs to organise sports events in all sporting facilities owned by the government, free of cost in order to further the Fit India Movement and to make playfields and sporting infrastructure accessible, without fee, to all sports persons across the country from 1st November 2019. The sporting facilities will also be accessible free of cost to coaches training athletes who are not part of camps organised in Sports Authority of India centers. The decision was taken with the view that people must have access to playfields and sporting infrastructure so that the culture of playing sport and therefore of fitness, becomes a way of life for Indians.
- **Investments in the energy sector in India recorded second highest growth in the world**- According to Shri Dharmendra Pradhan, Hon'ble Minister for Petroleum and Natural Gas, investments in India's energy sector are among the highest in the world. India has taken several measures to overhaul the hydrocarbon policy framework to ensure investor friendly environment. International Energy Agency in its latest report noted that during the period 2015 to 2018, investments in the energy sector in India had recorded the second highest growth in the world.

Markets So Far

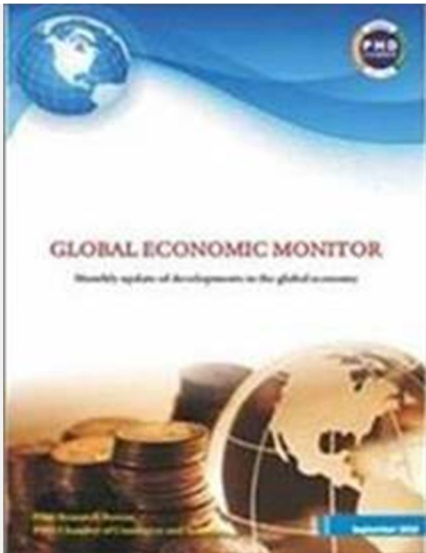
Indicators	Yearly			Monthly			Daily		
	2016	2017	2018	Jul 19	Aug 19	Sept 19	(16-10-2019)	(17-10-2019)	(18-10-2019)
BSE SENSEX	26626	34057	36068	37481	37332	38667*	38598	39052	39298
GOLD (10 GRMS)	29420	28966	30600	34805	37371	37926	38203	38227	38241
CRUDE OIL (1 BBL)	2925	3317	4437	3991	3905	4062.2	3766	3816	3851
EXCHANGE RATE (INR/USD)	67	65	68	68.8	71.06	71.4	71.43	71.16	71.14

Source: PHD Research Bureau, PHDCCI, compiled from BSE, MCX and Bloomberg, RBI (*denotes value as on 30th September 2019)

Newsletters and Studies

PHD Research Bureau has released a newsletter on Global Economic Monitor, pertaining to a broad view of developments global macroeconomic indicators including growth, inflation, trade, markets, commodities, unemployment, policy developments and publications of international organizations.

[**GLOBAL ECONOMIC MONITOR FOR THE MONTH OF OCTOBER 2019**](#)



PHD Chamber released a study on Framework of University-Industry Linkages in Research, a research report conducted by the PHD Chamber of Commerce and Industry with the support of Department of Scientific and Industrial Research, Ministry of Science and Technology, Government of India to study the university industry linkages in India.

[STUDY ON FRAMEWORK OF UNIVERSITY-INDUSTRY LINKAGES IN RESEARCH \(DSIR\)](#)



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- [PHD Research Bureau Subscription Opportunities](#): PHD Research Bureau; the research arm of the PHD Chamber of Commerce and Industry was established in 2010 with the objective to review the economic situation and policy developments at sub-national, national and international levels and comment on them in order to update the members from time to time, to present suitable memoranda to the Government as and when required, to prepare State Profiles and to conduct thematic research studies on various socio-economic and business developments. Subscribers of PHD Research Bureau would receive daily updates on various international, national and sub-national business and economic developments, monthly newsletters related to international, national and sub-national economy, forex markets and trade and investments, analytical information on various developments, etc.



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