

Weekly Compendium of Research

For the week ending 26th 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 as Ease of Doing Business rankings 2020, India's GDP growth forecast by Fitch Rating, IMF's Regional Economic Outlook of Asia Pacific, Decisions taken by the Union Cabinet, update on Indo-US trade negotiations, visit of the Hon'ble Union Commerce and Industry Minister to Stockholm to attend 19th Indo-Swedish Joint Commission, among others. The details of disseminated information during the week ending 26th October 2019 are appended.

India and World Economy

- [India jumps 14 spots in Ease of Doing Business rankings 2020; ranks 63rd out of 190 countries](#)- According to World Bank's annual report on the Ease of Doing Business (EODB), 'Doing Business 2020: Comparing Business Regulations in 190 Economies', India ranks 63rd out of 190 countries and has moved up by 14 spots this year. Doing Business 2020 acknowledges 22 reforms in the 20 top-ranking economies. Since 2003- 04, the 20 best-performing economies have carried out a total of 464 regulatory changes, suggesting that even the gold standard setters have room to improve their business climates. More than half of the economies in the top-20 cohort are from the OECD high-income group; however, the top-20 list also includes four economies from East Asia and the Pacific, two from Europe and Central Asia, as well as one from the Middle East and North Africa and one from Sub-Saharan Africa. Conversely, most economies (12) in the bottom 20 are from the Sub-Saharan Africa region.
- [Fitch Rating forecasts India's GDP growth at 5.5% in 2019-2020 and 6.2% in 2020- 2021-](#) Fitch Ratings expect India's economic growth to be 5.5% in 2019-2020, before picking up to 6.2% in 2020-2021 and 6.7% in 2021-2022. According to Fitch, the economy is being held back by a large squeeze in credit availability emanating from non-bank financial companies (NBFCs). Assuming the sluggish pace of lending is maintained throughout the year, total new lending will amount to only 6.6% of GDP in the fiscal year 2019-2020, down from 9.5% in the previous fiscal year.
- [India is set to grow by 6.1% in 2019 and 7% in 2020: IMF's Regional Economic Outlook- Asia Pacific, October 2019](#)- According to International Monetary Fund's (IMF) Regional Economic Outlook of Asia Pacific, October 2019, headwinds from prolonged global policy uncertainty, distortionary trade measures, and growth deceleration in the economies of important trading partners are influencing economic growth in Asia and the Pacific. Although the region is still the world's fastest growing major region, contributing more than two-thirds to global growth, near-term prospects have deteriorated.
- [Decisions taken by the Union Cabinet](#)- Some of the decisions taken by the Union Cabinet recently include approval of the revival plan of BSNL and MTNL and in-principle merger of the two, approval of administrative arrangement on Cooperation in the field of Railways between the Ministry of Railways, India and the Directorate General for Mobility and Transport of the European Commission, approval of regulations for conferring/recognizing ownership or mortgage/ transfer rights to 40 lakh residents of unauthorized colonies in Delhi, among others.

- [**New World Bank Project to Support Climate Resilient Agriculture for 125,000 Small holder Farmers in Odisha**](#)- The Government of India, Government of Odisha and the World Bank signed a USD 165 million loan agreement to support smallholder farmers strengthen the resilience of their production systems as well as diversify and improve the marketing of their produce, for increased income.

Trade

- [**Indo-US Trade Negotiations on Right Track**](#)- Hon'ble Union Commerce & Industry Minister- The Hon'ble Union Commerce and Industry & Railways Minister, Shri Piyush Goyal has addressed the US-India Strategic Partnership Forum (USISPF) in New Delhi. With regards to the trade talks between India and the US, the Hon'ble Union Commerce and Industry Minister said that things are on the right track and India is looking to the US for technology, innovation, skills and quality education. India on the other hand offers an attractive market to US businesses and skilled labour that can add value to American companies. He informed the Forum that the Commerce and Industry Ministry is working to create a single window for investments into India and he welcomed innovative ideas and solutions for the creation of this single window.
- [**Government announces amendments in import policy condition No. 2 of Chapter 39 of ITC \(HS\), 2017, Schedule – I**](#)- In exercise of the powers conferred by Section 3 of FT(D&R) Act, 1992, read with Paragraph 1.02 and 2.01 of the Foreign Trade Policy, 2015-2020, as amended from time to time, the Central Government has amended the policy condition no. 2 of Chapter 39 of ITC (HS), 2017, Schedule - I (Import policy) as " Import of PET flakes made from used PET bottles, etc is "Prohibited".
- [**Declaration of imported goods under "Others" category of ITC \(HS\), 2017, Schedule – I \(Import Policy\)**](#)- The DGFT, Ministry of Commerce, Government of India hereby advises to be careful while mentioning HS codes in the Bill of Entry, in case of imports and Shipping Bills in case of exports, and indicate the specific HS codes of items at 8 digit where they exist, instead of using the "Others" category in a loose and inaccurate manner. Any willful mis-declaration of HS codes will be duly dealt with under Foreign Trade (Development & Regulation) Act, 1992.
- [**Hon'ble Union Commerce and Industry Minister visits Stockholm to attend 19th Indo-Swedish Joint Commission**](#)- The Hon'ble Union Commerce and Industry & Railways Minister, Shri Piyush Goyal has said that India and Sweden enjoy a strong relationship and excellent cooperation in regional and international fora. He is visiting Stockholm for the 19th Indo – Swedish Joint Commission for Economic, Industrial and Scientific Cooperation. He is accompanied by an Indian business delegation to promote bilateral cooperation between the businesses of both the countries and jointly work towards mutually beneficial solutions. He interacted with leaders from the Swedish Government and industry. This interaction gave the companies an opportunity to interact with the Hon'ble Union Commerce & Industry Minister and discuss the opportunities in the Indian market.
- [**Hon'ble Union Commerce and Industry Minister invites Swedish Business Community to partner with Indian Industries**](#)- The Hon'ble Union Commerce and Industry & Railways Minister, Shri Piyush Goyal, participated in the 19th Indo – Swedish Joint Commission for Economic, Industrial and Scientific Cooperation (JCEC) in Stockholm in Sweden from 22nd to 23rd October 2019. The JCEC discussed areas of cooperation for both the sides. The Hon'ble Union Commerce and Industry Minister reiterated the importance placed by the Prime Ministers of both the countries on the Joint Action Plan and Joint Declaration on Innovation Partnership.

Our Voice

PHD Chamber hails continuous improvement in EODB Rankings: PHD Chamber of Commerce and Industry has congratulated the Modi Government on continuous improvement in the rankings of Ease of Doing Business by the World Bank in which India has improved significantly once again from the rank of 77th in 2019 to the rank of 63rd in 2020. This is the true reflection of the diligent efforts of the government to improve India's position in the global rankings. The country has successfully improved its position from 142nd in 2014 to the rank of 63 in 2020. India is among the best performers on the ease of doing business along with Bahrain, China, Jordan, Kuwait, Nigeria, Pakistan, Saudi Arabia, Togo and Tajikista. The most significant parameters of ease of doing business such as starting a business, dealing with construction permits, trading across borders and resolving insolvency have shown notable improvement in the improvement of ranking.

This is the third year that India has been recognized for considerable improvement in its business environment in the Doing Business Report by World Bank which shows that the government is committed to make it easy to do business in India for making it a global manufacturing hub. The improvement in ease of doing business would facilitate in achieving the Vision of Make in India and to attract domestic and foreign investments with the implementation of reforms at the grassroot level. The Government should focus on the reforms in land acquisition, implementation of fixed term employment in all the states and de-criminalization of businesses as stringent labour laws are a major roadblock to enhance production possibility frontiers and employment generation in the economy

Economy so far

- **Government approves procurement of indigenously developed military hardware worth Rs 3300 crore-** The Defence Ministry, Government of India has accorded approval for procurement of indigenously designed and developed military equipment including anti-tank guided missiles worth over Rs 3300 crores for the armed forces. The decision was taken at a meeting of the Defence Acquisition Council (DAC) chaired by the Hon'ble Minister of Defence, Shri Rajnath Singh. The first two projects include procurement of third generation anti-tank guided missiles (ATGM) and the auxiliary power units (APUs) for the T-72 and the T-90 battle tanks.
- **Indo-US energy trade to touch USD 10 billion in FY20: Hon'ble Union Minister of Petroleum and Natural Gas and Steel, Shri Dharmendra Pradhan-** India's energy trade with the US is likely to touch \$10 billion in FY 2019-20, with the country having increased its import of crude oil, LNG and coking coal, said the Hon'ble Union Minister of Petroleum and Natural Gas and Steel, Shri Dharmendra Pradhan. "In 2018-19, our energy trade size is \$7 billion with the US. It is increasing this year, as we are importing crude oil, LNG, coal, especially the special category of coal. Our energy bridge is very robust with the world community and America is an important destination," he has said.
- **Government plans one national test for university admissions: Hon'ble Union Human Resource Development Minister, Shri Ramesh Pokhriyal-** The New Education Policy is set to propose a single test of subject-specific aptitude for admission to colleges and universities across the country, to be conducted by the National Testing Agency (NTA), the Hon'ble Union Minister of Petroleum and Natural Gas and Steel, Shri Dharmendra Pradhan has said.
- **Government eases rules for setting up petrol pumps, allows non-oil companies in business-** The Government has relaxed norms for setting up petrol pumps, allowing non-oil companies to venture into the business. At present, to obtain a fuel retailing license in India, a company needs to invest Rs 2,000 crore in either hydrocarbon exploration and production, refining, pipelines or liquefied natural gas (LNG) terminals. Companies with a net worth of Rs 250 crore will be allowed to sell petrol and diesel subject to condition that they install facilities for marketing of at least one new generation alternate fuel such as CNG, LNG, biofuels or electric vehicle charging within three years of start of operations, the Hon'ble Union Minister of Information and Broadcasting Shri Prakash Javadekar has said.

- **Government hikes MSP for wheat by Rs 85/qtl; pulses up to Rs 325/qtl-** The Government has hiked the minimum support price for wheat by Rs 85 to Rs 1,925 a quintal and for pulses by up to Rs 325 per quintal. A decision in this regard was taken at a meeting of the Cabinet Committee on Economic Affairs (CCEA), headed by the Hon'ble Prime Minister, Shri Narendra Modi. The MSP is the rate at which the government buys grains from farmers.
- **TRAI seeks views on framework to regulate cloud service providers-** The Telecom Regulatory Authority of India (TRAI) has invited suggestions for a framework to set up an industry body for cloud service providers like Amazon Web Services, Microsoft Azure, VMware and CtrlS. The TRAI in August 2017 had recommended that all cloud computing service providers in the country above a certain business threshold should become members of a cloud industry body that has to be registered with the Department of Telecom (DoT).
- **Hon'ble Union Railway Minister flags off 9 'Sewa Service' trains connecting small towns to major cities-** The Hon'ble Union Railway Minister, Shri Piyush Goyal flagged off nine trains connecting small towns to major cities. He said that the nine "Sewa Service" trains were launched without any additional investment by the railways and it was an example of how to use existing resources to the maximum.
- **TRAI releases recommendations on KYC of DTH operators-** The Telecom Regulatory Authority of India (TRAI) has issued recommendations on Know Your Customer (KYC) norms for DTH set top boxes, saying the DTH operator should authenticate the subscriber's identity and also install the connection at the address mentioned in the application form. It also said there is no need to mandate physical verification at regular intervals as it will incur a huge cost to the DTH operators and inconvenience to the consumers.
- **Around 13 lakh new jobs created in August: ESIC payroll data-** Around 13 lakh jobs were created in August, lower than 14.4 lakh in the previous month (July), according to the payroll data of Employees' State Insurance Corporation (ESIC). Gross enrolments of new subscribers with the ESIC were 1.49 crore during 2018-19, the National Statistical Office (NSO) has said in a report.
- **More reforms, innovation to spur Indian growth: World Bank president-** India must undertake financial reforms in three key areas -- sound regulations for non-banking financial companies (NBFCs), allow private sector banks in a big way in the banking sector and deepen capital market to aide growth, the World Bank group President, Mr David Malpass has said.
- **World Bank to continue with USD 6 billion annual lending support to India-** World Bank President Mr David Malpass has said that the multi-lateral funding agency will continue with USD 6 billion lending target for India. He said that World Bank right now has 97 projects with USD 24 billion committed. So, we expect the programme to continue and to reflect the projects and reforms that were going on in India. Maybe 5-6 billion dollars (USD) per year.

Markets So Far

Indicators	Yearly			Monthly			Daily		
	2016	2017	2018	Jul 19	Aug 19	Sept 19	(23-10-2019)	(24-10-2019)	(25-10-2019)
BSE SENSEX	26626	34057	36068	37481	37332	38667*	39058	39020	39058
GOLD (10 GRMS)	29420	28966	30600	34805	37371	37926	38295	38281	38630

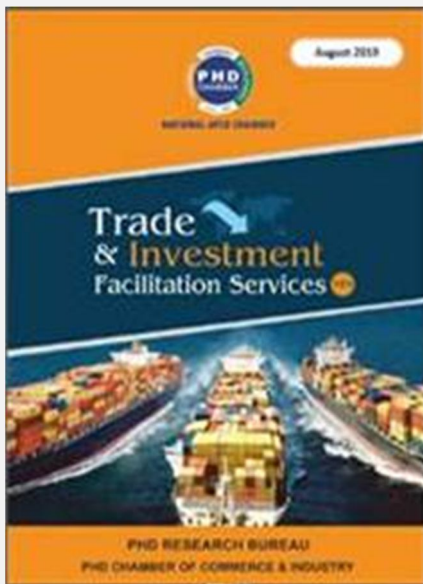
CRUDE OIL (1 BBL)	2925	3317	4437	3991	3905	4062.2	3861	3970	3989
EXCHANGE RATE (INR/USD)	67	65	68	68.8	71.06	71.4	70.9	71.0	70.8

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 Trade and Investment facilitation Services capturing information on recent developments in India's foreign trade, foreign investments, policy developments, bilateral economic relations, trade agreements, WTO among others and FOREX & FEMA Newsletter to provide information on recent developments in foreign exchange reserves, exchange rate, foreign exchange turnover, among others, EAC Newsletter pertaining to a broad view of economic developments in the Indian economy and a newsletter on the developments on various fronts such as economic, health, infrastructure, rural economy and tourism in all the states of India.

[Trade and Investment Facilitation Services Newsletter for the month of September 2019](#)



[FOREX & FEMA Newsletter for the month of October 2019](#)



[EAC Newsletter for the month of September & October 2019](#)



[State Development Monitor for the month of October 2019](#)



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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.



NATIONAL APEX CHAMBER

Warm Regards,

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