

Weekly Compendium of Research

For the week ending 16th March 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 WPI inflation for the month of Feb 2019, IIP for the month of Jan 2019, CPI inflation for the month of Feb 2019, India's Foreign Trade: Feb 2019, strengthening of Uttarakhand's Public Financial Management Systems by World Bank, decisions taken by the Union Cabinet, relaxation of norms for trade credit by RBI, among others. The details of the disseminated information during the week ending 16th March 2019 are appended.

India and World Economy

- **February 2019 WPI inflation stands at 2.9%**- The WPI inflation stands at 2.9% in February 2019 from 2.8% in January 2019, 3.5% in December 2018, 4.5% in November 2018, 5.5% in October 2018 and 5.2% in September 2018. The rise in WPI inflation in the month of February 2019 is attributed to rise in the prices of Vegetables (6.8%), Pulses (10.9%), Wheat (12.3%) and Fuel & Power (2.2%).
- **Decisions taken by the Union Cabinet**- Cabinet approves proposal for accession of India to (a) The Nice Agreement on the International classification of goods and services for the purposes of registration of marks; (b) The Vienna Agreement for setting up an International classification of the figurative elements of marks; (c) The Locarno Agreement for establishing an International classification for industrial designs and Cabinet approves Promulgation of: i) The Daman and Diu Civil Courts (Amendment) Regulation, 2019; (ii) The Dadra and Nagar Haveli (Civil Courts and Miscellaneous Provisions)Amendment Regulation, 2019
- **January 2019 IIP stands at 1.7%**- Growth in industry output, as measured in terms of IIP, for the month of January 2019 grows at 1.7% as compared to 2.6% in December 2018. The growth in the three sectors mining, manufacturing and electricity in January 2019 stands at 3.9%, 1.3% and 0.8% respectively over January 2018. Primary goods growth stands at 1.4%, capital goods growth stands at (-)3.2%, intermediate goods growth stands at (-)3%, infrastructure/construction goods growth stands at 7.9%, consumer durables stands at 1.8% and consumer non-durables growth stands at 3.8% during January 2019 as compared to the previous year.
- **February 2019 CPI inflation rises to 2.6%**- The all India general CPI inflation (Combined) for February 2019 rises to 2.6% from 1.9% in January 2019. The inflation rates for rural and urban areas for February (Prov.) 2019 are 1.8% and 3.4% as compared to 1.2% and 2.9% respectively, for January 2019. Rate of inflation during February (Prov.) 2019 for fuel and light (1.2%), housing (5.1%), transport and communication (3.1%), education (8.1%) and health (8.8%) etc.
- **World Bank to Help Strengthen Uttarakhand's Public Financial Management Systems**- The World Bank's Board of Executive Directors approved a loan of USD 31.6 million for the Uttarakhand Public Financial Management Strengthening Project that will help improve the state's ability to manage its financial systems and lead to better utilization of development resources.

- [World Bank Signs Agreement to Provide Additional Funding of USD 137 million to Enhance Dam Safety in India](#)- The World Bank, Government of India and representatives of 5 state governments of India and implementing agencies signed the loan agreement for additional financing of USD 137 million for the Dam Rehabilitation and Improvement Project (DRIP) that will help rehabilitate and modernize over 220 selected large dams in the states of Karnataka, Kerala, Madhya Pradesh, Odisha, Tamil Nadu and Uttarakhand.
- [World Bank Group's New Program to Accelerate Expansion of Offshore Wind Power in Developing Countries](#)- The World Bank Group recently announced a new program to fast-track the adoption of offshore wind energy in developing countries. The World Bank and IFC will help emerging markets assess their offshore wind potential and provide technical assistance to develop a growing pipeline of projects that are ready for investment by renewable energy developers.
- [Hon'ble PM lays foundation stone of Buxar and Khurja Thermal Power Plants](#)- The hon'ble Prime Minister Shri Narendra Modi unveiled the Foundation Stones of Buxar and Khurja Thermal Power Plants digitally from Greater Noida. These plants, 1320 MW each are situated at Buxar (Bihar) and Bulandshahar (Uttar Pradesh) respectively. The thermal power plants launched at Buxar and Khurja will accelerate India's growth and will transform the power availability in Uttar Pradesh, Bihar and other neighbouring states.

Finance

- [RBI relaxes norms for trade credit](#)- RBI has revised framework for trade credit policy which stated that trade credits can be raised under the automatic route up to USD 150 million or equivalent per import transaction for oil/gas refining & marketing, airline and shipping companies. For others, up to USD 50 million or equivalent per import transaction.
- [RBI to inject Rupee liquidity through long term USD/INR Buy/Sell Swap auction](#)- In order to meet the durable liquidity needs of the system, the Reserve Bank has decided to augment its liquidity management toolkit and inject Rupee liquidity for longer duration through long-term foreign exchange Buy/Sell swap in terms of its extant Liquidity Management Framework. The US Dollar amount mobilized through this auction would also reflect in RBI's foreign exchange reserves for the tenor of the swap while also reflecting in RBI's forward liabilities. Accordingly, it has been decided by RBI to conduct a USD/INR Buy/Sell swap auction of USD 5 billion for tenor of 3 years on March 26, 2019.

Trade

- [Trade in electronic components drives growth in technology goods: UNCTAD](#)- According to new figures released by United Nations Conference on Trade and Development (UNCTAD), demand for electronic components used in Internet-of-Things (IoT) devices drove the value of trade in international imports of information and communications technology (ICT) goods in 2017 to reach around USD 2 trillion.
- [India's Foreign Trade: February 2019](#)- India's Exports in February 2019 were USD 27 Billion, as compared to USD 26 Billion in February 2018, exhibiting a positive growth of 2%. Imports in February 2019 were USD 36 Billion which was 5% lower in Dollar terms and 5% higher in Rupee terms over imports of USD 38 Billion in February 2018.

Our Voice

The Indian economy is expected to grow at around 7-7.2% in FY2019 as the economy has been witnessing positive growth in many of the sectors. The capacity utilisation has been growing at more than 75% during the recent times while the cumulative IIP growth is at 4.4% during the period April-January 2018-19 from 4.1% in the corresponding period of the previous years. Though the inflation has increased marginally in February 2019, it is still under 4%. We expect that to further boost industry growth and demand in the economy, the RBI must reduce the repo rate by 25 basis points in the upcoming Monetary Policy in April 2019.

Economy so far

- **RBI Governor-headed panel of regulators discuss issues concerning economy** - Financial sector regulators have discussed ways to address challenges pertaining to the quality of credit ratings and other issues concerning the economy. Markets regulator SEBI, insurance regulator IRDAI, and pension fund regulator PFRDA, along with senior officials of the Ministry of Finance, brainstormed key issues facing the economy at the meeting of the sub-committee of the Financial Stability and Development Council (FSDC) chaired by RBI Governor Shri Shaktikanta Das.
- **India to achieve USD 330 billion record exports this fiscal: Commerce Secretary, Shri Anup Wadhawan** - Notwithstanding global challenges like protectionist measures by some countries, India is projected to achieve all-time record exports of \$330 billion in fiscal 2018-19 with a major contribution coming from the engineering sector, India's Commerce Secretary Shri Anup Wadhawan said while inaugurating the VIIIth International Engineering Sourcing Show (IESS) in Chennai.
- **RBI to use new tool for liquidity management** - The Reserve Bank of India is using a new tool to enhance liquidity in the system through which it would buy as much as USD 5 billion from the banks in a swap deal that could inject nearly 35,000 crores into the system. Banks would be required to park dollar funds with RBI with a deal to buy it back from the RBI after three years.
- **SEBI provides framework, timeline for counter offer process** - Markets regulator SEBI has come out with the framework and timeline for the counter offer process. The counter offer is made in case the price discovered through reverse book building (RBB) is not acceptable to the promoter or the acquirer. The book value per share of the company shall be disclosed in the public announcement for counter offer, the regulator said in a circular.
- **Export index for states on anvil to boost competition** - Niti Aayog and the Commerce Ministry are working on an index to rank states on their readiness for exports and promote a healthy competition among them, senior officials said. The export index will rank states on half-a-dozen key parameters, including their policies, ease of doing business, infrastructure, access to finance, and output, which will assess the overall export market and exports from each state.
- **SEBI lifts foreign investment cap on corporate bonds** - Markets regulator SEBI has withdrawn the 20 per cent limit on investments by Foreign Portfolio Investors in corporate bonds of an entity. In a notification, the regulator said the restriction is being withdrawn in accordance with a circular issued by the Reserve Bank of India (RBI). In June last year, the Securities and Exchange Board of India (Sebi) had mandated that no Foreign Portfolio Investors (FPIs) shall have an exposure of more than 20 per cent of its corporate bond portfolio to a single corporate.
- **Government notifies phased import duty hike on electric PV parts, lithium-ion cells** - The Government has notified phased increase in basic customs duty on parts of electric passenger vehicles to be assembled in India to 15 per cent from April 2020 and 10 per cent on imported lithium-ion cells by April 2021 to promote domestic manufacturing of EVs. The notification is part of the road map under the phased manufacturing programme (PMP), and also entails doubling the

basic customs duty on completely built units of electric buses and trucks to 50 per cent from April 2020.

- **Government overhauls oil, gas exploration policy; no profit to be charged on output in less explored areas** - In a major overhaul of oil and gas exploration permits, the government will not charge any share of profit on hydrocarbons produced from less explored areas as it looks to attract the elusive private and foreign investment to raise domestic output. Breaking from the two-and-a-half decade-old practice of having a uniform contractual regime for all sedimentary basins in the country, the new policy provides for different rules for areas that already have producing fields and ones where commercial production of oil and gas is yet to be established.

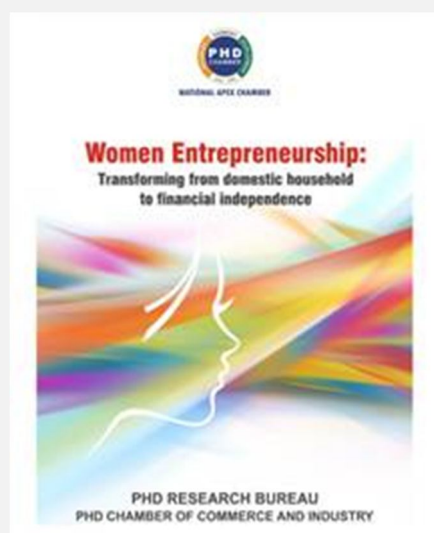
Indicators	Yearly			Monthly			Daily		
	2016	2017	2018	Dec 18	Jan 19	Feb 19	(13-03-2019)	(14-03-2019)	(15-03-2019)
BSE SENSEX	26626	34057	36068	36068	36257	35867.4*	37752	37754	38024
GOLD (10 GRMS)	29420	28966	30600	31566	32213	33211.8	32225	31960	31966
CRUDE OIL (1 BBL)	2925	3317	4437	3701	3608	3906.4	3958	4056	4083
EXCHANGE RATE (INR/USD)	67	65	68	70	71	71.2	69.53	69.35	69.09

Source: PHD Research Bureau, compiled from BSE, MCX and Bloomberg, RBI (* denotes value as on 28thFeb 2019)

Comprehensive Research Studies / Papers

PHD Research Bureau has undertaken a study on “Women Entrepreneurship: Transforming from domestic household to financial independence” with an objective to analyze the global and domestic policy environment, entrepreneurial support activities and best practices, issues and challenges with special reference to Women entrepreneurship in India.

[Women Entrepreneurship: Transforming from domestic household to financial independence](#)



PHD Research Bureau Subscription Opportunities

- [PHD Research Bureau Subscription Opportunities](#): 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. 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.

Warm Regards,

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