

Weekly Compendium of Research

For the week ending 20th April 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 CPI for the month of March 2019, IIP for the month of February 2019, WPI for the month of March 2019, merchandise trade for the month of March 2019, value of transactions in Government E Marketplace, along with decisions taken by Union Cabinet, among others. The details of disseminated information during the week ending 20th April 2019 are appended.

India and World Economy

- March 2019 CPI inflation rises to 2.9%- The all India general CPI inflation (Combined) for March 2019 rises to 2.9% from 2.6% in February 2019. The inflation rates for rural and urban areas for March (Prov.) 2019 are 1.8% and 4.1% as compared to 1.8% and 3.43% respectively, for February 2019. Rate of inflation during March (Prov.) 2019 for fuel and light (2.4%), housing (4.9%), transport and communication (3%), education (7.6%) and health (8.9%) etc.
- February 2019 IIP stands at 0.1%- Growth in industry output, as measured in terms of IIP, for the month of February 2019 grows at 0.1% as compared to 1.4% in January 2019. The growth in the three sectors mining, manufacturing and electricity in February 2019 stands at 2.0%, (-)0.3% and 1.2% respectively over January 2018. Primary goods growth stands at 1.2%, capital goods growth stands at (-)8.8%, intermediate goods growth stands at (-)4.9%, infrastructure/construction goods growth stands at 2.4%, consumer durables stands at 1.2% and consumer non-durables growth stands at 4.3% during February 2019 as compared to the previous year.
- March 2019 WPI inflation grows at 3.2%- The WPI inflation rises to 3.2% in March 2019 from 2.9% in February 2019, 2.8% in January 2019, 3.5% in December 2018, 4.5% in November 2018 and 5.5% in October 2018. The rise in WPI inflation in the month of March 2019 is attributed to rise in the prices of Vegetables (28.13%), Crude Petroleum (5.14%) and Fuel & Power (5.41%).
- Government E Marketplace (GeM) records four-fold increase in total value of transactions in 2018-19- Government e Marketplace (GeM), the national public procurement portal offering end to end solution for all procurement needs of Central and State Government departments and PSUs has closed the FY 2018-19 on a high note. The year witnessed a four-fold increase in total value of transactions on the portal and doubling of number of sellers in the marketplace. There has also been an overall growth in other dimensions like number of categories, products and buyers. Despite such

phenomenal growth in transactions, average rejection rate of supplies remained below one percent, which is proof of high quality of products/services offered on the portal.

Decisions taken by the Union Cabinet—Cabinet approves MoU between India and Bolivia on Cooperation in the Field of Traditional Systems of Medicine and Homoeopathy; Cabinet approves Cooperation Agreement between India and Denmark in the field of Renewable Energy with focus on Offshore Wind Energy; Cabinet approves Continuation of Phase 4 of Geosynchronous Satellite Launch Vehicle (GSLV); Cabinet approves extension of duration of New Urea Policy-2015 for existing gas based urea unit; Cabinet approves MoU between India and Bolivia on Cooperation in the field of Geology and Mineral Resources.

Trade

• India's Foreign Trade: March 2019- India's Exports in March 2019 were USD 33 Billion, as compared to USD 29 Billion in March 2018, exhibiting a positive growth of 11%. In Rupee terms, exports were Rs. 2,26,139 Crore in March 2019, as compared to Rs. 190,619 Crore in March 2018, registering a positive growth of 19%. Imports in March 2019 were USD 43 Billion (Rs. 3,01,814 Crore), which was 1% higher in Dollar terms and 8% higher in Rupee terms over imports of USD 43 Billion (Rs.2,78,441 Crore) in March 2018.

Our Voice

India's GDP is forecasted to expand 7.5% in FY2019/20, according to World Bank's South Asia Economic Focus, Exports Wanted, Spring 2019. Credit growth would benefit from relatively more accommodative monetary policy amid benign inflationary conditions. India is expected to remain one of the fastest-growing major economies in the world this year given strong household spending and corporate fundamentals. Further, South Asia holds on to its top spot as the world's fastest growing region, but the region needs to increase its exports to sustain its high growth and reach its full economic potential.

Economy so far

- Easier financing for low-cost homes likely- The government is planning to ease funding and
 construction norms for its 'Housing for All' programme to speed up construction of affordable
 houses across the country. Some of the changes under consideration are allowing greater access
 to institutional finance to the poor, relaxation in eligibility criteria for bank loans and switching to a
 life cycle cost approach to construction of such houses to bring down costs and ensure quality of
 construction, said people aware of the matter.
- RBI inflation goals need to be reviewed, says prime minister's adviser- India's new government should review the central bank's inflation goals, including whether consumer prices or the underlying core measure is the appropriate target to use to determine interest rates, according to an economic adviser to the current prime minister. Reserve Bank of India's inflation target should be relooked at after the elections, given that the current mandate expires at the end of March 2021. The RBI's goal is to keep inflation at 4% over the medium term.
- Issuance of govt bonds jumps to Rs 64k cr from Rs 15k cr in FY19: Report- According to a ICRA report, the issuances of government-fully serviced bonds (GoI-FSBs) rose to Rs 64,192 crore in the year-ended March 2019 as compared to Rs 15,095 crore during the last fiscal. These borrowings are estimated to have accounted for 0.34 percent of GDP for FY19 as compared to 0.09

percent of GDP for FY18. The total outstanding value of these GoI-FSBs stood at Rs 88,454 crore at the end of FY19. The purpose of these borrowings has been to meet the expenditure towards various schemes of government by raising extra-budgetary resources (EBR) by various public sector entities (PSEs).

- Business sentiments down by 7.7% in second quarter compared to last year: D&B report- As per a Dun & Bradstreet (D&B) report, business sentiments continue to decline for the country's financial and macro-economic conditions in the second quarter of the year compared to the same period a year before. Dun & Bradstreet Composite Business Optimism Index stands at Index stands at 78.4 during Q2 2019 as against 85.0 during Q2 2018 marking a 7.7% decline. According to the report the sentiments were marginally up by 6.3% compared to the first quarter.
- MNCs in India may face higher taxes- The rules for attributing profits to multinational enterprises having a permanent establishment (PE) or business connection in India are set to significantly change if the draft report issued recently by a committee appointed by the Central Board of Direct Taxes (CBDT) is adopted. According to tax experts, MNCs carrying offshore operations in India, which also have sales revenue from the country, may find that higher profits that are attributed to Indian operations under the prescribed formula-driven approach will result in a higher tax outgo.
- ADB committed highest-ever USD 3 billion in sovereign loans to India in 2018- ADB committed to provide USD 3 billion in sovereign loans to India in 2018, the highest level of assistance since sovereign operations began in the country in 1986. In all, the Asian Development Bank (ADB), owned by 68 member countries, committed a total of USD 3.88 billion, including sovereign loans and co-financing during the year ended December 2018.
- India's coal imports surge 40% owing to washery shortage- Coal India's (CIL) delays in setting
 up coking-coal washeries inflated the country's coal imports by USD3 billion or over 40% in FY18.
 The firms have warned that imports of the fuel, which could drive up India's goods trade and current
 account deficit, could rise further if adequate number of domestic washeries are not set up in the
 public and private sectors.
- 344 infra projects show cost overruns of Rs 3.16 lakh crore- As many as 344 infrastructure projects, each worth Rs 150 crore or more, have shown cost overruns to the tune of over Rs 3.16 lakh crore owing to delays and other reasons, a report said. Total original cost of implementation of the 1424 projects was Rs 18,17,469.76 crore and their anticipated completion cost is likely to be Rs 21,33,649.81 crore, which reflects overall cost overruns of Rs 3,16,180.05 crore (17.40% of original cost), the Ministry of Statistics and Programme Implementation latest report for December 2018 said
- India to be fastest-growing economy this year despite risks of global slowdown: RBI Governor India will remain to be the fastest-growing economy this year clocking a growth rate of 7.2 per cent in 2019-20, despite risks of a global slowdown, financial markets and crude price volatility, according to the Reserve Bank of India governor Shaktikanta Das. He called for greater co-operation among emerging market economies on all fronts which will help them be better off in this uncertain environment.

Markets so far

Indicators	Yearly			Monthly			Daily		
	2016	2017	2018	Jan 19	Feb 19	Mar 19	(15-4- 2019)	(16-4- 2019)	(18-4- 2019)

BSE SENSEX	26626	34057	36068	36257	35867.4	38673 [*]	38905	39275	39140
GOLD (10 GRMS)	29420	28966	30600	32213	33211.8	32036	31574	31641	31394
CRUDE OIL (1 BBL)	2925	3317	4437	3608	3906.4	4040	4429	4389	4436
EXCHANGE RATE (INR/USD)	67	65	68	71	71.2	69.47	69.42	69.60	69.35

Source: PHD Research Bureau, complied from BSE, MCX and Bloomberg, RBI (* denotes value as on 29th Mar 2019)

Study

PHD Research Bureau conducted a study, State Budgets Snapshot: 2019-20 (Vol. 2), in continuation of the States' Budget report released earlier, giving a brief summary of the State Budgets.

State Budgets Snapshot: 2019-20 (Vol. 2)



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Warm Regards,

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