

## Weekly Compendium of Research

For the week ending 2<sup>nd</sup> 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 Hon'ble PM launched "PM-KISAN" from Gorakhpur in Uttar Pradesh, FY2019 (2nd Advance Estimates) food grain production released, India's GDP for Q3 FY2019, Gross Bank Credit grows for January 2019, India and Brunei sign Agreement for the Exchange of Information and Assistance in Collection with respect to Taxes (TIEA), RBI constitutes the Task Force on Offshore Rupee Markets, along with various decisions taken by the cabinet, among others. The details of disseminated information during the week ending 2<sup>nd</sup> March 2019 is appended.

### India and World Economy

- **Hon'ble PM launches "PM-KISAN" from Gorakhpur in Uttar Pradesh-** The Hon'ble Prime Minister, Shri Narendra Modi, launched the Pradhan Mantri Kisan Samman Nidhi (PM-KISAN) from Gorakhpur. With the launch, the first installment of Rs 2,000 will be directly credited to the bank accounts of selected beneficiary farmers. About 12 crore farmers are expected to benefit from PM-KISAN. Through this scheme, Rs. 75,000 crore will be transferred to farmers' accounts every year. PM-KISAN will provide farmers relief and will also mark a massive investment in the rural economy. PM-KISAN depends on direct transfer, and therefore the entire amount will reach the beneficiary. Farmers can now avail credit upto Rs 1.60 lakh, through Kisan Credit Cards.
- **Hon'ble Shri Nitin Gadkari laid Foundation Stones for Two Road Projects worth Rs 746 crore in Punjab-** The hon'ble Union Minister for Road Transport & Highways, Shipping and Water Resources, River Development and Ganga Rejuvenation Shri Nitin Gadkari laid the foundation stones for two road projects worth Rs 746 crore one each at Phagwara in Kapurthala district and Sri Anandpur Sahib in Roopnagar district of Punjab. At Sri Anandpur Sahib, he laid the foundation stone of upgradation of 67.6 km long Banga-Garhshankar-Sri Anandpur Sahib-Naina Devi road at a tentative cost of Rs 581 crore in which 8.8 km area of the project falls in Himachal Pradesh.
- **Launch of Scheme for Development of Knitting and Knitwear Sector-** Smt. Smriti Zubin Irani, Hon'ble Union Minister of Textiles, launched a comprehensive scheme for Development of Knitting and Knitwear Sector under PowerTex India. The main components of the scheme are: Creation of new service centers on Public Private Partnership (PPP) model by industry and association in the knitting and knitwear clusters. Modernization and upgradation of existing power loom service Centers (PSCs) and institution run by Textile Research Associations (TRAs) and Export Promotion Councils (EPCs) Association in knitting and knitwear clusters. Group work shed scheme. Yarn bank scheme. Common facility center scheme. Pradhan mantra Credit Scheme. Solar Energy Scheme. Facilitation, IT, awareness, studies, surveys, market development and publicity for knitting and knitwear units.
- **Decisions taken by the Union Cabinet-** Cabinet approves National Policy on Software Products – 2019 National Mineral Policy, 2019 approved by Union Cabinet; Cabinet approves to the MoU between India and Argentina on cooperation in the field of Medical Products Regulation; Cabinet approves inclusion of Common Services Centres under MEITY as Enrolment Agency for PM-SYM;

Cabinet approves setting up of a Railway Zone at Vishakhapatnam; Cabinet approves Pradhan Mantri Kisan SammanNidhi (PM-KISAN) Scheme; Cabinet approves joining of IEA Bioenergy TCP by Ministry of Petroleum and Natural Gas as a Member; Cabinet approves Kanpur Metro Rail Project: Boost to Urban Public Transport connectivity in Kanpur; Cabinet approves Promulgation of an Ordinance for Amendment to the Special Economic Zones Act, 2005; Cabinet approves promulgation of Aadhaar and Other Laws (Amendment); Cabinet approves Agra Metro Rail Project: Boost to Urban Public transport connectivity in Agra; Cabinet approves Homeopathy Central Council (Amendment) Ordinance, 2019; Cabinet approves the Jammu and Kashmir Reservation (Amendment) Ordinance, 2019; Cabinet approves Rs. 1450 crore for the share capital of RBI in National Housing Bank, NHB, among others.

- **FY2019 (2nd Advance Estimates) food grain production at 281.37 million tonnes-** According to the second advance estimates for 2018-19, total foodgrain production in the country is estimated at 281.37 million tonnes during 2018-19 which is around 3.89 million tonnes higher than the production of foodgrain of 277.49 million tonnes in 2nd Advance Estimates of 2017-18. Rice production is expected at record 115.60 million tonne and wheat production is expected to reach 99.12 million tonnes. Maize production is estimated at 27.80 million tonnes while production of pulses is estimated at 24.02 million tonnes. The production of nine major oilseeds put together is estimated at 31.5 million tonnes and cotton production is estimated at 30.1 million bales.
- **India's GDP stands at 6.6% in Q3 FY2019-** GDP stands at 6.6% in Q3 FY2019 as compared to 7.0% in Q2 FY2019. The agriculture sector growth stands at 2.7% in Q3 FY2019 from 4.2% in Q2 FY2019. Manufacturing sector registered a growth of 6.7% in Q3 FY2019 as compared to 6.9% in Q2 FY2019. Construction registered a growth of 9.6% in Q3 FY2019 as compared to 8.5% in Q2 FY2019. Growth of Trade, Hotel, Transport, Communication has been registered at 6.9% in Q3 FY2019 from 6.9% in Q2 FY2019. Financial, Real Estate & Professional Services registered a growth of 7.3% in Q3 FY2019 as compared to 7.2% in Q2 FY2019. Public Administration, Defence & Other Services registered a growth of 7.6% in Q3 FY2019 from 8.7% in Q1 FY2019.

## Finance

- **Recommendations of the 33rd GST Council Meeting-** To boost the residential segment of the real estate sector, following recommendations were made by the GST Council in its 33rd meeting: GST shall be levied at effective GST rate of 5% without ITC on residential properties outside affordable segment; GST shall be levied at effective GST of 1% without ITC on affordable housing properties. The new rate shall become applicable from 1st of April, 2019. GST exemption on TDR/ JDA, long term lease (premium), FSI: Intermediate tax on development right, such as TDR, JDA, lease (premium), FSI shall be exempted only for such residential property on which GST is payable.
- **Gross Bank Credit grows at around 13% in January 2019 -** Gross bank credit grows at around 13% in January 2019 and December 2018 each. The gross bank credit growth stands at about 9% in January 2018. On a year-on-year (y-o-y) basis, non-food bank credit increased by 13% in January 2019 as against 13% in December 2018. Credit to agriculture and allied activities increased by around 8% in January 2019 and December 2018 each.
- **India and Brunei sign Agreement for the Exchange of Information and Assistance in Collection with respect to Taxes (TIEA)-** The Government of Republic of India and the Government of His Majesty the Sultan and Yang Di-Pertuan of Brunei Darussalam signed an Agreement for the Exchange of Information and Assistance in Collection with respect to Taxes (TIEA). The Agreement was signed by Mr. Pramod Chandra Mody, Chairman, Central Board of Direct Taxes (CBDT) on behalf of India and Dato Paduka Haji Sidek Ali, High Commissioner of

Brunei Darussalam to India on behalf of Brunei Darussalam. The Agreement enables exchange of information, including banking and ownership information between the two countries for tax purposes. It is based on international standards of tax transparency and exchange of information and enables sharing of information on request as well as on automatic basis. The Agreement also provides for mutual assistance in collection of tax revenue claims between both countries.

- **[Hon'ble Finance Minister releases EASE Reforms Index that measures progress of Public Sector Banks \(PSBs\) Reforms Agenda-](#)** Hon'ble Union Minister of Finance and Corporate Affairs, Government of India Shri Arun Jaitley released the first report on EASE Reforms Index that independently measures progress on the Public Sector Banks (PSB) Reforms Agenda announced last January on 140 objective, benchmarked metrics. The Index measures performance of each PSB on 140 objective metrics across 6 themes and provides all PSBs a comparative evaluation showing where banks stand vis-à-vis benchmarks and peers on the Reforms Agenda.
- **[ECBs stands at USD 2 billion during January 2019-](#)** Indian firms have raised about USD 2.4 billion through external commercial borrowings (ECBs) by automatic and approval route in January 2019 as against about USD 4 billion in December 2018. India has received gross ECBs worth around USD 365 billion between FY2001 and FY2019 (till January 2019).
- **[RBI constitutes the Task Force on Offshore Rupee Markets-](#)** Reserve Bank has been guided by the objective of developing deep and liquid on-shore financial markets that act as a price setter of the Rupee globally. The focus of policy efforts has been to align incentives for non-residents to gradually move to the domestic market while at the same time improving market liquidity to promote hedging activity on-shore. With this objective, RBI had announced, in the Statement on Developmental and Regulatory Policies dated February 7, 2019, the setting up of a Task Force on Offshore Rupee Markets. The Task Force shall examine the issues relating to the offshore Rupee markets in depth and recommend appropriate policy measures that also factor in the requirement of ensuring the stability of the external value of the Rupee. Accordingly, RBI has constituted the Task Force on Offshore Rupee Markets.
- **[RBI introduces the Voluntary Retention Route for Investments by Foreign Portfolio Investors \(FPIs\)-](#)** The Statement on Development and Regulatory Policies in the Monetary Policy Statement dated October 05, 2018 had announced a separate scheme called 'Voluntary Retention Route' (VRR) to encourage Foreign Portfolio Investors (FPIs) to undertake long-term investments in Indian debt markets. Under this scheme, FPIs have been given greater operational flexibility in terms of instrument choices besides exemptions from certain regulatory requirements. A discussion paper on the VRR scheme was placed on the Reserve Bank's website for public consultation.

## Trade

- **[Increased exports in India can improve jobs and raise wages: World Bank & ILO](#)** - A new report titled "Exports to Jobs: Boosting the Gains from Trade in South Asia" jointly produced by the World Bank and the International Labour Organization (ILO) shows that increasing exports can lead to better jobs and higher wages in India, including more formal jobs for youth and women. Labor market policies can help different groups of workers acquire the right skills and ensure that the gains of increased exports are shared more broadly across society. The report shows that increasing exports would boost average wages. The biggest beneficiaries of the wage gains would be the high-skilled, urban, more experienced, and mainly male workers. For low-skilled workers, the shift would result in an increase in formal jobs.

## Our Voice

The GDP stands at 6.6% in Q3 FY2019 as compared to 7.0% in Q2 FY2019 while the 2nd Revised Estimates of GDP in FY19 has been pegged at 7% from 7.2% in FY19. Nonetheless, the growth is expected to firm up in FY20 supported by strong reform measures of the government and the resilience of the economy. Going ahead, the government should take steps towards substantially boosting investment in agriculture, social sector, education and health. Further government should firmly commit to the fiscal deficit target that has been readjusted upwards by 0.1 percentage points of GDP to 3.4% for FY2019.

## Economy so far

- **Goods and services exports to cross \$500 bn this fiscal: Suresh Prabhu-** The country's goods and services exports during the current financial year would cross USD 500 billion despite challenges being faced on the global trade front, Commerce and Industry Minister Suresh Prabhu said. During the April-January period of the current financial year, exports grew 9.52 per cent to USD 271.8 billion. India export services worth about USD 130-150 billion per year.
- **SBI Research pegs Q3 GDP at 6.6-6.7%-** The economy is likely to grow at 6.6-6.7 percent in the third quarter and 7.2% for the full financial year. The yearly SBI composite index for February saw a marginally rise to 50.60 (a score of under 50 indicates negative growth). The index remained volatile and declined to 11-month low of 46.10 (low decline) in February from 52.8 (moderate growth) in January.
- **Nearly 2 crore jobs created in 16 months to Dec 2018: CSO report-** Nearly 2 crore jobs were created in 16 months to December 2018, according to the payroll data of the Employees State Insurance Corporation (ESIC). The ESIC data is one of payroll numbers released by the Central Statistics Office (CSO) in its reports based on people joining various social security schemes run by Employees Provident Fund Organisation (EPFO) and Pension Fund Regulatory Development Authority (PFRDA).
- **Upliftment of aspirational districts can help India grow at 9-10% for three decades: Amitabh Kant-** Upliftment of over 100 aspirational districts can propel India to achieve a growth rate of 9-10 per cent for up to 30 years as it is imperative to have equity for growth to sustain, NITI Aayog CEO Amitabh Kant said. As part of the NITI Aayog's vision, the 'Transformation of Aspirational Districts' programme aims to quickly and effectively transform these 115 districts.
- **Power minister asks states to supply 24x7 power barring agricultural consumers-** Power minister R K Singh has asked states to supply 24 x 7 power to all households starting April 1 . However, discoms have been exempted from supplying round the clock electricity to agricultural consumers due to lack of adequate metering. The minister said that distribution companies will be exempt from supplying 24x7 electricity to agriculture customers. As per 24x7 agreements signed with the Centre, discoms are obligated to supply round the clock electricity while the draft tariff policy provides for penalising the firms for load shedding.
- **Niti Aayog working on policy to end crop residue burning-** Government think-tank Niti Aayog will soon come out with a policy roadmap to promote alternative use of crop residue, which farmers continue to burn in the fields despite a ban in some states to curb air pollution. The advisory body has floated an expression of interest inviting research institutions to conduct a study on mass production of manure/fertiliser from agricultural biomass. Based on this study, a policy roadmap will be laid out for alternative use of crop residue.
- **Indian e-commerce market to touch USD 84 billion in 2021: Report-** The fast growing e-commerce market in the country will touch USD 84 billion in 2021 from USD 24 billion in 2017 on



account of a healthy growth in organised retail sector, a report said. A fast growing economy and robust demographics provide a positive outlook to the consumer businesses in India. These factors will fuel the retail market growth in the country, making India the third largest retail market in Asia and fourth largest in the world.

- **Crude steel output in India at 9.18 million tonne in January : Report-** India's crude steel output fell about two per cent to 9.180 million tonne (MT) during January 2019, according to World Steel Association (worldsteel). The country had produced 9.354 MT during the same month in 2018, according to worldsteel's latest report. Global crude steel production for the 64 countries reporting to the association was 146.70 MT in January 2019, up one per cent compared to the year ago month.
- **Merger of regional rural banks within same state likely-** The government is looking at the possibility of merging regional rural banks (RRBs) operating within the same state and has urged the state-owned banks to explore such options, as it wants further consolidation among RRBs. It eventually wants to bring them down to a more manageable number of 10-15. There are 56 RRBs functioning in the country.
- **Telangana government announces digital platform for MSMEs-** The Telangana government has joined hands with GlobalLinker with the aim at accelerating the financial inclusion of the state's MSMEs. Under the partnership, a digital networking platform, called 'Telangana State GlobalLinker' was launched. The platform, besides offering a host of benefits to MSME members such as digitisation, an e-commerce store and access to business efficiency tools would enable Telangana's MSMEs to connect to a global community of small and large businesses.
- **NITI Aayog partners with Adobe to boost digital literacy, creativity skills-** Government think tank NITI Aayog partnered with software major Adobe to develop creative skills and spread digital literacy among school children in India. The Statement of Intent (SOI) signed by NITI Aayog and Adobe as part of the Atal Innovation Mission will open Digital Disha Programme across 100 schools under the Atal Tinkering Labs (ATL). The Digital Disha Programme, which is expected to touch the lives of one million students by 2020, is aimed at driving synergies in creative thinking and technology-base learning. It will empower them with new-age skills to thrive in the current digital era and prepare them for long term success.
- **HRD ministry launches scheme to provide apprenticeship opportunities to fresh graduates-** Union minister Prakash Javadekar launched a scheme for providing industry apprenticeship opportunities to fresh graduates. The Scheme for Higher Education Youth in Apprenticeship and Skills (SHREYAS) is a programme basket comprising the initiatives of three central ministries, including the HRD, Ministry of Skill Development and Entrepreneurship, and the Ministry of Labour and Employment.
- **India's GDP growth seen at 6.7-7.2% in 3rd quarter-** The Indian economy is likely to have grown at a slower pace of 6.7-7.2% in the third quarter of FY19. The moderation is in line with an expected slowdown in the second half of the financial year. The economy had grown 7.1% in the second quarter and 8.2% in the first quarter, logging 7.6% for the first half. The first advance estimates of gross domestic product (GDP) released earlier this month showed the economy is likely to expand 7.2% in FY19. The Reserve Bank of India expects FY19 growth at 7.4%.
- **RBI to pump in Rs 1 lakh cr cash to ease liquidity-** The Reserve Bank of India will infuse Rs 1 lakh crore in cash into the banking system to ease liquidity, which normally remains tight ahead of the financial year-end. The central bank will conduct four long-term variable rate repo operations,

mechanism to increase cash

- **India, Latin American nations have huge potential to boost trade ties: Commerce Ministry-** India and countries of the Latin American and Caribbean region have huge potential to boost economic ties in areas like agriculture, health, energy and information technology, the commerce ministry said. The ministry said that Indian companies could form joint venture projects for cultivation of lentils, oil-seeds and food grains, which are crucial import items, besides conducting joint research in dairy farming, seeds and pulses.
- **Record rice output to propel India's foodgrain production to 281.37 million tonnes in 2018-19-** With a record rice production of 115.6 million tonnes, the overall foodgrain production in the country is likely to be 281.37 million tonnes in 2018-19. The second advance estimate of production of major crops released by the agriculture department shows wheat production is expected to touch 99.12 million tonnes, lower than the target of 102.20 million tonnes.
- **Govt keen on amalgamation of PSBs to create globally competitive, healthy large banks: Arun Jaitley-** The government is following the policy of amalgamating public sector banks to create healthy large banks which are globally competitive, Finance Minister Arun Jaitley said. He said the NPA situation of PSU banks has improved in the last 2-3 quarters and the NDA government has ended the practice of "phone banking" and has maintained arm's length by not interfering in the functioning of lenders.
- **Increasing exports can lead to better jobs, higher wages in India: World Bank-ILO report-** Increasing exports can lead to better jobs and higher wages in India, including more formal sector employment for youth and women, the World Bank said in a report. Labour market policies can help different groups of workers acquire the right skills and ensure that the gains of increased exports are shared more broadly across society, said the report jointly released by the World Bank and the International Labour Organization (ILO).
- **Core sector growth slows down to 1.8% in January-** Growth of eight core sectors slowed down to 1.8 per cent in January due to fall in output of crude oil, refinery products and electricity. Eight infrastructure sectors -- coal, crude oil, natural gas, refinery products, fertilisers, steel, cement and electricity -- had expanded by 6.2 per cent in January 2018. Production of crude oil, refinery products and electricity contracted by 4.3 per cent, 2.6 per cent and 0.4 per cent, respectively, in January.
- **India's GDP growth slips to 6.6 per cent in Q3-** India's GDP growth has slipped to 6.6 per cent in the third quarter of FY19. The economy had grown 7.1% in the second quarter and 8.2% in the first quarter, logging 7.6% for the first half. Weaker domestic and external demand are key factors behind the sub-7 percent growth. India would still be growing faster than China's 6.4 percent growth in the same quarter.
- **Government may offer up to Rs 2.5 lakh subsidy for 60,000 e-cars-** The government is set to announce a subsidy of up to Rs 2.5 lakh for 60,000 electric cars and dole of up to Rs 20,000 for 20,000 hybrid cars that are bought over the next three years as it seeks to promote green fuel in the country via a Rs 10,000-crore package.
- **RBI forms task force on offshore rupee market-** The Reserve Bank of India has constituted a task force on offshore rupee market to find ways to move non-resident Indian to the domestic market and improve liquidity to promote on-shore hedging activity. The task force will examine offshore rupee markets in depth and recommend appropriate policy measures that also factor in the requirement of ensuring the stability of the external value of the rupee.

## Markets so far

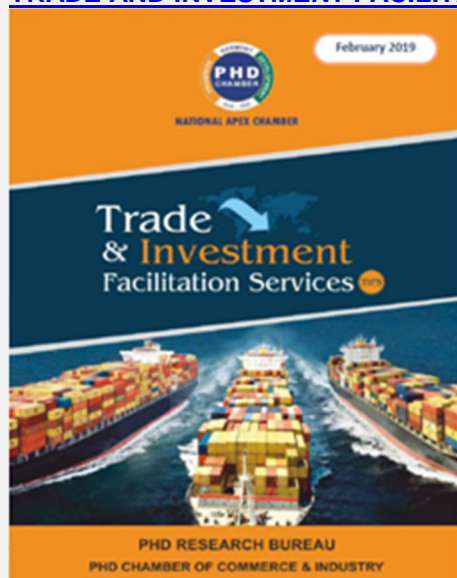
Indicators	Yearly			Monthly			Daily		
	2016	2017	2018	Dec 18	Jan 19	Feb 19	(27-2-2019)	(28-2-2019)	(1-3-2019)
BSE SENSEX	26626	34057	36068	36068	36257	35867.4*	35905.4	35867.4	36063.8
GOLD (10 GRMS)	29420	28966	30600	31566	32213	33211.8	33367	33250	32819
CRUDE OIL (1 BBL)	2925	3317	4437	3701	3608	3906.4	3946	4052	4074
EXCHANGE RATE (INR/USD)	67	65	68	70	71	71.2	71.2	70.7	70.9

Source: PHD Research Bureau, compiled from BSE, MCX and Bloomberg, RBI (\* denotes value as on 28<sup>th</sup> Feb 2019)

## Study

PHD Research Bureau released a newsletter on Trade and Investment facilitation Services (TIFS) to provide information on recent developments in India's foreign trade, foreign investments, policy developments, bilateral economic relations, trade agreements, WTO among others.

### TRADE AND INVESTMENT FACILITATION SERVICES FOR THE MONTH OF FEBRUARY 2019



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Warm Regards,

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