



PROGRESS HARMONY DEVELOPMENT

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March  
2017

## Economic Affairs Committee Newsletter

(Monthly update on India's socio-economic developments)



PHD Research Bureau

PHD CHAMBER OF COMMERCE & INDUSTRY

## EAC Newsletter

### March 2017

According to the recent second advance estimates of national income 2016-17, Gross Domestic Product (GDP) at constant prices in the year 2016-17 is likely to grow at 7.1% from 7.6% in 2015-16. Further, the recent economic activities, primarily demonetization had rendered grim forecasts of GDP in the third quarter of 2016-17. However, the economy registered a healthy growth of 7% in the Q3 of 2016-17. The first and second quarter GDP growth estimates were also revised upward by 10 basis points to 7.2% and 7.4% respectively.

The currency crunch that followed demonetization of Rs. 1000 and Rs. 500 notes was widely believed to have impacted consumption pattern of the households. On the contrary, private final consumption grew from 5.1% in Q2 2016-17 to 10.1% in Q3 2016-17.

The manufacturing sector, on the other hand, also registered a growth of 8.3% in Q3 2016-17 from 6.9% in the previous quarter which can be attributed to the rise in private final consumption. Trade, hotels, transport, communication and services related to broadcasting as well as Public administration, defence and Other Service have also witnessed growth in the third quarter as compared to the previous quarter.

On the policy front, the Union Cabinet chaired by the Hon'ble Prime Minister Shri Narendra Modi ji has approved four GST bills namely Central Goods and Services Tax Bill 2017, Integrated Goods and Services Tax Bill 2017, Union Territory Goods and Services Tax Bill 2017 and The Goods and Services Tax (Compensation to the States) Bill 2017 (The Compensation Bill). Further, Lok Sabha has passed the Maternity Benefits (Amendment) Bill 2016 which inter-alia includes increasing maternity benefit to woman covered under the Maternity Benefit Act, 1961 from 12 weeks to 26 weeks up to two surviving children in order to allow the mother to take care of the child during his/her most formative stage. The Bill will have a positive impact on health and well-being of women workforce in the country. It will improve the work-life balance of women workers and will also be beneficial for the organization in terms of increased productivity of female employees. It will also increase women's participation in the labour force thereby addressing the major problem of gender inequality in workforce participation.

At the macro-economic front, IIP grew at 2.7% in January 2017 from (-)0.4% in December 2016 on account of high growth in capital goods (10.7%). Exports have continued to grow at a commendable rate of 17.48% in February 2017 although service exports have contracted marginally by 1.7%. however, CPI inflation has increased from 3.17% in January 2017 to 3.65% in February 2017 while WPI Inflation has also increased by 1.3 percentage points (month-on-month) in the month of February 2017. Core infra, on the other hand, grew at 3.4% in January 2017 as against 5.6% in December 2016 on account of lower growth in steel, cement and petroleum refinery products.

Going ahead, the agricultural and allied sector growth is officially projected at almost 5% during the fourth quarter of the current financial year and could be revised higher as the rabi production is looking really good. Fitch has also raised India's GDP growth forecast to 7.1% from 6.9% in FY2017. India's growth is pegged at 7.7% for both FY2018 and FY2019. We expect the economy to grow in a higher trajectory in the coming times.

# High-powered CEO's Business Delegation Germany & Hungary

*Frankfurt, Dusseldorf, Berlin, Hamburg, Kiel & Budapest*

PHD Chamber in collaboration with IGEP (Indo-German Export Promotion) Foundation would organize seminar on promotion of Indian brands in Germany on 8<sup>th</sup> May, 2017 in Hamburg and on 9<sup>th</sup> May, 2017 in Kiel and 25 companies in the areas of Automobiles, Ceramics, Construction, Electronics, Energy, Pharmaceuticals, Packaging, Textiles, Wine & Beverages would participate for B2B meetings.

PHD Chamber of Commerce and Industry is mounting a **High-Powered CEOs business delegation to Germany and Hungary** for visits to 'state of the art' manufacturing plants, interactions with Chambers of Commerce and Ministries/departments in Frankfurt, Dusseldorf, Berlin & Budapest, for bilateral exchange of technical knowledge and establishing prospective B2B collaborations in the areas of **Automobiles, Ceramics, Construction, Electronics, Energy, Pharmaceuticals, Packaging, Textiles, Wine & Beverages.**

The cost structure of the delegation is as follows:

Sr. No.	Package	Amount
1.	Economy Class Air Fare and twin sharing	Rs. 1,76,000* + Euro 250** (Per Person Cost)
2.	Business Class Air Fare and twin sharing	Rs. 2,96,000* + Euro 250** (Per Person Cost)
3.	Economy Class Air Fare and single room	Rs. 2,10,000* + Euro 250** (Per Person Cost)
4.	Business Class Air Fare and single room	Rs. 3,30,000* + Euro 250** (Per Person Cost)

\* The cost includes air fare (Lufthansa airbus LH-761), accommodation in 4-star Hotels, local conveyance in AC coaches, sight-seeing costs, high speed train journey from Frankfurt to Berlin (Second Class), local air journey from Berlin to Budapest (Economy class/Business Class) and other entry costs.

\*\* The cost includes lunches, dinners, refreshments, water and other out of pocket expenses.

**Date:**

3<sup>rd</sup> – 11<sup>th</sup> May 2017

**Delegation:**

Participation is on first-cum-first-serve basis as the participation is restricted to **30 delegates only.**

**For registration, please contact:**

**Dr. SP Sharma**

Chief Economist

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**Objective**

The objective of the delegation is to promote Indian brands in Germany and to attract investments in the various promising areas of the Indian economy. Firstly the delegation would join Inter-Pack Trade Exhibition in Dusseldorf on 4<sup>th</sup> May 2017 followed by meeting with Indian High Commission in Frankfurt and B2B meetings on 5<sup>th</sup> May 2017.

The delegation would organize Seminar in Hamburg on 8<sup>th</sup> May 2017 in collaboration with Indo-German Export Promotion (IGEP) Foundation for the promotion of Indian brands. Around 25 companies would join for B2B meetings in the areas of Automobiles, Ceramics, Construction, Consultancy, Electronics, Energy, Pharmaceuticals, Packaging, Textiles, Wine & Beverages.

**Brief Itinerary:**

**3<sup>rd</sup> May, 2017:** Early morning to Frankfurt.

**4<sup>th</sup> May, 2017:** Inaugural of Dusseldorf Interpack Trade Fair.

**5<sup>th</sup> May, 2017:** Meeting with High Commission of India in Frankfurt and meeting with Industry Chamber followed by B2B meetings.

**6<sup>th</sup> May, 2017:** The delegation would move to Berlin for meeting with Germany International Chamber.

**7<sup>th</sup> May, 2017:** Business Meetings.

**8<sup>th</sup> May, 2017:** Seminar in Hamburg in collaboration with IGEP Foundation.

**9<sup>th</sup> May, 2017:** Delegation would head to Kiel and meet 25 companies in the areas captioned above.

**10<sup>th</sup> May, 2017:** Meeting with Hungary Chamber of Commerce and Industry followed by B2B meetings and plant visits in Hungary.

**11<sup>th</sup> May, 2017:** Back to Delhi.

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YOUR LICENCE  
TO  
DRIVE



QUICK  
PAYMENT  
SOLUTIONS



GRANTING  
PHYSICAL  
ACCESS

## 1. Indian economy so far

### 1.1 Growth

**January 2017 IIP stands at 2.7%**-- Growth in industry output, as measured in terms of IIP, for the month of January 2017 stands at 2.7% as compared to (-)0.4% in December 2016. The growth in the three sectors mining, manufacturing and electricity in January 2017 stands at 5.3%, 2.3% and 3.9%, respectively over January 2016. The cumulative growth for the period April-January 2016-17 in these three sectors over the corresponding period stands at 1.4%, (-) 0.2% and 5.0% respectively. Basic goods growth stands at 5.3%, Capital goods growth stands at 10.7% and Intermediate goods growth stands at (-) 2.3% during January 2017 compared to same period previous year.

**January 2017 core infra grows at 3.4%**--The core infrastructure grows at 3.4% in January 2017 against 5.6% in December 2016. The combined Index of Eight Core Industries stands at 191.8 in January, 2017, which is 3.4 % higher compared to the index of January, 2016. Crude Oil and Natural Gas growth stands at 1.3% and 11.9% respectively in the month of January 2017. In cumulative terms, core infrastructure industries registered a growth of 4.8% during April-January 2016-17 as against 2.9% during the corresponding period of the previous year.

### 1.2 Inflation

**February 2017 CPI inflation stands at 3.65%**-- The all India general CPI (Combined) for February 2017 stands at 3.65% as compared to 3.17% in January 2017. The inflation rates for rural and urban areas for February 2017 are 3.67% and 3.55% respectively as compared to 3.36% % and 2.9% respectively, for January 2017. Rate of inflation during February 2017 for sugar and confectionery stands at 18.83%, egg at 0.54 %, Pan and Tobacco at 6.18% and spices at 3.82% etc.

**February 2017 WPI inflation stands at 6.55%**-- The WPI inflation stands at 6.55% in February 2017 compared to 5.25% in January 2017, 3.68% in December 2016, 3.38% in November 2016, 3.79% in October 2016 and 3.80% in September 2016. The increase in WPI inflation in the month of February 2017 is attributed to increase in the prices of cereals (6.09%), fruits (7.14%), fibers (19.45%), minerals (31.03), fuel and power (21.02) and liquefied petroleum gas (4.32%) etc.

### 1.3 External sector

**Merchandise exports and imports grew by 17.48% and 21.76% during February 2017, respectively**-- India's merchandise exports have continued with commendable growth rate by registering a remarkable growth figure of 17.48% in February 2017 to value at USD 24,490.27 million compared to USD 20,845.73 million during February 2016. On the other hand, India's merchandise imports also witnessed expansion, growing by 21.76% to value at USD 33,386.57 million in February 2017 compared to USD 27,418.98 million during same period previous year.

**January, 2017 Services Exports contracted by 1.7%**-- The export of services during January 2016 was valued at USD 13.57 billion, registering a negative growth rate of (-) 1.7% compared to 3.49% during December 2016; and Import of services were valued at USD 8.41 billion, registering a growth rate of 1.39% compared to (-) 0.35% during December 2016. The trade balance in Services (i.e. net export of Services) for January, 2017 was estimated at USD 5.16 billion.

**India's external debt registered at about US\$ 484.3 billion at end-September 2016--** At end-September 2016, India's external debt stock stood at US\$ 484.3 billion, recording a decline of US\$ 0.8 billion (0.2 per cent) over the level at end-March 2016. The fall in external debt during the period was due to commercial borrowings and short term external debt. However, on a sequential basis, total external debt at end-September 2016 increased by US\$ 4,768 million from the end-June 2016 level.

**Foreign Tourists' Arrival (FTAs) grew by 13% in February 2017--** During February 2017, a cumulative of 9.56 lakh foreign tourists arrived compared to 8.47 lakh during February 2016 and 7.61 lakh in February 2015. FTAs during the period January- February 2017 were 19.40 lakh with a growth of 14.7%, as compared to the FTAs of 16.91 lakh with a growth of 9.0% in January- February 2016 over January- February 2015.

## 1.4 Fiscal scenario

**January 2017 fiscal deficit stands at 105.7% of actuals to BEs--**The gross fiscal deficit of the Central government stands at 105.7 % of the actuals to budget estimates (BEs) at the end of January 2017 as compared to 95.8 % of the actuals to budget estimates in the corresponding period of the previous year. The primary deficit was registered at 474.4% of the actuals to budget estimates at the end of January 2017 as compared to 191.6 % of the actuals to budget estimates during corresponding period of the previous year. The revenue receipts at the end of January 2017 of the central government stands at 73.3% of the actuals to budget estimates as compared with 77.2 % of the actuals to budget estimates at the end of January 2016.

**Indirect Tax collections grew by 22.2% and Direct Tax Collections grew by 10.7% during April-February 2016-17--** Indirect tax collections (Central Excise, Service Tax and Customs) up to February 2017 show that net revenue collections are at Rs 7.72 lakh crore, which is 22.2% more than the net collections for the corresponding period last year. Till February 2017, about 90.9% of the Revised Estimates (RE) of indirect taxes for Financial Year 2016-17 has been achieved. As regards Central Excise, net tax collections stood at Rs. 3.45 lakh crore during April-February, 2016-17 as compared to Rs.2.53 lakh crore during the corresponding period in the previous Financial Year, thereby registering a growth of 36.2%.

# E- Newsletters

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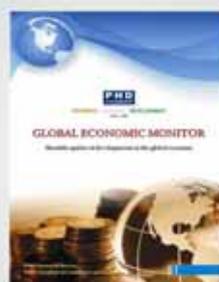
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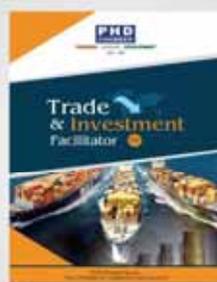
EAC - 1st week of every month

Economic Affairs Committee (EAC) issues a comprehensive newsletter on the economic and social developments in the economy in a particular month. The report provides a concise view of the movements in lead indicators in that month and in the coming times.



GEM - 2nd week of every month

Global Economic Monitor (GEM) aims to disseminate information on latest updates on global macro-economic indicators including growth, inflation, trade, markets, commodities, unemployment, policy developments and publications of international organization



TIFS - 3rd week of every month

Trade and Investment Facilitator (TIF) aims to provide information on recent developments in India's foreign trade, foreign investments, policy developments, bilateral economic relations, trade agreements, WTO among others.



SDM - 4th week of every month

State Development Monitor captures the developments on various fronts such as economic, health, infrastructure, rural economy and tourism in central and northern states of India.

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Warm regards

**Dr. S P Sharma**  
Chief Economist

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**PHD CHAMBER OF COMMERCE AND INDUSTRY**

## 1.5 Monetary scenario

**Gross Bank Credit grows at 3.3% in January 2017** -- Gross bank credit grows at 3.3% in January 2017 and December 2016. The gross bank credit growth stands at 9.5% during January 2016. On a year-on-year (y-o-y) basis, non-food bank credit increased by 3.5% in January 2017 as against 4% in December 2016. Credit to agriculture and allied activities increased by 8.1% in January 2017 as compared to 8.2% in December 2016.

**ECBs stand at USD 1 billion during February 2017**-- Indian firms have raised about USD 1 billion through external commercial borrowings (ECBs) by automatic and approval route in February 2017 as against USD 1.8 billion in January 2017. The borrowings stood at USD 1.3 billion in February 2016

## 2. Major policy pronouncements

**Cabinet approves four GST Bills**- The Union Cabinet chaired by the Prime Minister Shri Narendra Modi has approved the following four GST related bills:

1. The Central Goods and Services Tax Bill 2017 (The CGST Bill)
2. The Integrated Goods and Services Tax Bill 2017 (The IGST Bill)
3. The Union Territory Goods and Services Tax Bill 2017 (The UTGST Bill)
4. The Goods and Services Tax (Compensation to the States) Bill 2017 (The Compensation Bill)

The above four Bills have been earlier approved by the GST Council after thorough, clause by clause, discussion over 12 meetings of the Council held in the last six months.

The CGST Bill makes provisions for levy and collection of tax on intra-state supply of goods or services for both by the Central Government. On the other hand, IGST Bill makes provisions for levy and collection of tax on inter-state supply of goods or services or both by the Central Government. The UTGST Bill makes provisions for levy on collection of tax on intra-UT supply of goods and services in the Union Territories without legislature. Union Territory GST is akin to States Goods and Services Tax (SGST) which shall be levied and collected by the States/Union Territories on intra-state supply of goods or services or both.

The Compensation Bill provides for compensation to the states for loss of revenue arising on account of implementation of the goods and services tax for a period of five years as per section 18 of the Constitution (One Hundred and First Amendment) Act, 2016.

**Goods and Services Tax (GST): Council approves the Central Goods and Services Tax (CGST) Bill and the Integrated Goods and Services Tax (IGST) Bill**-- The Goods and Services Tax (GST) Council, in its meeting held recently in Vigyan Bhawan in New Delhi under the Chairmanship of the Union Minister for Finance & Corporate Affairs, Shri Arun Jaitley has approved the draft CGST Bill and the draft IGST Bill as vetted by the Union Law Ministry. This clears the deck for the Central Government to take these two Bills to the Parliament for their passage in the ongoing Budget Session. A State-wise single registration for a taxpayer for filing returns, paying taxes, and to fulfil other compliance requirements. Most of the compliance requirements would be fulfilled online, thus leaving very little room for physical interface between the taxpayer and the tax official.

A business entity with an annual turnover of upto Rs. 20 lakhs would not be required to take registration in the GST regime, unless he voluntarily chooses to do so to be a part of the input tax

credit (ITC) chain. The annual turnover threshold in the Special Category States (as enumerated in Article 279A of the Constitution such as Arunachal Pradesh, Sikkim, Uttarakhand, Himachal Pradesh, Assam and the other States of the North-East) for not taking registration is Rs. 10 lakhs. A business entity with turnover upto Rs. 50 lakhs can avail the benefit of a composition scheme under which it has to pay a much lower rate of tax and has to fulfil very minimal compliance requirements. The Composition Scheme is available for all traders, select manufacturing sectors and for restaurants in the services sector. In order to prevent cascading of taxes, ITC would be admissible on all goods and services used in the course or furtherance of business, except on a few items listed in the Law.

**GST council clears SGST, UTGST laws and Caps Tax on tobacco, luxury cars, pan masala at 15%-** The Hon'ble Finance Minister Shri Arun Jaitley has announced that the State GST (SGST) and Union Territory GST (UTGST) laws had been cleared by the council post the meeting held on Thursday 16<sup>th</sup> March 2017.

He has further asserted that officials are working on the fitment of different commodities under the GST law and the process will start post April. While some amendment of the bill has been drafted in yesterday's meeting the composition, transition and valuation of the rules are yet to be discussed. He added that, law relating to registrations, invoices and returns have already been approved. The council will next meet on March 31 to frame rules for Goods and Service Tax regime.

The council also capped the cess on demerit goods or so-called sin tax at 15%, the proceeds of which will be used to compensate states that may face a reduction in revenue once GST is in force.

**Environment Ministry Issues Notification, Provides Six-Months Window to Get Environmental Clearance to Deal With Cases of Violation-** The Ministry of Environment, Forest and Climate Change (MoEF & CC) has provided a six months window, as a one-time opportunity to the units, which have not obtained prior environmental clearance to apply for the same. Ministry of Environment, Forest and Climate Change (MoEF & CC) and State Environment Impact Assessment Authorities (SEIAAs) have been receiving proposals under the Environmental Impact Assessment (EIA) Notification, 2006 for grant of Terms of Reference (ToR) & Environmental Clearance (EC) for projects which have started the work on site, expanded the production beyond the limit of environmental clearance or changed the product mix without obtaining prior EC. The Ministry had issued Office Memoranda (OM) dated 12.12.2012 and 27.06.2013 and laid down a process for grant of EC to such cases of violation.

**RBI releases Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) (Second Amendment) Regulations, 2017-** In the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000, (Notification No. FEMA 20/2000-RB dated 3rd May 2000), in Regulation 5, for the existing sub-regulation (9), the following shall be substituted, namely:

"5 (9) A person resident outside India (other than a citizen of Pakistan or Bangladesh) or an entity incorporated outside India (other than an entity in Pakistan or Bangladesh), not being a Foreign Portfolio Investor or Foreign Institutional Investor or Foreign Venture Capital Investor registered in accordance with SEBI guidelines, may contribute foreign capital either by way of capital contribution or by way of acquisition / transfer of profit shares in the capital structure of an Limited Liability Partnerships (LLP) under Foreign Direct Investment, subject to the terms and conditions as specified in Schedule 9".

**Cabinet approves MoU between India and Portugal on cooperation in the field of IT&E-** The Union Cabinet chaired by the Hon'ble Prime Minister Shri Narendra Modi has given its ex-post facto approval for the Memorandum of Understanding (MoU) between India and Portugal on cooperation in the field of IT&E. The MoU was signed on January 6, 2017 in New Delhi. The MoU will help in developing a long term and sustainable cooperation on the basis of equality and mutual interest in the areas of Information technology and electronics (IT&E) in line with each country's laws and regulations.

**Cabinet approves MoU on Renewable Energy between India and Portugal** -The Union Cabinet chaired by the Hon'ble Prime Minister Shri Narendra Modi has given its ex-post facto approval for signing of a Memorandum of Understanding (MoU) on Renewable Energy between India and Portugal. The MoU was signed on 6th January, 2017 in New Delhi. The MoU will help in strengthening bilateral cooperation between the two countries. Both sides aim to establish the basis for a cooperative institutional relationship to encourage and promote technical bilateral cooperation on new and renewable issues on the basis of mutual benefit equality and reciprocity. The MoU envisages constitution of a Joint Working Group which can co-opt other members from Scientific Institutions, Research Centers, Universities, or any other entity, as and when considered essential.

**New Trade Mark Rules, 2017 notified-** The Trade Mark Rules, 2017 have been notified and have come into effect from 06th March, 2017. These Rules, which replace the erstwhile Trade Mark Rules 2002, will streamline and simplify the processing of Trade Mark applications. Consequently, number of Trade Mark (TM) Forms have been reduced from 74 to 8. Based on stakeholders feedback, the fees for Individuals, Start-ups and Small Enterprises have been reduced from that proposed in the draft Rules – i.e. only Rs 4,500 as against Rs 8,000 for e-filing of TM applications proposed at the draft stage. To promote e-filing of TM applications, the fee for online filing has been kept at 10% lower than that for physical filing. Further, modalities for service of documents from applicants to the Registry and vice-versa through electronic means have been introduced to expedite the process; e-mail has been made an essential part of address for service to be provided by the applicant or any party to the proceedings so that the office communication may be sent through email.

**India and Belgium signed Protocol amending the India-Belgium Double Taxation Avoidance Agreement-** India and Belgium have signed a Protocol amending the existing Agreement and Protocol between the two countries for Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income today in New Delhi. The Protocol was signed by Shri Sushil Chandra, Chairman Central Board of Direct Taxes (CBDT) on behalf of India and Mr. Jan Luykx, Ambassador of Belgium to India, on behalf of Belgium. The Protocol will broaden the scope of the existing framework of exchange of tax related information. This in turn will help curb tax evasion and tax avoidance between the two countries and will also enable mutual assistance in collection of taxes.

**Lok Sabha Passes Maternity Benefits (Amendment) Bill, 2016--** Lok Sabha has passed the Maternity Benefit (Amendment) Bill, 2016 which inter-alia includes increasing maternity benefit to woman covered under the Maternity Benefit Act, 1961 from 12 weeks to 26 weeks up to two surviving children in order to allow the mother to take care of the child during his/her most formative stage. Some of the salient features of the Bill are that the Maternity leave available to the working women to be increased from 12 weeks to 26 weeks for the first two children and every establishment with more than 50 employees to provide for crèche facilities for working mothers and such mothers will be permitted to make four visits during working hours to look after and feed the child in the crèche. Further, maternity leave for children beyond the first two will continue to be 12 weeks. The employer may permit a woman to work from home if it is possible to do so. Also, maternity leave of 12 weeks to be available to mothers adopting a child below the age of three months as well as to the

“commissioning mothers”. The commissioning mother has been defined as biological mother who uses her egg to create an embryo planted in any other woman.

**Footwear Design and Development Institute (FDDI) Bill, 2017** – Hon’ble Commerce & Industry Minister Smt. Nirmala Sitharaman introduced the Footwear Design and Development Institute (FDDI) Bill, 2017 in the Lok Sabha on 14th March, 2017 to declare the FDDI as an Institution of National Importance (INI). The objective of the proposed legislation is to facilitate and promote teaching, training and research in all disciplines relating to design and development of Footwear and leather products and to enable FDDI to emerge as Centre of Excellence meeting international standards.

**Cabinet apprised of MoUs for cooperation in Youth and Sports Matters with Indonesia and the Kyrgyz Republic** - Union Cabinet chaired by the Hon’ble Prime Minister Shri Narendra Modi has been apprised of the Memoranda of Understanding (MoUs) signed between India and:  
(i) Indonesia for cooperation in youth and sports matters, and  
(ii) Kyrgyz Republic for cooperation in the field of youth development.

The MoUs envisage organizing Youth Exchange Programmes with Indonesia and Kyrgyz Republic, and cooperation in other youth and sports related matters. International Youth Exchange programmes promote exchange of ideas, values and culture amongst youth and help in developing international perspective among the youth. Further, these Programmes promote peace and understanding, and strengthen friendly relations between countries. Cooperation in other youth and sports-related matters also helps in youth development and sports promotion in partner countries.

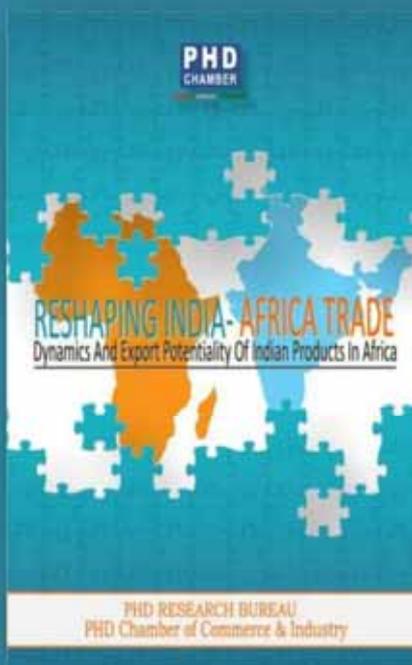


## REPORT PUBLICATION ON

# RESHAPING INDIA-AFRICA TRADE

## DYNAMICS AND EXPORT POTENTIALITY OF INDIAN PRODUCTS IN AFRICA

### INDIA-AFRICA RELATIONS



India's economic partnership with the African countries has been vivacious, extending and touching greater heights in terms of burgeoning trade and investment to technology transfers, knowledge sharing and skills development. India has continued to work with Africa in the realm of human resource development, infrastructure, clean energy, environment conservation, health, education, climate change and sustainable development. India has already established itself as an increasingly superpower in sub-Saharan African trade and development. India's trade with Africa grew from USD 23 billion in 2006 to USD 60 billion in 2015 at a CAGR of near 12%. African market holds significant and substantial potential, in terms of export volume and value, for Indian exporters in the medium to long run.

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### 3. Other key developments

**Indian economy is expanding at a fast pace: OECD Economic Survey of India 2017-** According to a new report from the OECD, the Indian economy is expanding at a fast pace, boosting living standards and reducing poverty nationwide. Further reforms are now necessary to maintain strong growth and ensure that all Indians benefit from it. The report finds that the acceleration of structural reforms and the move toward a rule-based macroeconomic policy framework are sustaining the country's longstanding rapid economic expansion. The implementation of the landmark GST reform will contribute to making India a more integrated market. By reducing tax cascading, it will boost competitiveness, investment and job creation. The GST reform – designed to be initially revenue-neutral – should be complemented by a form of income and property taxes, the Survey said.

**India-Canada to boost Trade and Investment relations-** A bilateral meeting was held on 3rd March 2017 in New Delhi between visiting Hon'ble Canadian Minister of International Trade, Mr. François-Philippe Champagne and Hon'ble Commerce and Industry Minister Smt. Nirmala Sitharaman.

**Hon'ble Finance Minister releases the General Financial Rules (GFR) 2017-** Hon'ble Finance Minister Shri Jaitley was addressing all the Financial Advisors in the different Central Ministries/Departments after releasing the Revised General Financial Rules (GFRs) – 2017 at the Conference of the Financial Advisors (FAs) in the national capital. The Conference of FAs was organised by the Department of Expenditure, Ministry of Finance, Government of India. The Finance Minister appreciated the role of Financial Advisors in the smooth implementation of Budgeting and Accounting reforms. Shri Jaitley stressed on the challenges lying ahead for the Government as a whole to ensure that expenditure on schemes and projects should start from the beginning of the financial year to leverage the early passing of the Budget. The Finance Minister also applauded the efforts that went into bringing- out the Revised GFRs within a very short span of time to meet the need of the changing environment.

**Inter-state River Water Disputes (Amendment) Bill, 2017 introduced in Lok Sabha –** Hon'ble Union Minister of Water Resources, River Development and Ganga Rejuvenation Sushri Uma Bharti introduced Inter-State River Water Disputes (Amendment) Bill, 2017 in Lok Sabha today. Introducing the Bill the Minister called it a "Revolutionary step" towards the resolution of Inter- State River Water Disputes. Giving details of the Bill the Minister said the Bill proposes a Single Standing Tribunal (with multiple benches) instead of existing multiple tribunals, which shall consist of one Chairperson, one Vice-Chairperson and not more than six other Members. While the term of office of the Chairperson is five year or till he attains the age of 70 years, whichever is earlier, the term of office of Vice Chairperson and other member of tribunal shall be co-terminus with the adjudication of the water dispute.

**Karnataka uses Aadhaar IDs to credit subsidy to bank accounts of one million farmers –** The Karnataka government on Tuesday credited input subsidy of Rs 671 crore to the bank accounts of 9.68 lakh farmers whose kharif crop was devastated due to the severe drought in this fiscal. In addition to Rs 450 crore from the central government, the state government released Rs 221 crore as compensation to farmers for the loss of the kharif crop in 2016-17 due to drought. The subsidy amount was transferred directly into the farmers' accounts from the state treasury account under the 'Parihara' programme, using in-house software. The subsidy was transferred to about one million farmers by using their Aadhaar IDs.

**Investments for basic urban infrastructure under Atal Mission (AMRUT)-** Investments for Basic urban infrastructure under Atal Mission (AMRUT) has been pegged at Rs. 11,421 crore in Uttar Pradesh,

Tamil Nadu Rs. 11,237 crore, Maharashtra Rs. 6,759 crore, Haryana Rs. 2,544 crore, Chattisgarh Rs. 2,192 crore, Manipur Rs. 180 crore, Sikkim Rs. 39 crore. Under the Centrally Sponsored Scheme of Atal Mission for Rejuvenation and Urban Transformation (AMRUT), launched on June 25, 2015 by Hon'ble Prime Minister Shri Narendra Modi, providing water taps to all urban households and augmenting water supply to the level of 135 liters per capita per day is given first priority followed by sewerage and drainage networks, non-motorized urban transport and development of green and open spaces in 500 mission cities during the mission period of 2015-20.

**Clarification by Central Board of Direct Taxes on rollback provision in the revised India-Korea Double Taxation Avoidance Agreement** - The Central Board of Direct Taxes (CBDT) has clarified that under the revised India-Korea Double Taxation Avoidance Agreement (DTAA), applications for bilateral Advance Pricing Agreement (APA) involving international transactions with Associated Enterprises in Korea for the APA period beginning Fiscal Year 2017-18 can be filed along with request for rollback provision in prescribed form. Such requests for rollback provision shall be processed in accordance with the provisions of Income Tax Act i.e. section 92CC(9A) of the Income Tax Act 1961, and the applicable Income Tax rules in this regard. Inclusion of rollback provision in such bilateral APAs would also be subject to the applicable regulations in Korea. The CBDT has issued the present clarification in response to the queries received from taxpayers regarding availability of rollback provision in respect of bilateral APA applications for APA period beginning F.Y 2017-18.

## In a nutshell

Despite grim forecasts of growth numbers inspired by the impact of demonetization, the economy grew at a healthy rate of 7% in the third quarter of FY2017. According to a new report from the OECD, the Indian economy is expanding at a fast pace, boosting living standards and reducing poverty nationwide. The lead macro-economic indicators are in positive trajectory and various significant policy measures have been announced. The goods and services tax (GST) Council recently has formally approved a Bill for compensating the state governments for any revenue loss they might have to suffer in the first five years in the GST regime, as the constitutionally empowered body entered the last lap of its key legislative business. To boost Government's Digital India initiative, Central Board of Excise and Customs (CBEC) has launched a mobile application for Goods and Services Tax. The Mobile Application enables taxpayers to be well informed of the latest updates on GST. Going ahead, the Cabinet approval to four GST Bills, passage of maternity benefit (amendment) bill 2016 in the Lok Sabha would be crucial for industrial development in the economy and for the generation of more and more employment opportunities. Industry look forward for more dynamic policy environment with effective implementation at the grassroots with visible and fruitful outcomes to foster all inclusive and sustainable development of the economy.

## The lead economic and financial indicators so far...

S. No	Components	December 2016	January 2017	February 2017
1.	IIP Growth	-0.4%	2.7%	-
2	Export Growth	5.72%	4.3%	17.48%
3	WPI Inflation Y-O-Y growth	3.39%	5.2%	6.55%
4	CPI inflation (combined)	3.4%	3.2%	3.65%
5	Gold (10 GRMS)	27746	28696	29244 <sup>^</sup>
6	Crude Oil (1 BBL)	3535.59	3587.9	3581.76 <sup>^</sup>
7	BSE Sensex	26,626.46	27656	28743 <sup>^</sup>
8	Exchange rate average (INR/ 1 USD)	67.9	68.08	67.07 <sup>^</sup>
9	Repo rate	6.25%	6.25%	6.25%
10	CRR	4%	4%	4%
11	10 year Bond yield	6.73	7.2%	7.2558%
12	Base rate	9.25% - 9.65% @@@	9.25% - 9.65% <sup>@#</sup>	9.25% - 9.65% <sup>@#@#</sup>

Source: PHD Research Bureau compiled from various sources, <sup>^</sup>Data pertains to 28<sup>th</sup> February 2017; <sup>@#@#</sup> Data pertains to 20<sup>th</sup> Jan 2017. <sup>@#</sup> Data as on 28<sup>th</sup> Feb 2017, <sup>@#@#</sup> Data pertains to 21<sup>st</sup> March 2017

**India: Statistical snapshot**

Indicators	FY12	FY13	FY14	FY15	FY16	FY17
GDP at FC - Constant prices (Rs cr)	8736039	9226879	9839434	10522686	11357529	12165481
GDP at FC-Constant prices growth YOY (%)	6.7	5.6	6.6	7.2*	7.9	7.1
Agriculture growth	5.0	1.5	4.2	(-)0.2*	1.2*	4.4@#
Industry growth	7.8	3.6	5	5.9*	7.4*	5.2@#
Services growth	6.6	8.1	7.8	10.3*	8.9*	8.8@#
Consumption (% YOY)	8.9	5.2	4.7	-	-	-
Private consumption (% YOY)	9.3	5.5	6.8	6.2	7.3	7.2
Gross domestic savings as % of GDP	31.4	30.1	30.5	30.6'''	-	-
Gross Fixed Capital Formation as % of GDP	34.3	34.1	33	32.3	31.2	-
Gross fiscal deficit of the Centre as a % GDP	5.7	4.9	4.5	4.1''	3.9	3.2*®
Gross fiscal deficit of the states as a % GDP	1.9	1.9	2.5	2.3''	-	-
Gross fiscal deficit of Centre & states as a % GDP	8.1	7.2	6.7	6.6''	-	-
Merchandise exports (US\$Bn)	305.7	300.2	312.35	310.5	261.14	24.5^
Growth in exports	21.9	-1.8	3.98	(-)1.2	(-)15.9	17.48^
Imports (US\$Bn)	489.1	490.3	450.94	447.5	379.59	33.4^
Growth in imports (YOY)	32.4	0.2	-8.1	-0.59	(-)15.3	21.76^
Trade deficit (US\$Bn)	183.4	190.1	138.6	137	118.46	8.89^
Net invisibles US\$Bn	111.6	107.5	115.0	-	107.9^	-
Current account deficit US\$Bn	78.2	88.2	32.4	26.8^	22.1^	-
Current account deficit as % of GDP	4.2	4.8	1.7	1.3	1.1^	-
Net capital account US\$Bn	67.8	94.2	33.3^	11.8	-	-
Overall balance of payments US\$Bn	12.8	3.8	15.5^	6.9	-	-
Foreign exchange reserves US\$Bn	294.9	292.04	304.22	316.2	355.56~	364.1~
External debt - Short term US\$Bn	78.2	96.7	89.2`	86.4``	83.6&&&	-
External debt - Long term US\$Bn	267.5	293.4	351.4``	376.4``	398.6&&&	-
External debt - US\$Bn	345.8	392.1	441``	462``	480.18&&&	484.3
Money supply growth	13.5	13.6	13.2	11.1&	11.3&&&	6.6&&^
Bank credit growth	16.8	13.5	14	8.6	9~	3.3**
WPI inflation	8.9	7.4	5.7#	2.1	(-)0.85^^	6.55^^
CPI inflation	6.0	10.2	9.8	6.4	4.83^^	3.65^^
Exchange rate Rs/US\$ annual average	47.9	54.4	60.68	61.14	66.43@	65.31 @@@

Source: PHD Research Bureau compiled from various sources, \*Data pertains to Provisional Estimates of National Income 2015-16 from MOSPI, '' Handbook of Statistics of Indian Economy 2014-15 from RBI, ''' Data pertains to Annual Report of RBI 2013-14, \*@Data pertains to Budget Estimates of 2017-18, '' Data pertains to GVA at Basic Prices at constant prices for Q3 2015-16, '''Data pertains to the new Series Estimates from economic survey 2014-15. ^^Data pertains to India's Balance of payment for 2015-16 from RBI, ^^Data pertains to March 2016, ``India's external debt end Dec 2013 from RBI, `` Data pertains to end Dec 2014 from RBI, # Data pertains to Mar 2013, ~ Data pertains to 2014-15 from the Economic Survey, ~Data as on week ending 25th March 2016 from RBI, ~~~ Data as on Mar 10, 2017 from RBI, && Data pertains to March 2015, &&& External debt at end December 2015 (Quick Estimates), @@ Data pertains to 13th April 2016 from RBI, ^^Data pertains to Feb 2017, @@@ Data as on 21 March 2017 from RBI, &&&& Y-o-Y Growth of Money Supply, 2015-16 from RBI. \*\* Bank credit growth as on Jan 2017 &&^ as on Feb 10 2017. @#Agriculture growth is as per Second advance estimates and Industry and service growth is from Office of economic advisor



## About the PHD Chamber

**P**HD Chamber of Commerce & Industry, a leading Industry Chamber of India, ever since its inception in 1905, has been an active participant in the India Growth Story through its Advocacy Role for the Policy Makers and Regulators of the Country. Regular interactions, Seminars, Conference and Conclaves allow healthy and constructive discussions between the Government, Industry and International Agencies bringing out the Vitals for Growth. As a true representative of the Industry with a large membership base of 48000 direct and indirect members, PHD Chamber has forged ahead leveraging its legacy with the Industry knowledge across sectors (58 Industry verticals being covered through Expert Committees), a deep understanding of the Economy at large and the populace at the micro level.

At a Global level we have been working with the Embassies and High Commissions in India to bring in the International Best Practices and Business Opportunities.



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