

POLICY PULSE



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Economic Parameters: Snapshot

Overview of eight core sectors

The eight core sectors are- Coal, Crude oil, Natural Gas, Petroleum refinery products, Fertilizer, Cement, Steel, and Electricity generation. These eight sectors comprise 40.27% of the weight of the items included in the Index of Industrial Production of India. The data on production of eight core sectors is published monthly by the Ministry of Commerce and Industry, Government of India.

Brief Of Economic Parameters

- Cumulatively, during Apr-May 2019, the core sector production expanded by 5.7% YoY, better than the last year performance of 4.4% YoY growth.
- India's infrastructure output grew at 5.1% year-on-year (YoY) in May 2019, compared to the 6.3% YoY expansion in April 2019 and 4.1% YoY in May last year. The moderate slowdown in the core sector output growth was due to the continued weak performance of crude oil production which contracted by (-)6.9% YoY in May 2019. Production of coal also contracted by 1.8% YoY.
- Cement production that witnessed a sudden fall to 2.3% YoY in April 2019 from 15.7% YoY growth in March 2019 saw a slight pick-up in May 2019 with a growth of 2.8% YoY. Along with this, the production of natural gas saw a zero growth rate in May 2019.
- An acceleration in electricity generation to 7.2% YoY helped moderate the core sector output in May 2019. Along with this, steel production growth which catapulted the eight core sector growth in the last year supported core sector in May. The growth in steel production stood at a seven-year high of 19.9% in May 2019.
- With moderate growth in May'19, the infrastructure output is likely to under perform the past year performance in the first quarter. Given the index of eight core output constitutes more than 40% of the industrial production in the nation, there is a possibility of a decline in industrial production in the first quarter. The manufacturing sector activity, as indicated by manufacturing PMI data, supports the contraction in production activity. The manufacturing PMI fell to 52.1 in June'19, from 52.7 in May'19.

Eight Sectors Growth Index (Year-on-Year % Basis)

| Year/ YoY% | Overall Infrastructure Output Growth | Cement | Steel | Coal | Crude Oil | Natural Gas | Petroleum Refinery Products | Fertilizers | Electricity Generation |
|---------------|--|--------|-------|------|--------------|----------------|-----------------------------------|-------------|---------------------------|
| Jan-19 | 1.8 | 11 | 8.2 | 1.7 | -4.3 | 6.2 | -2.6 | 10.5 | -0.4 |
| Feb-19 | 2.1 | 8 | 4.9 | 7.3 | -6.1 | 3.8 | -0.8 | 2.5 | 0.7 |
| Mar-19 | 4.7 | 15.7 | 6.7 | 9.1 | -6.2 | 1.4 | 4.3 | 4.3 | 1.4 |
| Apr-19 | 6.3 | 2.3 | 19 | 3.2 | -6.7 | -0.8 | 4.3 | -4.4 | 5.9 |
| May-19 | 5.1 | 2.8 | 19.9 | 1.8 | -6.9 | 0 | -1.5 | -1 | 7.2 |

Source: Ministry of Commerce and Industry

Parliament Session Roundups

Bills Passed

|  Bills | Status In Lok Sabha | Status In Rajya Sabha | Introduced By | Details  |
|--|----------------------------|---|---|---|
| Indian Medical Council (Amendment) Bill, 2019 | ✓ 2 nd July | ✓ 5 th July | Dr. Harshvardhan, Minister of Health and Family Welfare | The Bill amends the Indian Medical Council Act, 1956 and replaces the Indian Medical Council (Amendment) Second Ordinance, 2019 which was promulgated on February 21, 2019. The Act sets up the Medical Council of India (MCI) which regulates medical education and practice. Provisions of this Bill will be effective from September 26, 2018. |
| Special Economic Zones (Amendment) Bill 2019 | ✓ 26 th June | ✓ 27 th June | Mr. Piyush Goyal, Minister of Commerce and Industry | It amends the Special Economic Zones Act, 2005 and replaces an Ordinance that was promulgated on March 2, 2019. The Act provides for the establishment, development and management of Special Economic Zones for the promotion of exports. |
| Aadhaar And Other Laws (Amendment) Bill, 2019 | ✓ 4 th July | ✓ 8 th July | Mr. Ravi Shankar Prasad, Minister of Electronics and Information Technology | Under the Aadhaar Act, an individual's identity may be verified by Aadhaar 'authentication'. Authentication involves submitting the Aadhaar number, and their biometric or demographic information to the Central Identities Data Repository for verification. The Bill additionally allows 'offline verification' of an individual's identity, without authentication, through modes specified by the Unique Identification Authority of India (UIDAI) by regulations. |
| Bill to amend the Homoeopathy Central Council Act, 1973 | ✓ 27 th June | ✓ 2 nd July | Mr. Shripad Yesso Naik, Minister of State, Ministry of AYUSH | It amends the Homoeopathy Central Council Act, 1973 and replaces the Homoeopathy Central Council (Amendment) Ordinance, 2019 that was promulgated on March 2, 2019. The Act sets up the Central Council of Homoeopathy which regulates homoeopathic education and practice. |
| Central Educational Institutions (Reservation in Teachers' Cadre) Bill, 2019 | ✓ 1 st July | ✓ 3 rd July | Mr. Ramesh Pokhriyal Nishank, Minister of Human Resource Development | The Bill provides for reservation of teaching positions in central educational institutions for persons belonging to: (i) Scheduled Castes, (ii) Scheduled Tribes, (iii) socially and educationally backward classes, and (iv) economically weaker sections |
| Dentists (Amendment) Bill, 2019 | ✓ 3 rd July | ✓ 8 th July | Dr. Harshvardhan, Minister of Health and Family Welfare | The Bill amends the Dentists Act, 1948. The Act regulates the profession of dentistry and constitutes: (i) the Dental Council of India, (ii) State Dental Councils, and (iii) Joint State Dental Councils. |
| New Delhi International Arbitration Centre Bill, 2019 | ✓ 10 th July |  | Mr. Ravi Shankar Prasad, Minister of Electronics and Information Technology | The Bill seeks to provide for the establishment of the NDIAC to conduct arbitration, mediation, and conciliation proceedings. The Bill declares the NDIAC as an institution of national importance. |
| J&K Reservation (Amendment) Bill, 2019 | ✓ 28 th June | ✓ 1 st July | Mr. Amit Shah, Union Home Minister | The Bill amends the Jammu and Kashmir Reservation Act, 2004 and replaces an Ordinance promulgated on March 1, 2019. The Act provides for reservation in appointment and promotions in state government posts, and admission to professional institutions for certain reserved categories. |

The Lok Sabha or House of the People is the lower house of India's Parliament
The Rajya Sabha or Council of States is the upper house of India's Parliament

Parliament Session: Roundups

Bills Pending

|  Bills | Status In Lok Sabha | Status In Rajya Sabha | Introduced By | Details  |
|--|---|---|--|---|
| Motor Vehicles (Amendment) Bill, 2019 |  |  | Mr. Nitin Gadkari, Minister for Road Transport and Highways | The Bill seeks to amend the Motor Vehicles Act, 1988 to provide for road safety. The Act provides for grant of licenses and permits related to motor vehicles, standards for motor vehicles, and penalties for violation of these provisions. |
| Surrogacy (Regulation) Bill, 2019 |  |  | Dr. Harshvardhan, Minister of Health and Family Welfare | The Bill defines surrogacy as a practice where a woman gives birth to a child for an intending couple with the intention to hand over the child after the birth to the intending couple. The Bill prohibits commercial surrogacy, but allows altruistic surrogacy. Altruistic surrogacy involves no monetary compensation to the surrogate mother other than the medical expenses and insurance coverage during the pregnancy. Commercial surrogacy includes surrogacy or its related procedures undertaken for a monetary benefit or reward (in cash or kind) exceeding the basic medical expenses and insurance coverage. |
| Muslim Women (Protection of Rights on Marriage) Bill, 2019 |  |  | - | The Ordinance makes all declaration of talaq, including in written or electronic form, to be void (i.e. not enforceable in law) and illegal. It defines talaq as talaq-e-biddat or any other similar form of talaq pronounced by a Muslim man resulting in instant and irrevocable divorce. Talaq-e-biddat refers to the practice under Muslim personal laws where pronouncement of the word 'talaq' thrice in one sitting by a Muslim man to his wife results in an instant and irrevocable divorce. |

Further Changes Underway In Current Fiscal In GST (2019- 2020)

- **Single Cash Ledger:** Rationalisation of Cash Ledger in such a manner that earlier 20 heads are merged into 5 major heads. There is only one Cash Ledger for tax, interest, penalty, fee & others.
- **Single Refund Disbursal:** The Central or State Government which sanctions refund disburses all four major heads of refunds namely CGST, SGST, IGST and Cess.
- **Threshold Limit For Goods:** Threshold Limit of Rs 40 Lacs is offered for suppliers of goods as per the choice of States.
- **Composition Scheme for Services:** Composition Scheme for small service providers up to annual turnover of Rs 50 lacs with a tax rate of 6%
- **E-invoicing System:** Electronic invoicing system in a phase-wise manner for B2B transactions is proposed to be introduced.
- **GSTAT:** GST Appellate Tribunals are being established at various State Headquarters and area benches also.



"Our approach to GST has always been people friendly. We have always sought feedback from various stakeholders and have acted on that feedback too. In the coming times too, this approach will remain the same.

We are making GST as simple as possible.."

Mr. Narendra Modi, Prime Minister of India

India's Draft e-Commerce Policy



- The wait for an e-commerce policy will get much longer now with the government setting a 12-month deadline for it and a comprehensive policy is expected around the middle of 2020.
- The government plans to form an inter-ministerial panel under the Department of Industrial Policy and Promotion (DPIIT) to address stakeholder grievances on FDI and the e-commerce policy. The committee will be headed by an additional secretary, with representatives from the Department of Commerce and Ministries of MSME and Consumers Affairs besides legal experts as members.
- The Government clarified that Press Note 2 of 2018 on FDI in e-commerce was only clarificatory in nature and did not change the provisions in the FDI policy in the sector
- A major change, proposed in the last consultation meeting with major e-commerce companies by the Commerce and Industry Minister, was to keep data localisation norms out of the final policy. This will now be dealt separately by the Ministry of Electronics and Information Technology (MeitY), which is working on a data protection bill.
- The Personal Data Protection Bill is soon to be tabled in Parliament. As per information available, the Bill regulates the processing of personal data of individuals (data principals) by government and private entities (data fiduciaries) incorporated in India and abroad. Processing is allowed if the individual gives consent, or in a medical emergency, or by the State for providing benefits.

e-Commerce Policy Background

The draft national e-commerce policy released in February 2019 addresses six broad issues of the e-commerce ecosystem -- data, infrastructure development, e-commerce marketplaces, regulatory issues, stimulating domestic digital economy and export promotion through e-commerce.

The draft policy barred sharing of sensitive data with third-party entities, even with customer consent. However, the draft policy exempted certain categories of data from restrictions on cross-border data flow.

The Government of India is said to be making efforts to balance the interests of small businesses, retailers, kirana shop owners and e-Commerce companies. Meetings have been held under the chairmanship of Minister for Commerce & Industry with all industry stakeholders to discuss matters relating to e-commerce. They have been asked for their inputs/ suggestions on the draft e-Commerce Policy. During the interaction, Commerce and Industry Minister said that the e-Commerce policy is work in progress and he assured that enough time will be given to all stakeholders to adapt to any changes that may be required.

"The government will come out with a national e-commerce policy within 12 months to facilitate achieving holistic growth of the sector. Had multiple meetings with Indian and foreign companies to understand & work together on various issues regarding e-commerce & data flow. India wants to engage with the world on data and e-commerce issues "but there has to be reciprocity"

Mr. Piyush Goyal, Union Minister of Commerce & Industry

Infrastructure News

Budget News:

- Big infrastructure boost from Modi Cabinet! Pradhan Mantri Gram Sadak Yojana- III gets nod; to connect major rural areas
- Barhni-Kathmandu railway line: Modi government looks to expedite the proposed India-Nepal rail link project
- Delhi-Meerut RRTS: Rapid rail corridor gets Rs 974 crore; travel time to be just 55 minutes
- Indian Railways eyes private investment via PPPs for semi-high speed corridor, regional connectivity
- Delhi Metro gets a boost! Rs 400 crore allocated for project expansion
- Indian Railways to focus on suburban network; boost for rapid rail and metro
- Comprehensive restructuring of National Highways Programme on cards

Sector Specific News

- Highways construction off to brisk start in FY20
- Government approves launch of third phase of rural road programme
- National Investment and Infrastructure Fund (NIIF) to invest equity in road projects in India
- Railways plan to execute 491 projects in northeast
- Bharatmala Phase-1 to generate 14.2 crore man-days of employment
- Not much success so far, but Indian Railways bets big on PPPs
- Indian Railways not to be privatised, clarifies Piyush Goyal

City Specific Issues:

- Water crisis in Chennai to impact construction activity; projects may be delayed by 6-9 months
- Bengaluru water crisis: Developers gasp as Karnataka mulls ban on construction

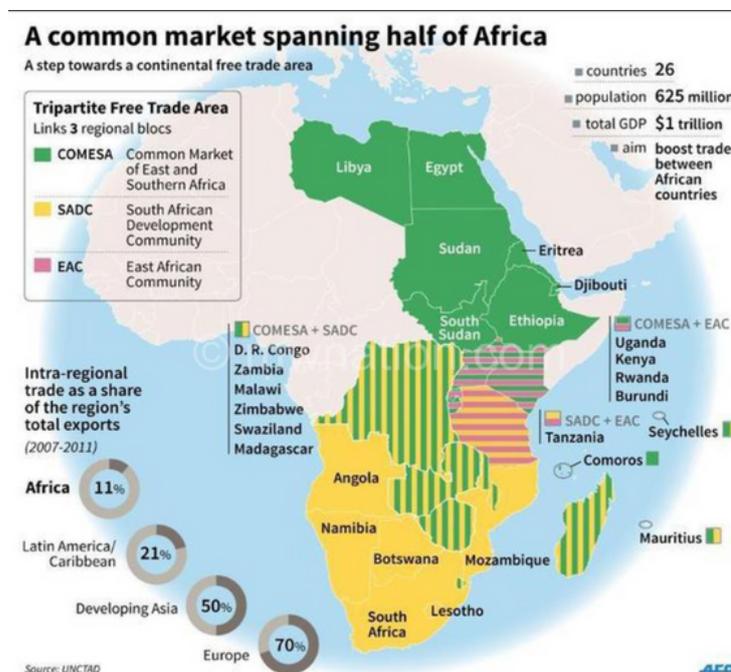
Source: News headlines

Africa's Free Trade Agreement: Transforming The Continent

The Agreement Establishing the African Continental Free Trade Agreement (AfCFTA) entered into force on 30 May 2019 for the 27 countries that had deposited their instruments of ratification. The AfCFTA aims to, among several other cardinal objectives, create a single market for goods and services and facilitate the free movement of people, capital, goods and services.

The 27 countries are: **North Africa** (Egypt and Western Sahara), **West Africa** (Ghana, Niger, Chad, Guinea, Mali, Mauritania, Ivory Coast, Senegal, Togo, Gambia, Sierra Leone and Burkina Faso), **Central Africa** (Congo Republic, Gabon, Equatorial Guinea and São Tomé & Príncipe), **East Africa** (Kenya, Rwanda, Djibouti, Uganda and Ethiopia) and **Southern Africa** (eSwatini formerly Swaziland, Namibia, South Africa and Zimbabwe).

Actual cross-border free trade could start by July 2020 with an elimination of custom duties on 90% of the tariff-lines. This project would eventually create an African Common Market of 1.2 billion people and a GDP of over \$3.4 billion. The AfCFTA is likely to open new opportunities for Indian stakeholders in fast-moving consumer goods manufacturing, connectivity projects and the creation of a financial backbone.





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