

Weekly Compendium of Economic and Business Developments

(Period ending 6th March, 2021)

PHD Research Bureau disseminated information to the members of PHD Chamber & other industry stakeholders on various economic and business developments at International, National and Sub-national arena such as India's Q3 FY 2020-21 and FY2020-21 GDP growth rate as released by CSO, Ease of Living Index 2020 and Municipal Performance Index 2020 Rankings, Memorandum of Understanding between India and France on Renewable Energy Cooperation, GST Revenue collection for February 2021, fiscal deficit for the month of January 2021, core infra for the month of January 2021, amendments in insurance Ombudsman, Investment, Investment by portfolio Investors; among others. The details of disseminated information during the week ending 6th March 2021 are appended.

India and World Economy

- India's Q3 FY 2020-21 GDP growth rate stands at 0.4% and FY 2020-21 growth estimated at (-)8%:-** According to National Statistical Office, GOI, the Q3 FY 2020-21 GDP growth rate stands at 0.4%, of which growth rate of Agriculture, forestry & fishing is stands at 3.9%, Mining & quarrying at (-)5.9%, Manufacturing at 1.6%, Electricity, gas, water supply & other utility services at 7.3%, Construction at 6.2%, Trade, hotels, transport, communication & services related to broadcasting at (-)7.7%, Financial, real estate & professional services at 6.6% and Public administration, defence & other services at (-)1.5%. Also, according to 2nd advanced estimates, FY 2020-21 GDP growth rate is estimates at (-)8%, of which growth rate of Agriculture, forestry & fishing is estimated at 3%, Mining & quarrying at (-)9.2%, Manufacturing at (-)8.4%, Electricity, gas, water supply & other utility services at 1.8%, Construction at (-)10.3%, Trade, hotels, transport, communication & services related to broadcasting at (-)18%, Financial, real estate & professional services at (-)1.4% and Public administration, defence & other services at (-)4.1%.
- January 2021 Fiscal Deficit stands at 66.8% of actuals to Res-** The gross fiscal deficit of the Central government stands at 66.8% of the actuals to revised estimates (REs) in January 2021 as compared to 128.5% of the actuals to revised estimates in the corresponding period of the previous year. The primary deficit and revenue deficit stands at 61.8% and 62.6% of the actuals to budget estimates in January 2021 as compared to 362.3% and 150% of the actuals to revised estimates in the corresponding period of the previous year.
- January 2021 Core infra stands at 0.1%-** The core infrastructure growth stands at 0.1% in January 2021, 0.2% in December 2020, (-)1.4% in November 2020, (-)0.5% in October 2020 and 0.6% in September 2020. The cumulative growth of core infrastructure during April-January 2020-21 stands at (-)8.8% as compared to 0.8% in April-January 2019-20. The growth rate of Coal stands at (-)1.8%, crude oil at (-)4.6%, Natural Gas at (-)2.0%, Refinery Products at (-)2.6%, Fertilizers at 2.7%, Steel at 2.6%, Cement at (-)5.9% and

Electricity at 5.1% as compared to December 2020 figures of Coal 2.2%, Crude Oil at (-)3.6%, Natural Gas at (-)7.2%, Refinery Products at(-)2.8%, Fertilizers at (-)2.9%, Steel at 2.6%, Cement at (-)7.2% and Electricity at 5.1%.

- **Ease of Living Index 2020 and Municipal Performance Index 2020 Rankings:-**Shri Hardeep Singh Puri, Hon'ble Minister of State (Independent Charge), Housing and Urban Affairs announced the release of the final rankings of Ease of Living Index (EoLI) 2020 and the Municipal Performance Index (MPI) 2020 in an online event. The rankings under Ease of Living Index 2020 were announced for cities with a population of more than a million, and cities with less than a million people. 111 cities participated in the assessment exercise that was conducted in 2020. The analysis categorises them into Million+ populated cities (those with a population of more than a million) and Less than Million populated cities (those with a population of less than a million) along with all the cities under the Smart Cities Program. Bengaluru emerged as the top performer in the Million+ category, followed by Pune, Ahmedabad, Chennai, Surat, Navi Mumbai, Coimbatore, Vadodara, Indore, and Greater Mumbai. In the Less than Million category, Shimla was ranked the highest in ease of living, followed by Bhubaneswar, Silvassa, Kakinada, Salem, Vellore, Gandhinagar, Gurugram, Davangere, and Tiruchirappalli.
- **Cabinet approves Memorandum of Understanding between India and France on Renewable Energy Cooperation:** The Union Cabinet chaired by the Hon'ble Prime Minister, Shri Narendra Modi was apprised of the signing of Memorandum of Understanding (MoU) between India and French Republic in the field of renewable energy cooperation. The MoU was signed in January 2021. The objective of the MoU is to establish the basis for promotion of bilateral cooperation in the field of new and renewable energy on the basis of mutual benefit, equality and reciprocity. It covers technologies relating to solar, wind, hydrogen and biomass energy.
- **The Hon'ble Union Minister Shri Piyush Goyal directs BIS(Bureau of Indian Standards) to reduce testing fees for "MSME, Start Ups and Women Entrepreneurs" to encourage ease of doing business:-**The Hon'ble Union Minister of Consumer Affairs, Food & Public Distribution, Railways and Commerce & Industry Shri Piyush Goyal today virtually presided the 3rd Governing Council meeting of the Bureau of Indian Standards. It was attended by the Hon'ble Minister of State for Consumer Affairs, Food & Public Distribution Shri RaoSaheb Patil Danve, Shri Mahesh Poddar, Hon'ble Member of Parliament Rajya Sabha, Secretary Department of Consumer Affairs, DG, BIS Shri P.K. Tiwari, Chairman QCI Shri Adil Zainulbhai and other senior officials of the Ministry and Bureau of Indian Standards. Shri Goyal reviewed the process of making Indian Standards and their implementation with BIS officials, senior officials from different Ministries/Regulators etc. Wide ranging discussions were held on how standards are set and what can be done to make their implementation/ enforcement better. It was emphasized that there should be 'One Nation One Standard' and Indian Standard should be set as per global benchmarks. While addressing the governing council meeting Shri Piyush Goyal said that there is a need to change the approach of the country towards standardization, he said the Hon'ble Prime Minister Shri Narendra Modi has given the three mantra for faster economic development i.e. SPEED, SKILL and SCALE. Now it is time to add fourth dimension of "STANDARD" in to this.

Finance

- **GST Revenue collection for February 2021 stands at Rs 1,13,143 crore :-**The gross GST revenue collected in the month of February 2021 is Rs 1,13,143 crore of which CGST is Rs 21,092 crore, SGST is Rs 27,273 crore, IGST is Rs 55,253 crore (including Rs 24,382 crore collected on import of goods) and Cess is Rs 9,525 crore (including Rs 660 crore collected on import of goods). The government has settled Rs 22,398 crore to CGST

and Rs 17,534 crore to SGST from IGST as regular settlement. In addition, Centre has also settled Rs 48,000 crore as IGST ad-hoc settlement in the ratio of 50:50 between Centre and States/UTs. The total revenue of Centre and the States after regular settlement and ad-hoc settlement in the month of February 2021 is Rs 67,490 crore for CGST and Rs 68,807 crore for the SGST.

- **Government amends Insurance Ombudsman Rules for better resolution of policy holders 'complaints regarding insurance service deficiencies:-**The Government on 2nd March 2021 notified comprehensive amendments to the Insurance Ombudsman Rules, 2017, with a view to improve the working of the Insurance Ombudsman mechanism to facilitate resolution of complaints regarding deficiencies in insurance services in a timely, cost-effective and impartial manner. The amended rules have enlarged the scope of complaints to Ombudsmen from only disputes earlier to deficiencies in service on the part of insurers, agents, brokers and other intermediaries. Further, insurance brokers have been brought within the ambit of the Ombudsman mechanism, by empowering the Ombudsmen to pass awards against insurance brokers as well.
- **RBI announces Investment by Foreign Portfolio Investors (FPI) in Defaulted Bonds – Relaxations;-** Attention of Authorized Dealer Category-I (AD Category-I) banks is invited by RBI to Foreign Exchange Management (Debt Instruments) Regulations, 2019 notified vide Notification No. FEMA. 396/2019-RB dated October 17, 2019, as amended from time to time, and the relevant directions issued there under. A reference is also invited to A.P. (DIR Series) Circular No. 31 dated November 26, 2015 wherein FPIs were permitted to acquire NCDs/bonds, which are under default, either fully or partly, in the repayment of principal on maturity or principal instalment in the case of amortising bond, and to A.P. (DIR Series) Circular No. 31 dated June 15, 2018 (hereinafter, Directions), as amended from time to time. Attention of AD Category-I banks is also invited to para 12 of Statement on Developmental and Regulatory Policies dated February 05, 2021, wherein it was announced that FPI investment in defaulted corporate bonds will be exempted from the short-term limit and the minimum residual maturity requirement under the MTF.
- **Clarification in respect of residency under Income-tax Act, 1961:-**The Central Board of Direct taxes (CBDT) has received various representations requesting for relaxation in determination of residential status for previous year 2020-21 from individuals who had come on a visit to India during the previous year 2019-20 and intended to leave India but could not do so due to suspension of international flights. The matter has since been examined by CBDT. In this context, Circular No. 2 of 2021 has been issued by CBDT. Vide the said Circular, it has been provided that if any individual is facing double taxation even after taking into account the relief provided by the relevant Double Taxation Avoidance Agreement (DTAA), he/she may furnish the specified information by 31st March, 2021 in Form –NR annexed to the said Circular.

Foreign Affairs & Trade

- **ECBs raised at about USD 3.7 billion during January 2021:-**Indian firms have raised about USD 3.7 billion through external commercial borrowings (ECBs) by automatic and approval route in January 2021 as against around USD 3 billion in December 2020. While, ECBs were at about USD 7.8 billion in January 2020. India has received gross ECBs worth around USD 455 billion between FY2001 and FY2021 (as of January 2021). A closer look at the ECBs pattern reveals that the largest share in ECBs during the month of January 2021 is held for On Lending/Sub-Lending purpose by about 47% of the total borrowings, followed by Working Capital purpose by around 18%, Refinancing of Earlier ECBs purpose at about 14%, among others

- **First export consignments of 'red rice' from Assam to the USA flagged off:-**In a major boost to India's rice exports potential, the first consignment of 'red rice' was flagged off to the USA. Iron rich 'red rice' is grown in Brahmaputra valley of Assam, without the use of any chemical fertilizer. The rice variety is referred as 'Bao-dhaan', which is an integral part of the Assamese food. As the exports of 'red rice' grow, it would bring enhance incomes of farming families of the Brahmaputra flood plains. During the April – January period of 2020-21, the shipment of non-Basmati rice witnessed an impressive spike. The non-basmati rice exports was Rs 26,058 crore (3506 US\$ Million) during April-January, 2021 against Rs 11,543 crore (1627US\$ Million) reported during April-January, 2020 period. The exports of non-Basmati witnessed a growth of 125 % in Rupee term and 115 % Dollar terms. The sharp spike in rice exports especially during a phase where globally the COVID-19 pandemic has disrupted supply changes many commodities, has been attributed to the government taking prompt measures to ensure exports of rice while taking all the COVID-19 related safety precautions.

Our Voice

Sharp recovery in GDP growth inspiring, looking forward to a double digit growth in FY 2021-22: PHD Chamber of Commerce and Industry has appreciated the sharp recovery in GDP growth in Q3 FY 2020-21 at 0.4% as compared with (-)7.3% in Q2 and (-) 24.4% in Q1 2020-21. Meaningful reforms undertaken by the Government since March 2020 are really appreciable and becoming fruitful. Effect of the reforms undertaken by the Government has now become visible with a strong rebound in the economic and business indicators. GDP growth rate at 0.4% for Q3 FY 2020-21 is very much in line with our projections in the PHDCCI Economic and Business Momentum (EBM) Index released on February 22, 2021, in which it has been estimated that the GDP growth will be at around 0.1% to 1% in Q3 FY 2020-21. The Q3 FY 2020-21 GDP growth rate stands at 0.4%, of which growth rate of Agriculture, forestry & fishing is stands at 3.9%, Mining & quarrying at (-)5.9%, Manufacturing at 1.6%, Electricity, gas, water supply & other utility services at 7.3%, Construction at 6.2%, Trade, hotels, transport, communication & services related to broadcasting at (-)7.7%, Financial, real estate & professional services at 6.6% and Public administration, defence & other services at (-)1.5%.

Going ahead, the Government's focus on demand rejuvenating measures in Union budget 2021-22, including large scale infrastructure investments, expansion of National Infrastructure Pipeline, 26% increase in budget support for the capital expenditure from revised estimate of Rs 4,39,163 crore in 2020-21 to budget estimate of Rs 5,542,36 crore in 2021-22, setting up a Development Finance Institution (DFI), among others will have a multiplier effect on the economic growth trajectory of the country. The focus of the budget to strengthen the vision of Nation First, doubling farmers' income, strong infrastructure, enhancing women's empowerment, promoting healthy India, good governance, education for all, inclusive development of all, would go a long way to build a New India and have potential to push the GDP growth towards a higher trajectory to become a US\$ 5 trillion economy by 2025-26.

Speedy economic recovery visible, Q3 FY 2021 growth seen in positive trajectory: PHD Chamber:-The series of broad-based policy measures undertaken by the Government during the last 10 months have enhanced the economic activity at significantly higher level, the January month economic activity based on the composite index of three broad economic indicators including GST collections, Passenger Vehicle Sales and SENSEX hits all-time high at 121.7 at a base year of 2018-19 equal to 100. The trend in PHDCCI Economy GPS Index shows that the Indian economy is moving forward in the direction of improved momentum as compared to that of its level in January 2020. On the back of robust measures of policy stimulus undertaken by the Government, the higher trend of PHDCCI Economy GPS Index to the tune of its all-time high value of 121.7 in January 2021 reinforces the growing business and demand momentum in the country and further the government's view

that the economy is in a V-shaped recovery. The PHDCCI Economy GPS Index during the period April – January of FY 2020-21 stands at 89.4 as compared with April – January FY 2019-2020 at 97.9. The growing trend of PHDCCI Economy GPS Index indicate a stronger starting point for the 2021–22 outlook of Indian Economy, further supporting the PHDCCI's revised growth projection for Indian Economy at (-)7.2% for the current financial year 2020-21.

Economy so far

- **India attracted total FDI inflow of US\$ 67.54 billion during April to December 2020-** India has attracted total FDI inflow of US\$ 67.54 billion during April to December 2020. It is the highest ever for the first ninth months of a financial year and 22% higher as compared to the first ninth months of 2019-20 (US\$ 55.14 billion). FDI equity inflow grew by 40% in the first 9 months of F.Y. 2020-21 (US\$ 51.47 billion) compared to the year ago period (US\$ 36.77 billion). FDI inflow increased by 37% in 3rd Quarter of 2020-21 (US\$ 26.16 billion) compared to 3rd quarter of 2019-20 (US\$ 19.09 billion). FDI inflow showed positive growth of 24% in the month of December, 2020 (US\$ 9.22 billion) compared to December, 2019 (US\$ 7.46 billion).
- **Government promoting agri sector by reforming laws:** Hon'ble Agriculture Minister Shri Narendra Singh Tomar on Thursday said the government is promoting the agriculture sector through reforms in the laws which seeks to bring revolutionary changes. The government is focusing on the growth and strengthening of India's farming and rural sector, the minister said at an event organised by Asia Pacific Rural and Agricultural Credit Association and NABARD. Shri Tomar also highlighted various steps taken by his government during the last six-and-half years to boost the agriculture sector and enhance farmers' income, according to a release issued by his ministry. He said the government transferred Rs 1.15 lakh crore directly into the bank accounts of nearly 10.75 crore farmers under the flagship PM KISAN programme.
- **Shri Piyush Goyal proposes uniform rate card for testing facilities for industry, TUFs like scheme for MSMEs-** Hon'ble Commerce and industry ministry asked the Bureau of Indian Standards, the Quality Council of India and private sector to create a schedule of testing and certification charges for industry, similar to the rate card in Ayushman Bharat. Shri Piyush Goyal also said the railways will be the first large organisation to dovetail all their standards with BIS in a move towards 'one nation one standard'.
- **India's services sector expands at fastest rate in a year in February; employment falls further: Survey: IHS Markit-** India's services activity expanded at the fastest rate in a year during February, while employment fell further and companies noted the sharpest rise in overall expenses, according to a monthly survey. The seasonally adjusted India Services Business Activity Index rose from 52.8 in January to 55.3 in February, pointing to the sharpest rate of expansion in output in a year amid improved demand and more favourable market conditions
- **Slight fall: Export recovery hits a bump in February 2021-** Exports dropped by 0.3% year on year in February to US\$ 27.67 billion against a 6.2% rise in the previous month, showed the preliminary data released on Tuesday. However, what comes as partial relief is that imports rose 7% on year in February to US\$ 40.55 billion against 2% in the previous months, suggesting a gradual return of domestic demand that was battered by the pandemic. This may also augur well for import-sensitive exports segments, including gems and jewellery.
- **Make in India' campaign epitomizes challenges facing US-India trade relationship: USTR Report-** The

Biden administration has told the US Congress that India's recent emphasis on import substitution through the 'Make in India' campaign has "epitomised" the challenges facing the bilateral trade relationship. In its 2021 Trade Policy Agenda and 2020 Annual Report, the US Trade Representative (USTR) said that during 2020, the US continued its engagement with India to try to resolve longstanding market access impediments affecting US exporters.

- **Indian economy on 'upswing'; government set to spend more along with pro-growth reforms: Sh. Panagariya-** India's economy is on an upswing and the government's plans for increased spending comes in the backdrop of pro-growth reforms, former Niti Aayog Vice Chairman Sh. Arvind Panagariya said recently even as he opined that it might take longer to become a USD 5 trillion economy due to the coronavirus pandemic-induced disruptions.
- **Cess, surcharge share doubles to 19.9% of central taxes in FY21: Report-** The share of cesses and surcharges in the gross tax revenue of the Centre has nearly doubled to 19.9 per cent in 2020-21 from 10.4 per cent in 2011-12, leading to the 15th Finance Commission to recommend a higher grant-in-aid and lower tax devolution to the states, according to a India Ratings report.
- **Non-food credit growth rises to 6.61% in February-**The increase in non-food credit improved in February, rising to 6.61% year-on-year (y-o-y) for the fortnight ended February 12, up from 5.92% in the previous fortnight. As on February 12, outstanding non-food credit stood at Rs 106.28 lakh crore, showed data released by the Reserve Bank of India (RBI). Commercial paper (CP) issuances fell during the fortnight ended February 15 to Rs 88,216 crore from Rs 89,041 crore during the previous fortnight. The CPs outstanding declined to Rs 3.99 lakh crore from Rs 4.11 lakh crore at the end of January.
- **High frequency indicators point to recovery:** RBI All high frequency indicators point to a recovery based on a revival of consumption, but private investment is lagging despite a growth promoting budget, according to RBI's February assessment of the economy in its monthly bulletin. In terms of nominal GDP, 96 per cent of pre-pandemic economic activity has been restored, assuming that the National Statistical Office's first advance estimates hold. All high frequency indicators point to a recovery based on a revival of consumption. In terms of nominal GDP, 96 per cent of pre-pandemic economic activity has been restored, assuming that the National Statistical Office's first advance estimates hold. All high frequency indicators point to a recovery based on a revival of consumption is underway. But it could be short-lived, the Bulletin warned.
- **Credit demand to pick up post vaccination roll-out : RBI:-**Credit demand is set to accelerate with the rollout of vaccination and the government's investment thrust, the RBI said in a report. The collapse in loans demand is more due to Covid related issues like lockdown and that would get rectified as unlock trade progresses. Credit off take is expected to pick up as the economy .Credit off take is expected to pick up as the economy is poised to stage a smart recovery in 2021-22 on the back of decline in COVID infections and swift rollout of the vaccination programme in addition to a number of measures announced by the government in the Union Budget 2021-22 to accelerate the growth momentum" said study by the Reserve Bank of India published in its latest monthly bulletin.
- **License more manufacturing sites in developing nations to produce vaccines: WTO DG-** World Trade Organization (WTO) Director General Ms Ngozi Okonjo-Iweala has called for the member countries to work with companies to license more manufacturing sites in developing countries and technology transfer citing serious supply scarcity. Addressing the WTO General Council after taking office on March 1, she said that

the world has a normal capacity to produce 3.5 billion doses of vaccines and now it seeks to manufacture 10 billion doses.

- Highways construction touches record 33 km a day: Shri Nitin Gadkari:-** The pace of highways construction in the country has touched a record 33 km per day, Hon'ble Union minister for road transport and highways Shri Nitin Gadkari said on Monday. The ministry of road transport and highways has constructed 11,035 km of national highways so far in the current fiscal, he said. The pace of construction has nearly trebled compared to 2014-15, when average daily construction was 12.08 kilometres. With another month to go, I am hopeful of achieving the construction.
- Household inflation expectations above official numbers under inflation targeting regime: Report-** According to RBI's latest Report on Currency and Finance, flexible inflation targeting has failed to anchor inflation expectations of the Indian households. The current inflation perception of households has persistently remained above all official measures of inflation since it adopted flexible inflation targeting as a formal monetary policy objective.
- Ind-Ra upgrades FY21 credit growth estimates to 6.9%-** India Ratings and Research (Ind-Ra) has upgraded its FY21 credit growth estimates to 6.9 per cent from 1.8 per cent, given the improved economic environment in 2H FY21 and the government's focus on higher -- spending especially on infrastructure.

Markets So Far

Indicators	Yearly			Monthly		Daily		
	2018	2019	2020	Jan, 21	Feb, 21	March 3, 2021	March 4, 2021	March 5, 2021
BSE SENSEX	36068	41253	47751	46285	49099	51444	50846	50405
GOLD (10 GRMS)	30600	34813	46985	49664	47125	44970	44660	44310
CRUDE OIL (1 BBL)	4437	4007.8	2966	3773	4260	4459	4516	4682
EXCHANGE RATE (INR/USD)	68	70.4	74.11	72.9	72.78	73.0	73.1	73.2

Source: PHD Research Bureau, PHDCCI, compiled from BSE, MCX and Bloomberg

Warm Regards,

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