

Weekly Compendium of Economic and Business Developments

(Period ending February 26, 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, cabinet approval of Production Linked Incentive Scheme for IT Hardware and pharmaceutical; signing of project between Government of India and World Bank to improve quality of India's education in Nagaland; facilitation provided by CBIC provides for exporters having IGST refund issues; MOU signed between MCA & CBIC for exchange of data for enhancing Ease of Doing Business in India and improve overall regulatory enforcement; embargo lifted on grant of Government Business to Private Banks; Comprehensive Economic; Cooperation and Partnership Agreement signed between India and Mauritius; among others. The details of disseminated information during the week ending 26th February 2021 are appended.

India and World Economy

- Cabinet approves Production Linked Incentive Scheme for IT Hardware-** The Union Cabinet chaired by the Hon'ble Prime Minister, Shri Narendra Modi has approved the Production Linked Incentive (PLI) Scheme for IT Hardware. The scheme proposes production linked incentive to boost domestic manufacturing and attract large investments in the value chain of IT Hardware. The Target Segments under the proposed Scheme include Laptops, Tablets, All-in-One PCs and Servers.
- Cabinet approves Production Linked Incentive Scheme for Pharmaceuticals-** The Union Cabinet, chaired by the Hon'ble Prime Minister, Shri Narendra Modi has approved Production Linked Incentive (PLI) Scheme for Pharmaceuticals over a period of Financial Year 2020-21 to 2028-29. The Scheme will benefit domestic manufacturers, help in creating employment and is expected to contribute to the availability of wider range of affordable medicines for consumers. The scheme is expected to promote the production of high value products in the country and increase the value addition in exports. Total incremental sales of Rs.2,94,000 crore and total incremental exports of Rs.1,96,000 crore are estimated during six years from 2022-23 to 2027-28.
- Government of India and World Bank Sign Project to Improve Quality of India's Education in Nagaland-** The Government of India, Government of Nagaland and the World Bank signed a US\$ 68 million project to enhance the governance of schools across Nagaland as well as to improve teaching practices and learning environments in select schools. As part of that strategy, approximately 15 out of Nagaland's 44 higher secondary schools will be developed into school complexes that operationalize the envisioned learning environment during the project period
- Ministry of Corporate Affairs advises investors to verify status of Nidhi companies before investment-** Under the amended Companies Act, 2013 and the Nidhi Rules, 2014, companies need to get themselves updated (those companies which were earlier declared as Nidhi company under the Companies Act, 1956) or declared as Nidhi company (those companies which were incorporated as Nidhi company after 01.04.2014) by applying to the Ministry of Corporate Affairs (MCA) in form NDH-4. While examining the applications in form NDH-4, it has been

observed by the Central Government that these companies have not been complying with the provisions of the rules in-toto. This has resulted in rejection of applications filed by the companies for declaration since they have not been found fit to be declared as Nidhi Company.

- **MCA & CBIC sign MoU for exchange of data for enhancing Ease of Doing Business in India and improve overall regulatory enforcement-** The Ministry of Corporate Affairs (MCA) and Central Board of Indirect Taxes and Customs (CBIC), Ministry of Finance, here today signed a Memorandum of Understanding (MOU) for data exchange between the two organisations. The MoU was signed by Shri Manoj Pandey, Joint Secretary, MCA, and Shri B. B. Gupta, ADG, CBIC, in the presence of Shri Rajesh Verma, Secretary, MCA and Shri M. Ajit Kumar, Chairman, CBIC. The MoU is in line with the vision of MCA and CBIC to harness data capabilities to ensure effective enforcement. Both the organisations are going to benefit from access to each other's databases which include details of import-export transactions and consolidated financial statements of companies registered in the country.
- **City Innovation Exchange (CiX) Launched for Fostering Innovation in Urban Ecosystem-** The City Innovation Exchange (CiX) platform was launched by Shri Durga Shanker Mishra, Secretary, Ministry of Housing and Urban Affairs at an online event. Shri Anil Agrawal, Joint Secretary, Department for Promotion of Industry and Internal Trade (DPIIT), Ministry of Commerce and Industry, Shri Kunal Kumar, Joint Secretary and Mission Director, Smart Cities Mission, CEOs of Smart Cities and other officers of the Central and State Governments were also present at the event. The City Innovation Exchange (CiX) will connect cities to innovators across the national ecosystem to design innovative solutions for their pressing challenges. The platform will ease the discovery, design & validation of solutions through a robust, transparent and user centric process that will reduce barriers for innovators and cities to discover fitting solutions.

Finance

- **CBIC provides facilitation for exporters having IGST refund issues-** The Central Board of Indirect Taxes and Customs (CBIC) has extended the time limit for sanction of pending IGST refunds in such cases where records have not been transmitted to ICEGATE due to GSTR1 and GSTR3B mismatch error. This overcomes the problem of refund blockage by allowing refunds subject to undertakings/submission of CA certificates by the exporters and post refund audit scrutiny. This facilitation was issued Vide Circular 04/2021 and would be applicable to all shipping bills filed up to 31.03.2021. The CBIC has also extended the facility for resolving invoice mismatch errors (classified as SB-005 error) through customs officer interface on permanent basis vide Circular 05/2021. Earlier this facility was provided for a limited period i.e. in respect of shipping bills filed up to 31.12.2019.
- **Embargo lifted on grant of Government Business to Private Banks-** The Government has lifted the embargo on private sector banks (only a few were permitted earlier) for the conduct of Government-related banking transactions such as taxes and other revenue payment facilities, pension payments, small savings schemes, etc. This step is expected to further enhance customer convenience, spur competition and higher efficiency in the standards of customer services. Private sector banks, which are at the forefront of imbibing and implementing latest technology and innovation in banking, will now be equal partners in development of the Indian economy and in furthering the social sector initiatives of the Government.

Foreign Affairs & Trade

- **India and Mauritius sign Comprehensive Economic; Cooperation and Partnership Agreement-** Dr Anup Wadhawan, Commerce Secretary, Government of India, and Ambassador Mr. Haymandoyal Dillum, Secretary of

Foreign Affairs, Regional Integration and International Trade, Government of Mauritius signed the India-Mauritius Comprehensive Economic Cooperation and Partnership Agreement (CECPA) in Port Louis on 22nd February 2021, in the august presence of Hon'ble Prime Minister of Mauritius Mr Pravind Jugnauth, and Hon'ble Minister of External Affairs, Government of India, Mr S. Jaishankar.

Our Voice

The PHDCCI Economic and Business Momentum (EBM) Index: Economic activity reaching at its pre-COVID levels, FY 2021 Q3 GDP growth seen positive at 0.1 to 1%: PHD Chamber- The economic activity is reaching at its Pre-Covid levels and the continuous improvement in the key economic and business indicators is strengthening the expectations of a positive GDP growth trajectory. On the basis of recent movement of PHDCCI EBM Index, PHD Chamber projects 0.1% to 1% growth rate of GDP in Q3 2020-21.

According to the PHDCCI Economic & Business Momentum (EBM) Index, the 25 lead economic and business indicators have shown a significant recovery in Q3 FY 2020-21. The composite PHDCCI EBM Index has moved from 85.2 in Q1 FY 2020-21 to 96.0 in Q2 FY 2020-21 and 98.1 in Q3 FY 2020-21. Lead economic and business indicators such as cement, steel, consumer durables, capital goods, GST collections, passenger car sales have shown a marvelous improvement in the recent months. PHDCCI EBM (Economic and Business Momentum) Index has shown steady recovery from the lows of 78.3 in April 2020 to 85.7 in May 2020, 91.6 in June 2020, 95.5 in July 2020, 95.9 in August 2020, 96.5 in September 2020, 96.9 in October 2020, 98.3 in November 2020 and 99.0 in December 2020 with a base of 2018-19=100.

The 25 indicators composite EBM Index of the December 2020 at 99.0 is very near the level of 99.3 in December 2019. However, the EBM Index during the period April – December of FY 2020-21 stands at 93.1 as compared with April – December FY 2019-2020 at 99.6. On the basis of recent movement of EBM, the overall GDP growth rate in FY 2020-21 is projected at (-)7.2% which is a positive revision of (+) 0.7% from our early forecast of (-) 7.9% made in September 2020. The growth trend of PHDCCI EBM Index suggests that economy has potential to accelerate a growth rate of 11% in the next financial year 2021-22 on the back of various effective and meaningful reforms undertaken by the Government.

Going ahead, the re-opening of higher educational institutes will support the demand at this juncture and help capex expansion with broad based recovery in economic activity. At this juncture, immediate policy attention is required towards credit access to industry and services sectors. Credit disbursement should be at the top most priority at this juncture by the banking sector. The focus should be on ensuring provision of hassle free disbursements of loans vis-à-vis enhanced liquidity for MSMEs, especially in rural sectors. Also, there is a need to lower interest rates for consumers and businesses, lesser compliances for MSMEs vis-à-vis ease of doing business at the ground level and a lower tax regime to increase the personal disposable income of the people.

Economy so far

- **Hon'ble Minister of Agriculture Shri Narendra Singh Tomar to present agriculture road map-** Hon'ble Minister of Agriculture Narendra Singh Tomar will present a road map reimagining agriculture for future challenges before the governing council of Niti Aayog in presence of Hon'ble Prime Minister Narendra Modi on Saturday. There will be discussion about promoting water conservation and crop diversification while aligning cropping system to agro-climatic conditions at the district level for optimum use of resources.

- India's GDP may turn positive at 1.3 per cent in December quarter** – India's GDP may turn positive at 1.3 per cent in the third quarter of 2020-21, having witnessed contraction in the previous two quarters due to the Corona-virus pandemic, as the number of cases is falling and public spending has started rising, according to a report by DBS Bank. The government will release the GDP numbers for the October-December quarter of the current fiscal on Friday. Projecting that the gross domestic product (GDP) may have returned to the black in the last quarter of the calendar year 2020, DBS Bank in the report said the full-year growth in real terms may be at a negative 6.8 per cent.
- India set to manufacture containers to boost exports** - As India aims to boost its exports, the government is looking at manufacturing containers in a big way while developing a shipping line under the Atmanirbhar Bharat programme. Containers are required to ship goods. At present, India is solely dependent on the public sector. Until now, most exporters have been relying primarily on Chinese containers. But with geopolitical contours changing rapidly, shortage of containers has hit exporters, who have had bear the additional burden of freight cost hike. India has reduced its imports from China amid rising political tension
- China back as India's top trade partner even as relations sour** - China regained its position as India's top trade partner in 2020, as New Delhi's reliance on imported machines outweighed its efforts to curb commerce with Beijing after a bloody border conflict. Two-way trade between the longstanding economic and strategic rivals stood at \$77.7 billion last year, according to provisional data from India's commerce ministry. Although that was lower than the previous year's \$85.5 billion total, it was enough to make China the largest commercial partner displacing the U.S. -- bilateral trade with whom came in at \$75.9 billion amid muted demand for goods in the middle of a pandemic.
- India inks FTA with Mauritius, the 1st with an African nation-** India signed a free trade and investment agreement with Mauritius, the first with any country in Africa. It was also the first time since 2011 that India was signing a free trade pact with any country. Hon'ble foreign minister Shri S Jaishankar said that the Comprehensive Economic Cooperation and Partnership Agreement (CECPA) will provide a timely boost for the revival of our post-Covid economies and also enable Indian investors to use Mauritius as a launch-pad for business expansion into continental Africa helping the prospect of Mauritius emerging as a 'hub of Africa'.
- Nod to 3 FDI proposals from Hong Kong, none from China so far-** India had cleared three investment proposals from Hong Kong last month before the beginning of the first phase of de-escalation of the border tensions with China. The inter-ministerial committee (IMC) to review Chinese foreign investments proposals cleared two Japanese companies - Citizen Watches company, Nippon Paint Holdings - and a third by Hong Kong-based NRIs in Hyderabad-based Netplay Sports Private Limited.
- Input inflation, muted demand drags on earnings growth-** The reasonably good results for the December 2020 earnings season and the recovery in the coming quarters notwithstanding, profit estimates for FY22 remain below pre-Covid levels. Indeed, while the economy is recovering fast, large pockets remain fragile. While earnings for FY22 will benefit from the low base of FY21, just as the FY21 numbers have benefited from the low base of FY20, there are a couple of headwinds
- Medium-term inflation targeting framework review: Don not dilute inflation target, say economists-** As the government and the Reserve Bank of India (RBI) gear up for a review of a medium-term inflation targeting framework in March, many economists have cautioned against a dilution of the extant target, especially given the elevated fiscal deficit projections until FY26. Some even pitched for having a closer look at core inflation while continuing to target the headline retail inflation in the 4 (+/-2)% band. The inflation target typically influences rate-setting by the monetary policy committee (MPC). Dr. Pronab Sen, former chairman of the National Statistical

Commission, suggested that the target be retained, though he batted for two changes in the overall framework. Within the broader target, a separate, lower core inflation band of 4 (+/-1)% should be set, he said. Moreover, the remit of the MPC should be widened to cover instruments beyond just the key policy rates, Dr Sen added.

- **Budget is about Government role as facilitator, private sector as key driver of growth: Hon'ble Finance Minister-** Hon'ble Finance Minister Smt Nirmala Sitharaman recently said that the Union Budget 2021-22 is about the role of government as a facilitator and the private sector as a key driver of economic growth, without which the country would be losing a big opportunity. Unless the private sector is energised enough, unless it is facilitated enough, India is just losing a very big opportunity, she added. Smt Sitharaman underlined that the nation's growing and aspiring needs and demands across the various sectors cannot be served just by the state government and central governments put together. She exhorted India Inc to unleash animal spirits and bring in fresh investment to make India one of the fastest growing economies of the world.
- **Hon'ble Prime Minister bats for repealing archaic laws at NITI Aayog meeting-** The sixth meeting of the NITI Aayog Governing Council concluded recently with states along with the Centre deliberating on various steps such as to reduce compliance burden on firms to boost manufacturing, initiating reforms at the state level, promoting exports through district level competition and increased public investment to complete projects under the National Infrastructure Pipeline. Hon'ble Prime Minister Shri Narendra Modi, who is the chairman of the council made a strong case for repealing archaic laws and making it easier to do business in India, stating that the Centre and states need to work closely to boost economic growth.
- **Bank privatisation: NPA hive-off, staff transfers being considered-** The government could hive off the non-performing loans of the two public sector banks that are to be selected for privatisation and transfer some of their employees to other state-run lenders in a bid to make them attractive for buyers. The government is likely to consider only banks that were not part of the recent consolidation, which would exclude Punjab National Bank, Bank of Baroda, Canara Bank and State Bank of India from the privatisation process.
- **GST compensation shortfall released to States reaches Rs. 1 lakh crore-** The Ministry of Finance, Department of Expenditure has on Friday, released the 17th weekly instalment of Rs.5,000 crore to the States to meet the GST compensation shortfall. Out of this, an amount of Rs. 4,730.41 crore has been released to 23 States and an amount of Rs. 269.59 crore has been released to the 3 Union Territories (UT) with Legislative Assembly (Delhi, Jammu & Kashmir & Puducherry) who are members of the GST Council. The remaining 5 States, Arunachal Pradesh, Manipur, Mizoram, Nagaland and Sikkim do not have a gap in revenue on account of GST implementation. Till now, 91 percent of the total estimated GST compensation shortfall has been released to the States & UTs with Legislative Assembly. Out of this, an amount of Rs. 91,460.34 crore has been released to the States and an amount of Rs. 8,539.66 crore has been released to the 3 UTs with Legislative Assembly.
- **Shri Piyush Goyal dedicates 88 Railway projects to Nation worth more than Rs. 1000 crore in the states of Kerala, Tamil Nadu, Madhya Pradesh, West Bengal and Karnataka-** Shri Piyush Goyal, Hon'ble Minister of Railways, Commerce & Industry and Consumer Affairs, Food & Public Distribution, Government of India inaugurated and dedicated a host of infrastructure projects, projects related to passenger amenities and facilities at various railway stations in Kerala, Tamil Nadu, Madhya Pradesh, West Bengal and Karnataka through video conferencing. 88 Railway projects were dedicated to the Nation worth more than Rs 1000 crore making Indian Railways future ready. Various dignitaries were also present on this occasion at different locations.
- **Government notifies Information Technology (Intermediary Guidelines and Digital Media Ethics Code) Rules 2021-** Amidst growing concerns around lack of transparency, accountability and rights of users related to digital media and after elaborate consultation with the public and stakeholders, the Information Technology

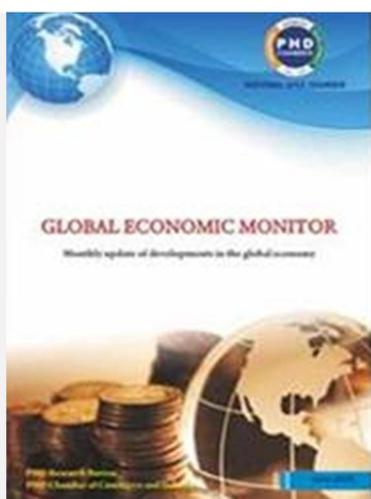
(Intermediary Guidelines and Digital Media Ethics Code) Rules 2021 has been framed in exercise of powers under section 87 (2) of the Information Technology Act, 2000 and in supersession of the earlier Information Technology (Intermediary Guidelines) Rules 2011. Guidelines related to social media to be administered by Ministry of Electronics and IT include due diligence to be followed by intermediaries; ensuring online safety and dignity of users, especially women users: grievance redressal mechanism; among others

- **Both centre and states need to cut fuel taxes, says Hon'ble Minister of Finance, Smt Nirmala Sitharaman-** Both the Centre and states have to reduce taxes to bring down fuel prices, according to Hon'ble Minister of Finance, Smt Nirmala Sitharaman. She also said the policy of bare minimum public sector presence means that the government will own few but large companies
- **Hon'ble Prime Minister inaugurates and lays foundation stone of various development projects in Coimbatore-** Hon'ble Prime Minister, Shri Narendra Modi dedicated to the nation the 1000 MW Neyveli New Thermal Power Project and 709 MW Solar Power Project of NLCIL. He laid the foundation stone for design, supply, installation and commissioning of a 5MW grid connected ground based solar power plant at V.O.Chidambaranar Port and for the extension, renovation and modernisation of Lower Bhavani Project System. He also laid the foundation stone for development of Integrated Command and Control Centers (ICCC) in nine Smart Cities including Coimbatore, Madurai, Salem, Thanjavur, Vellore, Tiruchirappalli, Tiruppur, Tirunelveli and Thoothukudi. He inaugurated the 8-laning of Korampallam Bridge and Rail Over Bridge (ROB) at V.O.Chidambaranar Port and the tenements constructed under the Pradhan Mantri Awas Yojana (Urban) scheme.
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Newsletters/ Studies

PHD Research Bureau has released newsletter on Newsletter on Global Economic Monitor for the month of February 2021. The 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 organisation. Further, PHD Research Bureau has released newsletter on Economic Affairs Committee, which is a comprehensive Newsletter on the Economic and social development in the February 2021 in the economy in a particular month. PHD Research Bureau has released State Development Monitor (SDM) Newsletter for February 2021, which captures the developments on various fronts such as economic, health, infrastructure, rural economy and tourism in all the states of India.

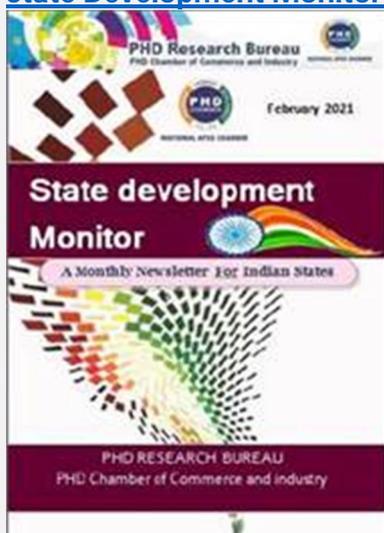
[Global Economic Monitor \(GEM\) Newsletter for the month of February 2021](#)



[Economic Affairs Committee \(EAC\) Newsletter for the Month of February 2021](#)



[State Development Monitor \(SDM\) for the Month of February 2021](#)



Markets So Far

	Yearly	Monthly	Daily
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Indicators	2018	2019	2020	Dec, 20	Jan, 21	Feb 23, 2021	Feb 24, 2021	Feb 25, 2021
BSE SENSEX	36068	41253	47751	47751	46285	49751	50781	51039
GOLD (10 GRMS)	30600	34813	46985	49462	49664	46711	46621	46344
CRUDE OIL (1 BBL)	4437	4007.8	2966	3458	3773	4471	4471	4557
EXCHANGE RATE (INR/USD)	68	70.4	74.11	73.6	72.9	72.34	72.32	72.74

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

Warm Regards,

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