



## Weekly Compendium of Economic and Business Developments

(Period ending 22<sup>nd</sup> May, 2021)

PHD Research Bureau disseminates information to the members of PHD Chamber & other Industry stakeholders on various economic and business development issues at International, National and Sub-national arena such as, Relaxation in procurement rules for containment of COVID-19 pandemic, WPI inflation rises to 10.5% in April 2021, CBIC rationalizes GST refund provisions, allows taxpayers to withdraw application, extension of GST deadlines for MSME, among others. The details of disseminated information during the week ending 22<sup>nd</sup> May 2021 are appended.

### India and World Economy

- **Relaxation in procurement rules for containment of COVID-19 pandemic:-**The Government of India has exempted the public procurement of supplies required for containment of COVID-19 global pandemic from the applicability of Public Procurement (Preference to Make in India) Order, 2017. The order issued by Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry said that the aforesaid exemption shall be applicable till 30.09.2021.
- **WPI inflation increased to 10.5% in April 2021 :-**The WPI inflation increased to 10.5% in April 2021 as compared to 7.4% in March 2021, 4.8% in February 2021, 2.5% in January 2021, 2.0% in December 2020 and 2.3% in November 2020. The increase in WPI inflation in the month of April 2021 is attributed to increase in the prices of Crude Petroleum, with increase in inflation to 160.2% in April 2021 as compared to 73.7% in March 2021, Petrol inflation increased to 42.37% in April 2021 as compared to 18.48% in March 2021 and HSD (High Speed Diesel) inflation increased to 33.82% in April 2021 as compared to 18.27% in March 2021.

### Banking & Finance

- **Government garners Rs 4,000 cr via 1.95 per cent stake sale in Axis Bank:-**The government has raised about Rs 4,000 crore from the sale of 1.95 per cent stake in Axis Bank held through SUUTI, DIPAM Secretary Tuhin Kanta Pandey said on Thursday. "The OFS of Axis Bank got good response from investors with SUUTI garnering about Rs 4,000 cr (subject to reconciliation).
- **Incentive scheme in 6 months for 3-4 large investments to set up fabless display units:** The government has received interest from top global and Indian players to set up a fabless display manufacturing plant in India and is likely to bring an incentive scheme for attracting 3-4 large such investments within the next six months, a top official said. "Both international and major Indian entities have come forward for expressing their interest of various kind.
- **Shri Shaktikanta Das asks PSBs to quickly implement measures announced by RBI-** Governor of RBI, Shri

Shaktikanta Das had asked state-owned banks to quickly implement measures announced by the central bank recently in the "right earnest", and to continue focusing on steps to enhance the resilience of their balance sheets. Shri Shaktikanta Das during a meeting with the MDs and CEOs of public sector banks acknowledged the important role being played by PSBs in extending various banking facilities including credit facilities to individuals and businesses while tackling the challenges brought on by the pandemic.

- **CBIC rationalises GST refund provisions, allows taxpayers to withdraw application-** The Central Board of Indirect Taxes and Customs (CBIC) has rationalised GST refund provisions, including giving option to taxpayers to withdraw application. It has amended Goods and Services Tax (GST) rules and has excluded the time period from date of filing of refund application to date of issuance of deficiency memo by the officer from the overall time limit to file refund application.
- **MSME body wants Finance Minister to extend GST deadlines:-** Small scale industries body KASSIA on Monday urged Hon'ble Finance Minister Nirmala Sitharaman to extend deadlines for GST payments and filing of GST returns for March, April and May to June. The association wants the government not to levy any penalty or interest on such late payments in view of the on-going lockdown in Karnataka due to Covid-19. KASSIA president KB Arasappa also requested the Finance Minister to take steps to see refunds were released on priority. Karnataka has been under a lockdown until May 24, and manufacturing activities, except those in the essential sectors, have been at a standstill. The lockdown has choked production in industries and caused cash crunch.
- **Coronavirus second wave hit aggregate demand more than supply, says RBI bulletin:-** The Reserve Bank of India said on Monday that the second wave of the COVID-19 pandemic in India had a bigger impact on aggregate demand than on aggregate supply, and it believes the economic slowdown was not as severe as a year ago. India reported a further decline in new coronavirus cases on Monday but daily deaths remained above 4,000 and experts said the data was unreliable due to a lack of testing in rural areas where the virus is spreading fast. The resurgence of COVID-19 has dented but not debilitated economic activity in the first half of Q1:2021/22," it added. The central bank said although it is "extremely tentative" at this stage, it believes that the loss of momentum is not as severe as at this time a year ago.

## Trade

- **Merchandise exports and imports grew by 196% and 167 % respectively in April 2021:-** Exports in April 2021 were USD 30.63 Billion, as compared to USD 10.36 Billion in April 2020, exhibiting a positive growth of 195.72 per cent. In Rupee terms, exports were Rs. 2,28,071.76 Crore in April 2021, as compared to Rs. 78,951.41 Crore in April 2020, registering a positive growth of 188.88 per cent. As compared to April 2019, exports in April 2021 exhibited a positive growth of 17.62 per cent in Dollar terms and 26.17 per cent in Rupee terms. Imports in April 2021 were USD 45.72 Billion (Rs. 3,40,505.06 Crore), which is an increase of 167.05 per cent in Dollar terms and 160.87 per cent in Rupee terms over imports of USD 17.12 Billion (Rs 1,30,525.08 Crore) in April 2020. Imports in April 2021 has registered a positive growth of 7.87 per cent in Dollar terms and 15.71 per cent in Rupee terms in comparison to April 2019.
- **Importers to make prior disclosure to customs to avail concessional duty on goods: CBIC-** Importers taking advantage of concessional rate of import duty will have to give prior information to the customs officers about goods being imported and also its estimated quantity and value. The Central Board of Indirect Taxes and Customs (CBIC) has amended the Customs (Import of Goods at Concessional Rate of Duty) Amendment Rules, which lay down the procedures and manner in which an importer can avail the benefit of a concessional duty on import of goods required for domestic production of goods or providing services
- **India's Trade Performance continues to be impressive in April-2021-** India's export performance continues

to be impressive in April 2021 with merchandise exports accelerating by an impressive 195.72 per cent over April 2020 levels and 17.62 per cent over the April 2019 levels. Merchandise export, excluding POL and Gems & Jewellery, have increased by 160.24% in April 2021 over the same period of 2020-21 and by 20.47% over same period of 2019-20. The Economic recovery is also visible in the rising import growth of 167.05 per cent and 7.87 per cent during April 2021 over same period of 2020-21 and 2019-20 respectively. Service exports estimated for April 2021 are USD 21.17 Billion, registering a positive growth of 28.68 percent vis-à-vis April 2020. The estimated value of services import for April 2021 is USD 13.00 Billion, registering a positive growth of 39.75 percent vis-à-vis April 2020. The estimated value of Net of services export for April 2021 is USD 8.17 Billion registering a positive growth of 14.28 percent vis-à-vis April 2020

## Our Voice

**Economy recovered to Pre-COVID levels in March 2021, 2nd wave poses challenges to double digit economic growth: PHD Chamber:-**Though economic activity recovered to pre-COVID levels in March 2021, the rapid re-spread of corona cases in the 2nd wave of COVID and resultant strict restrictions in many parts of the countries have posed severe challenges to double digit economic growth in FY 2021-22. PHDCCI Economic & Business Momentum (EBM) Index of 25 lead economic and business indicators has registered an increase in March 2021 to the level of 99.9 as compared to 99.5 in February 2021 and 99.7 in January 2020, at the base of 2018-19 = 100. Lead economic and business indicators such as cement, steel, consumer durables, GST collections, external commercial borrowings and FDI equity inflows have shown a marvelous improvement in March 2021.

However, the second wave of Coronavirus has swamped the country at a rapid rate with more severe impact than the previous wave in 2020. The partial/complete lockdowns in many States and strict restrictions in various regions across the country have created an uncertain economic environment, with depressed demand and investment scenario. The supply chain disruptions are causing skyrocketing commodity prices, which have severely impacted the price cost margins of the businesses in the difficult pandemic time of coronavirus. The increase in costs of raw materials is affecting the MSMEs which are already struggling because of pandemic impact and squeezed working capital. At this juncture, the Government has to step up with proactive and calibrated measures to mitigate the daunting impact of Coronavirus 2.0 on people, industry, trade and economy.

**Spike in WPI inflation due to skyrocketing commodity prices: PHD Chamber:-**The spike in WPI inflation at 10.49% in April 2021 from 7.39% in March 2021 is majorly due to skyrocketing commodity prices, which have escalated the overall WPI inflation in the double digits and have severely impacted the price cost margins of the businesses in the difficult pandemic time of coronavirus. WPI inflation of the manufactured products has increased to 9.01% in April 2021 from 7.34% in March 2021. The increase in costs of raw materials is affecting the MSMEs which are already struggling because of pandemic impact and squeezed working capital.

WPI inflation of the food articles has increased to 4.92% in April 2021 from 3.24% in the month of March 2021. We expect that the prices of food articles will soften and food inflation will be in the benign conditions in the coming weeks with improved supply chains.

At this juncture, the PHD Chamber urge the government to consider petroleum products in the ambit of GST to rationalize the prices and to contain the rising inflation. High commodity prices are posing a serious challenge to the businesses to operate in the difficult pandemic times, which needs to be addressed immediately through the adequate reforms in the supply chains of high commodity prices.

## Economy so far

- **India cuts export subsidy on sugar by one third; exports to continue due to strong demand say traders-** The central government slashed the amount of subsidy given for sugar export by one third from Rs 6000/tonne to Rs 4000/tonne. As the industry has completed export of 95% of the sugar export quota of 60 lakh tonnes, the decision will not have any major adverse impact on the country's sugar exports. The industry is confident about continuing exports under the open general license (OGL) category .
- **India changes pulses imports from restricted to open category after 3 years-** After a gap of three years, India, the largest pulses producer and consumer of pulses in the world, has opened up import of tur, moong and udid as the Union ministry of commerce changed these three pulses from restricted to open category. Traders and importers have welcomed the move, however millers and farmers are surprised by the decision as it may suppress the prices.
- **India exports record 20 MT of rice, wheat in FY21-** Defying Covid blues, India exported a record 19.8 million tonne (MT) of rice and wheat in FY21 on the back of attractive overseas prices of the commodities and massive surplus production at home. Brimming official inventory (mainly for welfare programmes) also ensured that no export curb was imposed by the government in a pandemic year. Rice exports almost doubled to an all-time high of 17.7 MT last fiscal, against 9.5 MT a year ago. Similarly, wheat exports surged to 2.1 MT in FY21, the highest since FY15 and compared with just 0.2 MT in the previous year, showed the official data.
- **Incentive scheme in 6 months for 3-4 large investments to set up fabless display units:** The government has received interest from top global and Indian players to set up a fabless display manufacturing plant in India and is likely to bring an incentive scheme for attracting 3-4 large such investments within the next six months, a top official said. "Both international and major Indian entities have come forward to expressing interest of various kind and we are hopeful that we would be able to take this process forward," Ajay Prakash Sawhney, secretary-ministry of electronics & information technology (MeitY), said in a virtual industry summit on 20th May 21.
- **Income Tax department issues Rs 24,792 cr refunds so far this fiscal-** The Income Tax department has issued over Rs 24,792 crore refunds to more than 15 lakh taxpayers so far this fiscal. Of this personal income tax refunds worth Rs 7,458 crore has been issued in over 14.98 lakh cases. Corporate tax refunds of Rs 17,334 crore have been issued to 43,661 taxpayers.
- **RBI stepped up G-Sec buys in past 2 weeks-** The Reserve Bank of India (RBI) has stepped up sovereign bond purchases in the past two weeks to help lower borrowing costs, signaling its commitment to go beyond announced plans as growth revival temporarily trumps inflation management at Mint Road.
- **Wholesale price index spike may hit consumer price index with lag: Economists-** The sharp spike in the wholesale price index (WPI) in April is likely to spill over to retail inflation with a lag, but a normal monsoon and lower food inflation may moderate the impact. Retail inflation is expected to remain in the 5-5.5% range in the near term but could pick up toward the end of the financial year.
- **Relaxations provided under Gas Cylinders Rules, 2016,so as to fast track approvals for imported cylinders and pressure vessels for storage and transportation of medical oxygen-** Government of India has reviewed the existing procedure for approval of global manufacturers for importing oxygen cylinders by

Petroleum and Explosive Safety Organization (PESO). In view of the COVID pandemic, PESO shall not carry out physical inspection of global manufacturers' production facilities before grant of such approval. Now, such approvals shall be granted online without any delay on submission of manufacturer's particulars; ISO certificate of manufacturer; List of Cylinders their specifications, drawings & batch number; Hydro test certificate and Third-Party inspection Certificate. Every foreign manufacturer/importer who wants to import oxygen cylinders is required to apply for import permission through PESO online system. In view of emergent situation, procedures are relaxed and the following process is to be followed wherever due to unavoidable circumstances or urgencies, consignment of oxygen cylinders, ISO containers or PSA plants or its related equipment have already arrived in India, without taking import permission from PESO. The filling permission for these cylinders will be issued based on the following relaxation in the rules. Same procedure will apply for import of further such equipment in case the online approvals have not been taken.

## Markets So Far

| Indicators              | Yearly |        |       | Monthly    |            | Daily                     |                           |                           |
|-------------------------|--------|--------|-------|------------|------------|---------------------------|---------------------------|---------------------------|
|                         | 2018   | 2019   | 2020  | March 2021 | April 2021 | 18 <sup>th</sup> May 2021 | 19 <sup>th</sup> May 2021 | 20 <sup>th</sup> May 2021 |
| BSE SENSEX              | 36068  | 41253  | 47751 | 50100      | 48878      | 50193                     | 49903                     | 49564                     |
| GOLD (10 GRMS)          | 30600  | 34813  | 46985 | 44668      | 46540      | 47569                     | 47569                     | 47569                     |
| CRUDE OIL (1 BBL)       | 4437   | 4007.8 | 2966  | 4532       | 4595       | 4779                      | 4779                      | 4533                      |
| EXCHANGE RATE (INR/USD) | 68     | 70.4   | 74.11 | 72.78      | 74.53      | 73.05                     | 73.21                     | 73.01                     |

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

Warm Regards,

Dr S P Sharma

Chief Economist | DSG

PHD Chamber of Commerce and Industry

PHD House, [4/2 Siri Institutional Area](#)

August KrantiMarg, New Delhi-110016, India

Tel: +91 49545454

Fax: +91 11 26855450

Email: [spsharma@phdcci.in](mailto:spsharma@phdcci.in)

Website: [www.phdcci.in](http://www.phdcci.in)

Follow us on



*"Towards Building Aatmanirbhar Bharat"*



PHD House, 4/2 Siri Institutional Area, August Kranti Marg, New Delhi - 110 016 (India) • Tel. : +91-11-2686 3801-04, 49545454, 49545400  
 Fax : +91-11-2685 5450, 49545451 • E-mail : [phdcci@phdcci.in](mailto:phdcci@phdcci.in) • Website : [www.phdcci.in](http://www.phdcci.in), CIN: U74899DL1951GAPO01947

Connect with us:



---

## Project Team

**Dr .Neelam Tandon**

Economist

PHD Chamber of Commerce and Industry

**Ms. Bhavana Rai**

Research Officer

PHD Chamber of Commerce and Industry

## Disclaimer

**“Weekly Compendium of Economic and Business Developments”** is prepared by PHD Research Bureau of PHD Chamber of Commerce and Industry. This publication may not be reproduced, wholly or partly in any material form, or modified, without prior approval from the Chamber.

It may be noted that this publication is for information purposes only. Though due care has been taken to ensure accuracy of information to the best of the PHD Chamber’s knowledge and belief, it is strongly recommended that readers should seek specific professional advice before taking any decisions.

Please note that the PHD Chamber of Commerce and Industry does not take any responsibility for outcome of decisions taken as a result of relying on the content of this publication. PHD Chamber of Commerce and Industry shall in no way, be liable for any direct or indirect damages that may arise due to any act or omission on the part of the Reader or User due to any reliance placed or guidance taken from any portion of this publication.

Copyright 2021

PHD Chamber of Commerce and Industry

ALL RIGHTS RESERVED.

No part of this publication including the cover, shall be reproduced, stored in a retrieval system, or transmitted by any means, electronic, mechanical, photocopying, recording or otherwise, without the prior written permission of, and acknowledgement of the publisher (PHD Chamber of Commerce and Industry).