



Weekly Compendium of Economic and Business Developments

(Period ending 31st July, 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, Government has been consistently encouraging and incentivizing increased private sector investment for overall development of Food Processing sector of the country to promote value addition in agricultural and allied sector and reduce wastage; according to IMF World Economic Outlook, July 2021, economic prospects have diverged further across countries since the April 2021 World Economic Outlook (WEO) forecast; first consignment of vegetables exported to UAE from Uttarakhand; India Among Top 10 Agricultural Produce Exporters in World according to WTO, among others. The details of disseminated information during the week ending 31st July 2021 are appended.

World Economy

- [IMF projects Indian economy to grow at 9.5% in FY2022 and 8.5% in FY2023, World Economic Outlook, July 2021](#)- According to IMF World Economic Outlook, July 2021, economic prospects have diverged further across countries since the April 2021 World Economic Outlook (WEO) forecast. Vaccine access has emerged as the principal fault line along which the global recovery splits into two blocs: those that can look forward to further normalization of activity later this year (almost all advanced economies) and those that will still face resurgent infections and rising COVID death tolls. The recovery, however, is not assured even in countries where infections are currently very low so long as the virus circulates elsewhere. The global economy is projected to grow 6.0% in 2021 and 4.9% in 2022. The Indian economy is projected to grow at 9.5% in FY2022 and 8.5% in FY2023.
- [India Among Top 10 Agricultural Produce Exporters in World: WTO](#)- In a positive development, as per a report from World Trade Organization (WTO) on the trends in world agricultural trade in the past 25 years, India broke into the list of top 10 agricultural produce exporters in 2019. The report also shared that India commands a sizable share in rice, cotton, and meat export.

India Economy

- [SEBI issues timelines related to processing of scheme related applications filed by AMCs](#)- In order to promote ease of doing business and bring uniformity in the timelines for processing of scheme related applications filed by AMCs, the following has been decided: The application filed by AMCs for the following matters may be deemed to be taken on record in case no modifications are suggested or no queries are raised by SEBI within 21 working days.

- **Extension of time for holding of Annual General Meeting (AGM) by top 100 listed entities by market capitalization-** Regulation 44(5) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 ('SEBI LODR'/ 'LODR') requires top 100 listed entities by market capitalization to hold their AGM within a period of five months from the date of closing of the financial year. SEBI is in receipt of representations from listed entities and the Institute of Company Secretaries of India (ICSI) requesting extension of time to the top 100 listed entities for holding their AGM inter-alia due to the COVID-19 pandemic.
- **Government consistently encouraging private sector investment in Food Processing Industries-** Government has been consistently encouraging and incentivizing increased private sector investment for overall development of Food Processing sector of the country to promote value addition in agricultural and allied sector and reduce wastage. Ministry of Food Processing Industries (MoFPI) is implementing a Central Sector umbrella scheme- Pradhan Mantri Kisan Sampada Yojana (PMKSY) since 2016-17 for overall growth and development of food processing sector, mostly through private sector participation.
- **Access for Non-banks to Centralised Payment Systems-** This is in reference to Paragraph 9 of the Statement on Developmental and Regulatory Policies dated April 07, 2021 wherein it was announced that the Reserve Bank shall encourage participation of non-banks in Reserve Bank of India-operated Centralised Payment Systems (CPS) viz. Real Time Gross Settlement (RTGS) and National Electronic Fund Transfer (NEFT) systems, in a phased manner. A reference is also invited to the Master Directions on Access Criteria for Payment Systems dated January 17, 2017 wherein Reserve Bank had prescribed criteria for access to CPS.
- **First consignment of vegetables exported to UAE from Uttarakhand-** In a major boost to agricultural produce exports from Uttarakhand, first consignment of vegetables including curry leaf, okra, pear and bitter gourd sourced from the farmers of Haridwar, was exported today to Dubai, United Arab Emirates. The exports of vegetables come after a consignment of millets grown in Uttarakhand was exported to Denmark in May, 2021.

Our Voice

PHDCCI Economic and Business Momentum (EBM) Index

The economic recovery slowed in May 2021 due to daunting impact of second wave of Covid-19, the decline in new COVID cases and gradual unlocking in many parts of the country have given way for rebound in the economic recovery once again. Lead economic and business indicators have shown a higher growth in May 2021 as compared with May 2020. PHDCCI Economic & Business Momentum (EBM) Index of 25 lead economic and business indicators at 94.8 for May 2021 is higher as compared with 85.7 for May 2020 at the base of 2018-19 = 100. Lead economic and business indicators such as steel, intermediate goods, merchandise exports, GST collections and SENSEX have shown a noteworthy improvement in May 2021 as compared to the May 2020. The recovery trend in key economic indicators is indicating strengthened growth trajectory of Indian economy in the coming months.

However, sequentially, the PHDCCI EBM Index has shown a decline for May 2021 to the level of 94.8 as compared to 100.3 for April 2021, due to drastic impact of the second wave on trade and industry in respect of

the partial/complete lockdowns in many States, labour shortage, skyrocketing commodity prices and depressed demand. Going ahead, effective policy measures are needed to support demand and to have a multiplier effect on production possibilities, expansion of employment in factories, expansion of capital investments and overall virtuous circle of the growth trajectory.

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. To re-build for the high growth trajectory, the Government should frontload the National Infra Pipeline expenditure as private investment are not coming in shorter period. The increased spending on infrastructure will give a multiplier effect to rejuvenate the aggregate demand in the economy. Undoubtedly, robust growth of infrastructure is the key ingredient to realize the vision of Aatmanirbhar Bharat. More and more direct benefit transfers needs to be considered for the urban and rural poor under the various welfare schemes in addition to the free distribution of dry rations till Diwali as already announced by the Hon'ble Prime Minister.

PHDCCI EBM (Economic and Business Momentum) Index has shown steady recovery from the lows of 78.3 for April 2020 to 100.3 for April 2021 and 94.8 for May 2021 as compared with 85.7 for May 2020, with a base of 2018-19=100. PHDCCI EBM Index is a composite index of 25 lead economic and business indicators with base year at 2018-19=100, which considers the demand and supply indicators to present a broad perspective of the economy.

Economy so far

- **Indian traders sign sugar export deals in advance as frost hits Brazil:** Indian traders for the first time have signed sugar export contracts five months ahead of shipments as a likely drop in Brazil's production prompted buyers to secure supplies from the South Asian country in advance, five trade sources told Reuters. Sugar production in Brazil, the world's biggest producer and exporter, is likely to drop due to a drought and frost that has damaged the sugarcane crop.
- **Nearly 22 lakh bales of cotton exported to China in 2020-21 season:** India exported 21.97 lakh bales of cotton to China out of the total outbound shipments of 54.83 lakh bales during the current cotton season 2020-21, Parliament was informed on Thursday. Minister of State for Textiles Darshana Jardosh said the export of cotton and yarn from India to China has not stopped due to the COVID-19 pandemic. China was the second largest importer of cotton from India after Bangladesh.
- **Centre mulls fortified rice to fight malnutrition, anaemia; policy to spur production likely:** Three decades after iodised salt was made mandatory to address deficiencies in the diet, India is considering compulsory fortification of rice from 2024 as a significant percentage of the population continues to suffer from malnutrition and anaemia. The government is likely to announce a policy to help industry ramp up production of rice fortified with iron, folic acid and Vitamin B12.
- **Depleting stocks coupled with strong demand from mills keeps cotton prices bullish:** Strong demand from mills, fast depleting domestic stocks, higher than expected exports and an expected decline in area being presently sown under the cotton crop are keeping cotton prices bullish.
- **Over 25.82 lakh ITRs filed, 7.90 lakh e-PANs allocated at new IT e-filing portal:** The new Income Tax Department website, which has been marred by glitches, has successfully received over 25 lakh returns, more than 3.57 crore unique logins and has allocated over 7.90 lakh e-PANs, according to latest official

data on Thursday. The portal has been launched on June 7 with the new domain name www.incometax.gov.in, but it hit rough weather as a number of its functionalities did not function properly.

- **NABARD sanctions Rs 446 crore for drinking water projects in Punjab:** The National Bank for Agriculture and Rural Development on Thursday said it has sanctioned Rs 445.89 crore for drinking water projects in Ferozepur, Fazilka, Hoshiarpur and Rupnagar districts of Punjab. The funds have been sanctioned under the Rural Infrastructure Development Fund (RIDF).
- **Cabinet clears amendments to GIBNA for insurance PSU privatisation; may table Bill this session:** The Union Cabinet has approved amendments to the General Insurance Business (Nationalisation) Act (GIBNA) to facilitate privatisation of public sector general insurance firms, sources said. The Bill is likely to be tabled in Parliament in the ongoing monsoon session itself, they added. The amendment to GIBNA was approved by the Union Cabinet on Wednesday, the sources said, adding the Bill seeks to enable greater private participation in the public sector insurance companies.
- **GST rate structure rationalisation on government's agenda, definitely going to happen:** CEA Subramanian: Chief Economic Adviser (CEA) K V Subramanian had said that rationalisation of GST rate structure is on the government's agenda and it is definitely going to happen. Further, he said that a three-rate structure is very important and there is also a need to fix inverted duty structure as far as the GST is concerned. The Goods and Services Tax (GST), which amalgamates more than a dozen central and state levies like excise duty, service tax and VAT, was introduced in July 2.
- **Digital payments up 30.2% in FY21: RBI data** - Digital payments have recorded a growth of 30.19 per cent during the year ended March 2021, reflecting adoption and deepening of cashless transactions in the country, RBI data showed. As per the newly constituted Digital Payments Index (RBI-DPI), the index rose to 270.59 at the end of March 2021, up from 207.84 a year ago.
- **Proposed International Financial Services Centres Authority (Capital Market Intermediaries) Regulations, 2021** - International Financial Services Centres Authority (IFSCA) has been established as a unified regulator to develop and regulate financial products, financial services and financial institutions in the International Financial Services Centres (IFSCs) in India. The proposed IFSCA (Capital Market Intermediaries) Regulations, 2021 (Intermediaries Regulations) inter alia provide for regulatory requirements in respect of registration, obligations and responsibilities, inspection and enforcement of various types of capital market intermediaries such as broker dealers, clearing members, depository participants, investment bankers, portfolio managers, investment advisers, custodians, credit rating agencies, debenture trustees and account aggregators. Comments and suggestions from public are invited on the proposed Intermediaries Regulations.
- **India expected to see 7 per cent growth next fiscal: Chief Economic Adviser Dr K V Subramanian** - Chief Economic Adviser Dr K V Subramanian recently said that India is expected to hit a growth rate of 6.5-7 per cent in 2022-23 and accelerate further to 8 per cent in the subsequent years on the back of reforms undertaken by the government. He also said that the government is expected to meet the fiscal deficit target of 6.8 per cent in the current fiscal despite pressure on revenue collections.
- **Jobs: Economic recovery pushes hiring intent to 15 month high in Q2** - Job seekers can hope for better days ahead as India Inc's 'intent to hire' in July-September marks its highest level in the past 15 months, according to a survey of 700 small, medium and large companies across 21 sectors. The latest Team Lease Employment Outlook Report, showed that 38% of the companies surveyed intend to hire in this quarter,

up from 34% in April-June, despite fears of a possible third wave of the Covid-19 pandemic.

- **Cabinet approves multilateral MoU signed by IFSCA** - The Cabinet recently approved a multilateral MoU signed between the International Financial Services Centres Authority (IFSCA), International Organization of Securities Commissions (IOSCO), and International Association of Insurance Supervisors (IAIS). It is one of the biggest multilateral forums with several regulators and has 124 signatories.
- **IMF trims FY22 India growth forecast to 9.5%**- The International Monetary Fund (IMF) slashed its FY22 growth forecast for India by 300 basis points (bps), from its April projection, to 9.5%, the sharpest cut for any country, citing the damage caused by the second Covid wave that peaked in May. For the next fiscal, however, the Fund has raised the growth projection for the country to 8.5% from 6.9%. Its April forecasts hadn't factored in the impact of the resurgence of Covid infections in India.
- **Pre-pack scheme: Hon'ble Finance Minister introduces Bill in LS to replace ordinance**- Hon'ble Finance Minister, Smt Nirmala Sitharaman introduced a Bill to replace an ordinance on the Insolvency and Bankruptcy Code (IBC), which provides for the so-called pre-pack resolution scheme for micro, small and medium enterprises (MSMEs). Under the scheme, only the debtor gets to trigger its own bankruptcy process. It is designed to yield a faster resolution, cost less and reduce litigation often triggered by defaulting promoters to retain control of their firms, analysts have said.
- **Parliamentary panel calls for fresh package to help small businesses**- A parliamentary panel has said the stimulus package announced by the government was inadequate to help small businesses in the pandemic-hit economy and batted for more measures, particularly for micro, small and medium enterprises (MSMEs).
- **India taking efforts to achieve sustainable agri-food system, SDGs: Minister**- India has assured the United Nations (UN) that it will continue with its efforts in transforming into sustainable agri-food systems and to achieve the targets set in the 2030 Sustainable Development Goals (SDGs). Addressing a virtual ministerial roundtable of the UN Food Systems Summit on 'Transforming Food Systems for Achieving the SDGs: Rising to the Challenge', Hon'ble Minister of State for Agriculture Ms Shobha Karandlaje said that India has taken various steps to transform its agri-food systems into sustainable systems.
- **Government says 78 foreign companies registered in India last fiscal year**- As many as 78 foreign companies were registered in the country under the companies law in the last financial year, according to official data. In 2019-20, a total of 124 foreign companies were registered in India. The count was at 118 in 2018-19.
- **India's GDP growth expected to be 8.8-9% in FY22: Care Ratings**: The country's gross domestic product (GDP) growth is likely to be 8.8 to 9 per cent in the current financial year, driven by agriculture and industry sectors. The country's economy had contracted by 7.3 per cent in fiscal 2020-21. The agency said the outlook for the Indian economy on almost all counts in FY22 would look seemingly better than FY21 on account of the negative base effect. "GDP growth for the year (FY22) is expected to be 8.8-9 per cent with GVA (gross value added) growth of 7.8 per cent. The main drivers of the economy would be agriculture and industry.
- **Government introduces a Bill in the Lok Sabha to amend insolvency law**: The government on 26th July 2021 introduced a bill in the Lok Sabha to amend the insolvency law and provide for a pre-packaged resolution process for stressed MSMEs. The proposed amendments would enable the government to notify the threshold of a default not exceeding Rs 1 crore for initiation of pre-packaged resolution process.

The government has already prescribed the threshold of Rs 10 lakh for this purpose. The Insolvency and Bankruptcy Code (Amendment) Bill, 2021 -- which was introduced by Corporate and Finance Minister Nirmala Sitharaman -- will replace the ordinance that was promulgated on April 4 as part of efforts to provide relief for MSMEs adversely impacted by the pandemic.

- **Corporate bond spreads widen 30-35 basis points in July over G-Sec:** Spreads between the 10-year government bonds and equivalent maturity corporate bonds widened in July as economic activities picked up pace and companies headed towards the bond market to raise resources at a time when banks still remained risk-averse in lending. The rise in the spread is visible across rating classifications, AAA to BBB-, by 31 to 36 basis points (bps), or 0.36 percentage points, indicating that firms will now have to pay higher cost to raise money from the markets
- **Recovery tracker: Power generation falls below 2019 level, mobility slows:** Weekly indicators of economic activity show a moderation for the second consecutive week with a mild uptick in Covid-19 cases. Power generation fell below the 2019 corresponding week. Railway freight data, too, slipped as did mobility. Other indicators like traffic and emissions also showed some signs of slowdown in the recovery they had registered after the second wave of Covid-19. Power generation moderated week-on-week for the second consecutive week with many parts of the country receiving monsoon rains that reduced power demand.
- **Decline in India's shrimp exports makes them cheaper by 30% in domestic market:** A sharp decline in India's shrimp exports to China, the second largest buyer of Indian shrimps after the USA, has made shrimps cheaper in domestic markets by 30-40 percent since March. More than 1000 containers of shrimp have been estimated to be stranded at Chinese ports as the country raised concerns about following covid protocol in the packaging of the shrimp, waiting for clearance. China was a very large market for the small sized shrimps weighing 10 grams to 17 grams. Now, as the exports to China are facing problems, the demand for these sizes is soft. The farm gate prices of shrimp have declined by about 14% since March.
- **Centre to scrap 51% holding clause to privatise insurer:-** The government is ready with a proposal to amend insurance laws to privatise one of the three unlisted general insurance companies. The draft Bill, which has been sent for approval by the Union Cabinet before introducing it in Parliament, seeks to remove the 51% floor on government holding. Foreign investors will be able to hold up to 74% in the divested general insurance firm subject to Indian management and control, government sources said, while ruling out .
- **Dr Arvind Panagariya underlines the reforms that India needs most urgently:-** According to Dr Arvind Panagariya, Professor of Economics at Columbia University and Former Vice Chairman of the NITI Aayog, recent expansion and reconfiguration of the council of ministers offers a fresh opportunity to accelerate and deepen structural reforms. The government must seize this opportunity. Among the bills being tabled in the monsoon session, two hold great promise: Electricity (Amendment) Bill, 2021 and Deposit Insurance and Credit Guarantee Corporation (Amendment) Bill, 2021. The former would make electricity distribution markets competitive and the latter financial markets.
- **Reforms help banks recover Rs 5.5 lakh crore of bad debt:** says Government:-The steps taken by the government over the last few years from enacting Insolvency & Bankruptcy Code (IBC) and strengthening other laws to administrative measures have helped banks recover around Rs 5.5 lakh crore of bad debt, including close to Rs 1 lakh crore from accounts that had been technically written off, top officials said .And, with indications that the build-up of non-performing assets (NPAs) is lower than anticipated, especially among large companies, the government banks.

- **Tea Industry urges Centre to work out a preferential trade agreement with Bangladesh in order to boost tea exports:-**The tea industry has urged the Centre to work out a preferential trade agreement with neighbouring Bangladesh in order to boost the dwindling tea exports from the country. The development comes as India's tea exports may not reach 200 million kg this year amid steep competition in the global markets from the low valued Kenyan teas, said industry executives.
- **Rating companies report sharpest rise in upgrades, improvement in creditworthiness:-**Rating companies reported sharpest rise in June quarter upgrades bucking the trend of downgrades since the beginning of the pandemic early last year as local companies regain business normalcy, demonstrating better creditworthiness, amid a slew of relief measures. Credit Ratio, a gauge for financial health of companies, shot up to 2.08 in June quarter from 1.7 January-March quarter with credit agencies upgrading 771 companies

Newsletters

PHD Research Bureau has released newsletter on State Development Monitor for the month of July 2021, which disseminates information the State level developments on various aspects of Economy, Industry, Physical and Socia Infrastructure, Agriculture & Food Processing, Rural Development, Tourism, among others.

[State Development Monitor for the month of July 2021](#)



Markets So Far

Indicators	Yearly			Monthly		Daily		
	2018	2019	2020	May, 2021	June, 2021	27 th July 2021	28 th July 2021	29 th July 2021
BSE SENSEX	36068	41253	47751	49822	52399	52578	52444	52653
GOLD (10 GRMS)	30600	34813	46985	47905	47914	47562	47617	48149
CRUDE OIL (1 BBL)	4437	4007.8	2966	4785	5217	5354	5385	5443
EXCHANGE RATE (INR/USD)	68	70.4	74.11	72.5	73.6	74.49	74.49	74.24

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

Warm Regards,

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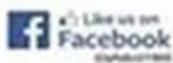


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