

## PHDCCI Economic and Business Momentum (EBM) Index

Though, 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.

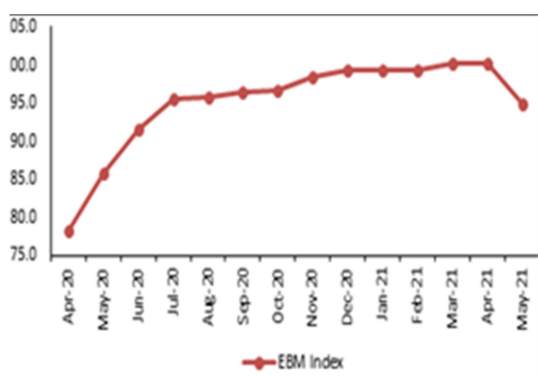


Lead economic and business indicators such as steel, intermediate goods, merchandise exports, GST collections and SENSEX have shown a noteworthy improvement in May 2021 as compared to the May 2020. The recovery trend in key economic indicators is indicating strengthened growth trajectory of Indian economy in the coming months.

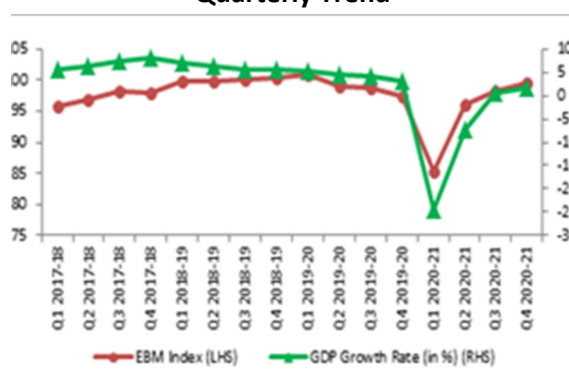
However, sequentially, the PHDCCI EBM Index has shown a decline for May 2021 to the level of 94.8 as compared to 100.3 for April 2021, due to drastic impact of the second wave on trade and industry in respect of the partial/complete lockdowns in many States, labour shortage, skyrocketing commodity prices and depressed demand.

Based on the May economic activity and movement of EBM Index, a significantly higher growth trajectory is anticipated for Q1 FY 2021-22. The quarterly movement of PHDCCI EBM Index and quarterly GDP growth rates are highly correlated at 0.9 as depicted in Chart-2.

**Chart-1 : PHDCCI EBM Index: Monthly Trend  
(Base: 2018-19=100)**



**Chart-2 : PHDCCI EBM Index (Base: 2018-19=100) and GDP Growth Rates (in %):  
Quarterly Trend**



Source: PHD Research Bureau, PHDCCI EBM Index; GDP growth figures compiled from MOSPI.

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.

The Government should target to vaccinate at least half of the population in the next 2 months, i.e. by September 2021.

The detailed report on PHDCCI Economic and Business Momentum (EBM) Index, released in July 2021 has been enclosed for your kind reference.

Please contact for any query related to this mail to Mr Rishabh, Research Associate at [rishabh@phdcci.in](mailto:rishabh@phdcci.in), with a cc to Dr S P Sharma, Chief Economist | DSG at [spsharma@phdcci.in](mailto:spsharma@phdcci.in) and Ms Kritika Bhasin, Research Officer at [kritika.bhasin@phdcci.in](mailto:kritika.bhasin@phdcci.in), PHD Chamber of Commerce & Industry.

Warm Regards,

Dr S P Sharma

Chief Economist | DSG

PHD Chamber of Commerce and Industry

PHD House, 4/2 Siri Institutional Area

August Kranti Marg, 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: U74899DL1951GAP001947

Connect with us:

