

## PHDCCI Economic and Business Momentum (EBM) Index

Key economic and business indicators have shown further improvement in July 2021, supported by the effective policies of the Government and improved business sentiments. This reflects that economic recovery has once again gained momentum.

Lead economic and business indicators have shown a higher growth in July 2021 as compared with July 2020. PHDCCI Economic & Business Momentum (EBM) Index at 101.9 for July 2021 is higher as compared with 95.5 for July 2020.

On the back of declining new Coronavirus cases, continued unlocking in various parts of the country, improved consumer confidence, positive business sentiments and calibrated economic reforms announced by the Government, the economy is recovering at a fast pace from the lows of May 2021.

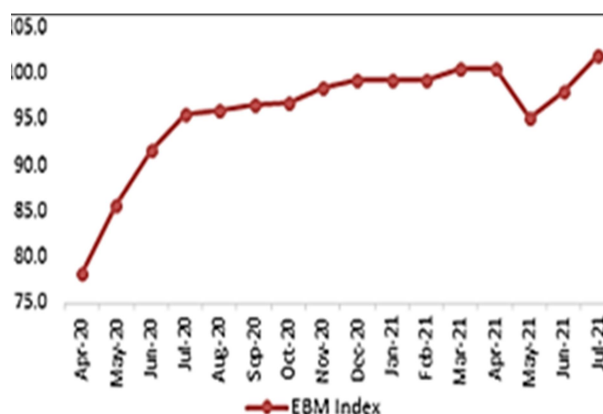


Lead economic and business indicators such as merchandise exports, external commercial borrowings, GST collections and SENSEX have shown a noteworthy improvement in July 2021 as compared to the July 2020.

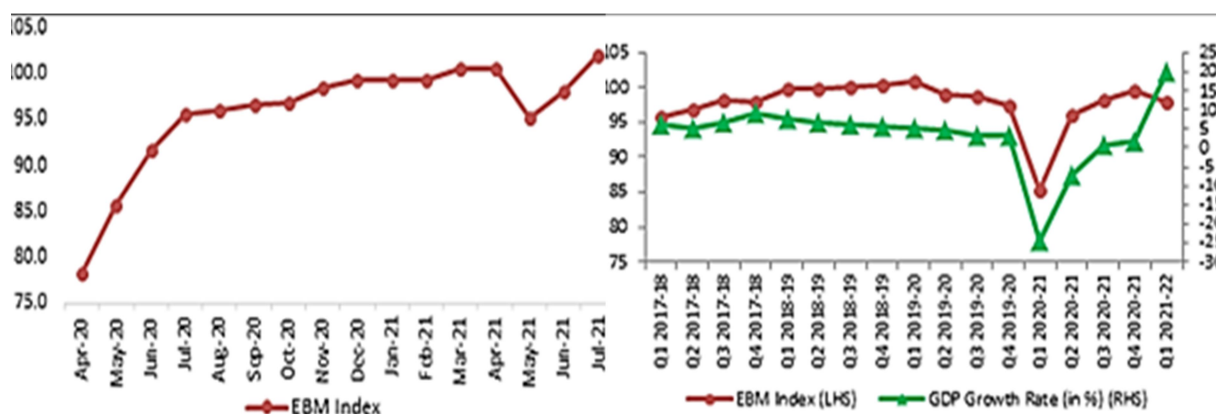
Sequentially, the PHDCCI EBM Index has shown an increase for July 2021 to the level of 101.9 as compared to 98.0 for June 2021, due to significant pick-up in the economic activity

The quarterly movement of PHDCCI EBM Index and quarterly GDP growth rates are highly correlated at 0.8 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

At this juncture, there is a need to further fuel the drivers of household consumption and private investments to enhance the aggregate demand in the economy as it will have an accelerated effect on expansion of capital investments in the country.

The Government should frontload the National Infra Pipeline expenditure as increased spending on infrastructure will give a multiplier effect to rejuvenate the aggregate demand in the economy. 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.

Vaccination of population should be continued with a more faster pace, target should be set to vaccinate at least half of the population with both the doses by end October 2021.

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

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Warm Regards,

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