



Weekly Compendium of Economic and Business Developments

(Period ending 17th 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, May IIP growth rate, CPI and WPI data for the month of June 2021, Draft drones rules of Civil Aviation, RBI notification on retail direct Scheme, decisions taken by the Union Cabinet, among others. The details of disseminated information during the week ending 17th July 2021 are appended.

India and World Economy

- **May 2021 IIP growth stands at 29.3%:-**Growth in industry output, as measured in terms of IIP, for the month of May 2021 stands at 29.3% as compared to April 2021 growth of around 134.6%-The growth in the three sectors mining, manufacturing and electricity in May 2021 stands at around 23.3%, 34.5%, 7.5%, respectively over May 2020. Primary goods growth stands at around 15.8%, capital goods growth stands at 85.3%, intermediate goods growth stands at 55.2%, infrastructure/construction goods growth stands at 46.8%, consumer durables stands at 98.2% and consumer non-durables growth stands at 0.8% during May 2021 as compared to the previous year.
- **CPI inflation stands at 6.26% in June 2021 :-**According to the National Statistical Office (NSO), Ministry of Statistics and Programme Implementation (MoSPI), the CPI inflation stands at 6.26% in June 2021 as compared to 6.30% in May 2021.
- **Ministry of Civil Aviation releases Draft Drone Rules, 2021:-Ministry of Civil Aviation (MoCA) has released the updated –** The Drone Rules, 2021. Built on a premise of trust, self-certification, and non-intrusive monitoring, The Drone Rules, 2021 will replace the UAS Rules 2021 (released on 12 March 2021). Key takeaways from the Draft Drone Rules, 2021 includes Approvals abolished: unique authorization number, unique prototype identification number, certificate of conformance, certificate of maintenance, import clearance, acceptance of existing drones, operator permit, authorisation of R&D organisation, student remote pilot licence, remote pilot instructor authorisation, drone port authorisation etc.
- **Decisions taken by the Union Cabinet-** Cabinet approves Memorandum of Understanding (MoU) between India and Kingdom of Denmark on Cooperation in the field of Health and Medicine; Cabinet approves Memorandum of Understanding (MoU) between India and Russian Federation on cooperation regarding coking Coal, which is used for Steel making; Cabinet approves Extension of term of the Commission constituted under Article 340 of the Constitution to examine the issue of Sub-categorization within Other Backward Classes in the Central List; Cabinet approves continuation of the Centrally Sponsored Scheme (CSS) for Development of Infrastructure Facilities for Judiciary for further five years;

Cabinet approves increase in Dearness Allowance and Dearness Relief; Cabinet approves scheme for promotion of flagging of merchant ships in India by providing subsidy support to Indian shipping companies in global tenders floated by Ministries and CPSEs; Cabinet approves continuation of centrally sponsored scheme National AYUSH Mission; Cabinet approves change of nomenclature & mandate of North Eastern Institute of Folk Medicine (NEIFM) as North Eastern Institute of Ayurveda & Folk Medicine Research (NEIAFMR); Government approves continuation of Rebate of State and Central taxes and Levies (RoSCTL) on Export of Apparel/ Garments and Made-ups.

Banking & Finance

- **RBI notifies Retail Direct Scheme:** Allowing Retail Investors to Open Gilt Accounts with RBI:-As part of continuing efforts to increase retail participation in government securities, 'the RBI Retail Direct' facility was announced in the Statement of Developmental and Regulatory Policies, dated February 05, 2021 for improving ease of access by retail investors through online access to the government securities market – both primary and secondary - along with the facility to open their gilt securities account ('Retail Direct') with the RBI.
- **WPI inflation stands at 12.07% in June 2021:-**The annual rate of inflation is 12.07% (Provisional) for the month of June, 2021 (over June, 2020) as compared to 12.94 in May 2021. The WPI Inflation stood at (-) 1.81% in June 2020. The high rate of inflation in June 2021 is primarily due to low base effect and rise in prices of mineral oils viz. petrol, diesel (HSD), naphtha, ATF, furnace oil etc, and manufactured products like basic metal, food products, chemical products etc as compared the corresponding month of the previous year.

Trade

- **Government approves continuation of Rebate of State and Central taxes and Levies (RoSCTL) on Export of Apparel/ Garments and Made-ups:** The Union Cabinet chaired by the Prime Minister, Shri Narendra Modi has given its approval for continuation of Rebate of State and Central taxes and Levies (RoSCTL) with the same rates as notified by Ministry of Textiles vide Notification dated 8th march 2019, on exports of Apparel/Garments (Chapters-61 & 62) and Made-ups (Chapter-63) in exclusion from Remission of Duties and Taxes on Exported Products (RoDTEP) scheme for these chapters. The scheme will continue till 31st March 2024. The other Textiles products (excluding Chapters-61, 62 & 63) which are not covered under the RoSCTL shall be eligible to avail the benefits, under RoDTEP along with other products as finalized by Department of Commerce from the dates which shall be notified in this regard.
- **Merchandise exports and imports grew by 48.34% and 98.31% respectively in June 2021:-**Exports in June 2021 were USD 32.50 Billion, as compared to USD 21.91 Billion in June 2020, exhibiting a positive growth of 48.34 per cent. In Rupee terms, exports were Rs. 2,39,047.45 Crore in June 2021, as compared to Rs. 1,65,898.85 Crore in June 2020, registering a positive growth of 44.09 per cent. As compared to June 2019, exports in June 2021 exhibited a positive growth of 29.85 per cent in Dollar terms and 37.55 per cent in Rupee terms. Imports in June 2021 were USD 41.87 Billion (Rs.3,08,002.48 Crore), which is an increase of 98.31 per cent in Dollar terms and 92.63 per cent in Rupee terms over imports of USD 21.11 Billion (Rs 1,59,892.42 Crore) in June 2020. Imports in June 2021 have registered a positive growth of 2.05 per cent in Dollar terms and 8.10 per cent in Rupee terms in comparison to June 2019. Cumulative value of imports for the period April-June 2021 was USD 126.15 Billion (Rs. 9,30,961.10 Crore), as against USD 60.44 Billion (Rs. 4,58,395.18 Crore) during the period April-June 2020, registering a positive growth of 108.72 per cent

in Dollar terms and a positive growth of 103.09 per cent in Rupee terms. Imports in April-June 2021 have registered a negative growth of (-) 3.04 per cent in Dollar terms and positive growth of 2.88 per cent in Rupee terms in comparison to April-June 2019.

- **Indian tea exports likely to fall nearly 15 per cent in 2021**-The tea industry is bracing for a decline in exports to the tune of 30-40 million kg this year as compared to 2020, due to the availability of low-cost varieties in the global market and amid trade restrictions in countries that have traditionally been strong importers, industry sources said. The coronavirus-induced economic downturn in much of the world is also a factor for falling shipments, they said. For the period between January to March this year, exports fell by 13.23 per cent as against the corresponding period a year ago, and by 29.03 per cent compared to 2019, as per Tea Board India data

Our Voice

PHDCCI Quick Economic Trends for June 2021: Economic recovery becomes visible in June 2021: PHD Chamber

Lead economic indicators have shown an uptick for the second consecutive month in June 2021, thereby indicating that economic recovery has begun once again, Out of the 10 lead economic and business indicators of QET (Quick Economic Trends), tracked by the industry body PHDCCI, 6 have shown uptrend in the growth for the month of June 2021 as compared with 5 showing the uptrend in May 2021, E way bill, Exports, Passenger Vehicle Sales, Unemployment Rate, Forex Reserves and Stock Market have registered sequential growth in June 2021 as compared to May 2021. Passenger vehicles have shown the highest growth of 190.4% in June 2021 over the previous month of May 2021, followed by e-way bills with growth of 36.8%, unemployment rate with improvement of 22.9%, among others. However, 4 indicators including GST collections, railway freight, exchange rate and manufacturing PMI have registered decline in June 2021 over May 2021.

Sequential growth of GST collections decreased by (-)9.6% from Rs. 1,02,709 crore in May 2021 to Rs. 92,849 crore in June 2021. Exchange rate recorded a depreciation of (-)0.5% from 73.2 INR/USD in May 2021 to 73.54 in June 2021. The manufacturing PMI contracted by (-)5.3% from 50.8 in May 2021 to 48.1 in June 2021, while railway freight declined by (-)1.8% from 114.8 MT in May 2021 to 112.7 MT in June 2021. With significant decline in the new cases of 2nd wave of Coronavirus in the country, various States have lifted partial/complete lockdowns, thus paving way for re-start of economic recovery.

At this juncture, 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.

Do away with the custom duties on the imports of primary raw materials for industrial use for at least current FY 2022 and impose export duties on various primary commodities showing huge price increases, exceeding 50% over the last FY 2021. More and more direct transfer benefits 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 target should be set to vaccinate at least half of the population in next 2-3 months, i.e. by September 2021.

Economy so far

- **Government identifies items for customs exemptions review, seeks industry views-** The government has identified a host of customs exemptions for review and has invited suggestions from trade and industry bodies on the same. Importers, exporters, domestic industry and trade associations are invited to give views on the subject for consideration by the government by August 10 on the 'MyGov.in' portal.
- **New textiles minister Piyush Goyal to review Rs 10,683-crore PLI scheme-** New Textiles Minister Piyush Goyal will soon review a proposed Rs 10,683 crore. production-linked incentive (PLI) scheme for products made of man-made fibre and technical textiles, amid clamour for reducing the lofty turnover and investment targets for companies to avail of benefits, sources told Piyush Goyal, who is also the commerce and industry minister, faces a tough task, as the labour-intensive garment sector, comprising mainly MSMEs and dominated by cotton-based players, also wants the inclusion of value-added cotton products in the scheme to benefit a large number of businesses.
- **Revised wage rate index likely next month; base year to be 2019-**The government will soon revive the wage rate index and change its base year to 2019 from 1965. The revised index will capture the impact of inflation on wages and form the basis for determining the statutory national floor level minimum wage, said officials. Work is in the final stages. The index with revised base year could be launched next month, said a senior labour ministry official, who did not wish to be identified.
- **Smt Nirmala Sitharaman urges G20 nations for aligning recovery strategies with climate concerns-** Hon'ble Finance Minister Smt Nirmala Sitharaman urged G20 nations for aligning economic recovery strategies with climate concerns. Participating virtually in the Third G20 Finance Ministers and Central Bank Governors (FMCBG) Meeting under the Italian Presidency, Sitharaman shared recent policy responses of Government of India to strengthen the health system and economy, including the efficient application of CoWIN Platform to scale-up vaccination in India.
- **India to push for mutual recognition agreements at BRICS meet on goods and services-** Senior officials from the five countries to thrash out ways to improve trade in the region. India will push for mutual recognition agreements (MRAs) in areas such as regulatory standards, conformity assessment, accreditation procedures.
- **Summer crop planting lags as monsoon rains taper off-** Indian farmers have planted 49.9 million hectares (123 million acres) with summer crops, down 10.43% from a year earlier, according to the Ministry of Agriculture & Farmers' Welfare, as monsoon rains taper off after a strong start last month. Farmers typically start planting summer-sown crops on June 1, when monsoon rains usually reach India. Planting then continues until early August.
- **India's factory output rises, retail inflation softens -** India's industrial production grew 29.3% year-on-year in May, helped by base effects that magnified growth while masking the sequential deterioration in the month that faced the brunt of the second wave. Simultaneously released data showed retail inflation slowed marginally to 6.27% in June from 6.3% in May but stayed outside the RBI's 2-6% target band for the second straight month. The index of industrial production (IIP) was 13.8% lower in May from the same month in 2019 and 8% down from April 2021, underscoring the impact of the second wave. Industrial output had contracted 33.4% in May 2020, which magnified the growth this year.
- **E-way bill generation gathers pace in July -** In the first 11 days of July, the average daily e-way bill generation stood at 19.24 lakh, 5.6% higher than the average for June and 49% higher than the May-level.

E-way bill generation for goods transportation has gathered pace in July, indicating a graded pick-up in economic recovery, as the impact of the second Covid wave wanes. In the first 11 days of July, the average daily e-way bill generation stood at 19.24 lakh, 5.6% higher than the average for June and 49% higher than the May-level. Between July 1 and 11, as many as 2.12 crore e-way bills were generated. Higher e-way bill generation will reflect in goods and service tax (GST) revenues. Gross GST collections, after remaining above the Rs 1-lakh-crore mark for eight months in a row, came in at Rs 92,849 crore in June (May transactions), reflecting the blow to the economy from a localized lockdown.

- **Assam's Agriculture department has set a ambitious target for enrolling five lakh farmers under Pradhan Mantri Fasal Bima Yojana for ensuing Sali paddy** - Assam's Agriculture department has set a ambitious target for enrolling five lakh farmers under Pradhan Mantri Fasal Bima Yojana for ensuing Sali paddy within 31st July this year. Agriculture minister Atul Bora said that district Agricultural Officers of the State has to take the responsibility to achieve the target failing which department may take action against them. While addressing a two day State Level Orientation Training Programme on Pradhan Mantri Fasal Bima Yojana (PMFBY) at Assam Administrative Staff College, Bora stated that farmers of Assam faced hardship due to vagaries of weather viz. flood, drought, different pests and disease problems etc. resulting loss of crop yield.
- **Uttar Pradesh records highest ever procurement of wheat at MSP; Rs 11,141.28 crore paid** - Uttar Pradesh has recorded the highest ever procurement of wheat from 12.98 lakh farmers at Minimum Support Price (MSP), said the Ministry of Consumer Affairs, Food and Public Distribution on 12th July 2021. A total of Rs 11,141.28 crores has been paid to the farmers as MSP. During the current Rabi marketing season (RMS 2021-22), a record quantity of 56.41 LMT wheat was procured, which is an increase of 58 per cent from RMS 2020-21 during which 35.77 LMT wheat was procured from 6.64 lakh farmers. This is the highest ever procurement of Wheat in the history of the state.
- **Liquidity in the banking system rises as government steps up spending** - Liquidity in the banking system has increased by at least Rs 1 trillion since the last week of June as the government has stepped up spending, and the Reserve Bank of India (RBI) has started winding down its outstanding position in the currency forward segment. Net daily liquidity absorbed from banks on July 9 was Rs 4.6 trillion, data released on 12th July 2021 showed. Including the outstanding operations, such as long-term repo and standing liquidity facility availed from the RBI, the system liquidity surplus surged to nearly Rs 5.6 trillion. The daily net liquidity absorption from banks was about Rs 3.05 trillion in mid-June, which was higher than the near Rs 2.3 trillion at the end of May. However, at the beginning of January banks were parking as much as Rs 7.3 trillion of their excess money with the RBI.
- **States revive capex aided by tax revenue rise** - In April-May last year, when a nationwide lock-down brought economic activities to a standstill, the growth in states' capex declined by 67%. Of course, the aggregate capex growth of these states were still 25% lower than in April-May period of the pre-pandemic year, FY20. Aided by an incipient recovery in tax revenues, state governments seem to have stepped up capital expenditure, reversing a declining trend witnessed in FY20 due to the pandemic, which dented revenues and necessitated elevated revenue spending. Data gathered by FE of 15 major states shows that these states reported combined capex of Rs 26,115 crore in April-May of the current financial year, up 129% on year.
- **India's services exports on rebound after COVID shock: Commonwealth Report-** India's monthly services exports have largely rebounded after an initial COVID-19 shock, finds a new Commonwealth trade analysis released in London. The 2021 'Commonwealth Trade Review' concludes that the Commonwealth countries are estimated to have lost up to USD 345 billion worth of trade in 2020, including USD 60 billion

in intra-Commonwealth trade.

- **Government caps trade margin on pulse oximeter, nebuliser, digital thermometer at 70%-** The government has capped the trade margins of five critical medical devices such as oximeter and digital thermometer, used extensively in the treatment and prevention of Covid-19, at 70 per cent in order to bring down prices. The National Pharmaceuticals Pricing Authority (NPPA) has invoked extraordinary powers under the Paragraph 19 of DPCO, 2013, to put a cap on trade margin of five medical devices — oximeter, glucometer, BP monitor, nebulizer and digital thermometer.
- **China-India trade on rise despite chill in bilateral ties, crosses USD 57 billion in H1-** The China-India bilateral trade in the first half of the year totalled USD 57.48 billion, up 62.7 per cent year on year, perhaps the highest in recent years amid the Ladakh impasse and the COVID-19 pandemic, according to data released by China's Customs.
- **High petrol, diesel prices made people spend less on healthcare, other discretionary items-** The consistent rise in petrol and diesel prices has been a cause of concern for the last few months and its impact can now be seen on consumer spending. Rise in fuel prices has led to crowding out on other expenses like health.
- **States lift 15.3 lakh ton foodgrains so far for free distribution during July-Nov-** States have lifted 15.30 lakh tonnes of foodgrains so far for free distribution under the Pradhan Mantri Garib Kalyan Ann Yojana (PMGKAY). Under this scheme, an additional foodgrain quota of 5 kg per person per month is being provided free of cost to around 80 crore beneficiaries covered under the National Food Security Act (NFSA). The additional food grains will be provided till November.
- **Cabinet approves pact with Russia on cooperation for coking coal -** The Union Cabinet yesterday approved a pact between India and Russia regarding cooperation on coking coal, a key steel making raw material, for which domestic players remain dependent on imports from a select group of countries. Around 85 per cent of India's coking coal demand is met through imports. The cooperation with Russia will help India reduce its dependence on far-located countries like Australia, South Africa, Canada and the US for sourcing of coking coal. It will also reduce per-tonne cost of steel production, as Russia is geographically closer compared to the said countries.
- **Gems, jewellery exports spurt by 92.37 pc to Rs 20,851 crore in June -** India's overall gems and jewellery exports surged by 92.37 per cent in June to Rs 20,851.28 crore (USD 2,863.76 million) compared to the same month of 2020, the Gem and Jewellery Export Promotion Council (GJEPC) said on Wednesday. The gross export in June 2020 stood at Rs 10,838.93 crore (USD 1,430.68), according to data given by GJEPC.
- **No antidumping duty on flat rolled steel products from 15 countries-**The government has decided not to impose anti-dumping duty on imports of flat-rolled products of stainless steel from 15 countries including China, Korea, European Union, Japan, USA, and Singapore, according to an office memorandum of the department of revenue. The commerce ministry's investigation arm DGTR in December last year recommended imposition of the duty for five years on the product after concluding in a probe that domestic industry was impacted due to dumping of the goods from these countries.
- **Finance ministry releases Rs 75,000 crores to states and UTs, nearly half of FY22 GST compensation shortfall-** The finance ministry released Rs 75,000 crores or nearly half of the total Goods and Services Tax (GST) compensation shortfall for FY22 to the states and union territories (UTs) on Thursday. The amount was part of the back-to-back loan facility provided to the states and UTs with legislature in lieu of the

expected shortfall in GST compensation, which the GST Council pegged at Rs 1.59 lakh crores for the on-going fiscal year.

- **Public procurement norms applicable to PPP projects: DPIIT-** The government on Thursday clarified that public procurement norms to give preference to local suppliers are applicable to public private partnership (PPP) projects as well. In an office memorandum, the Department for Promotion of Industry and Internal Trade (DPIIT) said it is “directed to clarify that the Public Procurement (Preference to Make in India) Order 2017 is applicable mutatis mutandis to all procurement of government of India including public private partnership projects.
- **Horticulture production hits record high at 329.86 million tonnes, says Agriculture Ministry-** According to the second advance estimate of horticulture production released by the Ministry of Agriculture today, India is expected to have the highest ever horticulture production of 329.86 million tonnes in 2020-21, up by 2.93% over previous year. The increase in production has been registered in vegetables, spices, medicinal and aromatic crops. The Floriculture sector has been the hardest hit by the pandemic as production declined by 7.17%.

Markets So Far

Indicators	Yearly			Monthly		Daily		
	2018	2019	2020	May, 2021	June, 2021	13 th July 2021	14 th July 2021	15 th July 2021
BSE SENSEX	36068	41253	47751	49822	52399	52769	52904	53158
GOLD (10 GRMS)	30600	34813	46985	47905	47914	47758	47965	48199
CRUDE OIL (1 BBL)	4437	4007.8	2966	4785	5217	5489	5456	5377
EXCHANGE RATE (INR/USD)	68	70.4	74.11	72.5	73.6	74.59	74.46	74.55

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

Warm Regards,

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