



**PHD Research Bureau**  
PHD Chamber of Commerce and Industry



## Weekly Compendium of Economic and Business Developments

(Period ending 18<sup>th</sup> September, 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, WPI inflation stands at 11.4% in August 2021, CPI inflation falls to 5.3% in August 2021, July 2021 IIP growth stands at 11.5%, UNCTAD projects India's GDP to grow at 7.2% in 2021 and 6.7% in 2022, among others. The details of disseminated information during the week ending 18th September 2021 are appended.

### India Economy

- **WPI inflation stands at 11.4% in August 2021:** The annual rate of WPI inflation stands at 11.4% (Provisional) for the month of August, 2021 (over August, 2020) as compared to 11.2% in July 2021. The WPI inflation in August 2020 stood at 0.4%. The high rate of inflation in August 2021 is primarily due to rise in prices of non-food articles, mineral oils; crude petroleum & natural gas; manufactured products like basic metals; food products; textiles; chemicals and chemical products etc as compared the corresponding month of the previous year.
- **CPI inflation falls to 5.3% in August 2021:** According to the National Statistical Office (NSO), Ministry of Statistics and Programme Implementation (MoSPI), the CPI inflation falls to 5.3% in August 2021 as compared to 5.59% in July 2021. The Price data are collected from representative and selected 1114 urban Markets and 1181 villages covering all States/UTs through personal visits by field staff of Field Operations Division of NSO, MoSPI on a weekly roster. During the month of August 2021, NSO collected prices from 99.7% villages and 98.6% urban. Markets while the Market-wise prices reported therein were 87.1% for rural and 87.4% for urban.
- **July 2021 IIP growth stands at 11.5%:** Growth in industry output, as measured in terms of IIP, for the month of July 2021 stands at 11.5% as compared to June 2021 growth of around 13.6%. The growth in the three sectors mining, manufacturing and electricity in July 2021 stands at around 19.5%, 10.5%, 11.1%, respectively over July 2020. Primary goods growth stands at around 12.4%, capital goods growth stands at 29.5%, intermediate goods growth stands at 14.1%, infrastructure/construction goods growth stands at 11.6%, consumer durables stands at 20.2% and consumer non-durables growth stands at (-)1.8% during July 2021 as compared to the previous year.
- **Decisions taken by the Union Cabinet:** The Union Cabinet, chaired by Prime Minister Shri Narendra Modi, has approved a number of structural and process reforms in the Telecom sector. These are expected to protect and generate employment opportunities, promote healthy competition, protect interests of consumers, infuse liquidity, encourage investment and reduce regulatory burden on

Telecom Service Providers (TSPs). In the backdrop of the outstanding performance of the Telecom Sector in meeting COVID-19 challenges, with huge surge in data consumption, online education, work from home, interpersonal connect through social media, virtual meetings etc., the Reform measures will further boost the proliferation and penetration of broadband and telecom connectivity.

- **Merchandise exports and imports grew by 45.76% and 51.72% respectively in August 2021:** Exports in August 2021 were USD 33.28 Billion, as compared to USD 22.83 Billion in August 2020, exhibiting a positive growth of 45.76 %. On the other hand, Imports in August 2021 were USD 47.09 Billion (Rs.3,49,301.90 Crore), which is an increase of 51.72 % in Dollar terms and 50.73 per cent in Rupee terms over imports of USD 31.03 Billion (Rs2,31,736.82 Crore) in August 2020. Taking merchandise and services together, overall trade balance for August 2021\* is estimated at USD (-) 6.37 Billion as compared to USD (-) 1.33 Billion in August 2020.
- **Incentives of Rs.120 crore to be given in next 3 years under PLI scheme for drones and drone components:** Taking another step towards realising the vision of an Aatmanirbhar Bharat, the Central Government under the leadership of Hon'ble Prime Minister Shri Narendra Modi, has approved the Production-Linked Incentive (PLI) scheme for drones and drone components on 15 Sep 2021. In a press conference, Hon'ble Union Minister of Civil Aviation, Shri Jyotiraditya M. Scindia explained the key elements of the PLI Scheme to the media. The PLI scheme, incentives of Rs. 120 crore will be given in the next 3 years. This amount is 1.5 times the combined size of the manufacturing drone sector.

## World Economy

- **UNCTAD projects India's GDP to grow at 7.2% in 2021 and 6.7% in 2022:** According to the UNCTAD report on Trade and development 2021, the global economy is set for a strong recovery in 2021, albeit with a good deal of uncertainty clouding the details at the regional and country levels over the second half of the year. Report projects that India is expected to grow at 7.2 per cent in 2021 (calendar year) and 6.7% in 2022 (calendar year). As the discussion of regional trends shows, the recovery in India is constrained by the on-going human and economic cost of Covid-19, and the negative impact of food price inflation on private consumption. In India, consumer inflation was already at 6 per cent before the pandemic.

## Our Voice

**PHDCCI Quick Economic Trends for August 2021:Economic activity consolidates in August 2021: Rebound seen in coming months: PHD Chamber**

The performance of lead economic and business indicators shows that the economic activity has consolidated in August 2021 after registering an uptrend for the three consecutive months since May 2021. Out of the 10 lead economic and business indicators of QET (Quick Economic Trends) only 4 have shown uptick in the growth for the month of August 2021 as compared with 9 showing the uptrend in July 2021. E way bill, Forex Reserves, Exchange rate and Stock Market have registered positive sequential growth in August 2021 as compared to July 2021. However, Stock Market have shown the sequential growth of 4.8% from 52694 in July 2021 to 55238 crore in August 2021, followed by increase in the E way bills at 2.7% from 64.2 million in July 2021 to 65.9 million in August 2021.

The sequential growth of Forex reserves increased by 2.1% from US\$ 621 billion in July 2021 to US\$ 634 billion in August 2021. Exchange rate appreciated by 0.5% from average of 74.51 INR/USD in July 2021 to 74.17 INR/USD in August 2021. On the other hand, GST Collections, Railway Freight, Exports, Passenger Vehicle Sales, Unemployment and Manufacturing PMI registered sequential decline in August 2021 as compared to July 2021.

Supply side issues such as high input prices, shortages of raw material, among others are impacting the production possibilities and reducing the price cost margins of the businesses. Although, Government's calibrated measures targeted for the stressed sectors and accelerated vaccination drive in the country will bring back the pace of economic recovery in the coming months.

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. On the other way round, vaccination of population should be continued with a faster pace, let's target to vaccinate at least half of the population with both the doses by end October 2021.

#### **Government approved around Rs 26,000-Cr PLI Scheme for Auto Sector, Drone**

The announcement made by the government under production-linked incentive (PLI) scheme for automobile and auto component is a great step forward for promoting the sector. This would expand India's domestic manufacturing capacity and export growth trajectory. The scheme will now provide a greater emphasis on technologically innovative auto components, such as automatic transmission, sensors, tyre pressure monitoring systems, battery electric vehicles, and hydrogen cells, among others, which will help exporters, become more integrated into global value chains.

It would also encourage businesses to invest in cutting-edge technologies and products that will help India gain a foothold in the global marketplace. Further, this scheme will improve the sector's competitiveness and propel it to the next level of development.

#### **Economy so far**

- **Parliamentary panel asks commerce ministry to engage with Hon'ble Finance Minister on increasing allocations for RoDTEP (Remission of Duties and Taxes on Exported Products):** A parliamentary panel has suggested that the commerce ministry should engage with its finance counterpart for additional allocation under the recently notified tax rebate scheme for exporters 'RoDTEP' as the budget allocation of Rs 12,500 crore for the programme would be inadequate to meet its objectives. Last month, the Government announced rates of tax refunds under the Remission of Duties and Taxes on Exported Products (RoDTEP) scheme for 8,555 products, such as marine goods, yarn and dairy item.

- CBIC instructs field units to free up shipping containers amid global shortage, industry demands:** The Central Board of Indirect Taxes and Customs (CBIC) has asked field units to expeditiously dispose of unclaimed or confiscated goods and move import cargo pending inquiry to warehouses, in order to free up shipping containers. The Board has also asked field units to give monthly updates on containers that have been held up by intelligence agencies or stuck in court cases, and have been subsequently freed up.
- Income Tax refunds worth Rs 70,120 crore issued between April 1 and September 6:-** The Income Tax Department on 12<sup>th</sup> September 2021 said it has issued refunds of over Rs. 70,120 crore till September 6 this year. Of this personal income tax refunds of Rs 16,753 crore have been issued in over 24.70 lakh cases and corporate tax refund of Rs. 53,367 crore have been issued in 1.38 lakh cases.
- Maharashtra: Over 7 lakh farmers call insurance firms to inform about crop damages due to excessive rain:** More than seven lakh farmers in Maharashtra have called up insurance companies during the current monsoon season to inform about crop damage due to excessive rainfall, officials said. Representatives of crop insurance companies need to personally visit the farms and assess the damages, and based on their report, the farmers will get the insurance amount.
- Jobless rate lowest in 7 weeks:** The unemployment rate fell to its lowest in seven weeks to 7.35% on a 211 basis points decline in rural joblessness to 6.51% for the week ended 12<sup>th</sup> September 2021, over the previous week, data compiled by the CMIE showed. The unemployment rate reached its recent peak to 14.73% for the week ended on May 23. As the impact of the virus ebbed and restrictions on mobility eased, overall unemployment rate started declining. In recent times, the rate was the lowest at 5.98% for the week ended July 18.
- GST: Daily e-way bill generation moderates:** Daily e-way bill generation for goods transportation under the goods and services tax (GST) system came in at 20.57 lakh for the week ended 12 September 2021, about 2% lower than the daily average for the first five days of September. The daily average for the first five days of September was 20.97 lakh. Going by the recent weekly trends, the daily average is expected to pick up further for September when data for the full month is captured.
- Maharashtra Government expects 5.6% increase in sugar production in 2021-22:** Sugar production of Maharashtra, the second largest sugar producing state of India, is expected to increase by 5.6% to touch 112 lakh tonnes in the next sugar season beginning 1<sup>st</sup> October 2021. The area planted under sugar cane for the 2021-22 sugar season has increased to 12.32 lakh hectare, while the per hectare production of sugarcane is expected to be 97 tonnes.
- Committee of creditors (CoC) resolution plan cannot be modified or withdrawn: Supreme Court:** The Insolvency and Bankruptcy Code (IBC) has come under a lot of scrutiny of late, with banks recovering very little money in a few cases. The latest reaction came from the Supreme Court, which on 13<sup>th</sup> September 2021 said once the committee of creditors (CoC) submits a resolution plan for an asset, it cannot be modified or withdrawn by the resolution applicant. It also said the 330-day deadline for resolution of assets should be strictly adhered to.
- India extends window for import of pulses, soya meal till December:** India has extended the window for import of tur, urad and soya meal by two months till December 31 on the demand of trade

houses. Trade houses were concerned about the shortage of containers and vessels, which has increased the sailing time of cargo.

- **India & UK aim for launching the negotiations on FTA by 1st November 2021:** India and UK are aiming to launching the negotiations on FTA by November 2021. Two sides look for Interim Agreement as priority and later a Comprehensive Agreement. Proposed FTA between India & UK is expected to unlock extra ordinary business opportunities and generate jobs. Both sides have renewed their commitment to boosting trade in a manner which benefits all.
- **Agriculture ministry signs 5 MoUs to promote digital tech in farm sector:** The Agriculture Ministry signed five MoUs to conduct pilot projects for promotion of digital technology and other best practices in the farm sector. Hon'ble Minister of Agriculture Shri Narendra Singh Tomar said modernisation of the agriculture sector will continue by infusing new technologies so that farmers can increase their income.
- **India keen to collaborate with East Asian nations to produce generic drugs, vax:** India is willing to collaborate with East Asian partners in the production of generic drugs and medical technologies used for treatment of Covid-19 patients, as also in the area of vaccines production, Hon'ble minister of state for commerce and industry
- **Palm oil imports increased due to lower duty, says SEA:** Due to relaxation in policy for import of RBD Palmolein, import of refined palm oil in to India increased substantially in August 2021 and reported at 187,471 tons and likely to continue similar volume in coming months, informed Solvent Extractors' Association (SEA) in a release.
- **Significant R&D investment required as part of climate action:** Significant research and development investment, particularly from developed economies of Europe is required to decarbonise energy as a part of climate action in developing countries said Hon'ble Union Environment Minister Shri Bhupender Yadav.
- **Agriculture ministry signs 5 MoUs to promote digital tech in farm sector:** The Agriculture Ministry recently signed five MoUs with various companies to conduct pilot projects for promotion of digital technology and other best practices in the farm sector. Hon'ble Agriculture Minister Shri Narendra Singh Tomar said that modernisation of the agriculture sector will continue by infusing new technologies so that farmers can increase their income.
- **Demand for agricultural loans and storage facilities expected to go up in the on-going kharif season:** Demand for agricultural loans and storage facilities is expected to increase significantly in the on-going kharif season as the pandemic situation seems under control and the impact of erratic rains remains minimal, agriculture financing and warehousing companies have said.
- **India may corner nearly half of global rice trade as exports soar to record:** India could account for as much as 45% of global rice exports in 2021 as expanded port-handling capacity allows the world's second largest rice grower after China to ship record volumes to buyers across Africa and Asia. The world's top exporter could ship as much as 22 million tonnes of rice this year, or more than the combined exports of the next three largest exporters Thailand, Vietnam and Pakistan, said Nitin Gupta, vice president of Olam India's rice business.



- **Farmers body FAIFA lauds Centre's promotion of digital technologies for agriculture:** Federation of All India Farmer Associations (FAIFA) has lauded the steps taken by the Union ministry of agriculture and farmers welfare to promote digital technology in the farm sector and has urged the government to take appropriate steps for smooth implementation and execution of the digital agriculture mission.
- **NFRA needs to have standalone legislation, says chairperson R Sridharan:** National Financial Reporting Authority (NFRA) Chairperson R Sridharan on Thursday pitched for having "standalone legislation" for the regulator in the interest of autonomy. The regulator was constituted under Sub Section (1) of Section 132 of the Companies Act, 2013, in October 2018.
- **Govt revenue from telecom in FY22 likely at Rs 28,000 cr vs. Rs 54,000 cr budgeted:** The government is now expected to mop up Rs 28,000 crore from the telecom sector in FY22, sharply lower than the Rs 54,000 crore it had estimated in the budget, which will impact the country's fiscal deficit, ratings agency ICRA. However, with the 5G auctions likely to be held early next year, the upfront payment to be made by Telco's may come in by the end of March, 2022, which may offset the impact.
- **Easing of inflation provides RBI space to support growth:** The trajectory of inflation is sliding more favourable than anticipated raising hopes that normalisation of ultra-loose policy may be pushed back than previously thought, according to a Reserve Bank of India analysis. The RBI in its state of the economy report said that prospects for the economy achieving 'escape velocity' are brightening.

## Studies

PHD Research Bureau has released a study on Achieving a higher Exports Trajectory: 75 Potential Products and markets. The study has identified 75 potential export products and markets to enhance and increase India's exports to achieve USD 400 billion goods export target in 2021-22 and USD 750 billion goods exports in the next 75 months by 2027. Further, the study assessed the GDP to total trade ratio and degree of correlation of GDP to total trade, exports, and imports of selected major economies. (Study was released by Mr. Sanjay Aggarwal, President, PHDCCI during the Workshop on exploring export opportunities: ways to achieve USD 400 billion exports target in FY 2021-22, held on 9<sup>th</sup> September 2021).

### [Achieving a higher Exports Trajectory: 75 Potential Products and markets](#)



## Markets So Far

Indicators	Yearly			Monthly		Daily		
	2018	2019	2020	July 2021	August 2021	14 <sup>th</sup> September 2021	15 <sup>th</sup> September 2021	16 <sup>th</sup> September 2021
BSE SENSEX	36068	41253	47751	52694	55238	58247	58723	59141
GOLD (10 GRMS)	30600	34813	46985	47761	47119	46802	47065	46430
CRUDE OIL (1 BBL)	4437	4007.8	2966	5414	5047	5174	5350	5340
EXCHANGE RATE (INR/USD)	68	70.4	74.11	74.51	74.17	73.64	73.44	73.57

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

Warm Regards,

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