

Weekly Compendium of Economic and Business Developments

(Period ending 21st August, 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 DPIIT releases guidelines for remission of RoDTEP, and decisions taken by union cabinet among others. The details of disseminated information during the week ending 21st August 2021 are appended.

Indian Economy

- [2021/08/WPI-inflation-stands-at-11.16-in-July-2021.pdf](#):The annual rate of WPI inflation stands at 11.16% (Provisional) for the month of July, 2021 (over July, 2020) as compared to 12.07% in June 2021. The WPI inflation in July 2020 stood at (-)0.25%. The high rate of inflation in July 2021 is primarily due to low base effect and rise in prices of crude petroleum & natural gas; mineral oils; manufactured products like basic metals; food products; textiles; chemicals and chemical products etc as compared the corresponding month of the previous year.
- [DPIIT-releases-Frequently-Asked-Questions-FAQs-on-PLI-Scheme-for-White-Goods-ACs-and-LED-Lights.pdf](#):-The Department for Promotion of Industry and Internal Trade (DPIIT) has released a set of frequently asked questions on PLI scheme for white goods - ACs and LED lights.The Production Linked Incentive (PLI) Scheme for White Goods (PLIWG) as notified on April 16, 2021 shall provide financial incentive to boost domestic manufacturing and attract large investments in the White Goods manufacturing value chain. The PLI Scheme shall extend an incentive of 4% to 6% on net incremental sales (net of taxes) over the base year (FY 2019-20) of goods manufactured in India or net incremental sales of eligible products over the base year or FY 2020-21, whichever is higher, as the case may be and covered under target segments, to eligible companies, for a period of five (5) years subsequent to the base year and gestation period as specified in the scheme guidelines.
- [DPIIT-releases-Frequently-Asked-Questions-FAQs-on-PLI-Scheme-for-White-Goods-ACs-and-LED-Lights.pdf](#)- In exercise of the powers conferred by section 5 of the foreign Trade (Development and Regulation Act) Act,1992 read with para 1.02 of the foreign Trade Policy 2015-2020,the central Government hereby makes the following amendments in the Foreign Trade Policy 2015-2020 with immediate effect. The Scheme's objective is to refund, currently un refunded: Duties/ taxes / levies, at the central , state and local level, borne on the exported product including prior stage cumulative indirect taxes on the goods and services used in production of the exported products and such indirect Duties/taxes/levies in respect of distribution of exported product. Such Indirect Duties/taxes/levies in respect of distribution of exported product. The determination of ceiling rates under the Scheme will be done by a committee in the Department of Revenue/ Drawback Division with suitable representation of

the DoC/DGFT, line ministries and experts, on the sectors prioritized by the Department of Commerce and Department of Revenue.

- [**Notification-for-Scheme-Guidelines-for-Remission-of-Duties-and-TaxesRoDTEP-on-Exported-product.pdf:-Stations.pdf**](#)-Providing relief to custodians of Inland Container Depots (ICDs) and Container Freight Stations (CFSs) across the country, the CBIC has streamlined the procedure of closure of these facilities in maximum of four months only. No timeline was specified earlier. ICDs and CFS plays a vital role in the exim trade as they store and clear import and export goods. These facilities are notified under the Customs Act, 1962 and are administered by the Customs authorities. However, at times a custodian may like to close (de-notify) the facility. The disposal of un-cleared, seized and confiscated goods import/export are prerequisites for the de-notification. The CBIC noted that this process was taking a long time which caused difficulties for the custodians. The newly issued Circular No. 20/2021-Customs dated 16.08.2021 requires a custodian intending to wind up the operation to submit an application to jurisdictional Principal Commissioner/Commissioner of Customs for de-notifying the ICD/CFS. A Nodal Officer at the level of Deputy/Assistant Commissioner of Customs would then facilitate the de-notification by coordinating the disposal of the goods lying at the facility in a time bound manner.
- [**Mines-Ministry-Adopts-Scheme-For-Accreditation-of-Private-Exploration-Agencies.pdf**](#):The Ministry of Mines has adopted the scheme for accreditation of private exploration agencies developed by the National Accreditation Board for Education and Training of the Quality Council of India (QCI-NABET). The QCI-NABET will grant accreditation to private exploration agencies for undertaking prospecting operations of minerals in accordance with the standards and procedures of the scheme. The interested private exploration agencies shall be required to obtain accreditation in accordance with the scheme and thereafter apply to the Ministry for their notification under the second provision to sub-section (1) of section 4 of the Act. The Ministry has formulated guidelines for the considering the exploration agencies for notification containing detailed procedure, terms and conditions for the same. The Mines and Minerals (Development and Regulation) Act, 1957, MMDR Act was recently amended through the MMDR Amendment Act, 2021, w.e.f. 28.03.2021 which, inter alia, empowers the Central Government to notify entities, including private entities, that may undertake prospecting operations, subject to such terms and conditions as may be specified by the Central Government.
- **Notification for Electronic Monitoring and Enforcement of Road Safety** :-Ministry of Road transport and Highways has issued notification G.S.R. 575(E). - Rule 167A regarding Electronic Monitoring and Enforcement of Road Safety. The rules specify the detailed provisions for placement of electronic enforcement devices (speed camera, closed-circuit television camera, speed gun, body wearable camera, dashboard camera, Automatic Number Plate Recognition (ANPR), weigh in machine (WIM) and any such technology). State Governments shall ensure that electronic enforcement devices are placed at high-risk and high-density corridors on National Highways and State Highways, and at critical junctions at least in major cities with more than one million population and also including the 132 cities as specified in the table given in the rules. The electronic enforcement device shall be placed in such a manner so as not to cause any obstruction, line-of-sight issues or interruption in traffic flow.
- **Hon'ble Minister of Defence Shri Rajnath Singh launched Defence India Startup Challenge 5.0**:-Hon'ble Minister of Defence Shri Rajnath Singh launched Defence India Startup Challenge (DISC) 5.0 under Innovations for Defence Excellence - Defence Innovation Organisation (iDEX-DIO) through video conferencing on August 19, 2021. Thirty five Problem Statements – 13 from the Services and 22 from Defence Public Sector Undertakings (DPSUs) – were unveiled under DISC 5.0. These are in areas such as

Situational awareness, Augmented Reality, Artificial Intelligence, Aircraft-trainer, Non-lethal devices, 5G network, Under-water domain awareness, Drone SWARMS and Data Capturing.

- **Decisions-taken-by-the-Union-Cabinet.pdf**:-Cabinet approves Memorandum of Understanding between Permanent Mission of India to the WTO, Centre for Trade and Investment Law (Indian Institute of Foreign Trade) and Centre for Trade and Economic Integration (The Graduate Institute, Geneva) The Union Cabinet, chaired by Hon'ble Prime Minister Shri Narendra Modi, has approved the signing of a Memorandum of Understanding (MoU) between Permanent Mission of India to the WTO (PMI), Centre for Trade and Investment Law (CTIL) of the Indian Institute of Foreign Trade, and Centre for Trade and Economic Integration (CTEI) within The Graduate Institute of International and Development Studies, Geneva

Our Voice

The PHDCCI Economic and Business Momentum (EBM) Index:-PHD Chamber projects FY 2021-22 GDP growth at 10.25%:-

Effective policies along with the improved business sentiments enhance growth prospects. The PHD Chamber of Commerce and Industry projects a double digit GDP growth trajectory at 10.25% in FY 2021-22, supported by the effective policies of the Government and improved business sentiments, said Sanjay Aggarwal, President, PHD Chamber of Commerce and Industry, in a press statement issued here today. According to the PHDCCI Economic & Business Momentum (EBM) Index, the 25 lead economic and business indicators have shown a significant recovery at 97.7 for Q1 FY 2021-22 as compared to 85.2 for Q1 FY 2020-21, at the base of 2018-19 = 100.

On the basis of recent movement of PHDCCI EBM Index, PHD Chamber projects GDP growth in the range of 15-20% for Q1 FY 2021-22, 7-10% for Q2 FY 2021-22, 6-10% for Q3 FY 2021-22 and 5-9% for Q4 FY 2021-22. The overall GDP growth is projected at 10.25% for FY 2021-22. Lead economic and business indicators have shown a higher growth in June 2021 as compared with June 2020. PHDCCI Economic & Business Momentum (EBM) Index at 98.0 for June 2021 is higher as compared with 91.6 for June 2020, improvement in key economic indicators is signaling broad based recovery in the coming months which will be higher than the pre-COVID economic activity. Sequentially, the PHDCCI EBM Index has shown an increase for June 2021 to the level of 98.0 as compared to 94.7 for May 2021, due to significant pick-up in the economic activity and accelerated vaccination drive in many parts of the country.

Economy so far

- **Hon'ble Prime Minister Shri Narendra Modi announces Rs 100 lakh crore infra development programme 'Gatishakti'**:-Prime Minister Narendra Modi on Sunday announced a Rs 100 lakh crore 'Gatishakti' initiative to bring employment opportunities for the youth and to help in holistic infrastructure growth. Addressing the nation from the ramparts of the Red Fort on India's 75th Independence Day, he said India will launch the 'Pradhan Mantri Gatishakti National Master Plan'. Gatishakti, he said, will help local manufacturers turn globally competitive and also develop possibilities of new future economic zones
- **India's real GDP growth in first quarter seen at 14.2-23.3 per cent**:-The Indian economy likely grew 19-20% in the first quarter this fiscal year, aided by the strong base effect from a year ago, when it contracted

by almost a quarter, offsetting the effects of the second Covid wave. The median estimate was 19.5% for Q1, in a 14.2-23.3% range. The full-year gross domestic product (GDP) is expected to grow 7.9-9.6%. High-frequency indicators have been improving since June as lockdown restrictions were relaxed. Given the localised nature of restrictions during the second wave, economic activity was not as adversely affected as last year, economists said. India's goods exports rose almost 50% on-year to a record \$35.43 billion in July.

- **Pandemic hits India's prospects to become \$5 trillion economy by FY25: Top US economist:-** It is highly unlikely that India will become a USD 5 trillion economy by 2024-25 due to the slowdown caused by the COVID-19 pandemic, University of Massachusetts professor Vamsi Vakulabharanam has said. Moreover, Indian economy will be smaller for a considerable period of next year compared to its size in 2019, Vakulabharanam told PTI in an interview.
- **Global supply chains are being battered by fresh Covid surges:-** Asia's renewed surge in Covid-19 infections is compounding supply-chain blockages across the world's biggest source of manufactured goods. After weathering earlier pandemic waves better than other regions, the fast-spreading delta variant has thrown into turmoil factories and ports in countries that were once among the most successful containing the virus. The snarls in Asia -- where the United Nations estimates around 42% of global exports are sourced -- risk twisting their way through global supply chains just as shipments would usually ramp up for the Christmas holiday shopping season.
- **Rural India back with a bang, leaves cities behind in consumption:-** Consumption of daily groceries and essentials in villages outpaced cities in July, reversing the trend of June. Urban growth was higher than in rural areas for the first time in nearly two years in June. With the Covid situation improving and good monsoon rain, rural growth is expected to bounce back and be in line with urban growth going forward.
- **No capex cut, to respond to challenges: Hon'ble Finance Minister:-** Hon'ble Finance Minister Smt Nirmala Sitharaman on 16th August 2021 made it clear that the Government will not trim capital expenditure from the budgeted level even towards the end of the fiscal, as was customary earlier, as it banks on spending having high multiplier effect to reverse a Covid-induced slump in growth. The Hon'ble Finance Minister said the message to departments on the capex front is abundantly clear — spend. The steps have been taken to ease supply-side concerns. Retail inflation dropped in July to 5.59%, having exceeded the central bank's target band (2-6%) in the previous two months. In the first quarter, budgetary capex grew 26% from a year before to Rs 1.1 lakh crore.
- **Company needs to return PLI benefits with interest for midway exit: DPIIT:** A company availing benefits of production linked incentive (PLI) scheme, if for any reason, fails to make full committed investment and exits midway will have to refund the incentives taken along with interest and its bank guarantee will also be invoked, according to FAQs released by the DPIIT on 16th August 2021. In a set of FAQs on PLI scheme for white goods - ACs and LED lights, the Department for Promotion of Industry and Internal Trade (DPIIT) said that midway exit by a selected applicant without fulfilling investment criteria thwarts one of the selection criteria of maximizing gross value added (GVA) to economy, as also deprive selection opportunity to another eligible firm under the scheme.
- **From oil bonds to cryptocurrency, Hon'ble Finance Minister Smt Nirmala Sitharaman clears Government's stand on key issues:-** Hon'ble Finance Minister Smt Nirmala Sitharaman on 16th August 2021 communicated Government's stand on important matters such as cryptocurrency, retrospective taxation and keeping inflation within the comfort band. On the issue of fuel pricing, the Minister remained non-committal on cut in excise duty on petrol and diesel, saying payments in lieu of past subsidised fuel

pose limitations.

- **Centre looks for new ways as states opt out of Pradhan Mantri Fasal Bima Yojana:-** Since several states have opted out of the Centre's flagship crop insurance scheme Pradhan Mantri Fasal Bima Yojana (PMFBY), the Hon'ble Union agriculture ministry has asked National Rainfed Area Authority (NRAA) to suggest alternative risk mitigation measures for high-risk areas/crops. The idea is that low risk crops could still be covered under PMFBY with reduced burden of premium on the states. Under PMFBY, premium to be paid by farmers is fixed at 1.5% of the sum insured for rabi crops and 2% for kharif crops, while it is 5% for cash crops. The balance premium is split equally between the Centre and states. Many states have demanded their share of the premium subsidy be capped at 30%..
- **Export demand pushes non-basmati rice price by 10%:-** Non-basmati rice, the primary cereal for Indians, has turned out to be costlier by 10% within the final three days on elevated prospects of exports to Bangladesh, after the neighboring nation minimized the import obligation on rice to fifteen% from 25%.
- **Ease of Doing Business: West Bengal rolls out three new online services :-** In an effort to provide hassle-free and transparent services to the people under its e-governance initiatives, the West Bengal Government on 16th August 2021 rolled out three new online services — single-window system for the issuance of building plan approval, issuance of trade license and municipal mutation and assessment. These new online services for the urban areas of the state are 'unique and unprecedented' initiatives which will bring in 'grassroot-level transparency' in inter-departmental integration.
- **Urban unemployment rate rises to double-digit level:-** The unemployment rate in urban India has been on the rise since the beginning of the current month. From 8.03% for the week ended August 1, it jumped to 9.96% in the next week and further to an eight-week high of 10.23% for the week ended August 15. At a time when the rural joblessness is hovering between 6-7% since July – it touched 7.01% for the week ended August 15 – ,the spike in urban unemployment rate to double-digit reflects the continued labour market stress in the non-agricultural sectors.
- **Government notifies Rs 12,450 crore incentive scheme for exports, more schemes in pipeline:** In a boost to India's exports and ease liquidity for exporters, the Government on Tuesday notified the Rs 12,454-crore Remission of Duties and Taxes on Exported Products (RoDTEP) incentive scheme for 8,555 products including employment-generating marine, agriculture, leather, and gems and jewellery sectors.
- **India likely to withdraw sugar export subsidies from new season:** India is expected to withdraw sugar export subsidies from the new season beginning October as a sharp rise in global prices makes it easier for Indian mills to sell the sweetener on the world market, a top Government official said on Tuesday.
- **RBI unveils Financial Inclusion Index:** A Financial Inclusion Index (FI-Index) to capture the extent of financial inclusion is now ready. The Reserve Bank of India informed about its formation on Tuesday. The annual FI-Index for the period ending March 2021 is 53.9 as against 43.4 for the period ending March 2017, showing drastic improvement in the past four years.
- **Economy gaining traction with pick-up in manufacturing activity: RBI** -The economy is gaining traction with gradual pick up in manufacturing activity and moderation in contraction of services, spurred by comfortable liquidity conditions, an RBI article on Tuesday said. Observing that the retreat of the second wave of coronavirus pandemic has been slow, the RBI in an article on the 'State of Economy' said, the aggregate demand conditions are buoyed by the release of pent-up demand post unlock, while the supply situation is improving with the monsoon catching up to its normal levels and sowing activity gaining pace.

- NPS' non-Government subscriber base crosses 30 lakh-mark; corpus to hit Rs 1 lakh crore soon: PFRDA:**
 The corporate and retail sector subscriber base under the National Pension System (NPS) has crossed over 30 lakhs as on date, and the corpus under these is about to reach a landmark Rs 1 lakh crores-mark, PFRDA Chairman Shri Supratim Bandyopadhyay said on Tuesday.
- GDP to expand by deceptively high 20% in Q1, to be lower than pre-COVID levels: Icra -** The GDP growth is estimated to come at the "deceptively high" level of 20 per cent for the April-June 2021 quarter but is far below the same in the pre-COVID times, rating agency Icra said recently. Icra said the low base of the last year, when the GDP had contracted by close to 24 per cent, "conceals" the impact of the second wave of COVID-19 infections. Economic activity is boosted by robust government capital expenditure, merchandise exports and demand from the farm sector, it said, estimating the GDP to grow by 20 per cent and the gross value added (GVA) will register a growth of 17 per cent for the June quarter. The GVA is estimated to contract 15 per cent when compared to the preceding March quarter, which shows the impact of the second wave.
- Crisil upgrades India Inc's credit outlook to 'positive', says the recovery is broad-based –** Crisil Ratings yesterday said that a broad-based recovery is on for India Inc currently, and upgraded its credit quality outlook to 'positive' from the earlier 'cautiously optimistic'. The rating agency said that the credit ratio, which illustrates the number of upgrades to downgrades, rose to over 2.5 times in the first four months of the fiscal, as compared to 1.33 times in the second half of FY21, it said in a statement.
- Taliban seal Afghanistan-Pakistan land border trade route, trade with India stopped: FIEO -** India's body of exporters has said that the Taliban have stopped all imports and exports with India and sealed two terminals crucial for trade through land on the Pakistan-Afghanistan border. India's exports to Afghanistan in FY21 were \$825 million while imports were \$509 million. Fruit and nuts, and vegetable extracts are India's largest exports from Kabul while the top exports are sugar and sugar confectionery, pharmaceutical products and apparel. New Delhi is Afghanistan's largest market in South Asia.
- Cabinet approves National Mission on Edible Oils with outlay of Rs 11,040 crore -** The Union cabinet yesterday approved the launch of National Mission on Edible Oils - Oil Palm (NMEO-OP) as a new centrally sponsored scheme with an outlay of Rs 11,040 crore for a five year period. Of Rs 11,040 crore outlay Rs 8,844 crore will be the share of central government and Rs 2,196 crore will be the share of states.
- Cabinet approves ratification of global agreement on phase down of hydrofluorocarbons -** The Union Cabinet yesterday gave its nod for ratification of the Kigali Amendment for phase down of hydrofluorocarbons (HFCs) by India under the Montreal Protocol on Substances that Deplete the Ozone Layer. Montreal Protocol on Substances that Deplete the Ozone Layer was adopted by the parties to the Montreal Protocol at its 28th meeting in Kigali, Rwanda in October, 2016.

Markets So Far

| Indicators | Yearly | | | Monthly | | Daily | | |
|-------------------|--------|--------|-------|-----------|-----------|------------------------------|------------------------------|------------------------------|
| | 2018 | 2019 | 2020 | June 2021 | July 2021 | 16 th August 2021 | 17 th August 2021 | 18 th August 2021 |
| BSE SENSEX | 36068 | 41253 | 47751 | 52399 | 52694 | 55583 | 55792 | 55629 |
| GOLD (10 GRMS) | 30600 | 34813 | 46985 | 47914 | 47761 | 46856 | 47404 | 47133 |
| CRUDE OIL (1 BBL) | 4437 | 4007.8 | 2966 | 5217 | 5414 | 5006 | 4945 | 4875 |

| | | | | | | | | |
|----------------------------|----|------|-------|------|-------|-------|-------|-------|
| EXCHANGE RATE (INR/USD) | 68 | 70.4 | 74.11 | 73.6 | 74.51 | 74.16 | 74.37 | 74.28 |
|----------------------------|----|------|-------|------|-------|-------|-------|-------|

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

Warm Regards,

Dr S P Sharma

Chief Economist | DSG

PHD Chamber of Commerce and Industry

PHD House, [4/2 Siri Institutional Area](#)

August KrantiMarg, New Delhi-110016, India

Tel: +91 49545454

Fax: +91 11 26855450

Email: spsharma@phdcci.in

Website: www.phdcci.in

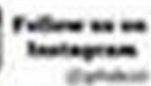
Follow us on



"Towards Building Aatmanirbhar Bharat"

PHD House, 4/2 Siri Institutional Area, August Kranti Marg, New Delhi - 110 016 (India) • Tel : +91-11-49545454, 26855450 • Fax : +91-11-2685 5450, 49545451 • E-mail : phdcci@phdcci.in • Website : www.phdcci.in, www.phdchamber.com

Connect with us:



Disclaimer

"Weekly Compendium of Economic and Business Developments" is prepared by PHD Research Bureau of PHD Chamber of Commerce and Industry. This publication may not be reproduced, wholly or partly in any material form, or modified, without prior approval from the Chamber.

It may be noted that this publication is for information purposes only. Though due care has been taken to ensure accuracy of information to the best of the PHD Chamber's knowledge and belief, it is strongly recommended that readers should seek specific professional advice before taking any decisions.

Please note that the PHD Chamber of Commerce and Industry does not take any responsibility for outcome of decisions taken as a result of relying on the content of this publication. PHD Chamber of Commerce and Industry shall in no way, be liable for any direct or indirect damages that may arise due to any act or omission

on the part of the Reader or User due to any reliance placed or guidance taken from any portion of this publication.

Copyright 2021

PHD Chamber of Commerce and Industry

ALL RIGHTS RESERVED.

No part of this publication including the cover, shall be reproduced, stored in a retrieval system, or transmitted by any means, electronic, mechanical, photocopying, recording or otherwise, without the prior written permission of, and acknowledgement of the publisher (PHD Chamber of Commerce and Industry).