

Weekly Compendium of Economic and Business Developments

(Period ending 3rd 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, extension of closing date of late fee amnesty scheme and time limit for filing of application for revocation of cancellation of registration under GST Act, India & US signed Project Agreement for Air-Launched Unmanned Aerial Vehicle, FDI equity inflow grew by 168% in the first three months of F.Y. 2021, Government introduced a new registration mark for new vehicles “Bharat series (BH-series)” to facilitate seamless transfer of vehicles, Grant-in-aid amounting to Rs. 13,385.70 crore released to Rural Local Bodies, among others. The details of disseminated information during the week ending 3rd September 2021 are appended.

India Economy

- [Extension of closing date of late fee amnesty scheme and time limit for filing of application for revocation of cancellation of registration under GST Act-](#) The Government, vide Notification No. 19/2021-Central Tax, dated 01.06.2021, had provided relief to the taxpayers by reducing / waiving late fee for non-furnishing FORM GSTR-3B for the tax periods from July, 2017 to April, 2021, if the returns for these tax periods are furnished between 01.06.2021 to 31.08.2021. The last date to avail benefit of the late fee amnesty scheme, has now been extended from existing 31.08.2021 to 30.11.2021.
- [Extension of various due dates by CBDT-](#) CBDT extends due dates for electronic filing of various Forms under the Income-tax Act, 1961. On consideration of difficulties reported by the taxpayers and other stakeholders in electronic filing of certain Forms under the provisions of the Income-tax Act, 1961 read with Income-tax Rules, 1962 (Rules), Central Board of Direct Taxes (CBDT) has decided to further extend the due dates for electronic filing of such Forms. CBDT extends date under section 3 of the Vivad se Vishwas Act. Under The Direct Tax Vivad se Vishwas Act 2020, the amount payable by the declarant is stated in the table under section 3 of the Vivad se Vishwas Act. As per the latest notification dated 25th June 2021, the last date of payment of the amount (without any additional amount) has been notified as 31st August 2021.
- [Government introduces a new registration mark for new vehicles “Bharat series \(BH-series\)” to facilitate seamless transfer of vehicles-](#) Government has taken a host of citizen centric steps to facilitate mobility. An IT based solution for vehicle registration is one such effort. However, one of the pain points in the vehicle registration process that needed attention was re-registration of a vehicle while moving to another state.
- [Framing of rules for the amendments made by the Taxation Laws \(Amendment\) Act, 2021-](#) The Taxation Laws (Amendment) Act, 2021 (2021 Act), which received the assent of the President on the 13th August,

2021, has, inter-alia, amended the Income-tax Act, 1961 (Income-tax Act) so as to provide that no tax demand shall be raised in future on the basis of the amendment to section 9 of the Income-tax Act made vide Finance Act, 2012 for any offshore indirect transfer of Indian assets if the transaction was undertaken before 28th May, 2012 (i.e., the date on which the Finance Bill, 2012 received the assent of the President).

- **Grant-in-aid amounting to Rs. 13,385.70 crore released to Rural Local Bodies-** The Department of Expenditure, Ministry of Finance has released an amount of Rs. 13,385.70 crore to 25 States for providing grants to the Rural Local Bodies. This Grant-in-aid is the 1st installment of Tied grants of the year 2021-22. The grants have been released as per the recommendations of the 15th Finance Commission.
- **July 2021 Fiscal Deficit stands at 21.3% of actuals to Bes-** The gross fiscal deficit of the Central Government stands at 21.3% of the actuals to budget estimates (BEs) in July 2021 as compared to 103.1% of the actuals to budget estimates in the corresponding period of the previous year.
- **India's Q1 FY 2021-22 GDP growth rate stands at 20.1% -** GDP at Constant (2011-12) Prices in Q1 of FY2021-22 stands at Rs 32.38 lakh crore, as against Rs 26.95 lakh crore in Q1 of 2020-21, showing an increase of 20.1%. Quarterly GVA at Constant (2011-12) Prices in Q1 FY2022 has attained a level of Rs 30.48 lakh crore, as against Rs 25.66 lakh crore in Q1 of 2020-21.
- **July 2021 Core infra growth stands at 9.4%-** The core infrastructure growth stands at 9.4% in July 2021 as compared to 9.3% in June 2021, 16.3% in May 2021, 62.6% in April 2021, 12.6% in March 2021, (-)3.3% in February 2021, 1.3% in January 2021 and 0.4% in December 2020. The core infrastructure growth stood at (-)7.6% in July 2020. The cumulative growth of core infrastructure during April-July 2021-22 stands at 21.2% as compared to (-)19.8% in April-July 2020-21.
- **Gross Bank Credit growth stands at 6.1% in July 2021-** Gross bank credit growth (year-on-year) stands at 6.1% in July 2021 as compared to 6.5% in July 2020. Gross bank credit y-o-y growth stood at 5.8% in June 2021. Credit to agriculture and allied activities continued to perform well, registering an accelerated growth of 12.4 per cent in July 2021 as compared to 5.4 per cent in July 2020.
- **Gross GST revenue collections in the month of August 2021 stands at Rs 1,12,020 crore-** The gross GST revenue collected in the month of August 2021 is Rs 1,12,020 crore of which CGST is Rs 20,522 crore, SGST is Rs 26,605 crore, IGST is Rs 56,247 crore (including Rs 26,884 crore collected on import of goods) and Cess is Rs 8,646 crore (including Rs 646 crore collected on import of goods).
- **ECBs raised at about USD 3.4 billion during July 2021-** Indian firms have raised about USD 3.4 billion through external commercial borrowings (ECBs) by automatic and approval route in July 2021 as against around USD 1.5 billion in June 2021. While, ECBs were at about USD 2.1 billion in July 2020.

World Economy

- **FDI equity inflow grows by 168% in the first three months of F.Y. 2021-** Measures taken by the Government on the fronts of FDI policy reforms, investment facilitation and ease of doing business have resulted in increased FDI inflows into the country. The following trends in India's Foreign Direct Investment are an endorsement of its status as a preferred investment destination amongst global investors: India has attracted total FDI inflow of US\$ 22.53 billion during first three months of 2021-22, i.e. April, 2021 to June, 2021 which is 90% higher as compared to first three months of 2020-21 (US\$ 11.84 billion).

- [INDIA'S MERCHANDISE TRADE: Preliminary Data, August 2021-](#) India's merchandise imports in August 2021 was USD 47.01 billion, an increase of 51.47% over USD 31.03 billion in August 2020 and an increase of 17.95% over USD 39.85 billion in August 2019. India's merchandise imports in April-August 2021 was USD 219.54 billion, an increase of 81.75% over USD 120.79 billion in April-August 2020 and a marginal increase of 4.35% over USD 210.39 billion in April-August 2019.
- [India & US sign Project Agreement for Air-Launched Unmanned Aerial Vehicle-](#) Ministry of Defence and US Department of Defence signed a Project Agreement (PA) for Air-Launched Unmanned Aerial Vehicle (ALUAV) under the Joint Working Group Air Systems in the Defence Technology and Trade Initiative (DTTI). The main aim of DTTI is to bring sustained leadership focus to promote collaborative technology exchange and create opportunities for co-production and co-development of future technologies for Indian and US military forces.

Our Voice

GDP growth rate at 20.1% in Q1 FY 2022 encouraging, looking forward to a double digit growth in FY 2021-22: PHD Chamber- The Q1 GDP could have been much better if the country was not impacted by the 2nd wave of pandemic coronavirus in the months of April and May 2021. Meaningful and proactive reforms undertaken by the Government in last many quarters has pulled the economy from the lows of Q1 FY 2020-21 and has resulted in the sharp recovery in Q1 FY 2021-22 despite the full and partial lockdowns in many parts of the country.

The Q1 FY 2021-22 GDP growth rate stands at 20.1%, of which growth rate of Agriculture, forestry & fishing stands at 4.5%, Mining & quarrying at 18.6%, Manufacturing at 49.6%, Electricity, gas, water supply & other utility services at 14.3%, Construction at 68.3%, Trade, hotels, transport, communication & services related to broadcasting at 34.3%, Financial, real estate & professional services at 3.7% and Public administration, defence & other services at 5.8%.

Gross fixed capital formation (GFCF), which reflects the capital expenditure in the country has accelerated by 55.3% to Rs 10.2 lakh crore in Q1 FY 2021-22 as compared to Rs 6.6 lakh crore in Q1 FY 2020-21. Private final consumption expenditure (PFCE) has also increased by 19.3% to Rs 17.8 lakh crore in Q1 FY 2021-22 from Rs 14.9 lakh crore in Q1 FY 2020-21, while Government final consumption expenditure (GFCE) has decreased marginally by (-)4.8% to Rs 4.2 lakh crore in Q1 FY 2021-22 from Rs 4.4 lakh crore in Q1 FY 2020-21.

GDP growth rate at 20.1% for Q1 FY 2021-22 is very much in line with projections given in the PHDCCI Economic and Business Momentum (EBM) Index released on August 19, 2021, in which we had estimated that the GDP growth will be in the range of 15-20% for Q1 FY 2021-22. On the basis of recent movement of PHDCCI Economic & Business Momentum (EBM) Index, PHD Chamber projects the overall GDP growth in double digits at 10.25% for FY 2021-22.

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

Economy so far

- **Finance Ministry extends last date for availing GST amnesty scheme till November 30:-**The Finance Ministry on 29th August 2021 extended the last date to avail the GST amnesty scheme, under which taxpayers have to pay a reduced fee for delayed filing of monthly returns, by three months till November 30. The GST council, chaired by Hon'ble Finance Minister Shri Nirmala Sitharaman and comprising state ministers, had in May decided to come out with an Amnesty Scheme to provide relief to taxpayers in late fee for pending returns. The late fee for non-furnishing of GSTR-3B for July 2017 to April 20 2021 has been capped at Rs 500 per return for those taxpayers who did not have any tax liability. For those with tax liability, a maximum Rs 1,000 per return late fees would be charged, provided such returns are filed by August 31, 2021.
- **Multinationals using franchisee model may face higher GST on royalty income:-**Multinational fast food and hotel chains and tech companies that operate through franchisee models in India have come under the taxman's lens over their royalty income with the indirect tax department questioning the nature of agreement with their franchisees and demanding higher GST.Under the franchisee model, multinationals allow Indian companies to operate certain stores, hotels or entities with their global brand name, against which they charge a percentage of profit or royalty.
- **Shri Bhuvnesh Seth is new chairman of Export Promotion Council for EOUs and SEZs:-**Export Promotion Council for EOUs and SEZs (EPCES) on 29th August said that Shri Bhuvnesh Seth will be the new chairman of the council, set up by the ministry of commerce and industry. Srikanth Badiga, currently serving as the member of Central Governing Council, has been unanimously elected as the new vice-chairman, it said in a statement .Seth said that the council would work towards taking the country's exports to US\$ 400 billion by 2022.
- **India's Cumulative COVID-19 Vaccination Coverage exceeds 63.43 Crore:-**With the administration of 31,14,696 vaccine doses in the last 24 hours, India's COVID-19 vaccination coverage has surpassed the cumulative figure of 63.43 Cr (63,43,81,358) as per provisional reports till 7 am today. This has been achieved through 68,14,305 sessions. The Union Government is committed to accelerating the pace and expanding the scope of COVID-19 vaccination throughout the country. The recovery of 34,763 patients in the last 24 hours has increased the cumulative tally of recovered patients (since the beginning of the pandemic) to 3,19,23,405. Consequently, India's recovery rate stands at 97.51%.
- **Experts warn not to confuse high Q1 growth with strong recovery, GDP Q1FY22 numbers awaited today:-** Every other rating agency, expert and bank is putting on guard not to confuse the high GDP growth with 'strong recovery' of Q1FY22 growth numbers that the country awaits today. The Gross Domestic Product (GDP) of India in the first quarter of FY2022 could touch an unexpected high only on the back of low base effect and the reviving consumer spending that hit rock bottom in the first two waves of the global

pandemic. RBI projects GDP to grow at 21.4 percent in Q1 whereas SBI's Ecowrap report estimated it to grow at 18.5 per cent (with upward bias).

- **Resilient demand keeps driving India's world-beating growth:-** The economic toll from a deadly second wave of Covid-19 that swept through India last quarter does not appear to be as bad as feared, with analysts still seeing the nation pulling off the world's fastest growth this year. A better-than-expected manufacturing performance and a milder hit to services, combined with a robust pace of vaccinations, have helped keep the annual growth outlook for the economy steady at 9.2%, according to a Bloomberg survey. That pace is the same seen in a poll last month and the quickest among major economies. Data due later Tuesday will likely show gross domestic product grew 21% in the three months through June from a year ago, according to the median of 45 estimates compiled by Bloomberg, mainly as a bounce back from last year's crash.
- **Business activity continues to rise, now well above pre-pandemic levels: Report:-** Business resumption activity continued its northward journey and reached a new high, much above the pre-pandemic levels for the week ended August 29, a Japanese brokerage said on 30th August 2021. The Nomura India Business Resumption Index rose to 102.7 for the week ending 29 August from 101.3 in the prior week, as per the brokerage. The index, which compared business activity with the pre-pandemic levels of March 2020, had fallen steeply during the two waves of infections, which were accompanied by lockdowns.
- **Rupee continues to rise on Fed Chair Powell's take on taper :-** The Indian rupee continued its good run amid assurance that the global liquidity glut will continue for a while and the US Federal Reserve (Fed) is in no tearing hurry to raise rates. The rupee closed at 73.3 a dollar, up from its previous close of 73.7 a dollar. The rupee had closed strong on Friday ahead of the Jackson Hole speech of Fed Chairman Jerome Powell. The Reserve Bank of India (RBI) had not intervened on Friday. On Tuesday, the central bank stepped in to stem the rising tide in rupee as dollars poured in onshore ahead of the quarterly index rebalancing of the MSCI at the end of the month.
- **Low-grade imports: DPIIT mulls quality control curbs for 45 more products:-** The Commerce and Industry Ministry is considering quality control orders (QCOs) for 45 more products, ranging from electronics to industrial machinery, as it intends to harden a crackdown on imports of sub-standard products. The move is part of the Ministry's drive to formulate standards/technical regulations or put in place QCOs for 371 key products in the first phase. Imports of these products were to the tune of \$128 billion, or a fourth of the total purchases from overseas, in FY19, well before the pandemic struck. Of the 371 products identified by the commerce ministry, 71 have been allocated to the department for the promotion of industry and internal trade (DPIIT) for the issuance of QCOs. Of these, the DPIIT has notified QCOs for 26 items and the remaining 45 are under consideration.
- **Exports from SEZs up 41.5 per cent to Rs 2.15 lakh crore during Apr-June 2021:-** Exports from special economic zones (SEZs) grew by about 41.5 per cent to Rs 2.15 lakh crore during the April-June quarter of the current fiscal on account of healthy growth in pharmaceuticals, engineering, and gems and jewellery sectors, as per official data. SEZs are key export hubs which contribute about one-fourth of the country's total outbound shipments. According to commerce ministry data, exports from these zones dipped to Rs 7.56 lakh crore in 2020-21 as against Rs 7.97 lakh crore in 2019-20.
- **Consignments of dry fruits and spices from Afghanistan arrive in the Indian market:-** Traders of dry fruits and spices in Mumbai and Delhi seemed relieved as consignments of raisins, small pistachios, apricot, figs,

asafoetida and shah jeera from Afghanistan that were lying in transit at the Wagah border have arrived in the market after the Indian government gave clearance. Though the consignments comprise only small quantities of dry fruits and spices, those will still help meet demand during the upcoming Ganesh Chaturthi and Navratri festivals.

- **Any further cut in average GST rate to adversely impact Centre, states' spending**:- Once the pandemic settles down, the GST Council can merge the tax rates from the existing four slabs to three slabs so that the compliance burden is minimised for the taxpayers and ensure that there is no revenue loss to the Government, opines Shri Biswarup Basu, president, Institute of Cost Accountants of India. He said that in the disruptive post-Covid scenario, cost & management accounting has acquired prime spot to ensure survival, continuity and sustainability of a business.
- **Niti Aayog suggests tax incentives for investment in InvITs**:- Niti Aayog has suggested to the Government to provide tax incentives for investment in InvITs, and bring them under the IBC to attract retail as well as institutional investors to achieve the goals of the National Monetisation Pipeline scheme. The Aayog in consultation with infra line ministries has prepared and released a report on National Monetisation Pipeline (NMP) this month. More tax-efficient and user-friendly mechanisms like allowing tax benefits in Infrastructure Investment Trust (InvITs) as eligible security to invest under Section 54EC of the Income-Tax Act, 1961, are important starting points for initiating retail participation in the instruments.
- **Gatishakti to ensure timely implementation of NIP projects; minimal cost overruns: Government official**:- The ambitious Rs 100 lakh crore-Gatishakti programme will provide the framework for timely implementation of the National Infrastructure Pipeline (NIP) initiative with minimal cost overruns, Hon'ble Road Transport Secretary Shri Giridhar Aramane said on 30th August 2021. A holistic infrastructure development programme that aims to boost employment opportunities and productivity of industries, Gatishakti was announced by Hon'ble Prime Minister Shri Narendra Modi during his Independence Day speech on August 15. The initiative is set to be launched in September.
- **MGNREGA work demand up: 77% of budget used up in five months**:- Demand for work under the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) continues to be robust in the first five months of the current fiscal year (2021-22, or FY22). The numbers are still lower than 2020-21, which was an unusual year for MGNREGA work demand due to the nationwide lockdown and unprecedented migration of workers from cities to villages. But compared to the pre-pandemic 2019-20 (FY20), experts say demand still shows a spike. This, claim activists, is a strong signal.
- **GDP growth rate at 20.1% in Q1 FY 2022: Estimates of Gross Domestic Product for the First Quarter (April-June) of 2021-22**: GDP at Constant (2011-12) Prices in Q1 of FY2021-22 stands at Rs 32.38 lakh crore, as against Rs 26.95 lakh crore in Q1 of 2020-21, showing an increase of 20.1%. Quarterly GVA at Constant (2011-12) Prices in Q1 FY2022 has attained a level of Rs 30.48 lakh crore, as against Rs 25.66 lakh crore in Q1 of 2020-21. The Q1 FY 2021-22 GDP growth rate stands at 20.1%, of which growth rate of Agriculture, forestry & fishing stands at 4.5%, Mining & quarrying at 18.6%, Manufacturing at 49.6%, Electricity, gas, water supply & other utility services at 14.3%, Construction at 68.3%, Trade, hotels, transport, communication & services related to broadcasting at 34.3%, Financial, real estate & professional services at 3.7% and Public administration, defence & other services at 5.8%.
- **July 2021 Core infra growth stands at 9.4%**: The core infrastructure growth stands at 9.4% in July 2021 as compared to 9.3% in June 2021, 16.3% in May 2021, 62.6% in April 2021, 12.6% in March 2021, (-)3.3% in

February 2021, 1.3% in January 2021 and 0.4% in December 2020. The core infrastructure growth stood at (-)7.6% in July 2020. The cumulative growth of core infrastructure during April-July 2021-22 stands at 21.2% as compared to (-)19.8% in April-July 2020-21.

- **India's economy, slammed by COVID-19, needs its lost growth:-** The coronavirus continues to batter India's damaged economy, putting growing pressure on Prime Minister Narendra Modi to nurture a nascent recovery and get the country back to work. The coronavirus, which has struck in two waves, has killed hundreds of thousands of people and at times has brought cities to a halt. Infections and deaths have eased, and the country is returning to work. Economists predict that growth could surge in the second half of the year on paper. Economic output was 9.2% lower for the April-through-June period this year than what it was for the same period in 2019, according to India Ratings, a credit ratings agency.
- **India poised for stronger growth on structural reforms, Government capex push, says Hon'ble Chief Economic Advisor Dr KV Subramanian :-** India's macroeconomic fundamentals are much stronger, and the country is all set for robust growth on the back of structural reforms, the government's capex push and rapid vaccination, Hon'ble Chief Economic Advisor Dr KV Subramanian said on 31st August 2021. India's economic growth surged to 20.1 per cent in the April-June quarter of this fiscal, helped by a low base in the year-ago period, amid a devastating second wave of the COVID-19. The gross domestic product (GDP) had contracted by 24.4 per cent in the corresponding April-June quarter of 2020-21, according to data released by the National Statistical Office (NSO) on 31st August 2021.
- **April-July FY22: Centre reins in fiscal deficit at 21% of BE:-** The Centre's fiscal deficit in the first four months of this fiscal came in at only 21.3% of the full-year budget estimate (BE), the lowest in 11 years, thanks to curbs on expenditure and a rise in tax and non-tax revenue collection. The fiscal deficit was 103.1% of the corresponding annual target in the April-July period of FY21. Despite the announcement of the relief package in June, the fiscal cost of which is estimated at around Rs 1.5 lakh crore, the deficit target of 6.8% of GDP for FY22 would be met, given the possibility of revenue receipts exceeding the budget estimate and expenditure rationalization.
- **Gross Bank Credit growth stands at 6.1% in July 2021:-** Gross bank credit growth (year-on-year) stands at 6.1% in July 2021 as compared to 6.5% in July 2020. Gross bank credit y-o-y growth stood at 5.8% in June 2021. On a year-on-year (y-o-y) basis, non-food bank credit growth stood at 6.2% in July 2021 as compared to 6.4% in July 2020. Credit to agriculture and allied activities continued to perform well, registering an accelerated growth of 12.4% in July 2021 as compared to 5.4% in July 2020. Credit growth to industry remained subdued at 1.0% in July 2021 vis-à-vis 0.9% in July 2020. Credit growth to the services sector slowed to 2.7% in July 2021 from 12.2% in July 2020. Personal loans registered an accelerated growth of 11.2% in July 2021 as compared to 9.0% a year ago.
- **Covid loan scheme: Hon'ble Finance minister calls for speedy implementation:-** Hon'ble Finance minister Smt Nirmala Sitharaman on 31st August 2021 called for expeditious implementation of the Rs 50,000-crore loan guarantee scheme for covid-affected sectors. The programme was announced in late June, as part of the Rs 6.29-lakh-crore relief package, to bolster healthcare infrastructure in non-metros to prepare for any exigency if a third Covid wave hits the country.
- **Expected 5-7% duty remission rates for handicrafts under RoDTEP: Exporter body:-** The Export Promotion Council for Handicrafts (EPCH) has said that it expected the duty benefit rates for handicraft exports between 5-7% under the Remission of Duties and Taxes on Exported Products (RoDTEP) scheme, similar to

the incentives they received in the erstwhile Merchandise Export from India Scheme (MEIS). The remission rates for handicrafts in RoDTEP are in the 0.01-2.4% range.

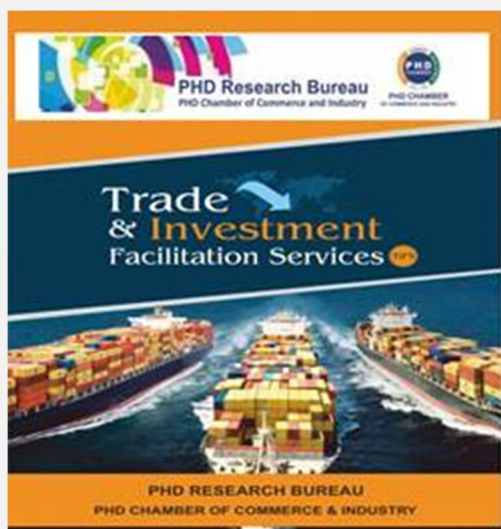
- **August rainfall remains 24% below normal:-** Worries about patchy rains hitting the country's food grain output and farmers' income re-emerged after monsoon rainfall in crucial August remained 24% below normal. However, given that crop sowing until August 27 was just 2% lower than a year ago and distribution in key grain-producing regions remained good, thanks to plentiful showers earlier in the season, some analysts expect a good Kharif harvest this year, even if not a better one than last year.
- **Work under rural jobs scheme at 16-month low in August:-** Work generated under Mgnrega fell to its lowest in the last 16 months in August to 158.5 million person days. This is 58% lower than July 2021 when it stood at 380 million. Number of households benefiting from the scheme also came down by 43% to 15.2 million compared to 24.5 million in July. The fall in work generation in August is in line with fall in demand for work under the scheme, indicating an uptick in economic activity prompting workers to move from rural to urban areas for work.
- **GST Revenue collection for August 2021** - The gross GST revenue collected in the month of August 2021 is ₹ 1,12,020 crore of which CGST is ₹ 20,522 crore, SGST is ₹ 26,605 crore, IGST is ₹ 56,247 crore (including ₹ 26,884 crore collected on import of goods) and Cess is ₹ 8,646 crore (including ₹ 646 crore collected on import of goods). The revenues for the month of August 2021 are 30% higher than the GST revenues in the same month last year. GST collection, after posting above Rs. 1 lakh crore mark for nine months in a row, dropped below Rs. 1 lakh crore in June 2021 due to the second wave of covid. With the easing out of COVID restrictions, GST collection for July and August 2021 have again crossed ₹1 lakh crore, which clearly indicates that the economy is recovering at a fast pace.
- **Manufacturing growth slows in August, PMI at 52.3** - Growth in manufacturing activities in the country slowed in August as input costs increased and concerns surrounding the damaging impact of Covid-19 on demand and firms' finances dampened business confidence, a private survey showed recently. The IHS Markit India Manufacturing Purchasing Managers' Index (PMI) was at 52.3 in August, down from 55.3 in July, indicating a softer rate of growth that was subdued in the context of historical survey data.
- **Confusion prevails over method to tax cryptocurrency gains** - The tax department as well as investors are in a quandary over how to calculate gains on cryptocurrency for taxation purposes, especially since tax laws flounder and conflict against certain regulations and tax is calculated on the value declared by the assessee.
- **Government success hinges on ability to build robust IT systems: CAG** - Country's top auditor, Comptroller and Auditor General of India (CAG) yesterday said that the success of governments will be measured by their agility in swift development of efficient and effective IT systems. CAG Girish Chandra Murmu noted that secure and reliable IT system has also entailed massive and rapid investments by governments and organisations to procure and implement IT hardware and systems.
- **India's power consumption up 18.6% to 129.51 billion units in August** - India's power consumption grew 18.6 per cent in August to 129.51 billion units (BU) and remained higher than the pre-COVID level due to improved economic activities amid easing of lockdown curbs by states, according to power ministry data. The country's power consumption in August last year stood at 109.21 BU, lower than 111.52 BU in the same month in 2019, as per the data.

- **Asia's factories hit by pandemic-related supply disruptions** - Asia's factory activity lost momentum in August as a resurgence in coronavirus cases disrupted supply chains across the region, raising concerns faltering manufacturing will add to economic woes caused by slumping consumption.
- **Exports up 45 per cent to USD 33.14 billion in August:** India's exports jumped 45.17 per cent to USD 33.14 billion in August on account of healthy growth in segments like engineering, petroleum products, gems and jewellery and chemicals, even as the trade deficit widened to USD 13.87 billion, according to the commerce ministry's provisional data. Imports in August rose 51.47 per cent to USD 47.01 billion, as against USD 31.03 billion in the corresponding month of 2020.
- **Exim Bank extends line of credit of USD 40 million to Maldives:** Export-Import Bank of India on Thursday said it has extended USD 40 million (around Rs 292 crore) worth of line of credit (LOC) to the Maldives government to provide finance for the development of sports infrastructure. With this, Exim Bank till date has extended five LOCs to Maldives, on behalf of the Indian government, taking the total value of LOCs to USD 1.33 billion, a release said.
- **India, UK agree investment boost at Economic and Financial Dialogue:** New steps to tackle climate change and boost investment were announced on Thursday at the 11th India-UK Economic and Financial Dialogue (EFD) between Finance Minister Nirmala Sitharaman and UK Chancellor Rishi Sunak, driving forward the bilateral agenda of an Enhanced Trade Partnership.
- **Virtual currencies: Government plans to bring a bill, Cryptos to be treated as commodity:** The government is planning to define cryptocurrencies in the new draft bill that also proposes to compartmentalise virtual currencies on the basis of their use cases, three people aware of the development told ET. Cryptocurrencies will be treated as an asset/commodity for all purposes, including taxation and as per user case — payments, investment or utility.
- **Government issues advisory to gram panchayats suggesting 'monetisation of assets':** With an aim to make them self-sustainable, the Centre has suggested that gram panchayats should deliberate on "assets' monetisation" which is the leasing of assets to raise their own revenue. The Department of Panchayati Raj, under the Ministry of Rural Development and Panchayati Raj, on August 16 issued an advisory suggesting a number of activities for gram panchayats across the country.
- **Indian ministries, states, companies to participate in Dubai Expo, multiple MoUs to be inked: Trade secretary:** Commerce Secretary B V R Subrahmanyam on Thursday said that a number of Indian states, union territories, government departments, startups and corporates will participate in the six-month Expo 2020 Dubai that would begin October 1. He said the India Pavilion at the expo will showcase the country's march to becoming a \$5 trillion economy and give a fillip to Indian business with a number of memorandum of understanding expected to be inked.
- **Finance Ministry notifies rules for calculating taxable interest in PF account:** The finance ministry has notified rules for calculation of taxable interest on employee contributions to provident fund of over Rs 2.5 lakh per annum. In her Budget for 2021-22, Sitharaman had capped the tax-free interest earned on provident fund contribution by employees and employers together to a maximum of Rs 2.5 lakh in a year in an attempt to dissuade high earners from parking their surplus in what is supposed to be the common man's retirement fund.

Newsletters

PHD Research Bureau has released newsletter on TIFS the month of August 2021, which aims to provide information on recent developments in India's foreign trade, foreign investments, policy developments, bilateral economic relations, trade agreements, WTO, among others.

TIFS NEWSLETTER FOR THE MONTH OF AUGUST 2021



Markets So Far

Indicators	Yearly			Monthly		Daily		
	2018	2019	2020	July 2021	August 2021	1 st September 2021	2 nd September 2021	3 rd September 2021
BSE SENSEX	36068	41253	47751	52694	55238	57338	57852	58129
GOLD (10 GRMS)	30600	34813	46985	47761	47119	47094	47098	46998
CRUDE OIL (1 BBL)	4437	4007.8	2966	5414	5047	4984	5132	5067
EXCHANGE RATE (INR/USD)	68	70.4	74.11	74.51	74.17	72.990	72.99	72.98

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

Warm Regards,

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