



Weekly Compendium of Economic and Business Developments

(Period ending 30th April, 2021)

PHD Research Bureau disseminated information to the members of PHD Chamber & other industry stakeholders on various economic and business developments at International, National and Sub-national arena such as India's GDP growth, Setting up of a control room to monitor the issues of internal trade, Extension of Emergency credit line Guarantee scheme, operationalization of DGFT COVID Help Desk, Amendment in the import policy among others. The details of disseminated information during the week ending 30th April 2021 are appended.

India and World Economy

- **India's GDP is expected to expand at 7 % for FY2022:** Asian Development Bank Report: Growth is gaining momentum across developing Asia, but renewed COVID-19 outbreaks show the pandemic is still a threat. Even so, the region's economic revival is underway, supported by a healthy global recovery and progress on vaccines. The region's growth is forecast to rebound to 7.3% in 2021, moderating to 5.3% in 2022. Excluding high income newly industrialized economies, growth of 7.7% is forecast for this year and 5.6% for next year. Headline inflation—after a marginal decline in 2020—is projected to fall to 2.3% in 2021 on easing food-price pressures, with prices expected to rise by 2.7% in 2022. Stifled by domestic lockdowns and a global recession, consumption and investment dragged down output in most economies. South Asia posted the largest contraction on the back of an 8.0% fall in India's gross domestic product (GDP). Southeast Asia also shrank substantially, led by contractions of 9.6% in the Philippines and 6.1% in Thailand.
- **Setting up of a Control Room in DPIIT to monitor the issues of internal trade, manufacturing, delivery & logistics of essential commodities during COVID pandemic:** It has been decided to monitor the status of transportation and delivery of goods, manufacturing, delivery of essential commodities to common man and the difficulties being faced by various stakeholders due to current COVID restrictions imposed by various states/UTs governments in view of the surge of COVID 19 cases. In the event of any manufacturing, transportation, distributing, wholesale or e-commerce companies facing difficulties in transportation and distribution of goods or mobilization of resources the same may be informed to this department at the following telephonenumber/email: Telephone: +911123062383, 23062975 Email: dpiit-controlroom@gov.in.

Banking & Finance

- **Emergency credit Line Guarantee Scheme [ECLGS] Modification in ECLGS 2.0:-**This is in reference to the letter Ref No. 0007/NCGTC/ECLGS dated April 1, 2021 introducing certain modifications in the Operating guidelines of ECLGS and extending the last date of scheme till June 30, 2021 or till guarantees for an amount of {3 lakh crore are issued by NCGTC, whichever is earlier. This is to inform that the ECLGS 2.0 component of ECLGS has been expanded to allow coverage to SMA-1 borrowers also [i.e. borrowers with days past due as on 29.02.2020 above 30 days and upto 60 days] within its scope, other conditions remaining unchanged.
- **Committee on Asset Reconstruction Companies invites views and suggestions from stakeholders:-**On April 7, 2021, the Reserve Bank of India had announced setting up of a Committee to undertake a comprehensive review of the working of Asset Reconstruction Companies (ARCs) in the financial sector ecosystem and recommend suitable measures for enabling such entities to meet the growing requirements of the financial sector. Accordingly, a Press Release dated April 19, 2021 has been issued regarding constitution of the Committee under the chairmanship of Shri Sudarshan Sen, former Executive Director, Reserve Bank of India.

Trade

- **Operationalization of DGFT 'COVID-19 Helpdesk' for International Trade related Issues:-**Department of Commerce, Government of India and Directorate General of Foreign Trade(DGFT) have undertaken to monitor the status of exports and imports, and difficulties being faced by trade stakeholders in view of the surge of COVID-19 cases. DGFT has accordingly operationalized a 'COVID-19 Helpdesk' to support and seek suitable resolutions to issues arising in respect of International Trade. This 'COVID-19 Helpdesk' would look into issues relating to Department of Commerce/DGFT, Import and Export Licensing Issues, Customs clearance delays and complexities arising thereon, Import/Export documentation issues, Banking matters etc. Helpdesk would also collect and collate trade related issues concerning other Ministries/Departments/Agencies of Central Government and State Governments and will co-ordinate to seek their support and provide possible resolution.
- **Anti-dumping duty on imports of Polytetrafluoroethylene (PTFE) Products:-**The Central Government seeks to levied anti-dumping duty on imports of Polytetrafluoroethylene (PTFE) Products originating in or exported from China PR to prevent the circumvention of antidumping duty levied on Polytetrafluoroethylene (PTFE) originating in or exported from China PR vide notification No. 36/2017-Customs(ADD) dated 28 July, 2017.
- **Amendment in the import policy of Melon Seeds and Mosquito killer racket:-**Amendment in the import policy of Melon Seeds- Import policy of Melon Seeds falling under HS Code 12077090 has been revised from 'Free' to 'Restricted' subject to the revised policy condition. Notification can be access at:<https://content.dgft.gov.in/Website/dgftprod/99ade9aa-8c4c-4900-ad58-26d0daad779b/Notificaiton%20No.3%20english.pdf>.Amendment in the import policy and incorporation of a Policy Condition- Import policy of mosquito killer racket under HS Codes 85167920 and 85167990 is

revised from 'Free' to 'Prohibited' if C.I.F value is below Rs 121/per racket. Notification can be access at: <https://content.dgft.gov.in/Website/dgftprod/f42639ef-fe8b-4eb9-8558-435bf44f09ac/Notification%20No.2%20english.pdf>

- **India's Organic food products exports rise by more than 50 per cent in 2020-21 despite COVID-19 challenges:-**India's export of Organic food products rose by 51% in terms of value (USD Million), to USD 1040 million (Rs 7078 crores) during financial year 2020-21 compared to the previous fiscal (2019-20).In terms of quantity, the exports of organic food products grew by 39% to 888,179 metric tonne (MT) during FY 2020-21 compared to 638,998 MT shipped in 2019-20. The growth in organic products has been achieved despite logistical and operational challenges posed by the COVID19 pandemic .Oil cake meal has been a major commodity of the organic product exports from the country followed by oil seeds, fruit pulps and purees, cereals & millets, spices & condiments, tea, medicinal plant products, dry fruits, sugar, pulses, coffee, essential Oil etc.India's organic products have been exported to 58 countries including USA, European Union, Canada, Great Britain, Australia, Switzerland, Israel, South Korea .
- **Anti-dumping duty imposed on the imports of Toluene Di-isocyanate (TDI) and 1-phenyl-3-methyl-5-Pyrazolone:-**The Central Government Seeks to impose definitive anti-dumping duty on imports of Toluene Di-isocyanate (TDI) having isomer content in the ratio of 80:20, originating in or exported from European Union, Saudi Arabia, Chinese Taipei and UAE, for a period of 5 years from the date of imposition of provisional ADD, i.e. 2nd Dec, 2020. Notification can be access at:<https://www.cbic.gov.in/resources//htdocs-cbec/customs/cs-act/notifications/notfns-2021/cs-add2021/csadd28-2021.pdf>.The Central Government Seeks to impose definitive anti-dumping duty on import of 1-phenyl-3-methyl-5-Pyrazolone originating in or exported from China PR for a period of 5 years from the date of imposition of provisional ADD, i.e. 9th June, 2020.
- **Exemption of custom duty and health cess on import of oxygen and oxygen related equipment:-**The central government seeks to exempt custom duty and health cess on import of oxygen, oxygen related equipment and COVID- 19 vaccines, up to 31st July, 2021
- **Cabinet approves Agreement between the Government of India and the Government of the United Kingdom of Great Britain and Northern Ireland on Customs Cooperation and Mutual Administrative Assistance in Customs Matters:-**The Cabinet, chaired by Hon'ble Prime Minister Shri Narendra Modi, has approved the signing and ratification of an Agreement between the Government of Republic of India and the Government of the United Kingdom of Great Britain and Northern Ireland on Customs Cooperation and Mutual Administrative Assistance in Customs Matters.The Agreement will help in the availability of relevant information for the prevention and investigation of Customs offences. The Agreement is also expected to facilitate trade and ensure efficient clearance of goods traded between the countries

Our Voice

Though many parts of the country have seen an emergence of the second wave of the COVID virus, the measures taken by both the central and the respective state governments would prove to be very effective and the nation would emerge out of the pandemic very soon. The Hon'ble Finance Minister had said that the Government is taking all necessary steps to ensure adequate availability of hospital beds, medicines, oxygen

etc across the nation. The Finance Minister also mentioned that urgent efforts are being made to increase Covid-19 vaccine production in the country and to arrange for imports also to vaccinate nation's population in the shortest time possible.

The Government is not going to impose any National Lockdown which may harm the economy and that the states may impose lockdowns locally as needed. The central government's mass vaccination drive like the Tika Utsav along with the measures taken by states like Maharashtra and Delhi would help in curbing the spread of the virus. A very high component of young population which shall help mitigate the risk of the virus. The nation needs to focus on setting up mini containment zones in areas suffering high infection rates with effective medical focus rather than implementing a national wide lockdown. Sectors like manufacturing, services, and construction would have been negatively impacted if the government had decided to implement a complete national lockdown. There is a need for a normalization of all kinds of economic activity as the rollout of the COVID 19 vaccines gathers pace.

Hon'ble Finance Minister Smt. Nirmala Sitharaman during her interaction with PHD chamber of commerce and Industry stated that the Government is working arduously for smooth co-ordination between States, hospitals and suppliers of oxygen and vaccines to give relief to people in fight against COVID-19 pandemic- Provision of oxygen, vaccines and their logistics to people affected by coronavirus being ensured, given the recent surge in cases of COVID-19 pandemic across the country. Smt. Sitharaman mentioned that the Government is reviewing and monitoring the situation regularly and working arduously for a better co-ordination between States, hospitals and suppliers of oxygen and vaccines to match the demand and supply in the country. The Finance Minister stated that the Prime Minister himself is monitoring the situation with eminent doctors and vaccine manufacturers. The import of vaccines, certified by international bodies has been allowed in India; support is being extended to manufacturers by the Government by way of giving advances and vaccination drive against coronavirus has been allowed for people aged 18 years and above from 1st May 2021. Smt. Sitharaman said a slew of announcements have been made in regard to the drug Remdesivir and custom duty has been waived and quantity for export has been held back for use in country considering the requirement of Remdesivir injection.

Economic activity consolidates at pre-COVID levels in Q4 2020-21, Government should act swiftly to provide substantial stimulus and reform measures to support emerging growth scenario. With sharp recovery in the key economic and business indicators in the Q3 FY 2020-21, the economy has returned to the pre-COVID levels in Q4 2020-21, Second wave of Covid-19 has struck like a storm throughout the country. The impact is more than the previous wave in 2020.

The Central Government had last year acted swiftly to mitigate the daunting impact of Covid pandemic with a great support to people, trade and industry, the same steps are needed at this juncture once again. PHDCCI Economic & Business Momentum (EBM) Index of the 25 lead economic and business indicators has improved to the level of 99.4 in February 2021 at the base of 2018-19 = 100. On the basis of recent movement of PHDCCI EBM Index, PHD Chamber projects more than 1% growth rate of GDP in Q4 FY 2020-21. Calibrated measures are required at this juncture to maintain the growth momentum and to achieve an anticipated growth trajectory of a 11% GDP growth rate in FY 2021-22.

GDP growth rate at 0.4% for Q3 FY 2020-21 has been very much in line with our projections in the PHDCCI

Economic and Business Momentum (EBM) Index released on February 22, 2021, in which we had estimated that the GDP growth will be at around 0.1% to 1% in Q3 FY 2020-21. The quarterly movement of PHDCCI EBM Index and quarterly GDP growth rates are highly correlated at 0.9.

Lead economic and business indicators such as cement, steel, consumer durables, capital goods, GST collections, external commercial borrowings, FDI equity inflows and IIP Capital Goods have shown a marvelous improvement in the recent months. PHDCCI EBM (Economic and Business Momentum) Index has shown steady recovery from the lows of 78.3 in April 2020 to 85.7 in May 2020, 91.6 in June 2020, 95.5 in July 2020, 95.9 in August 2020, 96.5 in September 2020, 96.8 in October 2020, 98.4 in November 2020, 99.2 in December 2020, 99.7 in January 2021 and 99.4 in February 2021, with a base of 2018-19=100. The 25 indicators composite EBM Index of the February 2021 at 99.4 is very near the level of 100.3 in February 2020.

However, the EBM index during the period April –February of FY 2020-21 stands at 93.8 as compared with April –February FY 2019-2020 at 99.6. PHDCCI EBM Index is a composite index of 25 lead economic and business indicators with base year at 2018-19=100, which considers the demand and supply parameters to present a broad perspective of the economy. Out of the 25 lead economic and business indicators, 21 have shown a remarkable improvement in January 2021 from their lows of April 2020.

The growth trend of PHDCCI EBM Index suggests that economy has potential to accelerate a growth rate of 11% in the next financial year 2021-22 on the back of various effective and meaningful reforms undertaken by the Government. At this juncture, immediate policy attention is required towards credit access to industry and services sectors. Credit disbursement should be at the top priority at this juncture by the banking sector.

The focus should be on ensuring provision of hassle free disbursements of loans vis-à-vis enhanced liquidity for MSMEs, especially in rural sectors. The Central Government had last year extended the timelines for compliances under various corporate laws such as Companies Act, 2013, SEBI Act and Regulations and GST & Income tax provisions, the same extensions are required this year also. Going ahead, policy measures are needed to support demand creation and to have a multiplier effect on enhanced production possibilities, expansion of employment in factories, expansion of capital investments and overall virtuous circle of growth and development of Indian economy.

The increased spending on infrastructure will give a multiplier effect to rejuvenate the aggregate demand in the economy and to mitigate the daunting impact of COVID-19 on the economy. Undoubtedly, robust growth of infrastructure is the key ingredient to realize the vision of Aatmanirbhar Bharat.

Also, there is a need to lower interest rates for consumers and businesses, lesser compliances for MSMEs vis-à-vis ease of doing business at the ground level and a lower tax regime to increase the personal disposable income of the people.

PHDCCI EBMI (Economic and Business Momentum Index) is a composite index of lead economic and business indicators including IIP Consumer durable goods, IIP Consumer non-durable goods, IIP Capital Goods, IIP Intermediate Goods, Coal, Crude Oil, Natural Gas, Petroleum Refinery Products, Fertilisers, Steel, Cement, Electricity, Consumption of Petroleum products, Export Merchandise, Export Services, India Freight Traffic, Credit to Agriculture, Credit to Industry, Credit to service sector, Personal Loans, GST Collections, SENSEX, FDI

Equity Inflows, External commercial borrowings and Unemployment.

Economy so far

- **Ind RA revises down India's FY22 GDP growth forecast to 10.1 per cent-** India Ratings and Research recently revised down India's FY22 real GDP growth forecast to 10.1 per cent, from earlier projection of 10.4 per cent, citing the second wave of COVID-19 infections and slower pace of vaccination. At a time when large parts of the country are experiencing tremendous pressure on medical infrastructure, the agency said it expects the second wave to start subsiding by mid-May.
- **World's fastest recovery outlook at risk as virus sweeps India-** Recently, the International Monetary Fund upgraded India's economic growth forecast to 12.5% -- the quickest rate among major economies. Now, as Covid-19 cases surge the most globally, that bullish view is looking increasingly in doubt. In Delhi, India's political capital, the streets are mostly empty and the markets nearly deserted with almost all shops closed in response to curbs put in place by the local administration to fight the pandemic.
- **Customs duty waiver for Oxygen, Oxygen equipment and Covid19 vaccines-** India recently waived basic customs duty and health cess on imports of oxygen, oxygen equipment and covid19 vaccines. The decision follows a meeting chaired by Hon'ble Prime Minister Narendra Modi to review steps to boost oxygen availability in the country. The country has been reeling under a severe oxygen shortage with multiple hospitals even in the national capital putting out SOS about supply running out and taking legal recourse
- **Richer nations in Asia-Pacific may recover faster than poorer counterparts post pandemic-** The richer countries in the Asia-Pacific region are likely to recover quickly from the impact of the corona virus pandemic than their poorer counterparts because of variation in degree of immunity, healthcare system and vaccine roll-out, according to a report.
- **States need to come on board for success of PLIs: MAIT:-** Besides incentives, manufacturers also need infrastructure on ground for the successful implementation of the PLI scheme for which states need to come on board, a senior official of industry body MAIT said. The Manufacturers' Association of Information Technology (MAIT), whose members include Apple, Dell, Lenovo, Cisco and HP, said single-window clearance system in several states has become an additional window, which makes investors to run after individual departments for clearances.
- **India's economy holding up well against COVID-19 surge, says RBI:-**India's economic activity has held up well against the recent spike in COVID-19 cases but the rise in infections risks protracted restrictions and inflationary pressures, the central bank (RBI) said in its monthly bulletin on Monday. It is noteworthy that economic activity in India is holding up admirably against COVID-19's renewed onslaught," the RBI said. Apart from contact-intensive sectors, activity indicators largely remained resilient in March and grew beyond pre-pandemic.
- **Customs expeditiously clearing Covid medical equipment imports from China:-**The second wave of the

pandemic has brought a change to the way India's customs department has been clearing Chinese medical equipment, especially devices used in the treatment and monitoring of Covid-19 patients. Equipment such as oxygen concentrators, oximeters, ventilators, PPE kits and thermometers are being cleared on a priority and emergency basis, importers said. But non-medical devices coming from China continue to face delayed clearances, as has been the case since last year far.

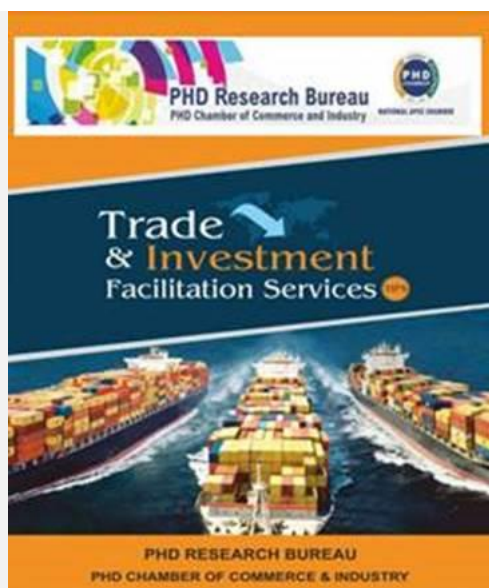
- **India in talks with Aus, NZ, Japan to ink pact to mutually recognise organic products conformity norms-** India is in talks with Taiwan, Japan, Australia, UAE and New Zealand to achieve Mutual Recognition Agreements for exports of organic products, the government said Tuesday, adding that the outbound shipments of the country's organic food products rose 51% in FY21 to \$1.04 billion.
- **Many Indian companies face customs duty, IGST on fake goods from China-** Many Indian companies procuring raw material from China have been instead delivered chemicals mixed with water, chalk powder and paper by their suppliers. To make matters worse, they are charged customs duty and IGST based on the actual invoice.
- **Government allows biz to verify monthly GST returns through EVC till May 31-** The government has allowed businesses to verify through electronic verification code monthly GST returns filed till May 31. In a notification, the Central Board of Indirect Taxes and Customs (CBIC) said any registered person during the period from April 21, 2021, to May 31, 2021, will be allowed to furnish the return in Form GSTR-3B and details of outward supplies in Form GSTR-1 verified through electronic verification code (EVC)
- **India imposes anti-dumping duty on chemical from four regions-** India has imposed anti-dumping duty on imports of a chemical used in foam making from four regions, including the EU and Saudi Arabia, for five years to guard domestic players from cheap shipments. The duty was imposed following recommendation of the commerce ministry's investigation arm Directorate General of Trade Remedies (DGTR), which conducted a probe into alleged dumping of 'Toluene Di-Isocyanate' from the EU, Saudi Arabia, Chinese Taipei and the UAE

Newsletters/ Studies

PHD Research Bureau released newsletter on Trade and Investment Facilitation Services (TIFS) Edition February-March 2021 that provides information on recent developments in India's foreign trade, foreign investments, policy developments, bilateral economic relations, trade agreements, WTO, among others.

<https://www.phdcci.in/wp-content/uploads/2021/05/Trade-and-Investment-Facilitation-Services-TIFS-Newsletter-April-2021-Edition.pdf>

[TIFS Newsletter for the month of April](https://www.phdcci.in/wp-content/uploads/2021/05/Trade-and-Investment-Facilitation-Services-TIFS-Newsletter-April-2021-Edition.pdf)



Markets So Far

Indicators	Yearly			Monthly		Daily		
	2018	2019	2020	March 2021	April 2021	28th April 2021	29th April 2021	30th April 2021
BSE SENSEX	36068	41253	47751	50100	48878	49734	49766	48782
GOLD (10 GRMS)	30600	34813	46985	44668	46715	47569	47569	47569
CRUDE OIL (1 BBL)	4437	4007.8	2966	4532	4595	4758	4803	4699
EXCHANGE RATE (INR/USD)	68	70.4	74.11	72.78	74.57	74.49	74.10	74.05

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 Kranti Marg, New Delhi-110016, India

Tel: +91 49545454

Fax: +91 11 26855450

Email: spsharma@phdcci.in

Website: www.phdcci.in

Follow us on



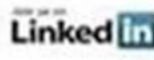


"Towards Building Aatmanirbhar Bharat"



PHD House, 4/2 Sri Institutional Area, August Kranti Marg, New Delhi - 110 016 (India) • Tel. : +91-11-2686 3801-04, 49545434, 49545400
Fax : +91-11-2685 5450, 49545451 • E-mail : phdcci@phdcci.in • Website : www.phdcci.in, CIN: U74899DL1951GAJ001947

Connect with us:



COPYRIGHT: All rights reserved. No part of this publication/Release may be reproduced, distributed, or transmitted in any form or by any means, without the prior written permission of the publisher. For permission requests, write to the publisher.

DISCLAIMER: This message and its attachments contain confidential information. If you are not the intended recipient, you are strictly prohibited to disclose, copy, distribute or take any action in reliance on the contents of this information. E-mail transmission cannot be guaranteed to be secure or error-free, as information could be intercepted, corrupted, lost, destroyed, arrive late or incomplete, or contain viruses. The sender therefore does not accept liability for any errors or omissions in the contents of this message, which arise as a result of e-mail transmission. If verification is required please request a hard-copy version.