Weekly Compendium of Economic and Business Developments

(Period ending December 5, 2020)

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 for Q2 FY2021, October 2020 Fiscal Deficit, October 2020 Core infra, SOP released by Health Ministry on Preventive Measures in Markets, extension of Emergency Credit Line Guarantee Scheme, decision of keeping repo rate unchanged at 4% in RBI Monetary Policy Committee Meeting, Gross Bank Credit growth in October 2020, GST Revenue collection for November 2020, MoU signed between India and USA on Intellectual Property cooperation, FDI inflows in India during Q2 2020-21, among others. The details of disseminated information during the week ending 5th December 2020 are appended.

India and World Economy

- **India's GDP growth stands at (-)7.5% in Q2 FY2021-**GDP at Constant (2011-12) Prices in Q2 of FY2020-21 is estimated at Rs 33.14 lakh crore, as against Rs 35.84 lakh crore in Q2 of 2019-20, showing a contraction of 7.5%. GDP at Current Prices in the year Q2 2020-21 is estimated at Rs 47.22 lakh crore, as against Rs 49.21 lakh crore in Q2 2019-20, showing a contraction of 4% as compared to 5.9% growth in Q2 2019-20. GVA at Basic Price at Current Prices in Q2 2020-21, is estimated at Rs 42.8 lakh crore, as against Rs 44.66 lakh crore in Q2 2019-20, showing a contraction of 4.2%.
- **October 2020 Fiscal Deficit stands at 119.7% of actuals to Bes-** The gross fiscal deficit of the Central government stands at 119.7% of the actuals to budget estimates (BEs) in October2020 as compared to 102.4% of the actuals to budget estimates in the corresponding period of the previous year. The primary deficit and revenue deficit stands at 703.1% and 126.7% of the actuals to budget estimates in October 2020 as compared to 995.4% and 112.5% of the actuals to budget estimates in the corresponding period of the previous year.
- **October 2020 Core infra stands at (-)2.5%-** The core infrastructure growth stands at (-)2.5% in October 2020 as against (-)0.1% in September 2020. The cumulative growth of core infrastructure during April-October 2020-21 stands at (-)13% as compared to 0.3% in April-October 2019-20. The growth rate of Coal stands at 11.6%, Crude Oil at (-)6.2%, Natural Gas at (-)8.6%, Refinery Products at(-)17%, Fertilizers at 6.3%, Steel at (-)2.7%, Cement at 2.8% and Electricity at 10.5% in October 2020 as compared to 21.2%, (-)6%, (-)10.6%, (-)9.5%, 7.3%, (-)0.3%, 2.8%, (-)3.5% and 4.8% in September 2020, respectively.
- **Health Ministry releases SOP on Preventive Measures in Markets to contain spread of COVID-19-** Ministry of Health & Family Welfare has issued Standard operating Procedures (SOPs) on the preventive and precautionary measures to be followed to contain the spread of COVID19 in the country. This document outlines various generic precautionary measures to be adopted in addition to specific measures to be ensured at marketplaces to prevent spread of COVID-19. These guidelines shall be

applicable to both retail and wholesale markets. Some of the bigger markets may also have malls/ hyper/ supermarkets in them.

- **ADB, India sign $132.8 million loan to strengthen Meghalaya's power distribution Sector-** The Asian Development Bank (ADB) and the Government of India today signed a $132.8 million loan to strengthen and modernize the distribution network and improve the quality of power supplied to households, industries, and businesses in India's northeastern state of Meghalaya.
- **Extension of Emergency Credit Line Guarantee Scheme through ECLGS 2.0 for the 26 sectors identified by the Kamath Committee and the healthcare sector-** The Government has extended Emergency Credit Line Guarantee Scheme (ECLGS) through ECLGS 2.0 for the 26 sectors identified by the Kamath Committee and the healthcare sector. Under ECLGS 2.0 entities with outstanding credit above Rs. 50 crore and not exceeding Rs. 500 crore as on 29.2.2020, which were less than or equal to 30 days past due as on 29.2.2020 are eligible. These entities/borrower accounts shall be eligible for additional funding up to 20 per cent (which could be fund based or non-fund based or both) of their total outstanding credit (fund based only) as a collateral free Guaranteed Emergency Credit Line (GECL), which would be fully guaranteed by National Credit Guarantee Trustee Company Limited (NCGTC). The loans provided under ECLGS 2.0 will have a 5-year tenor, with a 12-month moratorium on repayment of principal.
- **NITI Aayog releases 'Mitigation and Management of Covid-19: Practices from India's States & UTs'-** NITI Aayog released a compendium of practices from states and union territories that details information about various initiatives implemented by states, districts, and cities in India for containing and managing the Covid-19 outbreak. Over the past several months, the world has been facing an unprecedented public health crisis in the form of Covid-19. States and union territories have been equal partners of the Central Government in managing the Covid-19 outbreak in the country.
- **Decisions taken by the Union Cabinet-Cabinet approves Memorandum of Understanding on cooperation in the field of Physical Culture and Sport among BRICS Countries**; Cabinet approves Capital infusion into NIIF Infrastructure Debt Financing Platform comprising Aseem Infrastructure Finance Limited and NIIF Infrastructure Finance Limited
- **RBI issues directions for Establishment of Branch Office (BO) / Liaison Office (LO) / Project Office (PO) or any other place of business in India by foreign law firms**- RBI has invited attention of the Authorised Dealer (AD - Category I) banks to AP (DIR Series) Circular No. 23 dated October 29, 2015, on the above issue advising that no fresh permissions/ renewal of permission shall be granted by the Reserve Bank/AD Category-I banks to any foreign law firm for opening of Liaison Office in India, till the policy is reviewed based on, among others, final disposal of the matter by the Hon'ble Supreme Court.

Finance

- **RBI keeps Repo Rate unchanged at 4% in its Monetary Policy Committee Meeting-** On the basis of an assessment of the current and evolving macroeconomic situation, the Monetary Policy Committee (MPC) at its meeting today (December 4, 2020) decided to keep the policy repo rate under the liquidity adjustment facility (LAF) unchanged at 4.0 per cent. Consequently, the reverse repo rate under the LAF remains unchanged at 3.35 per cent and the marginal standing facility (MSF) rate and the Bank Rate at 4.25 per cent. The MPC also decided to continue with the accommodative stance as long as necessary – at least during the current financial year and into the next financial year – to revive growth on a durable basis and mitigate the impact of COVID-19 on the economy, while ensuring that inflation remains within the target going forward.

- **Gross Bank Credit growth stands at 5.5% in October 2020-** Gross bank credit growth (year-on-year) stands at 5.5% in October, 2020 as against 5.8% in September, 2020. On a year-on-year (y-o-y) basis, non-food bank credit growth decelerated to 5.6 per cent in October 2020 from 8.3 per cent in October 2019.
- **GST Revenue collection for November 2020 stands at Rs 1,04,963 crore-** The gross GST revenue collected in the month of November is Rs 1,04,963 crore of which CGST is Rs 19,189 crore, SGST is Rs 25,540 crore, IGST is Rs 51,992 crore (including Rs 22,078 crore collected on import of goods) and Cess is Rs 8,242 crore (including Rs 809 crore collected on import of goods). The total number of GSTR-3B Returns filed for the month of November up to 30th November 2020 is 82 lakhs.

Foreign Affairs and Trade

- **India, USA sign MoU on Intellectual Property cooperation-** Department for Promotion of Industry and Internal Trade (DPIIT), Ministry of Commerce and Industry has signed a Memorandum of Understanding (MoU), in the field of Intellectual Property Cooperation with the United States Patent and Trademark Office (USPTO), Department of Commerce of the United States of America. Dr. Guruprasad Mohapatra, Secretary, DPIIT and Mr. Andrei Iancu, Under Secretary of Commerce for Intellectual Property & Director, United States Patent and Trademark Office (USPTO) conducted a virtual signing ceremony for the same.
- **FDI inflows in India stands at USD 28 billion during Q2 2020-21-** The Total FDI inflows (Equity inflows + Re-invested earnings + Other capital) in India stands at USD 28 billion during Q2: July to September 2020-21. During April to September 2020-21, total FDI inflows stands at about USD 40 billion.
- **Standard Operating Procedure (SOP) for Processing FDI Proposals-** Ministry of Commerce & Industry Department of Industrial Policy & Promotion has notified Standard Operating Procedure (SOP) for processing FDI proposals. Standard Operating Procedure (SOP) for Processing FDI Proposals include the details on the broader heads: Online Filing of Application; Competent Authorities for Approval/ Rejection of Foreign Investment; Procedure for Processing of Applications Seeking Approval for Foreign Investment; Time Limits; Monitoring & Review

Our Voice

We welcome the accommodative policy stance by RBI, H2 FY2021 growth projections inspiring: PHD Chamber- The continued accommodative stance by the Reserve Bank of India (RBI) in this very difficult time caused by pandemic COVID-19 is appreciable. The growth projections by the RBI, such as positive growth in H2 FY2021 and revised real GDP growth rate at (-)7.5%, are inspiring and will build confidence in the economic and business activities, going forward.

These growth projections by RBI are very encouraging and in line with our expectations as PHDCCI EBM Index (Economic and Business Momentum Index) released in November 2020 have projected that GDP growth will become positive from Q3 FY 2020-21 at around 0.1% to 2%, around 2% to 4% in Q4 FY 2020-21 and the overall growth for the FY 2020-21 is expected to contract by not more than 7.9% on the back of various effective reforms undertaken by the government during the last six months to lift the economy from the daunting impact of COVID-19. Rural resilience and pent-up of demand activity is supporting the economic activity at this juncture to rejuvenate it from the extreme lows caused by daunting impact of COVID-19.

RBI's Monetary Policy Committee (MPC) has decided to keep the repo rate unchanged at 4% and maintain accommodative stance as long as necessary this year and next financial year to revive growth, mitigate impact of COVID-19 and keep inflation within the target is appreciable. Reverse repo rate also remains unchanged at 3.35.

The GDP growth will become positive from Q3 FY 2020-21 at around 0.1% to 2% and around 2% to 4% in Q4 FY 2020-21 and the overall growth for the FY 2020-21 is expected to contract by not more than 7.9% on the back of various effective reforms undertaken by the government during the last six months to lift the economy from the daunting impact of COVID-19. The series of stimulus announcements by the Government in last 8 months, totaling to around Rs 29.9 lakh crore, are highly appreciable and will go a long way in our fight against the impact of COVID-19 on trade, industry and economy.

At this juncture, increased spending on infrastructure will have multiplier effects on the economic growth trajectory by boosting private investments, creating new employment opportunities in the sectors such as steel, cement and power and demand creation in the country. The planned Rs 111 lakh crore investment in the National Infrastructure Pipeline (NIP) has a great potential to boost the GDP growth of the country as correlation between the investment in infrastructure and economic growth is quite high. Going ahead, we expect accommodative stance to continue at least in next financial year and there is further cut in repo rate if inflation comes down.

PHDCCI Quick Economic Trends for November 2020; Economy turns from slow to steady in October and November, Q3 and Q4 GDP of FY 2021 seen in positive growth trajectory: PHD Chamber; High forex reserves, strong stock market, improvement in employment scenario indicate that recovery to become stronger in the coming months, says the industry body PHDCCI- There is high confidence that ongoing economic recovery which has turned to steady growth trajectory from the severe slowdown faced in Q1 FY 2020-21 caused by pandemic covid-19. Out of the 10 indicators of QET (Quick Economic Trends) of economic and business activity tracked by the industry body PHDCCI, 6 have performed positive of which foreign exchange reserves have shown a highest sequential growth of 11% in November 2020.

The economic reforms undertaken by the Government have instilled the expectations of a positive growth in Q3 FY2021 with robust resumption of the lost economic and business activity. 10 economic and business indicators of QET include demand and supply side indicators along with external sector and financial indicators. Economic and business indicators such as stock market, employment, railway freight, exchange rate, FOREX reserves and Nomura India Business Resumption Index (NIBRI) have shown positive sequential growth in November 2020 as compared with October 2020. Level of employment in the country is improving as unemployment has improved from 7% in October 2020 to 6.5% in November 2020.

However, indicators such as E way bill, passenger vehicle sales, manufacturing PMI and GST collection have shown sequential deceleration in November 2020 as compared to the previous month of October 2020. We believe that improvement in 6 economic and business indicators on sequential basis is a good indication that economy is in steady growth trajectory and moving in right direction. We appreciate that the government has taken very effective and meaningful reforms to rejuvenate economy from the daunting impact of Covid-19.

Going ahead, the Government's recent economic reform measures introduced under Aatmanirbhar Bharat 3.0 will have a multiplier effect on the economic growth trajectory through enhanced demand, job creation, increased private investments, escalated exports and growth of sectors that have strong backward and forward linkages. The recent reforms such as Production Linked Incentive Scheme for 10 champion sectors, Central Government's contribution of 24% of EPF wages (12%+12%) for establishments having upto 1000 employees and 12% (employee part) of EPF for establishments having more than 1000 employees for 2 years, income tax relief to developers and home buyers, among others, have potential to push the GDP growth in the positive trajectory of 0.1% to 2% in the Q3 FY 2020-21 and 2% to 4% in the Q4 FY 2020-21.

Provision of Rs 1.46 lakh crore under Production Linked Incentive Scheme for 10 champion sectors will help link India to global value chains, encourage exports, give companies a competitive edge in the global market and make India a global manufacturing hub in the coming times. Reforms such as emergency credit line for MSMEs, liquidity scheme and partial credit guarantee scheme 2.0 for NBFCs, extension of the credit linked subsidy scheme (CLSS) scheme till March 2021, structural reforms in growth promising sectors including coal, minerals, defence, airports and aerospace management, power, space sector, atomic energy sector and civil aviation, six months moratorium on term loans, among others, have made recovery sooner than expected.

At this juncture, demand creation along with increased spending on infrastructure will have multiplier effects on the economic growth trajectory by boosting private investments, creating new employment opportunities in the country, generating demand for commodities such as steel, cement and power. The planned Rs 111 lakh crore investment in the National Infrastructure Pipeline (NIP) has a great potential to boost the GDP growth of the country as correlation between the investment in infrastructure and economic growth is quite high.

Improvement in GDP from (-) 23.9% in Q1 to (-) 7.5% in Q2 inspiring, look forward to a positive growth in Q3 FY 2021 : PHD Chamber- Improvement in GDP in Q2 at (-)7.5% from (-) 23.9% in Q1 2020-21is appreciable. Meaningful reforms undertaken the by the Government since March 2020 are really appreciable which have given the direction to the economy to come back on track. The Q2 GDP has contracted by (-)7.5% due to decline in the growth rate of financial, real estate & professional services at (-)8.1% and public administration, defence & other services at (-)12.2%, mining & quarrying at (-)9.1%, manufacturing at 0.6%, electricity, gas, water supply & other utility services at + 4.4%, construction at (-)8.6%, trade, hotels, transport, communications & services related to broadcasting at (-)15.6%. The growth rate of agriculture, forestry & fishing has been consistent at + 3.4%.

Going ahead, the Government's focus on demand rejuvenating measures introduced under Aatmanirbhar Bharat 3.0 will have a multiplier effect on the economic growth trajectory through enhanced demand, job creation, increased private investments, escalated exports and growth of sectors that have strong backward and forward linkages in the coming quarters. The recent reforms announced by the Government such as Production Linked Incentive Scheme for 10 champion sectors, Central Government's contribution of 24% of EPF wages (12%+12%) for establishments having upto 1000 employees and 12% (employee part) of EPF for establishments having more than 1000 employees for 2 years, income tax relief to developers and home buyers, among others, have potential to push the GDP growth in the positive trajectory of 0.1% to 2% in the Q3 FY 2020-21 and 2% to 4% in the Q4 FY 2020-21.

The recovery in the key economic and business indicators on the back of a series of stimulus announcements by the Government in last 8 months, totalling to around Rs 29.9 lakh crore, will go a long way in our fight against the pandemic impact of COVID-19 on trade, industry and economy. The economic reforms undertaken by the Government have instilled the expectations of a strong, sustainable and even positive growth in Q3 FY2021 with robust resumption of the lost economic activity. Provision of Rs 1.46 lakh crore under Production Linked Incentive Scheme for 10 champion sectors will help link India to global value chains, encourage exports, give companies a competitive edge in the global market and make India a global manufacturing hub in the coming times.

The series of stimulus announcements by the Government under the AatnmaNirbhar Bharat Abhiyaan 1.0, 2.0 and 3.0 along with the measures undertaken by the RBI has taken the total of stimulus package to the level of around Rs 30 lakh crores. Reforms such as emergency credit line for MSMEs, liquidity scheme and partial credit guarantee scheme 2.0 for NBFCs, extension of the credit linked subsidy scheme (CLSS) scheme till March 2021, structural reforms in growth promising sectors including coal, minerals, defence, airports and aerospace management, power, space sector, atomic energy sector and civil aviation, six months moratorium on term loans, among others, have made recovery sooner than expected.

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FTA with USA will be a major breakthrough to double India-USA bilateral trade to USD 300 billion by FY 2025-26: PHD Chamber; FTA with USA will be gainful as compared with RCEP economies, merchandise trade with RCEP economies grew at an annual rate of 3% (Y-o-Y average) during 2015-16 to 2019-20 whereas trade with USA grew at 7% during the same period, says the industry body PHDCCI- The signing of India-USA Free Trade Agreement (FTA) could play a cornerstone role in the long-standing bilateral trade and investments relations between the world's two largest democracies.

PHD Chamber of Commerce and Industry has come out with a Research Paper: The Future of Expanding India-USA Bilateral Relations; Strengthening bilateral ties through Free Trade Agreement to discuss the ever-expanding complementarities and synergies between India and the US. The continued spread of pandemic COVID-19 and the associated global supply chain disruptions have greatly impacted economic activities and created an unusual degree of uncertainty in almost all the countries. At this crucial juncture, dynamic economies such as India and USA hold immense potential for refuelling global growth to a higher trajectory in the coming times.

The election of Mr. Joe Biden as the new President of USA would help in reinvigorating the bilateral economic agenda between India and USA thereby facilitating economic growth, job creation, promotion of small businesses and rising trade and investment exchanges. The talks of concluding a broad-based India-USA FTA would also get a significant boost encompassing a wide variety of sectors and removing market access barriers to unleash a higher trade trajectory. Combining goods and services together, the bilateral trade between India and USA has increased from around USD 96 billion in FY2014 to around USD 143 billion in FY2020. Based on strong complementarities and growth prospects, bilateral trade between India and USA has the potential to more than double from the present level of around USD 143 billion to reach USD 300 billion by 2025-26 and increase even further after signing of a comprehensive India-USA FTA.

India decided not to sign the mega trade deal Regional Comprehensive Economic Partnership (RCEP) due to differences over tariffs, its trade deficit with other countries and non-tariff related barriers. The decision of Hon'ble Prime Minister of India of not signing the RCEP agreement is a very bold and a welcome step as the MSMEs sector would have been badly affected particularly in electronics, chemicals, metals, textiles, and dairy sector as other member nations of RCEP did not address various key concerns expressed by India. Currently, India's trade with 15 RCEP economies stands at around USD 220 billion; India runs a trade deficit with 11 of out 15 RCEP economies.

FTAs must be signed keeping two things in mind viz., mutually reciprocal terms and focusing on products and services with maximum export potential. The focus should not be just on free trade but also fair trade that promotes a strengthened stance of India in various FTAs with its partner countries. At this juncture, India should expedite trade talks with large markets like the US on signing a broader or full-fledged FTA. India- USA FTA will be gainful as compared with the FTA with RCEP economies. The growth of merchandise trade has also been recorded high with USA at 7% (Y-o-Y average) as compared with 3% with RCEP economies during the last 5 years period of FY 2015-16 to FY 2019-20.

FTA with USA will be significant step as India has a trade surplus of USD 23 billion of the total bilateral trade with USA of around USD 143 billion. There is a need to outline the contours for a sustainable full-fledged FTA between the two countries which is broad based and encompasses wide ranging potential sectors of development. A comprehensive FTA with an advanced economy such as the US would prove to be equally gainful for India resulting in manifold increase in bilateral trade and investments and progressive economic growth of both the economies.

India-USA FTA when concluded can act as an effective mechanism for unlocking additional trade liberalization in goods & services both bilaterally and multilaterally and do away with trade related distortions such as high tariffs and complex non-tariff measures. Considering the vibrant trade and economic complementarities, an FTA could boost trade and economic welfare in both the economies by removing trade barriers, increasing market access and providing a stable framework for comprehensive growth of the various sectors of mutual interest such as defence, space, energy, aviation, insurance, infrastructure, engineering, agriculture & food processing, manufacturing, entrepreneurship, healthcare & pharmaceuticals, water & environment, financial services, ICT & digital infrastructure including frontier technologies of 5G, big data analytics, quantum computing, blockchain and Internet of things, among others.

Being one of the most dynamic emerging market economies, India has been continuously considered as one of the top attractive destinations for inbound investments. Keeping in view the rapidly changing global trade and investment dynamics, India should use this golden opportunity by further offering Red Carpet to global investors and provide the most favourable terms for setting up manufacturing bases in India. Greater efforts are already underway to facilitate trade, industry and investments and become AatmaNirbhar Bharat with enhanced capacities and strong economic base. Trade facilitative reform measures such as the launch of Geographic Information System (GIS)-enabled land bank and development of a single-window system for clearances would provide increased avenues for greater business and investment opportunities and ensure seamless engagement of US investors in India's growth story.

Going forward, India's large consumer base, improved infrastructure, highly skilled & semi-skilled manpower, enhanced transparency, expanded digitization, greater innovation, more policy stability, among others will significantly boost the sentiments of businesses to further enhance the trade and investments trajectory between the two economies. Since India and USA are natural partners, the trend of widening economic and trade relations between New Delhi and Washington will continue in the coming years on the back of strong complementarities and mutual synergies. Efforts should be made to further deepen trade and investment relations between India and USA and ensure greater market access with a focus on promising sectors of mutual interest.

Economy so far

- **Indian economy is gradually recovering: IMF:-** India's economy, severely affected by the coronavirus pandemic, is gradually recovering, the International Monetary Fund. India's economy recovered faster than expected in the September quarter as a pick-up in manufacturing helped GDP clock a lower contraction of 7.5 per cent and held out hopes for further improvement on better consumer demand. India has indeed been severely affected by the pandemic but is gradually recovering," IMF chief spokesperson Gerry.

- **India's next budget to focus on boosting growth, says finance minister Nirmala Sitharaman:-** India's economy will return to growth in 2021/22 and higher spending in the budget due in February will lay the foundations for even stronger growth in the next four to five years, Finance Minister Nirmala Sitharaman told Reuters on Thursday.With the world's second highest cases of coronavirus despite a severe lockdown of its 1.3 billion people early on in the pandemic, India's economy is expected to contract nearly 10% in the 2020/21 financial year. But a recovery is taking hold now, Sitharaman told the Reuters Global Investment Outlook Summit, 2021.

- **Rabi sowing likely to be 2 pc higher than last season: Report;-** The rabi, or winter crop, sowing is likely to be about 2 per cent higher this year than in the previous marketing year, according to a report.Sowing for the rabi crop season had already covered 348 lakh hectare (ha) by November 27, which is 4 per cent more than in the whole of the previous season, and 2 per cent above the average of the past five years, Crisil NSE 0.01 % Ratings said in a report.Rabi sowing has been spurred by abundant rains this year with an overall 9 percent .

- **Will meet US$ 1-trillion export target by '25, industry seeks more help**- India is on track to achieve the US$1 -trillion export target by 2025, said Hon'ble Commerce and Industry Minister Shri Piyush Goyal at the Board of Trade meeting on where the government and industry deliberated on measures to boost exports, manufacturing and the new foreign trade policy. Industry urged the government to operationalise the new export credit insurance scheme, expand the production-linked incentive (PLI) scheme, announce the duty remission rates at the earliest and sign free-trade pacts with the US, the EU and the UK to offset the impact of not joining the Regional Cooperation of Economic Partnership (RCEP).

- **India to see US$ 66 billion investment in gas infrastructure**- India will see a massive US$ 66 billion investment in the building of gas infrastructure as the government pushes for greater use of the cleaner fuel with a view to cutting down carbon emissions, said Hon'ble Oil Minister Shri Dharmendra Pradhan. The government is targeting raising the share of natural gas in its energy basket to 15 per cent by 2030 from the current 6.3 per cent.

- **Exports dip 17.84 pc in April-November this fiscal: Hon'ble Commerce Secretary Shri Anup Wadhawan**- The country's exports declined by 17.84 per cent during April-November this fiscal while imports contracted by 33.56 per cent in the same period, Hon'ble Commerce Secretary Shri Anup Wadhawan . He said that the trade deficit has come down. The secretary said that export sectors which did well during the eight months period include pharma, which grew by 15 per cent, rice (39 per cent), and iron ore (62 per cent).

- **Manufacturing activity loses momentum, still shows handsome growth in November; PMI at 56.3**- The manufacturing activity in the month of November was at a three-month low; still, it has significantly expanded. The manufacturing PMI stood at 56.3, compared to 58.9 in October, according to the IHS Markit report. While all three broad areas of the manufacturing industry recorded expansion, the growth was led by consumer goods, which was the only sector to see a stronger rate of increase, the report added. It is believed that the loosening of Covid-19 restrictions, combined with an improvement in market conditions and a pick-up in demand, supported another increase in production

- **Government puts off penalty provision for not using QR codes on GST invoices-** The lack of preparedness from the banks has forced the government to waive off proposed penalty for not implementing dynamic QR code on invoices issued by GST-registered taxpayers with over `500 crore annual turnover, sources in the revenue department said. The provision was to penalise businesses not using QR codes on their invoices from December 1 but now it would come into force from April 1. However, the penalty waiver is contingent on businesses using QR codes from the start of the next fiscal year

- **India extends anti-dumping duty on methylene chloride imports from China till Jan 31**- India has extended anti-dumping duty on imports of methylene chloride from China till January 31, 2021, the Central Board of Indirect Taxes and Customs (CBIC) said in a notification. The Board said that the decision has been taken after the Directorate General of Trade Remedies (DGTR) initiated a review and sought for extension of the duty.

- **Rs 6,314 cr transferred to cotton farmers, 5 lakh farmers benefitted after procurement: Smt Smriti Irani-** Hon'ble Textiles minister Smt Smriti Zubin Irani has said that under the Cotton Corporation of India, the government has transferred Rs 6,314 crore to farmers after procuring cotton valued at over Rs 7,500 crore, thereby benefiting over 5 lakh farmers. On the recently approved Production Linked Incentives (PLI) to the textiles sector, she said this is the first financial support given by the government to an emerging industry where competitiveness and competence will be valued and awarded.

- **Forget `recession' talk; Focus on big reforms and win:-** Sometimes when you are so focused on a particular development or theme or a number, you can make the mistake of ignoring bigger developments around you that are more important. Human tendency to get obsessed about the importance of, let us say, the quarterly GDP number of a country, may blind you to seminal reforms or economic measures with the potential to trigger radical changes down the road. This is because you end up thinking that the current number or the noise around it so life-altering

- **India's consumer spending to return to growth in 2021: Fitch Solutions:-** After a COVID-19 pandemic-led contraction in consumer spending in 2020, household spending will return to growth in 2021, expanding by as much as 6.6 per cent, Fitch Solutions said on Monday. Consumer spending is forecast to have contracted by 12.6 per cent in 2020.While growth will return to positive in 2021, we do note the recovery will be slower than most countries, as a result of the significant contraction over 2020," it said. "Unemployment will remain heightened

- **The government has laid out the plan to kickstart the economy. Now the real work begins:-** The government cites four stimulus packages worth nearly 10% of GDP to fire up the Covid-hit economy. Its expenditure, however, presents a totally different picture, one of extreme conservatism even as the economy has slipped into recession after contracting for the second consecutive quarter. The economy may have bounced back from the first quarter, but GDP is well below last year and there is real worry the recovery could fizzle out.

- **Indian economy probably picked up in September quarter as hopes grow for vaccine**- India's economy is likely to have shown signs of a pick-up in the quarter to September after a record contraction the previous quarter, and is expected to recover early next year on hopes of better consumer demand fed by progress on coronavirus vaccines. Economists in a Reuters poll forecast gross domestic product in Asia's third-largest economy to shrink 8.8% in the September quarter, after a contraction of 23.9% in the previous quarter, amounting to a technical recession. They also predict a contraction of 3% and growth of 0.5% in the December and March quarters respectively, with the economy shrinking 8.7% over the whole financial year for its worst performance in at least four decades.

- **RBI Governor Shaktikanta Das says capital account convertibility will continue to be a process, rather than an event-** India will continue to approach capital account convertibility as a process rather an event, according to Reserve Bank of India (RBI) Governor Shaktikanta Das. The central bank chief said the capital account is convertible to a great extent at present and enumerated the specifics on both inward and outward flows which are allowed. It can be noted that capital account convertibility is a very sensitive subject as it deals with liberalisation of capital transactions into and out of a country. India, which started opening up on this front with the reforms of the early 1990s, is partially convertible right now with caps and other restrictions.

- **G20 must lead world by addressing climate change, working towards universal healthcare: Shri Suresh Prabhu**- The future of the world is also the responsibility of the G20, and the grouping of developed and emerging economies must guide and lead the world by addressing climate change and working towards universal healthcare, India's Sherpa to G20 Shri Suresh Prabhu said. Addressing a virtual event organised by the Research and Information System for Developing Countries (RIS), Prabhu said the lack of multilateralism is going to create more challenges for the world.
- **Recession to end soon: Indian economy to recover early next year as vaccine progresses**- India's economy is expected to recover early next year from the recession, but at a modest pace, according to a majority of economists. The recent vaccine news has boosted Indian stocks to repeated record highs and fueled hopes of a pick-up in economic activity. That, coupled with festive-led demand, has lifted optimism amongst economists over the past month.
- **Kerala, West Bengal join league of states choosing Centre's Option-1 to meet GST implementation shortfall**- Kerala and West Bengal have joined the league of states choosing Option-1 to meet the GST implementation shortfall. Including these two states, 25 states and all union territories with Legislative Assembly have favoured Option-I proposed by the central government. After making a choice, Kerala and West Bengal are poised to get Rs 10,197 crore through special borrowing window, to meet the GST implementation shortfall. In addition, both states have also received permission to raise additional Rs 11,309 crore through borrowings, according to the Ministry of Finance. The states & UTs that have chosen Option-1 are getting the amount equivalent to the shortfall arising out of GST implementation through a special borrowing window put in place by the Centre. The government has already borrowed an amount of Rs 24,000 crore on behalf of the states in four instalments and has passed it on to them.
- **Government to consider two proposals for setting up free trade and warehousing zones on Nov 27**- The government on November 27 will consider two new proposals for setting up free trade and warehousing zones (FTWZs) in Maharashtra. The proposals will be taken up for consideration by the highest decision making body for SEZ (special economic zones) Board of Approval (BoA) in its meeting on November 27, according to an office memorandum of the department of commerce. NDR Infrastructure Pvt Ltd has proposed to set up an FTWZ in Raigad, Maharashtra, over an area of 50.98 hectares (125.96 acres), with a total proposed investment of Rs 700.81 crore. According to the memorandum, the developer has already procured 117.6 acres of land and for the remaining 8.36 acres they have done agreements for sale.
- **Economy showing strong signals of comeback, India seen as trusted partner: Shri Piyush Goyal**- Hon'ble Commerce and industry Minister Shri Piyush Goyal has said the economy is showing strong signals of comeback and India is being seen as a trusted partner globally with the country's reputation having improved. In a meeting with industry associations, he asked them to focus on improving quality and productivity. He also asked the industry to designate a few days next month, to do brainstorming on these aspects so that the country starts getting recognition as high quality, efficient manufacturer, trader and service-provider.
- **Niti Aayog forms panel to study feasibility of ultrahigh-speed travel in India using hyperloop tech**- Government think-tank Niti Aayog has formed a high-level panel to explore the technological and commercial viability of the Virgin Hyperloop technology for ultrahigh speed travel in India, weeks after its first test was completed with humans on board. The Virgin Hyperloop test run was conducted on a 500-meter track in Las Vegas in the USA with a pod, as the hyperloop vehicles are called, travelling with passengers, including an Indian, inside an enclosed tube at more than 100 mph or 161 kmph.
- **RBI extends bar on opening up of foreign law firm's liaison offices**- The Reserve Bank of India (RBI) has directed banks not to grant fresh permission/renewal of permission to any foreign law firm for opening its

liaison office (LO) in India. The Central Bank's notification reiterates its five-year-old stand after the Supreme Court had clarified in 2015 that foreign law firm's liaison offices are not permissible in India.

- **Sustainable Development Goals(SDG) Investor Map launched by UNDP and Invest India:-** The United Nations Development Program (UNDP) and Invest India has launched a Sustainable Development Goals (SDG) Investor Map for India, laying out 18 Investment Opportunity Areas (IOAs) in six SDG enabling sectors, aimed at aiding India's journey at fulfilling the goals at a time when Covid-19 pandemic has caused a large scale disruption in countries' plans to realize them.

- **India drops anti-dumping probe on Mono Ethylene Glycol imports on RIL request;-** India has terminated the anti-dumping investigation on imports of Mono Ethylene Glycol (MEG) coming from Kuwait, Oman, Singapore and UAE. The duty probe began on the basis of an application filed by Reliance Industries Limited NSE -0.65 %, which withdrew the application last week.Vide letter dated November 18, 2020, the Applicant withdrew the application filed in the subject matter stating that in view of the current situation, they have withdrawn the aforesaid application.

- **Hon'ble Prime Minister, Shri Narendra Modi, participated in the 15th G20 Summit-** Hon'ble Prime Minister, Shri Narendra Modi, participated in the 15th G20 Summit convened by Saudi Arabia in virtual format, recently. The agenda of the second day of the G 20 summit focused a session on building an inclusive, sustainable and resilient future and a side event on safeguarding the planet. The Hon'ble Prime Minister in his speech underscored that for inclusive, resilient and sustainable recovery in a Post COVID world, effective global governance is required and reformed multilateralism through improvement in character, governance and processes of multilateral institutions is the need of the hour.

- **WTO fisheries subsidies: Few developing nations seek complete exemptions for poor fishermen-** Certain developing countries including India are seeking complete exemptions from rules, being negotiated currently in WTO to discipline fisheries subsidies, on unregulated and unreported fishing activities being carried out by poor fishermen within the territorial water regions. These countries have also sought more time to implement the norms or disciplines, which would be finalised after complete negotiations, on the prohibition of subsidies for fishing activities in Exclusive Economic Zones (EEZs).

- **28 Food Processing Projects worth over Rs 320 Crores Approved-** 28 projects, with project costs of Rs. 320.33 crores, supported with a grant of Rs. 107.42 Crores by MoFPI, were approved under the CEFPPC Scheme by the Inter-Ministerial Approval Committee (IMAC) meeting chaired by Shri, Union Minister, FPI. These projects spread over 10 states are likely to generate employment for nearly 10,000 people. These 28 projects will create a processing capacity of 1237 MT daily andare spread across the states of Madhya Pradesh, Gujarat, Uttar Pradesh, Maharastra, J&K, Karnataka, Tamil Nadu, Uttarakhand, Assam, and Manipur. These 28 projects include 6 projects of north Eastern states with project costs of Rs. 48.87 crores supported with a grant of Rs. 20.35 Crores

Newsletters/ Studies

PHD Chamber of Commerce and Industry has come out with a Research Paper: The Future of Expanding India-USA Bilateral Relations; Strengthening bilateral ties through Free Trade Agreement to discuss the ever-expanding complementarities and synergies between India and the US.

[The Future of Expanding India-USA Bilateral Relations:
Strengthening bilateral ties through Free Trade Agreement]

Markets So Far

Indicators	Yearly			Monthly			Daily		
	2017	**2018**	**2019**	**Sept 20**	**Oct 20**	**Nov 20**	**Dec 2, 20**	**Dec 3, 20**	**Dec 4, 20**
BSE SENSEX	34057	36068	41253	38067	39614	44149	44618	44632	45079
GOLD (10 GRMS)	28966	30600	34813	50902	50705	50423	48973	49631	49153
CRUDE OIL (1 BBL)	3317	4437	4007.8	2915	2917	3055	3277	3358	3377
EXCHANGE RATE (INR/USD)	65	68	70.4	73.47	73.47	74.31#	73.80	73.93	73.78

Source: PHD Research Bureau, PHDCCI, complied from BSE, MCX and Bloomberg (Note: # data pertains to average of October 2020 till 20th November 2020)

Warm Regards,

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