



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



## Weekly Compendium of Economic and Business Developments

(Period ending 13<sup>th</sup> November, 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 Health Sector Grant of Rs. 8,453.92 crore released to Local Bodies of 19 States, 7 States meet the target for capital expenditure upto Q-2 of 2021-22, CPI inflation rises to 4.5% in October 2021, September 2021 IIP growth stands at 3.1%, RBI issued Master Direction on Interest Rate on Deposits, Hon'ble Prime Minister launches two innovative customers centric initiatives of RBI, Decisions taken by the Union Cabinet, Consultation Paper on Statutory Audit and Auditing Standards for Micro, Small and Medium Companies (MSMCs), among others. The details of disseminated information during the week ending 13<sup>th</sup> November 2021 are appended.

### Indian Economy

- [Health Sector Grant of Rs.8,453.92 crore released to Local Bodies of 19 States](#) - The Fifteenth Finance Commission (FC-XV) in its Report for the period from 2021-22 to 2025-26 has recommended a total grant of Rs.4,27,911 crore to local governments. The grants recommended by the Commission inter-alia include health grants of Rs.70,051 crore. Out of this amount, Rs.43,928 crore have been recommended for Rural Local Bodies and Rs.26,123 crore for Urban Local Bodies.
- [7 States meet the target for capital expenditure upto Q-2 of 2021-22](#) - Seven States namely, Chhattisgarh, Kerala, Madhya Pradesh, Meghalaya, Punjab, Rajasthan and Telangana have achieved the target set by the Ministry of Finance for the capital expenditure upto 2nd Quarter of 2021-22. As an incentive, these States have been granted permission by the Department of Expenditure on Friday to borrow an additional amount of Rs.16,691 crore. The additional open market borrowing permission issued is equivalent to 0.5% of Gross State Domestic Product (GSDP).
- [CPI inflation rises to 4.5% in October 2021](#) - According to the National Statistical Office (NSO), Ministry of Statistics and Programme Implementation (MoSPI), the CPI inflation rises to 4.5% in October 2021 as compared to 4.35% in September 2021. The Price data are collected from selected 1114 urban Markets and 1181 villages covering all States/UTs through personal visits by field staff of Field Operations Division of NSO, MoSPI on a weekly roster. During the month of October 2021, NSO collected prices from 99.6% villages and 98.2% urban Markets while the Market-wise prices reported therein were 88.4% for rural and 91.8% for urban.
- [September 2021 IIP growth stands at 3.1%](#) - Growth in industry output, as measured in terms of

IIP, for the month of September 2021 stands at 3.1% as compared to August 2021 growth of around 12.03%. IIP growth in September 2020 stood at 1%. The growth in the three sectors mining, manufacturing and electricity in September 2021 stands at around 8.6%, 2.7%, 0.9%, respectively over September 2020. Primary goods growth stands at around 4.6%, capital goods growth stands at 1.3%, intermediate goods growth stands at 4.9%, infrastructure/construction goods growth stands at 7.4%, consumer durables stands at (-)2% and consumer non-durables growth stands at (-)0.5% during September 2021 as compared to the previous year.

- [\*\*RBI issues Master Direction on Interest Rate on Deposits\*\*](#) - In reference to the instructions on the Foreign Currency (Non-resident) Accounts (Banks) Scheme contained in Section 19 of the Master Direction - Reserve Bank of India (Interest Rate on Deposits) Directions, 2016 dated March 03, 2016 and Section 18 of the Master Direction – Reserve Bank of India (Co-operative Banks – Interest Rate on Deposits) Directions, 2016 dated May 12, 2016. In view of the impending discontinuance of LIBOR as a benchmark rate, it has been decided to permit banks to offer interest rates on FCNR (B) deposits using widely accepted ‘Overnight Alternative Reference Rate (ARR) for the respective currency’ with upward revision in the interest rates ceiling by 50 bps.
- [\*\*Hon’ble Prime Minister launches two innovative customers centric initiatives of RBI\*\*](#) - Hon’ble Prime Minister Shri Narendra Modi launched two innovative customer centric initiatives of RBI viz. Retail Direct Scheme and the Reserve Bank - Integrated Ombudsman Scheme, via video conference. The Hon’ble Union Minister of Finance and Corporate Affairs Smt. Nirmala Sitharaman and the Hon’ble Governor of the Reserve Bank of India Shri Shaktikanta Das were also present at the event.
- [\*\*Decisions taken by the Union Cabinet\*\*](#) - Cabinet approves Restoration and continuation of Member of Parliament Local Area Development Scheme (MPLADS); Cabinet approves mechanism for procurement of ethanol by Public Sector Oil Marketing Companies under Ethanol Blended Petrol programme revised - ethanol price for supply to Public Sector OMCs for Ethanol Supply Year 2021-22; Cabinet approves incurring expenditure for reimbursing the losses under MSP operations for cotton during the cotton season (October to September) 2014-15 to 2020-21; Cabinet approves reservation norms for Jute Packaging Materials for Jute Year 2021-22 under JPM Act, 1987 and Cabinet approves declaration of 15th November as Janjatiya Gaurav Divas.
- [\*\*The Mineral Conservation and Development \(Amendment\) Rules, 2021 Notified\*\*](#) - Ministry of Mines has notified the Mineral Conservation and Development (Amendment) Rules, 2021 on 3rd November, 2021 to amend the Mineral Conservation and Development Rules, 2017 [MCDR]. The MCDR have been framed under section 18 of the Mines and Minerals (Development and Regulation) Act, 1957 [MMDR Act] to provide rules regarding conservation of minerals, systematic and scientific mining, development of the mineral in the country and for the protection of environment.
- [\*\*The Minerals \(Other than Atomic and Hydro Carbons Energy Mineral\) Concession Rules, 2021 Notified\*\*](#) - Ministry of Mines has notified the Minerals (Other than Atomic and Hydro Carbons Energy Mineral) Concession (Fourth Amendment) Rules, 2021 to amend The Minerals (Other than Atomic and Hydro Carbons Energy Mineral) Concession Rules, 2016 [MCR, 2016].
- [\*\*Consultation Paper on Statutory Audit and Auditing Standards for Micro, Small and Medium\*\*](#)

[Companies \(MSMCs\)](#) - A Consultation Paper on Statutory Audit and Auditing Standards for Micro, Small and Medium Companies (MSMCs) has been released by NFRA. National Financial Reporting Authority (“NFRA” or “Authority”), was constituted as an independent regulator for accounting and auditing in India in October 2018. NFRA’s Charter positions it as an organisation that should be known for Objectivity, Integrity, Impartiality, Independence, Fairness, and Transparency.

- [Centre amends the Legal Metrology \(Packaged Commodities\) Rules 2011 for enhanced protection of Consumer Rights](#) - To safeguard the interest of consumers, the Department of Consumer Affairs under Ministry of Consumer Affairs, Food and Public Distribution has omitted the Rule 5 of the Legal Metrology (Packaged Commodities), Rules 2011 defining the Schedule II prescribing the pack sizes of various types of commodities. A new provision has been introduced to indicate the unit sale price on pre packed commodities, which will allow easier comparison of the prices of the commodities at the time of purchase.

## Our Voice

**Deceleration in IIP due to high commodity prices and shortages of raw material: PHD Chamber** - Deceleration in IIP at 3.1% for the month of September 2021 is majorly because of supply side constraints caused by the shortages of raw materials and sky rocketing commodity prices. High commodity prices and shortages of raw materials are impacting the production and overall growth of the IIP. Going ahead, as the Government has already reduced the excise duties on the diesel and petrol and State Governments have also reduced their respective VATs on petrol and diesel, the input prices are expected to subside in the coming times. We look forward to an early recovery in the industry growth on the back of various reforms undertaken by the Government.

## Economy so far

- **Ombudsman scheme to provide cost-free redress of customer complaints: RBI** - The Integrated Ombudsman Scheme, 2021, will provide cost-free redress of customer complaints involving deficiency in services rendered by entities regulated by the RBI, if not resolved to the satisfaction of the customers within 30 days by banks, NBFCs, and payment system operators. The Reserve Bank - Integrated Ombudsman Scheme, 2021 was launched on 12<sup>th</sup> November 2021 in virtual mode by Hon’ble Prime Minister Shri Narendra Modi.
- **RBI Retail Direct Scheme: Individuals can now directly buy T-bills, G-Secs from market** - Individuals can now directly purchase treasury bills, dated securities, sovereign gold bonds (SGB) and state development loans (SDLs) from primary as well as secondary markets, the RBI Retail Direct Scheme launched by Hon’ble Prime Minister Shri Narendra Modi on 12<sup>th</sup> November 2021. As per the scheme, retail investors (individuals) will have the facility to open an online Retail Direct Gilt Account (RDG Account) with the Reserve Bank of India (RBI). These accounts can be linked to their savings bank account.
- **India’s forex reserves decline USD 1.14 bln to USD 640.8 bln** - India’s forex reserves decreased by USD 1.145 billion to USD 640.874 billion for the week ended on November 5 on a fall in currency and gold assets, the Reserve Bank said on 12<sup>th</sup> November 2021. The overall reserves had increased by USD 1.919 billion to USD 642.019 billion for the previous reporting week. Foreign currency assets, a major part of the overall reserves, decreased by USD 881 million to USD 577.581 billion

for the reporting week.

- **Window for surplus dollar required: MNC banks to RBI-** Large multinational banks have impressed upon the Reserve Bank of India (RBI) the need to open a 'dollar placement window' to absorb sudden foreign currency inflow, and extend forex trading hours with the T-plus-One (T+1) settlement in stock exchanges and the expected inclusion of Gov securities in global bond index next year. These banks, which act as custodians for foreign portfolio investors (FPIs), fear a dollar pile-up could cause a breach of regulatory exposure limits if they are unable to convert the foreign currency that FPIs bring in.
- **RBI asks banks not to standardise bad loans on just getting interest payments-** In a significant move, the Reserve Bank on 12<sup>th</sup> November 2021 tightened the norms for recognition of dud assets and directed lenders not to standardise an NPA account after getting only interest payment as well as to mandatorily mention the due dates along with details of interest and principal amounts. The monetary authority has from time to time been issuing new/revised norms on dud asset classification as system-wide NPAs began to balloon.
- **Shri Piyush Goyal says FDI in India growing rapidly over last few years –** Hon'ble Minister for Commerce & Industry, Textiles, Consumer Affairs and Food & Public Distribution, Shri Piyush Goyal said FDI in India has been growing rapidly over the last few years. Shri Piyush Goyal invited South Korean entrepreneurs to invest in new sectors like Defence and Retail. Hon'ble Minister said that there is a need to complement India's complementary strengths in Automobiles, Textiles, Food processing, Leather Products, Metals, Mining, Chemicals and also through some of our traditional sectors like Steel and look at new emerging opportunities in Defence, e-Commerce and Retail.
- **Indian economy is expected to grow beyond 10% in this fiscal: Hon'ble NITI Aayog vice chairman Shri Rajiv Kumar –** Hon'ble NITI Aayog vice-chairman Shri Rajiv Kumar said the Indian economy is expected to grow beyond 10% in this fiscal, supported by a record kharif crop, bright rabi prospects and strong rebound in trade. However, inflation is emerging as a key risk to sustainable global economic recovery with supply chain constraints and rising energy prices, Kumar cautioned. According to him, it is expected that India's real GDP growth in FY22 to exceed 10% supported by a record kharif crop and bright rabi prospects. Shri Rajiv Kumar said in the eighth edition of arthNITI that this will boost rural demand and spur the revival in the manufacturing sector with improving capacity utilisation. The Government has projected the Indian economy to grow by 9.5% in FY2022.
- **Inflation-growth dynamics make policy making tough in India: Fitch-** Fitch Solution on 11th November 2021 has cautioned that policymaking could become slightly more challenging in the months ahead in India due to higher inflationary pressures, stronger growth, and still-wide fiscal deficits. Given still-strong growth and rising inflationary pressures, the market is pricing in 30-40 basis point hikes by December, which poses upside risks to Fitch Solutions forecast of four per cent in repo rate by end-2021. The unit of Fitch group said the headline inflation rate came in at 4.4 per cent y-o-y in September, which was lower than in the previous month (5.3%), but fuel prices continue to head higher, rising by 13.6 per cent, up from 13 per cent in August, and 12.6 per cent three months ago.
- **Hon'ble Prime Minister to launch two innovative customer centric initiatives of RBI on 12 November –** Hon'ble Prime Minister Shri Narendra Modi will launch two innovative customer

centric initiatives of the Reserve Bank of India on 12 November, 2021 at 11 AM via video conferencing. These initiatives are the RBI Retail Direct Scheme and the Reserve Bank - Integrated Ombudsman Scheme. The RBI Retail Direct Scheme is aimed at enhancing access to government securities market for retail investors. It offers them a new avenue for directly investing in securities issued by the Government of India and the State Governments. Investors will be able to easily open and maintain their government securities account online with the RBI, free of cost. The Reserve Bank - Integrated Ombudsman Scheme aims to further improve the grievance redress mechanism for resolving customer complaints against entities regulated by RBI. The central theme of the scheme is based on 'One Nation-One Ombudsman' with one portal, one email and one address for the customers to lodge their complaints.

- **GST Council likely to focus on rate rationalization-** In its December meeting, the GST Council is likely to focus on rate rationalisation and suggest ways for revenue augmentation. Though the date for the meeting has not been finalised, it could take place immediately after the Winter Session of Parliament. The session is scheduled to end on December 23. 'Rules of Procedure and Conduct of Business in the GST Council' prescribe the meeting to take place at least once in every quarter of the financial year. Last meeting of the Council took place on September 17.
- **CAD seen hitting 1.4% or US\$ 45 billion by March as crude soars: British brokerage Barclays Report** – According to British brokerage Barclays Report, India's widening current account deficit (CAD), driven by the massive spike in commodity prices led by crude oil, is set to put pressure on the fragile recovery, warns a brokerage report that has revised upwards its CAD forecast to USD 45 billion or 1.4 per cent of GDP by March. From an average monthly trade deficit of USD 12 billion till June, it has jumped to USD 16.8 billion in July-October, with September showing the highest-ever trade deficit on record at USD 22.6 billion.
- **States revenue loss from tax cuts on fuel to be lower than tax devolution in FY 22-** States are expected to lose revenue of around Rs 44,000 crore from the reduction in value-added tax on petrol and diesel and a cut in excise duty by the Centre, but gains from the more-than-budgeted tax devolution are likely to be relatively higher at Rs 60,000 crore. However, it cautioned against the fiscal risk posed by a rise in guarantees extended by state Governments to state-level entities, since contributions made by several states to their guarantee redemption funds have been low.
- **India on way to becoming fastest growing economy in world: Finance Ministry report** - Armed with necessary macro and micro growth drivers, India is on its way to becoming the fastest growing major economy in the world, a Finance Ministry report said. Rapid vaccination and teeming festivities will push India's ongoing recovery resulting in narrowing of demand-supply mismatches and greater employment opportunities, as per the monthly Economic Review prepared by the Ministry.
- **Hon'ble Finance Minister Smt. Nirmala Sitharaman to meet heads of banks, FIs next week; nudge them to expand credit to boost economy** – Hon'ble Finance Minister Smt Nirmala Sitharaman is scheduled to meet heads of banks and financial institutions next week to remove friction in credit flow to productive sectors of the economy battered by the COVID-19 pandemic.
- **Indirect tax receipts up 51% on year in April-October** - The Centre's net tax collections (pre-excite duty cuts on petrol and diesel) could exceed budget target by about Rs 2 lakh crore in FY22, largely covering the additional fiscal cost of stimulus measures announced by the government so far.

- **Tax cut on fuels significantly positive for inflation management, says RBI chief** – Hon'ble Reserve Bank Governor Shri Shaktikanta Das recently ruled out upside risks to the 5.3 per cent inflation forecast for the current fiscal, saying the recent cut in excise duty on diesel and petrol as well as better management of supply-side issues on the food front have contained inflationary expectations.
- **Over Rs 1.15 lakh crore I-T refunds issued till November 8; include Rs 12,617 crore for FY21** - Income tax refunds of over Rs 1.15 lakh crore have been issued to more than 98 lakh taxpayers so far this fiscal year, the I-T department said yesterday. These also include Rs 12,616.79 crore refunds to 65.31 lakh taxpayers for 2020-21 fiscal (Assessment Year 2021-22).
- **Hon'ble RBI Governor Shaktikanta Das says GDP to clip at 9.5% as growth impulses strong** - Stating that growth impulses and the fast-moving indicators are strong, Hon'ble Reserve Bank Governor Shaktikanta Das recently exuded confidence of the economy clipping at the projected 9.5 per cent this fiscal.
- **SEBI amends rules governing AIF** - Markets regulator Sebi has amended the regulatory regime governing alternative investment funds (AIFs), to facilitate co-investment through the portfolio management route. Co-investment means investment made by a manager or sponsor or investor of Category-I and -II AIFs in investee companies where such category of AIFs makes investment.
- **Government sets up committee for determination of RoDTEP rates for exports from SEZs, EOUs** - The government has constituted a committee for the determination of RoDTEP rates for exports from special economic zones (SEZs) and export-oriented units (EOUs), as these sectors were left out in the earlier exercise, according to the DGFT.
- **India exports 2.76 lakh tonnes of sugar in last 40 days: AISTA** - The sugar marketing year runs from October to September. Sugar exports this year are being undertaken without government subsidy. Sugar mills have exported 2.76 lakh tonnes of sugar in the last 40 days of the current marketing year with maximum shipments to the UAE, trade body AISTA said recently.
- **Commerce Ministry shares list of 102 items to ministries for enhancing domestic capacity to cut imports** - The commerce ministry has shared a list of as many as 102 products whose imports are high and are increasing consistently - such as coking coal, certain machinery, some chemicals, and digital cameras - to different ministries to look at ways for enhancing their domestic capacity with an aim to reduce imports, an official said. As part of an exercise to reduce the country's import bill, the ministry has undertaken a detailed analysis of these 102 products for enhancing domestic production opportunities of those items.
- **Reshifting the macroeconomic focus to growth will drive economic progress: Subramanian** -High and steady growth rate(s) demand a dynamic cycle of investment, saving, and favorable export as seen in fast-growing East Asian economies. Private investment(s) are going to become the primary driver in contributing to the expansion of India's economy. Branching out from the conventional consumption-based mode of thought, an approach based on private investment-led economic growth will help generate job capacity and augment labor productivity by utilizing extant technology.

- **Hiring demand dips 3% sequentially in October: Report-** Hiring demand witnessed a dip of three per cent in October sequentially, mainly due to a decline in recruitment of professionals in purchase, logistics and supply chain after festive hiring hikes in September, according to a report.
- **Consumption in gated communities in India poised to grow 2.5 times to touch \$500 billion in five years: Report-** India's gated communities in major cities are emerging as one of the biggest consumption areas with consumption across gated communities poised to grow over two times and reach \$500 billion by 2026 with per household spend of \$20,000, a latest report said.
- **GDP boosted by base effect and vaccination, economists peg Q2 growth at 6.5-9.9%-** The Indian economy likely grew 8.3% in the second quarter of the current fiscal year. The estimate of GDP growth for the July-September quarter ranged from 6.5% to 9.9%. The growth was aided by a strong base effect from the year ago, when the economy contracted 7.4%, the Covid vaccine ramp-up, faster government spending and improved consumption, economists said.
- **Over 2.38 cr income tax returns for FY21 filed: Income Tax department-** Over 2.38 crore income tax returns have been filed for 2020-21 fiscal so far, the I-T department said on Tuesday. Of this, over 1.68 crore income tax returns (ITRs) have been processed, while refunds have been issued in more than 64 lakh cases. "The Income Tax e-filing portal has received more than 2.38 crore ITRs for AY 2021-22.
- **GDP likely to grow at 10-10.5% in FY2022: Report -** Domestic rating agency Brickwork Ratings recently revised its growth estimate for the country's gross domestic product (GDP) to 10-10.5 per cent in the current financial year from an earlier expectation of a 9 per cent growth.
- **Currency in use at record 14.5% of GDP amid 'dash to cash-** The ratio of currency in circulation as a proportion of GDP touched a new high of 14.5% for fiscal 2020-21 amid the increased demand for cash and a shrinking GDP. However, demonstrating that the shift to digital and cash intensity are not mutually exclusive, there is also a surge in every form of digital payment on the fifth anniversary of demonetisation, whether it is Unified Payments Interface (UPI), credit and debit cards or FASTag.
- **More elbow room on liquidity tapering: Fuel price cut to help RBI restrain inflation-** India's move to slash automotive-fuel prices last week will likely aid the central bank's efforts to normalize liquidity flows and restrain inflation, pushing back the timeline for an increase in rates and providing sufficient growth impetus to an economy clambering out of the Covid sinkhole.
- **Importers availing tax credit on extra taxes paid under I-T lens -** Companies that were asked to pay additional indirect taxes on certain imports have come under the taxman's lens again for availing of input tax credit on the additional amount paid earlier as penalties. The Department of Goods and Services Tax (DGST) has started issuing notices to the importers for availing of the tax credit against the additional GST paid.
- **HC issues notice to GST council over non-inclusion of petrol, diesel prices -** The Kerala High Court yesterday issued notice to the Goods and Services Tax (GST) Council on a plea seeking to include petrol and diesel prices under the purview of GST. A division bench headed by Chief Justice S Manikumar asked the council to respond within 10 days.





BSE SENSEX	36068	41253	47751	58781	60422	60353	59920	60687
GOLD (10 GRMS)	30600	34813	46985	46579	47208	48207	49167	48805
CRUDE OIL (1 BBL)	4437	4007.8	2966	5232	6056	6220	6033	6076
EXCHANGE RATE (INR/USD)	68	70.4	74.11	73.58	74.93	74.39	74.29	74.34

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

**Warm Regards,**

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