

## Weekly Compendium of Economic and Business Developments

(Period ending 23<sup>rd</sup> 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 Hon'ble Minister of Commerce and Industry Shri Piyush Goyal launched the Startup India Seed Fund Scheme, Union Government allocates supply of Remdesivir to 19 States/UTs with High Burden of COVID cases Cabinet approves Amendments to the Finance Bill, 2021, Reserve Bank of India constitutes a Committee on functioning of Asset Reconstruction Companies (ARCs) and review of regulatory guidelines, Exemption of custom duty on import of remdesivir injection. The details of disseminated information during the week ending 23<sup>rd</sup> April 2021 are appended.

### India and World Economy

- **Hon'ble Minister of Commerce and Industry Shri Piyush Goyal launched the Startup India Seed Fund Scheme-** Hon'ble Minister of Railways, Commerce & Industry, Consumer Affairs and Food & Public Distribution Shri Piyush Goyal launched the Startup India Seed Fund Scheme (SISFS). The Fund aims to provide financial assistance to startups for proof of concept, prototype development, product trials, market entry, and commercialization.
- **Indian economy projected to grow at (-)8% in FY 2020-21, 12.5% in FY 2021-22, 6.9% in FY 2022-23: IMF Word Economic Outlook Report-** After an estimated contraction of -3.3 percent in 2020, the global economy is projected to grow at 6 percent in 2021, moderating to 4.4 percent in 2022. For the Emerging and Developing Asia regional group, projections for 2021 have been revised up by 0.6 percentage point, reflecting a stronger recovery than initially expected after lockdowns were eased in some large countries. The Indian economy is projected to grow at (-)8% for FY 2020-21, 12.5% for FY 2021-22 and at 6.9% for FY 2022-23.
- **Decisions taken by the Union Cabinet-** MoU between the India and Bangladesh on the establishment of a framework of cooperation in the area of trade remedial measures; Cabinet approves Memorandum of Understanding between the Institute of Chartered Accountants of India and Chartered Accountants Australia and New Zealand; Cabinet approves Mutual Recognition Agreement between the Institute of Chartered Accounts of India and the Certified Practising Accountant, Australia; MoU between Competition Commission of India (CCI) and Administrative Council for Economic Defense of Brazil (CADE); Cabinet approves Bangalore Metro Rail Project Phase 2A and Phase 2B; Cabinet approves Amendments to the Finance Bill, 2021
- **India ranks 87th in Global Energy Transition Index: World Economic Forum Report-** Countries with rising energy demand, such as China, India and Sub-Saharan African nations, have registered the largest gains,

but their scores on the ETI remain low in absolute terms. India ranked 87th in the Global ETI for 2021.

- **Union Government allocates supply of Remdesivir to 19 States/UTs with High Burden of COVID cases-** Various steps have been taken by Government of India to address the emerging issues for effective management of the recent unprecedented spike in COVID19 cases across various States and UTs. These pro-active measures taken by the Union Government under a 'whole of government' are also being regularly reviewed and monitored at the highest level.

## Banking & Finance

- **RBI decides to set up Constitution of the Regulations Review Authority 2.0-** The Reserve Bank of India had set up a Regulations Review Authority (RRA) initially for a period of one year from April 1, 1999 for reviewing the regulations, circulars, reporting systems, based on the feedback from public, banks and financial institutions. The recommendations of the RRA enabled streamlining and increasing the effectiveness of several procedures, simplifying regulatory prescriptions, paved the way for issuance of master circular and reduced reporting burden on regulated entities.
- **Reserve Bank of India constitutes a Committee on functioning of Asset Reconstruction Companies (ARCs) and review of regulatory guidelines-** As part of the Statement on Developmental and Regulatory Policies released along with the Monetary Policy Statement 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 ARCs in the financial sector ecosystem and recommend suitable measures for enabling such entities to meet the growing requirements of the financial sector.

## Trade

- **India and Germany sign agreement on 'Cities combating plastic entering the marine environment'-** The Ministry of Housing and Urban Affairs (MoHUA), Government of India and Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH India on behalf of the German Federal Ministry of Environment, Nature Conservation and Nuclear Safety signed an agreement on Technical Cooperation titled 'Cities Combating Plastic Entering the Marine Environment' at a virtual ceremony in New Delhi.
- **Amendment in Anti-dumping duty imposed on imports of Nylon Filament Yarn-** The central government seeks to amend notification "Anti-dumping duty imposed on imports of Nylon Filament Yarn" originated in or exported from Vietnam and European Union, to exclude goods of certain specification from the scope of the anti-dumping duty.
- **Exemption of custom duty on import of remdesivir injection-** The central government seeks to exempt custom duty on import of Remdesivir injection, Remdesivir API and Beta Cyclodextrin (SBEB CD) used in the manufacture of Remdesivir, up to 31st October, 2021.

## 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 says 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.

These announcements are expected to increase the availability of the injection, the Finance Minister said. For oxygen supply, the government is identifying idle manufacturing capacities to match the demand and supply in the country, Smt. Sitharaman said. Smt. Nirmala Sitharaman said that the way forward to tackle the current situation is through micro containment zone so that life and livelihood can be protected. The Central Government had last year acted swiftly and extended the timelines for compliances under various corporate laws and the same steps and support measures are required this year also. The Union Finance Minister assured that the valuable inputs received from PHD chambers of Commerce and Industry will be considered for the industrial and economic growth of the country.

**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, however, government should act swiftly to support the emerging growth scenario by providing substantial stimulus and reform measures to mitigate the daunting impact of second wave of pandemic on economy. 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

- **Second COVID wave could spark greater uncertainty; government will respond with fiscal steps if required: Niti Aayog vice chairman-** The country needs to prepare for “greater uncertainty” in terms of consumer as well as investor sentiments due to the second wave of coronavirus infections, and the government will respond with fiscal measures as and when required, according to Niti Aayog Vice Chairman Rajiv Kumar. While acknowledging that the present situation has become far more difficult than it was in the past due to rising coronavirus infections, Kumar remained hopeful that the country's economy will grow 11 per cent in the current fiscal ending March 31, 2022.
- **Salaried jobs lost: 10 million & counting-** While the net number of jobs lost post the pandemic stood at about 5.5 million at March-end compared with the average in 2019-20, the number of salaried jobs lost is a staggering 10 million. 60% of these 10 million jobs were lost in the rural sector where workers have been hit because MSMEs and other industrial units are in trouble. In the absence of opportunities in companies and small establishments, there has been a shift of the labour force to the agriculture space, creating a fair bit of disguised unemployment. In some senses, this is the reverse of the trend seen when the economy was liberalised and people moved from farms into factories.
- **India's power consumption grows nearly 45 pc in first half of April-** Power consumption in the country grew nearly 45 per cent in the first half of April to 60.62 billion units (BU) over the corresponding period a year ago, showing robust recovery in industrial and commercial demand of electricity, according to power ministry data. Power consumption in the first half of April last year (from April 1 to 15, 2020) was recorded at 41.91 BU. On the other hand, the peak power demand met, which is the highest supply in a day, during the first half of this month remained well above the highest record of 132.20 GW in the same period in April 2020.
- **America retains India in currency manipulator watch list due to huge dollar purchases:-**The US treasury department has retained India in the currency manipulator watch list in its semi-annual report submitted to the Congress since COVID-19 induced global lockdown since March'2020. The reason being higher dollar purchases by RBI of close to 5% of GDP large on account of huge capital inflows, which is higher than its threshold of 2% of GDP. In addition India has had a trade surplus with the United States. But Reserve Bank's official stand has always been that it would continue its intervention to avoid any undue volatility in the currency market
- **Labour shortage spooks rice farmers, potato traders in West Bengal:-** Rice farmers and potato traders in riparian West Bengal are concerned about a shortage of farmhands from this month-end due to a surge in Covid cases in the state that's witnessing one of the most hotly contested assembly elections in decades – spread over a full calendar month. Paddy farmers are due to harvest from the end of April the winter-sown crop, or bodo rice, across south-central West Bengal. Similarly, the potato trade in Gangetic West Bengal is also worried about the availability of labour from the first week of May to unload potatoes from the cold storages to help meet the requirement of the domestic markets until the arrival of the next season's crop

in December.

- MoU between the India and Bangladesh on the establishment of a framework of cooperation in the area of trade remedial measures-** The Union Cabinet, chaired by the Hon'ble Prime Minister Shri Narendra Modi has given its ex post facto approval to the Memorandum of Understanding (MoU) between the Director General of Trade Remedies, Republic of India and the Bangladesh Trade & Tariff Commission, People's Republic of Bangladesh on the establishment of a framework of cooperation in the area of trade remedial measures signed on 27th March, 2021 at Dhaka.
- Cabinet approves Amendments to the Finance Bill, 2021-** The Union Cabinet, chaired by the Hon'ble Prime Minister Shri Narendra Modi gives ex-post facto approval for the Government amendments to the Finance Bill, 2021 (enacted on 28th March, 2021 as the Finance Act, 2021). The amendments were essential to clarify and rationalize the proposals further
- Retail inflation for farm, rural workers rise marginally in March-** Retail Inflation for farm workers and rural labourers rose marginally to 2.78 per cent and 2.96 per cent in March, mainly due to higher prices of certain food items. Consumer Price Index-Agricultural Labourers (CPI-AL) and Consumer Price Index-Rural Laborers (CPI-RL) had stood at 2.67 per cent and 2.76 per cent, respectively, in February 2021.
- Indian footprint expands in UK despite Covid crisis-** The number of Indian companies operating in the UK and their job creation levels have registered growth despite the challenges of Brexit and COVID-19 pandemic over the past year, the 'India Meets Britain Tracker' concludes in a report released.
- Indian customs to clear all imports of Covid-19 vaccines in minimal turnaround time-** Indian customs will clear all imports of Covid-19 vaccines in minimal turnaround time. Gearing up for vaccine imports, the Central Board of Indirect Taxes and Customs has started discussions with entities planning to ship in the jobs.
- Cost of vaccinating India's entire population above 18 years 0.36% of GDP-** The cost of vaccinating the entire population above 18 years would be just 0.36% of India's gross domestic product (GDP), according to an India Ratings and Research (Ind-Ra) report. The total cost to be borne by central and state exchequers stood at Rs 67,193 crore, with the states having to incur a majority of the cost at about 0.24% of GDP while the figure for the Centre was 0.12% of GDP, the report said.
- Merger and acquisitions jump over 17 per cent to USD 25.3 billion in Q1-** Merger and acquisitions surged 17.4 per cent in the March quarter to USD 25.3 billion across 97 deals, according to a report. According to the report collated by Merger market, relaxation in the pandemic restrictions as well as investor optimism due to vaccines roll-out and government stimulus have helped the delay activities.

## Markets So Far

Indicators	Yearly			Monthly		Daily		
	2018	2019	2020	Feb 2021	March 2021	20 <sup>th</sup> April 2021	21 <sup>st</sup> April 2021	22 <sup>nd</sup> April 2021
BSE SENSEX	36068	41253	47751	49099	50100	47706	47705	48081
GOLD (10 GRMS)	30600	34813	46985	47125	44668	47314	47314	47569
CRUDE OIL (1 BBL)	4437	4007.8	2966	4260	4532	4674	4579	4591

EXCHANGE RATE (INR/USD)	68	70.4	74.11	72.78	72.78	75.38	75.43	75.11
----------------------------	----	------	-------	-------	-------	-------	-------	-------

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

**Warm Regards,**

**Dr S P Sharma**

**Chief Economist | DSG**

PHD Chamber of Commerce and Industry

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

August KrantiMarg, New Delhi-110016, India

Tel: +91 49545454

Fax: +91 11 26855450

Email: [spsharma@phdcci.in](mailto:spsharma@phdcci.in)

Website: [www.phdcci.in](http://www.phdcci.in)

Follow us on

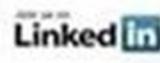


*"Towards Building Aatmanirbhar Bharat"*



PHD House, 4/2 Siri Institutional Area, August Kranti Marg, New Delhi - 110 016 (India) • Tel. : +91-11-2686 3801-04, 49545434, 49545400  
 Fax : +91-11-2685 5450, 49545451 • E-mail : [phdcci@phdcci.in](mailto:phdcci@phdcci.in) • Website : [www.phdcci.in](http://www.phdcci.in), CIN: U74899DL1951GAP001947

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.