

Weekly Compendium of Economic and Business Developments

(Period ending 31st December 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 Reduced performance security benefits have been extended until March 2023, Year End Review 2021 for Department of Commerce, Ministry of Commerce and Industry and Hon'ble Prime Minister inaugurates and lays the foundation stone of 23 projects worth over Rs 17500 crore in Uttarakhand, among others. The details of disseminated information during the week ending 31st December 2021 are appended.

Indian Economy

- **Benefit of reduced performance security extended till March 2023** - The Government has extended the benefit of reduced performance security in government contracts till March 2023. According to the rules, a successful bidder awarded a Government contract has to deposit a performance security of 5-10% of the value of the contract with the Government. To help commercial entities and contractors tide over the liquidity crunch post the first wave of the COVID pandemic, the Ministry of Finance in November 2020 had reduced this performance security to 3% for all tenders or contracts issued or concluded till December 31, 2021.
- **Year End Review 2021 for Department of Commerce, Ministry of Commerce and Industry** - Target of US\$ 400 billion for 200 countries and 30 Quick estimates commodity groups has been set by Department of Commerce for the year 2021-22, based on past trend, current scenario and policy dynamics in India and rest of the world. India's merchandise exports have reached 65.89 percent of the target of USD 400 Billion, till November 2021. Merchandise exports top \$263 billion during April-November 2021, jump more than 51% over same period last year.
- **Hon'ble Prime Minister inaugurates and lays the foundation stone of 23 projects worth over Rs 17500 crore in Uttarakhand-** Hon'ble Prime Minister, Shri Narendra Modi, has inaugurated and laid the foundation stone of 23 projects worth over Rs 17500 crore in Uttarakhand today. He laid the foundation stone of the Lakhwar Multipurpose Project which was first conceived in 1976 and was pending for many years. He inaugurated and laid the foundation stone of Rs 8700 crore road sector projects. These road projects would realise PM's vision to improve connectivity in remote, rural and border areas. Kailash Mansarovar Yatra will also get improved connectivity. He also laid the foundation stone of AIIMS Rishikesh satellite centre at Udham Singh Nagar and Jagjivan Ram Government Medical College at Pithoragarh. These satellite centres would be in line with PM's endeavour to provide world-class medical facilities in all parts of the country. He laid the foundation stone of Aroma Park at Kashipur and Plastic Industrial Park at Sitarganj and multiple other initiatives in housing, sanitation and drinking water supply across the state.

Our Voice

There is a need for continuous handholding of the economy as the uncertainty caused by looming impact of new coronavirus variant has impacted the performance of some of the lead economic and business indicators. Although the resilience of Indian Economy is very strong and we expect a double digit GDP growth in 2021-22 on the back of effective policy measures undertaken by the government, still we have to mitigate the uncertainty caused by the looming impact of omicron variant.

At this juncture, there is a need to address the high commodity prices and shortages of raw material to support the consumption and private investments in the country. The drivers of household consumption need to be further strengthened to enhance the aggregate demand as it will have an accelerated effect on expansion of capital investments. More and more direct benefit transfers needs to be enhanced for the urban and rural poor under the various welfare schemes of the Government to strengthen and sustain the recovery in the economic growth.

Economy so far

- **FY22's fiscal deficit expected to come in at 6.6% of GDP: Ind-Ra** - Higher tax and non-tax revenue collections this fiscal are expected to more than offset the shortfall in disinvestment revenue, leading to the fiscal deficit coming in at 6.6 per cent of GDP in FY22, or 20 basis points lower than the budgeted target, India Ratings and Research (Ind-Ra) said on 30th December 2021. As per the agency, the data relating to the Union government finances show that tax collections so far have immensely benefitted both from growth and inflation.
- **Indian Rupee jumps 29 paise to close at 74.42 against US dollar** - The rupee surged 29 paise to close at 74.42 (provisional) against the US dollar on Thursday following year-end dollar selling by banks and exporters amid muted domestic equities. At the interbank forex market, the local unit opened strong at 74.56 against the greenback and witnessed an intra-day high of 74.38 and a low of 74.65. It finally settled at 74.42, a rise of 29 paise. In the previous session, the rupee had settled just one paisa lower at 74.71 against the US dollar.
- **Food subsidy to be little less than Rs 4 lakh crore in FY22:** Hon'ble Food Secretary Shri Sudhansu Pandey - The Government's food subsidy is expected to be a little less than Rs 4 lakh crore in the financial year 2021-22 as against Rs 5.29 lakh crore in the previous fiscal, Hon'ble Food Secretary Shri Sudhansu Pandey said on 30th December 2021. About Rs 2.25 lakh crore food subsidy is estimated for procurement and distribution of foodgrains under the National Food Security Act (NFSA) and additional Rs 1.47 lakh crore has been incurred for implementing the Pradhan Mantri Garib Kalyan Anna Yojana (PMGKAY).
- **Merged public sector banks more riskier than unmerged one: RBI Report** - Merged public sector banks are more risky than unmerged ones, finds an analysis by the Reserve Bank of India, though Indian banks are less riskier now and are much better off than the first wave of the pandemic. Using stock market indicators to measure systemic risk in the banking sector, it is found that the systemic risk in the banking sector receded in 2021 from its elevated level during the first wave of the pandemic, according to an assessment made in the latest Financial Stability Report released by the Reserve Bank of India.
- **Government extends FY21 GST annual return filing deadline till Feb 28** - The Government has extended by two months till February 28 the deadline for businesses to file GST annual returns for 2020-21 fiscal ended March 2021. The due date for furnishing annual return in FORM GSTR-9 & self-certified reconciliation statement in FORM GSTR-9C for the financial year 2020-21 has been extended from 31.12.2021 to 28.02.2022," the Central Board of Indirect Taxes & Customs (CBIC) said in a late-night tweet on Wednesday.
- **Year End Review 2021 for Department of Commerce, Ministry of Commerce and Industry** - Export Target of US\$ 400 billion set for Merchandise in 2021-22, on course to scale with about 66% achieved till last

month - Target of US\$ 400 billion for 200 countries and 30 Quick estimates commodity groups has been set by Department of Commerce for the year 2021-22, based on past trend, current scenario and policy dynamics in India and rest of the world. India's merchandise exports have reached 65.89 percent of the target of USD 400 Billion, till November 2021.

- **Driving into 2022, road sector set for 'better' days with more highway stretches, new projects** - All weather terrain might well be a befitting description for the country's road sector. Weathering the pandemic-induced twists and turns, the sector will see more stretches of national highways, completion as well as awarding of multiple projects and fund raisers in 2022, making it a "better" year than the passing one. Connectivity with remote and tough terrains, decongesting major points in the road network, an integrated multi-modal national network of transportation and logistics, and steering ahead with the ambitious voluntary vehicle scrappage policy are also on the 2022 radar.
- **Delhi Government extends 20 per cent reduction in circle rates till Jun 2022** - The Delhi Government on 30th December 2021 extended the 20 per cent rebate on circle rate for land and immovable property till June 30, 2022, according to an order issued by the Revenue Department. The extension of reduction in circle rate will come into force with immediate effect, the order stated.
- **Consumer sentiment likely to witness fall in December: CMIE** - The weakening consumer sentiment in December could end up in a dip in consumer sentiments this month compared to a small growth in November and may pose a challenge to India's economic recovery though its impact on the third quarter will be mild, the Centre for Monitoring Indian Economy said. As per the CMIE data, the weekly index of consumer sentiments for the week ended December 26 stood at 55.1 while the 30-day moving average of the index of consumer sentiments on December 25, 2021 was at 57.1.
- **Public Debt Management Quarterly Report for July - September 2021 (Q2 FY22)- During July - September 2021**, the Central Government did not raise any amount through the Cash Management Bills. The Reserve Bank conducted six Open Market Purchase under G SAP 1.0 involving purchase of Rs 1,20,001 crore and sale of Rs 30,000 crore of government securities during the quarter. The net daily average liquidity absorption by RBI under Liquidity Adjustment Facility (LAF) including Marginal Standing Facility and Special Liquidity Facility was at Rs 6,99,471 crore during the quarter. Total liabilities (including under the 'Public Account') of the Government, as per provisional data, is Rs 1,25,71,747 crore at end-September 2021 as against Rs 1,20,91,193 crore at end-June 2021. This indicates a quarter-on-quarter increase of 3.97 per cent in Q2 FY22. Public debt accounted for 91.48 per cent of total outstanding liabilities at end-September 2021 as against 91.60 at end-June 2021.
- **Indian economy likely to maintain 9% GDP growth this fiscal and in FY23: ICRA**- The Indian economy is expected to maintain real GDP growth of 9 per cent each in FY2022 and FY2023, amidst the uncertainty ignited by the Omicron variant of Covid-19, according to ICRA. The credit rating agency has estimated the net loss to the Indian economy from the pandemic at ₹39.30 lakh crore during FY2021-23.
- **Government exempts gold jewellery hallmarking for articles meant for expo**- In a major relief, the Government has exempted mandatory hallmarking of gold jewellery and gold artefacts, including any article meant for international exhibitions. Any article meant for government- approved domestic business-to-business exhibitions besides special categories of jewellery such as Kundan, Polki and Jadaau. The announcement comes on back of the numerous requests made on the export and re-import rules with respect to the trade policy of the Government.
- **Direct selling companies banned from promoting pyramid schemes** - The Government on 29th December 2021 banned direct selling companies from promoting pyramid and money circulation schemes as it brought

out new rules for the industry, in a move that would separate legitimate players from Ponzi scheme operators. Direct sellers must have at least one physical location as their registered office within the country and make a declaration that they are not involved in any pyramid scheme or money circulation scheme, as per the Consumer Protection (Direct Selling) Rules, 2021 notified by the Ministry of Consumer Affairs, Food and Public Distribution.

- **Over 4.67 crore ITRs filed so far, 15.49 lakh alone in single day-** Over 4.67 crore Income Tax Returns have been filed including over 15.49 lakh ITRs filed on December 27 alone, the I-T department said on Tuesday. The last date for filing ITRs for 2020-21 fiscal ended March 31, 2021, by individual taxpayers is December 31, extended from the original date of July 31, 2021.
- **Exports up 36% on-yr in Dec 1-21** - India's exports in the first three weeks of December rose 36.20% on-year at \$23.82 billion. Outbound shipments were 27.7% higher than the same period of 2019-20, sources said. Export excluding petroleum, oil and lubricants increased 28.08% over the corresponding period last year. In the third week of December, exports rose 20.83% on-year at \$7.36 billion. Export excluding petroleum increased 24.56% over same period of FY21 and up by 29.25% over same period of FY20.
- **Uniform GST on MMF, yarn, fabric from January 1: Government** - Despite demands from traders and states, the government is sticking to its decision to implement uniform goods and services tax (GST) rate at 12% on manmade fibre (MMF), MMF yarn, MMF fabrics and apparel from January 1, 2022. In its year end statement on Monday, the textiles ministry said that this has addressed the inverted tax structure in the MMF textile value chain and will help the MMF segment grow and emerge as a big job provider in the country.
- **443.49 LMT of Paddy procured in KMS 2021-22 (up to 26.12.2021)** - The paddy procurement is progressing smoothly in Kharif Marketing Season (KMS) 2021-22 at MSP from farmers, as was done in previous years. A quantity of 443.49 LMT of Paddy has been procured in KMS 2021-22 upto 26.12.2021 in the procuring States/UTs of Andhra Pradesh, Telangana, Bihar, Chandigarh, Chhattisgarh, Gujarat, Haryana, Himachal Pradesh, Jharkhand, Jammu & Kashmir, Kerala Madhya Pradesh, Maharashtra, Odisha, Punjab, Tamil Nadu, Uttar Pradesh, Uttarakhand and Rajasthan.
- **Hon'ble Union Minister Shri Nitin Gadkari calls for manufacturing of Flex Fuel Vehicles (FFV) and Flex Fuel Strong Hybrid Electric Vehicles (FFV-SHEV) complying with BS-6 Norms in a time bound manner within a period of six months** - Hon'ble Union Minister for Road Transport and Highways Shri Nitin Gadkari has said in order to substitute India's import of petroleum as a fuel and to provide direct benefits to farmers, the Automobile Manufacturers in India have now been advised to start manufacturing Flex Fuel Vehicles (FFV) and Flex Fuel Strong Hybrid Electric Vehicles (FFV-SHEV) complying with BS-6 Norms in a time bound manner within a period of six months.
- **Planning wider implementation of mandatory gold hallmarking: Centre** - The rollout of mandatory hallmarking of gold jewellery in 256 districts has been smooth so far and the process of expanding it to all districts of the country is now underway, according to the Consumer Affairs Ministry. Hallmarking, a quality certification, has been made mandatory with effect from June 23, 2021 for 14, 18, and 22 carat gold jewellery and artifacts in 256 districts of the country, where there is at least one Assaying and Hallmarking Centre (AHC).
- **At 20%, CPSEs' capex pace creditable, yet below target** - Capital expenditure by large central public-sector entities — companies and undertakings — rose by 19% on year to Rs 3.1 lakh crore in the first eight months of the current financial year. Capex by these state-run entities, each with annual investment budget of over Rs 500 crore, was 52% of their aggregate capital expenditure target of Rs 5.96 lakh crore for FY22 in April-November period. While these 40-odd large CPSEs and departmental undertakings are sure to miss the

finance ministry's directive of achieving 90% of their target by December, they have to accelerate their capex in the remaining four months of FY22 to achieve the 30% annual growth target.

- **Over 4.43 crore income tax returns filed till Dec 25 for FY'21** - Over 4.43 crore income tax returns (ITRs) for the 2020-21 fiscal have been filed, which includes over 11.68 lakh returns filed on December 25, the I-T department said on 26th December 2021. This comprises over 2.41 crore ITR-1 and 1.09 crore ITR-4 getting filed for FY2020-21 (Assessment Year 2021-22) till December 25, 2021. A total of 4,43,17,697 ITRs have been filed up to 25.12.2021 including 11,68,027 ITRs having been filed on the day itself.
- **Ten sugar mills in UP to pay 12% simple interest on delayed payment to farmers** - Complying with an Allahabad High Court order, the Government has asked 10 sugar mills in the state to pay 12% simple interest to the farmers for the late payment of their sugarcane dues for three financial years: 2012-13, 2013-14, and 2014-15. Although the commissioner had fixed 12% interest rate to be payable by profit-making mill owners and 7% for the other mills which are not so profitable in March 2019 itself, the state government had been procrastinating on giving its approval, thereby delaying the actual payout to the farmers.
- **Good Governance Index 2021 launched on Good Governance Day, December 25, 2021 by Hon'ble Union Minister of Home Affairs and Minister of Cooperation Shri Amit Shah** - Hon'ble Union Minister of Home Affairs and Minister of Cooperation, Shri Amit Shah released the Good Governance Index 2021 prepared by Department of Administrative Reforms and Public Grievances (DARPG) on Good Governance Day at Vigyan Bhawan, New Delhi. Addressing a function organised to mark the Good Governance Day, Mr Amit Shah said people have long been waiting for good governance which was delivered by the Narendra Modi government in the last seven years. He said people's faith in democracy has enhanced since 2014, as they started getting benefits of development undertaken by the Government.
- **NITI Aayog to release the fourth edition of "The Healthy States, Progressive India" ranking States performance on 27th of December 2021** - NITI Aayog as the premier policy 'Think Tank' of the Government of India, believes in the mantra 'what gets measured gets done. As a part of cooperative & competitive federalism, NITI Aayog and the Ministry of Health and Family Welfare (MoHFW) work to continuously nudge states/UTs towards improvements in health outcomes. The objective of the Annual Health Index is to track progress on health outcomes and health systems performance, develop a healthy competition and encourage cross-learning among states and UTs. Health Index Scores and rankings for states and UTs are generated to assess incremental performance (year-to-year progress) and overall performance (current performance).
- **Karnataka High Court stays retro tax call on annuity to infra companies** - The Karnataka High Court has stayed proceedings initiated by the goods and services tax (GST) authorities seeking retrospective payment of tax on annuity to infrastructure companies. The high court, on December 23, stayed the proceedings initiated after summons were issued by the authorities as well as the circular issued by the Central Board of Indirect Taxes and Customs (CBIC) in June clarifying that GST was leviable on annuity payments.

Studies/Newsletters

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

[**TRADE AND INVESTMENT FACILITATION SERVICES \(TIFS\) NEWSLETTER: EDITION DECEMBER 2021**](#)



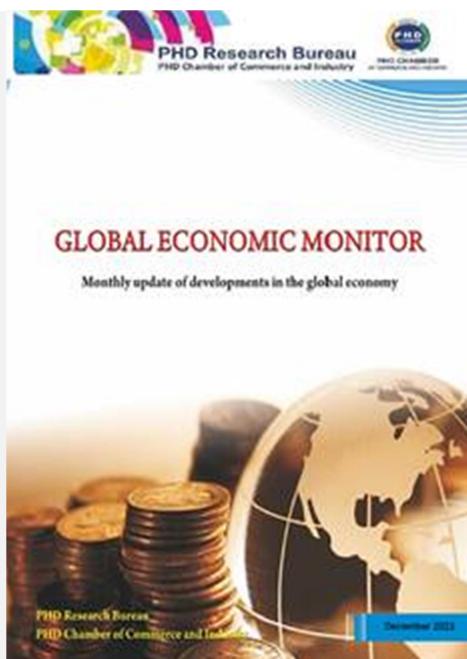
PHD Research Bureau has released newsletter on State Development Monitor for the month of November and December 2021, which disseminates information the State level developments on various aspects of Economy, Industry, Physical and Social Infrastructure, Agriculture & Food Processing, Rural Development, Tourism, among others

[STATE DEVELOPMENT MONITOR NEWSLETTER FOR THE MONTH OF NOVEMBER-DECEMBER 2021](#)



PHD Research Bureau has released newsletter on Global Economic Monitor for the month of December 2021, which disseminates information on latest updates on global macroeconomic indicators including growth, inflation, trade, financial markets, policy developments, among others.

[GLOBAL ECONOMIC MONITOR \(GEM\) FOR THE MONTH OF December 2021](#)



Markets So Far

	Yearly			Monthly		Daily		
Indicators	2018	2019	2020	October 2021	November 2021	28 th December 2021	29 th December 2021	30 th December 2021
BSE SENSEX	36068	41253	47751	60422	59416	57897	57806	57794
GOLD (10 GRMS)	30600	34813	46985	47208	48197	48041	47794	47565
CRUDE OIL (1 BBL)	4437	4007.8	2966	6056	5916	5676	5687	5722
EXCHANGE RATE (INR/USD)	68	70.4	74.11	74.93	74.45	74.70	74.56	74.35

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

Warm Regards,

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