

Weekly Compendium of Economic and Business Developments

(Period ending 22nd January 2022)

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 Decisions taken by the Union Cabinet, West Bengal Gets US\$125 Million to Help Citizens Access Social Protection Services, RBI releases Discussion Paper on Prudential Norms for Classification, Valuation and Operations of Investment Portfolio of Commercial Banks, among others. The details of disseminated information during the week ending 22nd January 2022 are appended.

Indian Economy

- **Decisions taken by the Union Cabinet** – (i) Cabinet approves infusion of Rs.1,500 crore in Indian Renewable Energy Development Agency Limited (IREDA); (ii) Cabinet approves Scheme for grant of ex-gratia payment of difference between compound interest and simple interest for six months to borrowers in specified loan accounts; and (iii) Cabinet approves extension of tenure of the National Commission for Safai Karamcharis for three years.
- **West Bengal Gets US\$125 Million to Help Citizens Access Social Protection Services** - The World Bank's Executive Board of Directors approved a US\$125 million loan to the Government of West Bengal to support the state's efforts to help poor and vulnerable groups access social protection services. The COVID-19 pandemic has highlighted the need to focus on building capabilities of state governments to deliver inclusive and equitable social protection in times of crisis. India's eastern state of West Bengal runs more than 400 programs that provide social assistance, care services, and jobs. Most of these services are offered through an umbrella platform called *Jai Bangla*. The West Bengal Building State Capability for Inclusive Social Protection Operation will support these interventions at the state level, with particular focus on vulnerable groups such as women, tribal and scheduled caste households and the elderly, as well as households in the state's disaster-prone coastal regions.
- **RBI releases Discussion Paper on Prudential Norms for Classification, Valuation and Operations of Investment Portfolio of Commercial Banks**- In pursuance of the announcement made in the Statement on Developmental and Regulatory Policies dated December 8, 2021, the Reserve Bank of India has released the Discussion Paper on Review of Prudential Norms for Classification, Valuation and Operations of Investment Portfolio of Commercial Banks.
- **Hon'ble PM inaugurates new Circuit House in Somnath, Gujarat** - Hon'ble Prime Minister Shri Narendra Modi inaugurated the new Circuit House in Somnath, Gujarat via video conferencing. Hon'ble Chief Minister of Gujarat Shri Bhupendrabhai Patel, state ministers, Members of Parliament, Temple Trust members were among those present on the occasion. He said that tourism plays a major role in the economy of many countries of the world. "We have infinite possibilities like this in every state and in every field", he said. The Hon'ble Prime Minister narrated a virtual Bharat Darshan of spiritual destinations and listed Somnath, Dwarka, Rann of Kutch and Statue of Unity in Gujarat; Places like Ayodhya, Mathura, Kashi, Prayag, Kushinagar and Vindhyachal in Uttar Pradesh; Devbhumi Uttarakhand has Badrinath Kedarnath; Himachal has Jwala Devi, Naina Devi; Entire North East is replete with the divine and natural glow; Rameshwaram in Tamil Nadu; Puri in Odisha; Tirupati

Balaji in Andhra Pradesh; Siddhi Vinayak in Maharashtra; Sabarimala in Kerala.

- **Hon'ble Finance Minister Smt. Nirmala Sitharaman authorises release of advance installment of tax devolution to State Governments amounting to Rs. 47,541 crore** - Hon'ble Union Minister for Finance & Corporate Affairs Smt. Nirmala Sitharaman has authorised the release of an advance installment of tax devolution to State Governments amounting to Rs. 47,541 crore. This is in addition to the regular devolution for the month of January 2022, also being released recently.
- **Hon'ble Union Minister Shri Giriraj Singh releases revised Rural Area Development Plan Formulation and Implementation (RADPFI) Guidelines** - All Panchayati Raj Institutions should have a vision for respective Panchayat for the next twenty-five years till India's centenary of Independence in 2047; should embark on formulating a master plan for all-round development and should take all possible efforts to boost local infrastructure, other developmental requirements, employment opportunities and resource base of Panchayats, exhorted Shri Giriraj Singh, Hon'ble Minister of Rural Development & Panchayati Raj while releasing the revised Rural Area Development Plan Formulation and Implementation (RADPFI) Guidelines prepared by Ministry of Panchayati Raj.

Our Voice

PHDCCI Quick Economic Trends: 3rd wave of Coronavirus impacts the performance of key economic indicators: The performance of key indicators will rebound sharply with expected peak of third wave in the coming days : PHD Chamber

The rapid rise in the cases amid the 3rd wave of Coronavirus has increased the uncertainty in economic environment and has impacted the performance of some of the lead economic and business indicators in the month of December 2021. Out of the 10 lead economic and business indicators of QET (Quick Economic Trends), tracked by the industry body PHDCCI, only 4 have shown uptick for the month of December 2021 as compared with 7 out of 10 indicators showing the uptrend in November 2021.

GST Collections, E-way Bill, Railway Freight and Exports have registered a positive growth in December 2021. Exports registered the highest positive growth of around 39% in December 2021, increasing from US\$ 27.2 billion in December 2020 to US\$ 37.8 billion. GST collections registered the y-o-y growth of 13% from Rs 1,15,174 crore in December 2020 to Rs 1,29,780 crore in December 2021. E-way Bills have shown y-o-y growth of 11.7%, in December 2021, increasing from 64.2 million in December 2020 to 71.6 million in December 2021. Railway freight registered the y-o-y growth of 15% from 111.6 Million Tonnes in December 2020 to 128.3 Million Tonnes in December 2021.

Unemployment rose sequentially by 13% in December 2021 from 7.0% in November 2021 to 7.9% in December 2021. Exchange rate depreciated by 1.2% from average of 74.45 INR/USD in November 2021 to 75.28 INR/USD in December 2021. The Manufacturing PMI decreased sequentially by (-)3.6% in December 2021, from 57.6 points in November 2021 to 55.5 points in December 2021. Forex reserves registered the decline of (-)0.6%, decreasing from US\$ 638 billion in November 2021 to US\$ 634 billion in December 2021. The SENSEX (monthly average) declined by (-)3% in December 2021 from 59416 in November 2021 to 57663 in December 2021. Passenger vehicle sales registered decline of (-)21.1% in December 2021 from 2,78,000 units in December 2020 to 2,19,241 in December 2021.

Supply side issues such as high input prices, shortages of raw materials, among others are impacting the production possibilities and reducing the price cost margins of the producers. 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. Mitigation of the pandemic impact with continuous handholding by the Government along with the effective adoption of COVID appropriate behaviour and protocols are needs of the hour.

Economy so far

- **India FY23 GDP growth seen 7.6%: India Ratings** - India Ratings and Research yesterday said it expects India's gross domestic product (GDP) to grow 7.6% on-year in FY23. Shri Sunil Kumar Sinha, Principal Economist, India Ratings and Research said that after a gap of two years, the Indian economy will show a meaningful expansion, as the real GDP in FY23 will be 9.1% higher than the FY20 (pre-Covid level) GDP level.
- **New Covid wave, localised lockdowns may shave off 100 bps growth in toll collections in FY22: ICRA**- ICRA said given that passenger vehicles (PV) category account for 20-25 per cent of overall traffic on toll projects, regional lockdowns imposed by state governments restricting people movement are expected to adversely impact the PV traffic as well as bus categories, as witnessed during the second wave of Covid-19.
- **Economy needs more nursing; Budget should not focus on fiscal consolidation alone: SBI** - Economists at the nation's largest lender State Bank of India (SBI) have urged the government to budget for nursing the pandemic-ravaged economy and not to focus too much on fiscal consolidation as there is a need for more stabilisation measures to sustain the fledgling recovery.
- **Economic agenda for 2022: Key focus areas for this year's budget** - Due to the three waves of COVID that India has experienced, nearly two years of real growth in economic activities have been wiped out. Since COVID's deleterious impact may continue for some more time, it may not be prudent to expect a real growth that is tangibly higher than 7.0%. The key focus of the 2022-23 budget should be to support growth by reviving both consumption and investment demand while containing inflation. While inflation largely has external roots, India's economic agenda should address the supply side bottlenecks, focusing on continued infrastructure expansion particularly for the health sector.
- **Exporters from SEZs, EoUs may soon be eligible for new input duty remission scheme** - Special Economic Zones (SEZs) and Export-oriented Units (EoUs) may soon be brought into the ambit of the government's new scheme for remitting import duties, probably as early as the coming fiscal, with the process of fixing the reimbursement rates already in the works, sources have said. EPCES has submitted data for calculation of remission rates to RoDTEP Committee.
- **Key WTO members to hold virtual meet tomorrow to discuss reform measures, response to pandemic** - Issues like the WTO's response to the COVID-19 pandemic, proposed pact on fisheries subsidies and reform measures will figure in a virtual meeting of key members of the World Trade Organization tomorrow, an official said. The meeting, which is happening at the sidelines of the World Economic Forum summit in Davos, is called by Switzerland.
- **Agri exports likely to cross US\$50 billion this fiscal: Commerce Ministry** - The country's exports of agricultural products, including marine and plantation goods, increased 23.21 per cent to USD 31.05 billion in April-November 2021 and is expected to cross USD 50 billion for the "first time" this fiscal, the commerce ministry said yesterday. The ministry has taken several steps during the ongoing COVID-19 pandemic to push the exports.
- **Natural gas futures down as US stocks rise, nickel surges on supply worries** - Natural gas futures traded lower ahead of the US inventory report, while nickel futures gained as supply worries continue to impact the metal on the Multi Commodity Exchange (MCX) during the initial hours of trading on Thursday. February natural gas futures were trading at ₹288.30 on MCX in the initial hour of Thursday morning, against the previous close of ₹291.90, down by 1.23 per cent. February futures of natural gas were at \$4.017 on NYMEX, down by 0.07 per cent.
- **Government taps experts on taxing crypto assets held by firms, family offices** - The government has sought the views of tax experts on disclosure and taxation guidelines for companies and family offices that hold cryptocurrencies, said two people aware of the matter. Companies currently have to disclose any holdings or dealings in cryptocurrencies or crypto assets in their filings with the Registrar

of Companies (RoC).

- **Government may lower borrowing in FY'23: Report-** The combined borrowing by the centre and states is likely to be lower in FY'23. But bond yields may have a sobering impact given the proposed tweaks by RBI regarding bank's investment portfolio. Overall gross borrowings by centre and the states is likely to be around Rs 21 lakh crore in FY'23 compared with Rs 19.7 lakh crore in FY22 with net borrowings around Rs 14.8 lakh crore (Rs 15 lakh crore in FY22).
- **FDI flows to India slip 26% in 2021: UN report -** Foreign Direct Investment (FDI) flows to India in 2021 were 26 per cent lower, mainly because large M&A deals recorded in 2020 were not repeated, the UN trade body has said. The UN Conference on Trade and Development (UNCTAD) Investment Trends Monitor published recently said global foreign direct investment flows showed a strong rebound in 2021, growing 77 per cent to an estimated USD 1.65 trillion, from USD 929 billion in 2020, surpassing their pre-COVID-19 level.
- **Hon'ble Finance Minister Smt. Nirmala Sitharaman authorises release of advance installment of tax devolution to State Governments amounting to Rs. 47,541 crore –** Hon'ble Union Minister for Finance & Corporate Affairs Smt. Nirmala Sitharaman has authorised the release of an advance installment of tax devolution to State Governments amounting to Rs. 47,541 crore. This is in addition to the regular devolution for the month of January 2022, released Yesterday. Thus, States would receive a total of Rs. 95,082 crore or double their respective entitlement during the month of January 2022.
- **Solvent Extractors' Association favours resumption of mustard futures -** Solvent Extractors' Association (SEA) of India has said there is a need to restart futures trading in mustard seeds and its derivatives. Association said that suspension has not helped in curbing inflation; purpose not served.
- **South-East Asian nations continue to buy corn from India -** South-East Asian countries, particularly Vietnam and Malaysia, continue to buy Indian corn (maize) in a big way as the commodity's prices have declined from the highs seen in July 2021. Prices are off highs seen in July 2021 after China cut its demand estimate.
- **Streamline issuance of lower/nil TDS certificate -** To protect one's cash flow from the all pervasive TDS deductions, an assessee having low income tax relative to his income needs to apply for a lower/nil TDS deduction certificate. This needs to be applied for every financial year and/or for every stream of income as the case may be at the option of the assessee.
- **No input tax credit for 99-year lease: AAAR -** an Appellate Authority for Advance Ruling (AAAR) has denied input tax credit under the Goods and Services Tax (GST) framework on leasing of land and property, that could impact several companies and hotels. Most companies and hotels pay GST at 18% on lease rentals and claim credit to reduce their tax outgo. Also in many instances the leased properties are treated as owned ones and the rights are transferred when the property is sold or bought by new owners.
- **Income tax cannot raise fresh claims after resolution plan approved under IBC: Bombay High Court -** The tax department had issued fresh notices to the corporate debtor after a resolution plan was approved. There is still ambiguity over what would happen to pending tax demand for the company under IBC. And what would happen if the company were to get a refund from the tax department after the new buyers take over, say industry trackers.
- **Do not hike taxes on cigarettes: FAIFA -** The Federation of All India Farmer Associations (FAIFA), which represents farmers and farmworkers of commercial crops, has asked the Union Government to not hike taxes on cigarettes any further. No clear evidence linking high taxes to reduced consumption; cigarette smuggling causing loss of ₹16,138 crore.
- **Auto fuel prices on pause for 76th day -** Thursday was 76th day when prices of petrol and diesel were not revised in four metros on account of change in international crude prices. This is happening despite

the fact that international prices have been on fire and touched a seven-year high on Wednesday.

- **Mineral Production Goes up by 5% During November, 2021** - As per the data of Indian Bureau of Mines (IBM), Ministry of Mines, the index of mineral production of mining and quarrying sector for the month of November, 2021 (Base: 2011-12=100) at 111.9, was 5.0% higher as compared to the level in the month of November, 2020. The cumulative growth for the period April- November, 2021-22 over the corresponding period of previous year has increased 18.2 percent.
- **MSME units are together capable of constituting a complete supply chain: MSME Secretary** - There is tremendous potential for Indian engineering MSMEs to be integrated into the Global Value Chain due to their manufacturing cost advantage, said Mr B. B. Swain, Secretary, Ministry of MSME. Addressing the inaugural session of MSME Conclave organized by EEPC India recently, Mr Swain said that for the MSMEs to achieve high growth the two most significant interventions required are related to credit assistance and technology upgradation. He noted that the Ministry of MSME has been working closely with other Ministries and Departments to facilitate the ease of doing business for MSMEs.
- **Economic recovery to become broad-based in Q3; yet to attain durability: ICRA Report** - Rating agency Icri yesterday said that while there is some evidence of the economic recovery becoming broad-based in the third quarter of fiscal 2022, it is yet to attain the durability being sought by the Monetary Policy Committee (MPC) as a precursor to policy transmission. The agency expects the real GDP to expand 6-6.5 per cent year-on-year in the third quarter of FY2022 (+8.4 per cent in Q2 FY2022). It also sees the RBI maintaining the status quo in the upcoming monetary policy review to be held in February.
- **Omicron poses limited downside to Indian economy, say economists** - There is scant downside risk to the Indian economy in the last months of this financial year from the Omicron coronavirus variant, according to economists polled by Reuters who said New Delhi should focus on fiscal prudence in its February budget. Asia's third-largest economy is in the midst of a resurgence in coronavirus cases driven by the new variant that has forced most states to impose localised restrictions.
- **India to push for TRIPS waiver on Covid drugs at WTO** - India will push for a waiver of certain provisions of the global intellectual property rights agreement for Covid-19 medicines and products at a mini ministerial meeting called by the World Trade Organization to firm up its pandemic response.
- **APEDA steps in to help agri exporters in resolving railway rake shortage issue** - The Agricultural and Processed Food Products Export Development Authority (APEDA) has stepped in to help exporters of agricultural products in solving the issue of a shortage of rail rakes, but the situation is likely to be tight for some more time.
- **India-UK FTA: Indian industry wants tariffs on Scotch not be reduced below 'sustainable levels'** - Indian manufacturers of alcoholic beverages have asked the government not to reduce customs duties on whiskey, wine and other spirits from the UK below a "sustainable level" under the bilateral free trade agreement being negotiated and to bring it down gradually over a time window.
- **India presents a great investment destination to any international business** - India and UK formally launched talks last week for concluding FTA by early 2023. Richard Heald - Executive Chair, UK India Business Council in a wide ranging interview to ET said by making more investments, businesses in both countries stand to gain a lot. The UK is one of the world's largest economies, home to many of the world's greatest universities and research centers, and world class legal and regulatory institutions, Heald said, adding, FTA will enormously help to maximize that opportunity and make it easier for UK businesses to trade and invest there.
- **Government weighs extension of emergency credit scheme** - The government is examining a proposal to increase the validity of the Emergency Credit Line Guarantee Scheme (ECLGS), which is now set to expire in March. The scheme offers government guarantees for up to ₹4.5 lakh crore of loans, and banks have so far sanctioned about ₹2.9 lakh crore under it. The government may expand the validity of the scheme by up to a year and the overall loan cap by 10%, said a finance ministry official.

- **Cryptocurrencies crash 40% since November on mounting regulatory uncertainties** - Cryptocurrencies including bitcoin, ethereum and dogecoin, which had attracted lot of interest in 2021 due to the stellar rally in prices are currently passing through a rough patch. Bloomberg galaxy crypto currency index, which is designed to measure the performance of the largest cryptocurrencies traded in US dollars, is down 40 per cent since the peak recorded in November 10, 2021. The index has lost 11 per cent since the beginning of 2022.
- **Hon'ble Finance Minister Smt. Nirmala Sitharaman may propose tax relief for global debt investors in Budget** - Hon'ble Finance minister Smt. Nirmala Sitharaman will likely consider a capital gains tax waiver in the Union Budget for overseas debt investors, a move that will set the stage for India's inclusion in the keenly tracked global bond indices of Bloomberg.
- **Finance Ministry notifies e-advance ruling scheme, allows filing e-mail application-** The finance ministry has notified the 'e-advance rulings Scheme', enabling taxpayers to file their application for advance ruling through e-mail, a move that will majorly benefit non-resident assesses in such proceedings. The 'e-advance rulings Scheme, 2022', notified by the Central Board of Direct Taxes (CBDT), further provides that hearing before the Board for Advance Rulings will be conducted through video conferencing/ video telephony, where taxpayers would be granted an appropriate opportunity of being heard.
- **Dollar sales by banks help rupee recover from early lows** - Heavy dollar sales by state-run banks helped the rupee recover from its early lows to close the day 15 paise stronger at 74.43 against the dollar, even as concerns over the US tightening and high crude oil prices kept the market sentiment cautious.
- **Former RBI Governor Dr Raghuram Rajan's 8 cues for Budget 2022** - India urgently needs to move away from incremental budgetary policy moves and stop thinking only about areas like manufacturing or agriculture, according to former Reserve Bank of India governor Dr Raghuram Rajan. In an interview, Dr Rajan explained why one need neither be overly optimistic nor overly pessimistic about India at the moment.
- **Cabinet approves Scheme for grant of ex-gratia payment of difference between compound interest and simple interest for six months to borrowers in specified loan accounts** - The Union Cabinet chaired by Hon'ble Prime Minister Shri Narendra Modi has approved the payment of ex-gratia amount of Rs. 973.74 crore pertaining to remaining claims submitted by Lending Institutions (LIs) under Scheme for grant of ex-gratia payment of difference between compound interest and simple interest for six months to borrowers in specified loan accounts (1.3.2020 to 31.8.2020).
- **Growers and exporters lock horns over MSP for grapes** - Maharashtra grape farmers and exporters have locked horns over the minimum support price (MSP) for export-quality grape announced by the Maharashtra State Grape Grower Association (MSGGA), the apex body of grape farmers. While it's the harvest season, many exporters have rejected the MSP and harvesting is at a standstill, especially in Nashik district.
- **Global cues lift spot rubber** - Spot rubber regained strength in tandem with the global gains on Wednesday. RSS-4 improved to ₹162 (160) a kg, as per traders. The grade was quoted firm at ₹161 (160) per kg by the Rubber Board.
- **Area under chana continues to rise, Maharashtra tops in coverage** - Contrary to the initial expectations farmers across the country have brought more area under the rabi pulses crop, mainly chickpea or chana this season. Chickpea acreage has increased to a new high with record sowing in Maharashtra and Gujarat, while the traditionally largest producing State of Madhya Pradesh has seen a marginal increase in area.
- **Spices Board of Centre conducts meeting with Scientist Community and Chilli crop experts to**

chalk out strategies to tackle Thrips outbreak in Chilli crop in Telangana and Andhra Pradesh - Severe Thrips attack in Chilli crops in Telangana and Andhra Pradesh has seriously affected the crop yield and the chilli farmers are highly distressed and worried about the crop loss, which will add on to their financial burden. In order to chalk out ways to address the issue caused by the invasive Thrips species the Chairman, Chilli Task Force Committee, Shri G.V.L. Narasimha Rao, MP, conducted a meeting with Scientist community and Chilli crop experts.

- **Coal India registers 31% growth in despatch under e-auction platform** - Coal India Ltd has registered 31 per cent growth in despatch under the five e-auction windows at 77.4 million tonne (mt) during April-December 2021, compared to 59 mt same period last year. Special forward e-auction, which is the exclusive window meant for power sector, accounted for nearly 28 mt of the total despatched quantity.
- **52% of Indian MSMEs saw a positive impact post pandemic: PayPal survey** - After two years of the pandemic, 52 per cent of small businesses witnessed a positive impact on their business once economies began to reopen, said a survey by PayPal. The survey "MSME Digital Readiness Survey" stated that 29 per cent of the MSMEs found that the business environment in India became more favourable for online sales and for 31 per cent the cross-border opportunity was promising.
- **The most important thing running on the FM's mind before Budget 2022-** Hon'ble Finance minister Smt Nirmala Sitharaman has her task cut on February 1. Adoption of a loose monetary policy by central banks around the world with the aim of supporting economic growth in the pandemic has led to markets hitting record highs. This, along with supply chain bottlenecks, and a supply-demand mismatch has made inflation creep up.
- **Rupee falls 18 paise to 74.43 against US dollar in opening trade on Tuesday-** The rupee declined by 18 paise to 74.43 against the US dollar in opening trade on Tuesday, as strong American currency and elevated crude oil prices weighed on investor sentiments. Forex traders said muted domestic equities and dollar buying by banks on behalf of importers also dragged the local unit down.
- **India's annual power consumption to grow at 6.5% during 2022-24-** Power demand in the country is expected to grow at an annual rate of 6.5 per cent between 2022 and 2024 backed by rising consumption from residential and industrial segments, the International Energy Agency (IEA) has projected. The projection comes as India clocked the highest 10 per cent Y-o-Y growth in power demand during the 2021 calendar year (CY), sharing the stage with China.
- **Expectations from Budget 2023-** With the Indian economy doing well in first three quarters of FY22, when compared to FY21, and the government's determination to carry this momentum to the next financial year, the expectations from the Union Budget FY23 remains reasonably high.
- **Carpet exporters to submit data backing demand for higher rates under input duty remission scheme-** Carpet exporters are compiling data to back their demand for an increase in rates under the government's new input duty remission scheme for exporters and will soon submit it to the government, the Carpet Export Promotion Council (CEPC) has said.
- **Stempeutics gets DCGI nod for Phase 3 clinical trial on its product for treating COVID patients-** Stempeutics, a group company of Manipal Education and Medical Group (MEMG), on Tuesday said it has received DCGI clearance to conduct Phase 3 clinical trial on its product for treating COVID-19 patients suffering from acute respiratory distress syndrome (ARDS).
- **UK hopes FTA with India will address peak tariffs on Scotch, vehicles, pharma-** Reducing tariffs on intermediates like Indian textiles, vehicle parts could help British industry, according to report on UK's strategic approach to FTA.
- **India Post Payments Bank's customer base crosses 5 Crore Mark-** What was termed as the biggest initiative of financial inclusion in the country by the Prime Minister at its launch, the India Post

Payments Bank (IPPB), a 'Digital-First Bank' built on the rails of wide physical distribution network of India Post under the Ministry of Communication, Government of India, has announced a major milestone since inception towards achieving its financial inclusion goals through digital banking.

- **IndusInd Bank sells Rs 4,050 crore distressed retail and corporate loans to ARC in last nine months-** Private lender IndusInd Bank sold more than Rs 4,050 crore of distressed loans to asset reconstruction companies (ARC) in the last three quarters to clean its books, said two people aware of the matter. The bank sold Rs 2,552 crore loans to Edelweiss ARC and Rs 1,500 crore to Omkara ARC in separate pools comprising retail and corporate loans, people said.
- **PE, VC investments jump to all-time high of \$77 bn in 2021: Report-** Private equity and venture capital funds invested USD 77 billion in Indian companies in 2021, a jump of 62 per cent over the previous year, a report said on Tuesday. Going by a number of deals, there was a 37 per cent growth to 1,266 transactions, the report by industry lobby IVCA and consultancy EY said.
- **ECLGS: Indian Banks' Association pitches for 1-year extension-** The Indian Banks' Association (IBA) has urged the government to extend the ₹4.5-lakh crore Emergency Credit Line Guarantee Scheme (ECLGS) — an MSME support initiative — by one more year beyond March 31, the announced end date for the scheme. This is needed given that the pandemic's effect on economic activity is still continuing, and more so when the expected revival of the economy has not materialised and MSMEs are struggling to come out of their financial difficulties, IBA said.
- **Gem, jewellery body urge Government to cut GST to 1.25 per cent-** The Gem and Jewellery industry and allied businesses have been facing the brunt of the pandemic for about two years and continue to suffer. The All India Gem and Jewellery Domestic Council has therefore urged the Union Finance Minister to reduce the GST rate to 1.25 per cent. GJC has also asked FM to raise PAN card limit from ₹2 lakh to ₹ 5 lakh citing that many households in rural India do not hold PAN cards and face difficulty in meeting the requirement especially during the pandemic, the domestic apex body said in its pre-Budget recommendations.
- **Fresh fruits import recovers to pre-2017 level, rises to over 4.5 lakh tonnes-** India's fresh fruits imports have returned to pre-2017 level of 4.5 lakh tonnes, recovering from a slew of setbacks such as the Covid pandemic, supply shocks, a ban on Chinese fruits and the Centre's retaliatory tariffs against US fruits.
- **Mustard: The yellow revolution is here, finally-** A new yellow revolution has finally taken off, as farmers expand the area under the crop by a quarter, conjuring up visions of endless mustard fields.
- **Centre should create buffer stock of mustard: COOIT-** The government should create a 25-lakh tonnes buffer stock of mustard on the similar line as done in case of pulses, to enhance domestic production of oilseeds and cut imports of edible oils, according to the Central Organization for Oil Industry and Trade (COOIT).
- **Telecom Department revises policy for issue/renewal of NOC for sale/rent of International Roaming SIM Cards/ Global Calling Cards of Foreign Operators in India-** As part of the policy reforms initiated in telecom sector, the Department of Telecom (DOT) has issued the "Revised terms & conditions for issue/renewal of NOC for sale/rent of International Roaming SIM Cards/ Global Calling Cards of Foreign Operators in India". The revised terms & conditions have been finalized by DoT after deliberations on the *Suo-motu* Recommendations of TRAI on Sale/rent of International Roaming SIM Cards/ Global Calling Cards of foreign operators in India.
- **Shri Nitin Gadkari calls for cooperation between Central and State Governments for infrastructure development of the country-** Hon'ble Union Road Transport and Highways Minister Shri Nitin Gadkari on Monday called for cooperation between Central and State Governments for infrastructure development of the country. He said that the infrastructure development will play an important role in fulfilling the vision of India in becoming \$5 trillion economy.

- **Coal India committed to meet elevated' demand of power sector: Official-** Mining major Coal India Ltd is committed to meet the elevated demand of the dry fuel from the power sector, including coastal plants dependent on imports, a company official said on Tuesday. The miner had hoped the demand would ease by December last year, but that did not happen, he said.
- **Power sector stocks may continue to shine as economic activity recovers-** Power consumption is strongly linked to economic activity. The consumption data through Q3 suggests that economic activity continued to recover in that quarter, but at a slower than hoped-for pace. However, supply chain issues also seem to be easing and despite Omicron, there's been speculative investment in various power sector stocks in the last month.
- **States Committing To Power Sector Reforms Incentivised By Increased Market Borrowings Space-** Ministry of Finance, Government of India, had launched a programme in June 2021 to allow additional borrowing space to State Governments, which is conditional on them undertaking and sustaining specific reforms in the power sector. REC Ltd is working as nodal agency for implementation of the scheme, for Ministry of Power.
- **Oil price tops \$87/bbl but petrol, diesel prices stay unchanged-** International oil prices jumped to the highest level since 2014, topping USD 87 a barrel but domestic petrol and diesel prices remained unchanged for the 74th day in a row - a freeze that may be linked to ensuing assembly elections in states like Uttar Pradesh and Punjab.
- **Union Budget 2022: India Inc's taxation Wishlist:-** In her first year as Hon'ble Finance Minister, Mrs Nirmala Sitharaman initiated bold tax reform, lowering corporate Income Tax to 25% and a very competitive 15% tax rate for new manufacturing. Two years of Covid pandemic has left the economy fragile and government in difficulty, but with tax collections looking up, industry feels there is some room for the FM to offer some tax concessions. A look at the industry wish list.
- **Concerns over Omicron surge derailing recovery may be short-lived: RBI economists:-** The concerns about the new COVID variant-Omicron disrupting the economic revival may be short-lived. The Reserve Bank economists say that expectations that Omicron may turn out to be more of a flash flood than a wave have brightened near-term prospects, in their latest assessment of the economy. Amidst upbeat consumer and business confidence and an uptick in bank credit, aggregate demand conditions stay resilient, they say.
- **Government plans \$19 billion fertilizer subsidy in Union Budget FY23:-** India is likely to earmark nearly \$19 billion in the Union Budget 2022 to compensate fertilizer companies for selling their products to farmers at lower than market prices, according to people with knowledge of the matter. The finance ministry has penciled in Rs 1.4 lakh crore (\$18.8 billion) as fertilizer subsidy in the budget due February 1, up from Rs 1.3 lakh crore in the year ending March 31, due to higher raw material costs, the people said.
- **India's overall macroeconomic situation on recovery mode but facing stagflation: Kaushik Basu** India's overall macroeconomic situation is in a recovery mode but the growth is concentrated at the top end, which is a worrying trend, according to former World Bank Chief Economist Kaushik Basu. Amid the rising inflationary trends, including the sharp increase in retail inflation last month, Basu, who has also served as Chief Economic Advisor to the Indian government during the UPA rule, said the country is facing stagflation and "very carefully curated policy interventions" are required.
- **India's overall macroeconomic situation on recovery mode but facing stagflation: Shri Kaushik Basu -** India's overall macroeconomic situation is in a recovery mode but the growth is concentrated at the top end, which is a worrying trend, according to former World Bank Chief Economist Shri Kaushik Basu. Amid the rising inflationary trends, including the sharp increase in retail inflation last month, Basu, who has also served as Chief Economic Advisor to the Indian Government during the UPA rule, said the country is facing stagflation and "very carefully curated policy interventions" are required to

address the situation.

- **India's apple exports up 82% since 2014: Commerce Ministry data:-** India's apple exports have jumped 82 per cent since 2014, while fruit imports increased marginally by 3.8 per cent during the same time, according to the commerce ministry data. Increase in exports is helping the growers in Kashmir and Himachal Pradesh to further push the outbound shipments in different parts of the world. In value terms, exports rose to USD 14.45 million in 2020-21 from USD 8.6 million in 2014-15, the data showed.
- **Indian rice traders stop new export deals as freight train shortage blocks shipments:** Nearly a third of India's rice exports for this month are stuck due to a shortage of freight trains and most traders have stopped signing February export contracts to avoid demurrage charges, industry officials told Reuters. The slowdown in exports from India, the world's biggest rice exporter, has allowed rival suppliers such as Thailand, Myanmar and Vietnam to increase overseas sales at higher prices.
- **Oilmeals export down 67 pc to 1.7 lakh tonne last month; 28 pc fall in April-December:-** Oilmeals export fell 67 per cent to 1.7 lakh tonne in December with Indian products being uncompetitive in the global market, according to industry body SEA. In a statement, the Solvent Extractors' Association of India (SEA) said 1,70,338 tonne of oilmeals were exported in December 2021 compared to 5,16,006 tonne in the year-ago period. The fall in exports is mainly due to decline in export of soybean and rapeseed meal, it added.
- **India set to achieve \$650 billion exports target in 2021-22: Piyush Goyal:-** India is set to achieve \$650 billion exports target in the current financial year, Hon'ble Commerce and Industry Minister Piyush Goyal said on Monday. Out of the targeted \$650 billion, \$400 billion will be merchandise exports while the rest \$250 billion will be services exports.
- **Assets issued to employees by Indian crypto bourses under taxman's Lens:-** Cryptocurrencies or digital assets issued to employees by crypto exchanges as incentives are set to come under the taxman's lens. The question is whether the coins - most of them issued by Indian exchanges - can be construed as income and what could be the income tax applicable on the digital assets.
- **Crypto Bill likely to miss Budget session as Government seeks time to build consensus:-** The Centre is unlikely to introduce the much-awaited cryptocurrency bill in the upcoming budget session of Parliament as it wants to hold more discussions and build consensus on the regulatory framework. The government also wants to wait for the pilot launch of Reserve Bank of India's digital currency, expected in a few months.
- **Companies, exporters cry foul as taxman raise fresh GST demands on ocean freight even as issue is pending in SC:-** The issue of Goods and Services Tax (GST) on ocean freight has come to haunt many companies as the tax department has started raising fresh queries over tax applicability on transportation of imported goods through the sea route even as the matter is pending in various courts. In the last month or so, the department has started issuing fresh tax demands and notices to companies over GST on ocean freight, prompting some of the companies to file writ petitions against the decision.
- **WPI inflation stands at 13.56% in December 2021 -** The annual rate of Wholesale Price Index (WPI) inflation is 13.56% (Provisional) for the month of December, 2021 as compared to 1.9% in December, 2020. The WPI inflation stood at 14.2% in November 2021. The high rate of inflation in December 2021 is primarily due to rise in prices of mineral oils, basic metals, crude petroleum & natural gas, chemicals and chemical products, food products, textile and paper and paper products etc as compared the corresponding month of the previous year, December 2020.
- **Raksha Mantri Shri Rajnath Singh announces allotment of Rs 320 crore to Armed Forces Flag Day Fund to clear backlog of welfare schemes -** Hon'ble Ministry of Defence (MoD) has launched three new initiatives for the welfare of ex-servicemen and their families on the occasion of Armed Forces Veterans' Day which is celebrated on 14th January every year. Raksha Mantri Shri Rajnath

Singh announced that the Department of Ex-Servicemen Welfare (DESW) has allotted Rs 320 crore to Armed Forces Flag Day Fund (AFFDF) to clear all backlog of pending applications for welfare schemes especially Education & Marriage grants for widows/dependent children of the veterans. This will benefit over 1,66,000 wards/widows of Ex-Servicemen (ESMs).

- **A total of 10 bids with capacity ~ 130 Gwh received under the Production Linked Incentive (PLI) Scheme for Advanced Chemistry Cell (ACC) Battery Storage** - A total of 10 companies submitted their bids under the Advanced Chemistry Cell (ACC) Battery Storage Programme in India for which Request for Proposal (RFP) was released by Ministry of Heavy Industries (MHI) on 22nd October 2021. The scheme was open for receiving applications till 11:00:00 hours IST on 14th January 2022 and the Technical Bids were opened on 15th January 2022. The manufacturing facility would have to be set up within a period of two years. The incentive will be disbursed thereafter over a period of five years on sale of batteries manufactured in India.
- **Non-food credit growth hits over two-year high of 9.28% in Dec** - Non-food credit growth reached an over two-year high of 9.28% year-on-year (y-o-y) during the fortnight ended December 31, according to data released by the Reserve Bank of India, picking up sharply from the 7.41% growth seen in the previous fortnight. Outstanding non-food credit as on December 31 stood at Rs 115.95 lakh crore, higher than Rs 112.29 lakh crore at the end of the previous fortnight. Deposits grew 10.28% y-o-y to Rs 162.41 lakh crore.
- **Budget to offer more fiscal support to economy amid uncertainty from third wave: Report** - The rising uncertainty from the third wave of the pandemic will force the forthcoming Budget to push the fiscal pedal more to support the fragile recovery, and print in 6.5 per cent fiscal deficit as the government is likely to budget for around Rs 42 lakh crore of capex next fiscal, says a brokerage report. Budget 2022 will be presented on February 1. Budget 2021 had pegged the fiscal deficit at 6.8 per cent or Rs 12.05 lakh crore for FY22, down from 9.5 per cent in FY21 when also it had borrowed Rs 12 lakh crore but in percentage terms it soared given the massive 7.3 per cent contraction of the economy in the year.
- **National Startup Day validates role of startups in growth of economy** - National Startup Day is a validation of the role of startups in the growth of the country's GDP and strengthening India's position at a global stage, and will encourage young talent to see entrepreneurship as a primary career option. Hon'ble Prime Minister Shri Narendra Modi announced that the country will celebrate January 16 as National Startup Day, as he termed startups the "backbone" of new India and the engine that will power the nation's economic growth in the run up to the 100th year of Independence.
- **Gold imports jump over 2-fold to USD 38 bn in Apr-Dec 2021** - India's gold imports, which has a bearing on the country's current account deficit (CAD), more than doubled to USD 38 billion during April-December this fiscal on account of higher demand, according to data of the commerce ministry. The imports stood at USD 16.78 billion in April-December 2020. In December 2021, imports of the precious metal rose to USD 4.8 billion from USD 4.5 billion in the year-ago period.
- **INDIA'S FOREIGN TRADE: December 2021** - India's overall exports (Merchandise and Services combined) in December 2021 are estimated to be USD 57.87 Billion, exhibiting a positive growth of 25.05 per cent over the same period last year and a positive growth of 23.35 per cent over December 2019. Overall imports in December 2021 are estimated to be USD 72.35 Billion, exhibiting a positive growth of 33.86 per cent over the same period last year and a positive growth of 40.30 per cent over December 2019.
- **FIMI seeks withdrawal of export duty on iron ore** - The Federation of Indian Mineral Industries (FIMI) has urged the government to withdraw a 30% export duty on iron ore with 58% or more iron content. In a pre-Budget memorandum to the finance ministry, the federation said due to high incidence of export duty, exports have nearly halved to 57.22 million tonne (MT) in 2020-21 compared with 117.37 MT in 2009-10. There is no export duty on iron ore up to 58% iron content. The Government abolished duty on such grade in the steel-making raw material in the Budget for 2016-17.

- **Sri Lanka invites more Indian investments in ports, infra, energy and manufacturing sectors** - Sri Lanka has urged more Indian investments in ports, infrastructure, energy, power and manufacturing sectors, days after New Delhi announced a USD 900 million loan to Colombo to build up its depleted foreign reserves and for food imports amid a shortage of almost all essential commodities in the island nation. Hon'ble Finance Minister of Sri Lanka Shri Basil Rajapaksa held talks with External Affairs Minister Shri S Jaishankar on 15th January 2022 during which the two ministers discussed projects and investment plans by India that would strengthen the economy of the island nation.
- **India-China trade grows to record USD 125 billion in 2021 despite tensions in eastern Ladakh** - The India-China bilateral trade touched a record high of over USD 125 billion in 2021, crossing the USD 100 billion-mark in a year when the relations hit a new low due to the prolonged standoff by the militaries in eastern Ladakh, while India's trade deficit too mounted to over USD 69 billion, according to official data released on 14th January 2022. The total trade between China and India in 2021 stood at USD 125.66 billion, up 43.3 per cent from 2020, state-run Global Times reported, quoting data from the General Administration of Customs.
- **RCEP Trade Agreement aims to create an integrated market** - Regional Comprehensive Economic partnership (RCEP) trade agreement took effect for most of the 15 member countries on January 1, 2022. The RCEP is a Free Trade Agreement (FTA) between the 10 ASEAN members plus Australia, China, Japan, New Zealand and South Korea. The RCEP is the world's largest FTA, as it covers 2.3bn people or nearly a third of the global population. Its member countries together contribute US\$ 25.8 trillion or about 30% of global gross domestic product, and account for US\$ 12.7 trillion, over a quarter of global trade in goods and services, and 31% of global FDI inflows, according to UNCTAD.
- **RBI proposes new category for bank investments** - The Reserve Bank of India has proposed a new investment category called Fair Value through Profit and Loss Account (FVTPL) for banks as part of an overhaul of classification, valuation and operations of banks' investment portfolios. In a discussion paper RBI said banks' held for trading (HFT) portfolio will be housed within the new FVTPL category.
- **Budget could consider levying TDS/TCS on crypto trading, make it reportable in SFT** - The Government could consider in the upcoming Budget levying TDS/TCS on sale and purchase of cryptocurrencies above a certain threshold and such transactions should be brought within the ambit of specified transaction for the purpose of reporting to income tax authorities. Also, a higher tax rate of 30 per cent should be levied on the income arising from the sale of cryptocurrency, similar to winnings from lottery, game shows, puzzle, etc.

Newsletter

PHD Research Bureau has released newsletter on Economic Affairs Committee for the month of January 2022, which disseminates information pertaining to a broad view of economic developments in the Indian economy.

[ECONOMIC AFFAIRS COMMITTEE NEWSLETTER FOR THE MONTH OF JANUARY 2022](#)



Markets So Far

Indicators	Yearly			Monthly		Daily		
	2019	2020	2021	November 2021	December 2021	18 th January 2022	19 th January 2022	20 th January 2022
BSE SENSEX	41253	47751	53796	59416	57663	60755	60099	59465
GOLD (10 GRMS)	34813	46985	47362	48197	47912	47943	48070	48535
CRUDE OIL (1 BBL)	4007.8	2966	5063	5916	5384	6212	6357	6487
EXCHANGE RATE (INR/USD)	70.4	74.11	73.9	74.45	75.38	74.56	74.43	74.45

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

Warm Regards,

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