

Weekly Compendium of Economic and Business Developments

(Period ending 26th March 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 NITI Aayog released its Second Edition of Export Preparedness Index 2021, OECD has estimated India's GDP growth rate for FY2022 and projected growth for FY2023 & FY 2024, Reserve Bank of India (RBI) had issued Master Direction - Classification, Valuation, and Operation of Commercial Banks' Investment Portfolios (Directions), 2021 – Amendment, among others. The details of disseminated information during the week ending 26th March 2022 are appended.

Indian Economy

- [NITI Aayog Releases Second Edition of Export Preparedness Index 2021](#) - NITI Aayog in partnership with the Institute of Competitiveness released the Export Preparedness Index (EPI) 2021. The report is a comprehensive analysis of India's export achievements. The index can be used by states and union territories (UTs) to benchmark their performance against their peers and analyse potential challenges to develop better policy mechanisms to foster export-led growth at the subnational level. The Export Preparedness Index is a data-driven endeavour to identify the fundamental areas critical for subnational export promotion. The EPI ranks states and UTs on 4 main pillars—Policy; Business Ecosystem; Export Ecosystem; Export Performance—and 11 sub-pillars—Export Promotion Policy; Institutional Framework; Business Environment; Infrastructure; Transport Connectivity; Access to Finance; Export Infrastructure; Trade Support; R&D Infrastructure; Export Diversification; and Growth Orientation.
- [OECD estimates India's GDP growth rate at 9.4% in FY2022 and projects growth at 8.1% in FY2023 & 5.5% in FY 2024](#) - According to OECD Economic Outlook for Southeast Asia, China and India 2022 (March 2022), Emerging Asia is expected to continue its rebound in 2022. However, there remains a high degree of uncertainty in the first half of the year. Overall, Emerging Asian economies are expected to grow by 5.8% on average in 2022 and by 5.2% in 2023. Meanwhile, the economic growth in the Association of Southeast Asian Nations (ASEAN) is projected to increase by 5.2% in 2022, followed by a 5.2% expansion in 2023. However, there remain some substantial differences among Emerging Asian countries in terms of the pace of the recovery. In India, the period from April-June 2021 saw a steep contraction in activity on the back of a severe wave of COVID-19. Subsequently, new COVID-19 cases rose to multi-month highs in early January 2022, fuelled by the Omicron variant. Overall, real GDP is projected to grow by 8.1% in FY2023 and by 5.5% in FY2024. On the upside, budget measures for the 2022 fiscal year, including higher

infrastructure spending, could support the post-pandemic recovery.

- **[RBI issues Master Direction - Classification, Valuation and Operation of Investment Portfolio of Commercial Banks \(Directions\), 2021 – Amendment](#)** - This is in reference to the Master Direction DOR.MRG.42/21.04.141/2021-22 dated August 25, 2021 – ‘Classification, Valuation and Operation of Investment Portfolio of Commercial Banks (Directions), 2021’ (hereinafter referred as ‘Master Direction’). The Master Direction outlines the prudential treatment for investment in Venture Capital Funds (VCFs). We have received queries from banks regarding the applicability of these instructions for investment in Alternative Investment Funds (AIFs). Accordingly, on a review, it has been decided that the investment in Category I and Category II AIFs, which includes VCFs, shall receive the same prudential treatment as applicable for investment in VCFs.
- **[Change in GST composition has significantly reduced the incidence of indirect taxation: PHD Chamber Analysis](#)** - The GST has removed the cascading impact of multiple indirect taxes on businesses, benefitted traders and manufacturers through significant reduction in the inter-state transaction costs and has significantly reduced the incidence of multiple indirect taxation through changes in the composition. There has been substantial shifting of goods from high tax slabs to lower ones after the implementation of GST. The number of items under the highest tax slab of 28% has come down to only 3% in January 2022 from 17% at the time of implementation of GST. Many items have been shifted to 18% or less than 18% tax slabs from 28% during around last five years. GST tax slab of 18% contains around 44% of goods under its ambit as of now as compared to around 33% at the time of implementation of GST. The number of items under the 12% tax slab has increased to 19% in January 2022 from around 18% in July 2017.
- **[Amendment in Securities and Exchange Board of India \(Alternative Investment Funds\) Regulations, 2012](#)** - In exercise of the powers conferred by sub-section (1) of Section 30 read with sub-section (1) of Section 11, clause (ba) and clause (c) of sub-section (2) of Section 11 and sub-section (1) and (1B) of Section 12 of the Securities and Exchange Board of India Act, 1992 (15 of 1992) the Securities and Exchange Board of India has made certain regulations.
- **[India achieves USD 400 billion merchandise exports well before target date-](#)** Merchandise exports from India have crossed USD 400 billion in the current financial year, 9 days ahead of schedule. This is far higher than the previous record of USD 330 billion achieved in 2018-19. Achievement of the lucrative export target showed the world that inspite of facing numerous challenges, with sheer grit, determination, capability and talent, India would surmount all obstacles, said Shri. Piyush Goyal, Hon’ble Commerce and Industry Minister. Engineering goods exports have gone up by nearly 50% vis-à-vis last year. Higher engineering exports, apparel and garment export, etc. indicate that the misconception of India being a major exporter of primary commodities is gradually changing. We are now exporting more and more value added and high end exports and this effort by our technology driven industries should continue. Export of Cotton Yarn/Fabrics/Made-ups, Handloom Products etc, Gems and Jewellery, Other Cereals and Man-Made Yarn/Fabrics./Made-up etc. have registered a growth rate between 50%-60%.
- **[RBI amends Payment and Settlement Systems Regulations, 2008](#)** - In exercise of the powers conferred by sub-section (1) read with clauses (b) to (f) of sub-section (2) of Section 38 of the Payment and Settlement Systems Act (PSS Act), 2007 (51 of 2007), the Reserve Bank of India has

carried out amendments to regulation 5, regulation 6 (2) and the 'schedule' to regulation 5 of the Payment and Settlement Systems Regulations, 2008 (PSS Regulations). The amendments are carried out with the objective of reducing the compliance burden on Regulated Entities (REs) by rationalizing certain returns prescribed in the PSS Regulations. With this amendment, certain monthly / quarterly / annual returns prescribed in sub-regulations (a) to (g) of regulation 6 (2) have been discontinued and redundant operational guidelines listed in the 'schedule' to regulation 5 have been removed.

Our Voice

PHD Chamber - The Indian economy has shifted tracks towards the higher growth trajectory in the recent months supported by a strong and sustained performance of the key economic indicators.

On the back of supportive policies of the Government, calibrated measures by RBI, rapid vaccination drive in the country and improved consumer and business sentiments, the economy has recovered from the severe contraction of FY 2020-21.

The pace of economic activity is expected to remain strong on the back of various structural reforms undertaken by the Government during the last 2 years and India will be able to attain the anticipated high economic growth trajectory in FY2023.

On inflation front, the wholesale inflation and retail inflation rates in India are registering uptick mainly stoked by the high crude oil prices. The WPI inflation has increased to 13.1% for the month of February 2022, while CPI inflation has also surged to eight month high of 6.07% in February 2022.

Amid recent geo-political developments, the rising crude oil prices could further add to the inflationary pressure through effect on retail prices of petrol and diesel along with upside pressure on the prices of other commodities.

The immediate impact of the Russia-Ukraine war on the Indian economy can be seen in the form of financial markets volatility.

Economy so far

- **Consumer sentiment recovers sharply after setback suffered in second wave:** CMIE - Consumer sentiments in India have witnessed a sharp recovery since June 2021 and continue to rise week after week on the back of significant surge in income of middle-income households, the Centre for Monitoring Indian Economy said. According to CMIE, between June 2021 and February 2022, the index of consumer sentiments (ICS) scaled up by a substantial 31.9% while in the first three weeks that ended in March, the index scaled up by another 8.2%.
- **RBI may significantly raise inflation forecast** - As prices of crude and other commodities trend upwards and inflation prints remain above the monetary policy committee's (MPC) tolerance level, the central bank's rate-setting panel may have to raise its inflation projection substantially. Economists that FE spoke to see the inflation forecast of 4.5% for FY23 being raised by anywhere in the range of 20-100 basis points (bps) during the April policy review.

- **UNCTAD cuts India's 2022 growth forecast to 4.6% from 6.7%** - The United Nations Conference on Trade and Development (UNCTAD) on Thursday slashed India's growth forecast for 2022 to 4.6% from 6.7% projected earlier. The downgrade is attributed to the Russia-Ukraine war with New Delhi expected to face restraints on energy access and prices, reflexes from trade sanctions, food inflation tightening policies and financial instability.
- **Government pushes changes in finance bill to clear air on taxation for digital assets** - The Government has moved around 39 changes to the finance bill including some aimed at further tightening the proposed taxation regime for crypto assets. The finance bill is scheduled to be taken up in the lower house for discussion and consideration on Thursday. It would be likely taken up for passage on Friday.
- **Income Tax refunds worth Rs 1.93 lakh crore issued** - The Income Tax department on Thursday said it has issued refunds of over Rs 1.93 lakh crore to over 2.26 crore taxpayers till March 20 this fiscal. This includes 1.85 crore refunds of 2020-21, AY2021-22, amounting to Rs 38,447.27 crore. "CBDT issues refunds of over Rs 1,93,720 crore to more than 2.26 crore taxpayers from April 1, 2021, to March 20, 2022," the I-T department tweeted.
- **Sticky loans beyond 180 days swell to Rs 24,500 crore** - The size of very sticky microfinance loans, which remained unpaid even after 180 days of their due dates, swelled to about a tenth of the total portfolio at Rs 24,500 crore, shortening the odds on more future write-offs by lenders. Three months ago, the aggregate size of sticky loans was estimated at Rs 20,000 crore or about 8% of the microfinance book.
- **Madhya Pradesh waives mandi taxes to give wheat exports a push** - Madhya Pradesh on 24th March 2022 announced a waiver of mandi fee and other levies aggregating 3.5% on grain purchases in the state, in a bid to boost to wheat exports — the prospects of which appear bright given the elevated global prices. The state is the second-biggest producer of wheat in the country. The decision was taken at a meeting attended by Hon'ble Union commerce, industry and food minister Piyush Goyal and Madhya Pradesh's Hon'ble chief minister Shivraj Singh Chouhan in New Delhi.
- **India achieves \$400 billion goods exports target for first time: Hon'ble Prime Minister Shri Narendra Modi** – Hon'ble Prime Minister Shri Narendra Modi yesterday said that for the first time, India achieved its target of reaching \$400 billion in exports. The Hon'ble Prime Minister also posted infographics of India achieving the highest ever exports target nine days ahead of the intended deadline. As per the graphic, an average of \$46 million worth of exports was done every hour.
- **Commerce ministry to extend foreign trade policy for some more months** – The commerce ministry will extend the existing foreign trade policy (FTP) for some more months beyond March 31, Hon'ble Union minister Shri Piyush Goyal said yesterday. Last year in September, the government extended the Foreign Trade Policy 2015-20 till March 31, 2022, due to the COVID-19 pandemic. The present policy came into force on April 1, 2015. The policy provides guidelines related to imports and exports in India. The ministry announces the policy every five years.

- Free trade agreements: Financial Express Panel recommends FTA review regime for mid-way corrections** - As India gears up to forge a raft of balanced free trade agreements (FTAs), a Parliamentary panel has recommended that New Delhi include a review mechanism in such pacts to ensure “mid-way course correction for any asymmetries” in trade with the partners. The panel also suggested that the foreign trade policy (FTP) be firmed up within the stipulated time-frame. The FTP for 2015-20 was extended by two years through March 2022 following the Covid outbreak to ensure policy continuity.
- India imported 651.24 tonnes of gold in fiscal 2020-21: Smt. Anupriya Patel** - India imported 651.24 tonnes of gold in financial year 2020-21 as compared to 719.94 tonnes in the year-ago period, the government said yesterday. In a written reply to the Lok Sabha, Hon’ble Minister of State for Commerce and Industry Smt. Anupriya Patel said the imports stood at 982.71 tonnes in FY 2018-19. Replying to another question, she informed that the import of toys, games, sports equipment from China is showing a declining trend.
- India imported 17.44 LMT edible oils from Ukraine and 3.48 LMT edible oils from Russia in 2020-21** - The Hon’ble Union Minister of State for Consumer Affairs, Food and Public Distribution, Ms. Sadhvi Niranjana Jyoti in a written reply to a question in Lok Sabha yesterday indicated the details of import of edible oils from Russia and Ukraine during the last three years. The import of edible oils is under Open General Licence (OGL). The private industry imports the required quantities from abroad. Government has held meetings with private industry/edible oil associations for facilitating imports.
- FDI inflow to India declines to \$74.01 billion in 2021** - Total foreign direct investment (FDI) inflow to India declined to \$74.01 billion in the calendar year 2021, which is 15 per cent lower from \$87.55 billion recorded in the previous year, the Ministry of Commerce & Industry said yesterday. The FDI inflow includes equity inflow, equity capital of unincorporated bodies, re-invested earnings and other capital.
- PLI scheme to account for 13-15 pc capex in key industrial sectors over next 3-4 years: Crisil Report** - Production Linked Incentive (PLI) scheme will account for 13-15 per cent of the average annual investment spending in key industrial sectors over the next three-four years, according to a report by Crisil. Since its introduction in March 2020, PLI has been announced for 15 sectors, involving government incentives to the tune of Rs 1.93 lakh crore. Of this, 50-60 per cent is to be spent on sectors with domestic manufacturing and export focus, and the rest on import localization.
- OECD retains India’s FY24 GDP growth at 5.5%** - The Organization for Economic Cooperation and Development (OECD) on Tuesday retained the outlook for India’s real gross domestic product (GDP) at 5.5% in FY24, lower than 8.1% in 2022-23. In its Economic Outlook for Southeast Asia, China and India, the agency said that China’s economy is seen growing 5.1% in both 2022 and 2023.
- Atmanirbhar mission not leading India towards closed economy, says NITI Aayog VC Rajiv Kumar**:- NITI Aayog on Tuesday sought to dispel the fear that India is favouring a closed economy by promoting ‘Atmanirbhar’ mission, and said the country can achieve better results for its people by having a deeper engagement with the global supply and value chain. Inviting Japanese

investors to set up companies in India on a larger scale under the recently launched production linked incentive (PLI) schemes, NITI Aayog Vice-Chairman Rajiv Kumar said India remains very deeply committed to greater integration with global flows and the regional network.

- **Business picking up, services too catching up, says Nomura:-** The Nomura India Business Resumption Index (NIBRI) rose to another record high of 126.4 for the week ended March 20 from 122.8 in the previous week. Pick-up in business activity was broad-based with the domestic reopening aiding a fast catch-up in services, Nomura said in a note on Monday. The NIBRI was about 26.4 percentage points above its pre-pandemic levels. The financial services firm said it was too early to tell.
- **Garment exporters worried about fall in global orders:-** Garment makers in Tirupur and Noida are seeing up to a 25% reduction in fresh orders from global brands like Mango, Zara, H&M after they suspended operations in Russia following its invasion of Ukraine. Spanish fashion retailer Inditex - which owns Zara - has halted trading in Russia, closing its 502 shops and stopping online sales a fortnight ago.
- **Government to unveil plan to boost PSU general insurers:-** The government is soon likely to announce a plan to strengthen state-run general insurance firms, including details of the capital infusion of about ₹5,000 crore that it has already approved. An announcement to this effect is expected within this month," said a government official in the know.
- **Jute MSP hiked by 5.5%** - The Cabinet Committee on Economic Affairs, chaired by Hon'ble Prime Minister Shri Narendra Modi, on 22nd March 2022 approved a proposal to raise the minimum support price (MSP) for raw jute to ₹4,750 a quintal for the 2022-23 season, an increase of ₹250, or 5.5%, over the previous year. The new MSP would ensure a return of 60.53% over the all-India weighted average cost of production, the Government said.
- **NBFCs seek extension of subsidy under PM Housing for two years** - Non-bank financing companies have approached the central housing ministry seeking clarity on its stance on continuing fresh disbursements under the PMAY Credit Linked Subsidy Scheme (CLSS) for the poor and the underprivileged. NBFCs are seeking an extension of the plan, due to end this month, for another two years. The Cabinet had recently approved the extension of the PMAY-Gramin scheme beyond March 2021 to March 2024 to achieve the total target of 29.5 million rural homes. The extension only allows subsidies to the remaining 15.575 million households within the overall target.
- **Fitch slashes FY23 India growth forecast to 8.5% on high energy prices-** Rating agency Fitch has slashed India's growth forecast for the next fiscal to 8.5 per cent from 10.3 per cent, citing sharply high energy prices on account of the Russia-Ukraine war. With the Omicron wave subsiding quickly, containment measures have been scaled back, setting the stage for a pick-up in GDP growth momentum in the June quarter this year, the agency said.
- **Rupee slumps 26 paise to 76.10 against US dollar in early trade-** The rupee declined 26 paise to 76.10 against the US dollar in opening trade on Monday, following its Asian peers after crude oil prices and the American dollar reversed their recent declines. Besides, a lacklustre trend in domestic equities also weighed on investor sentiment.

- **States panel may propose a single 15% GST levy by merging 12% and 18% slabs-** A panel of state ministers set up to suggest changes to the GST rate structure may propose a single 15% levy by merging the 12% and 18% slabs, but is wary of proposing an increase in the threshold rate to 8%, from 5%, given growing inflation concerns. The group of ministers (GoM) is likely to meet this week to take a final call on rates and firm up its recommendations, people familiar with deliberations said.
- **Coal India Ltd Plans to Produce One Billion Ton By 2023-24-** As per the draft report of Niti Aayog, the coal demand is expected to remain in the range of 1,192-1,325 million tonnes by 2030. A plan to increase all India coal production to the level of 1 BT by 2023-24 and coal production by Coal India Limited to 1 BT by 2024-25 has been prepared. The resultant increase in coal availability will be able to meet the demand of coal to the extent available.
- **India's forex reserves dip by \$9.64 billion, the biggest drop in 2 years** - India's foreign exchange (forex) reserves declined by \$9.6 billion to \$622.3 billion in the week ended March 11, the sharpest decline in nearly two years, as the Reserve Bank of India (RBI) heavily sold dollars to prevent the slide in the value of rupee. According to the RBI's weekly statistical supplement, the foreign currency assets, which is the biggest component of the forex reserves, slumped by \$11.1 billion to \$554.4 billion during the week under review.
- **EPFO payroll data: EPFO adds 15.29 lakh net subscribers during the month of January, 2022** - The provisional payroll data of EPFO has been released today, i.e., 20th March 2022, which highlights that EPFO has added 15.29 lakh net subscribers during January 2022. Month-on-month comparison of payroll data also indicates an increase of 2.69 lakh net subscribers addition in January, 2022 as compared to the net additions during the previous month of December, 2021. Of the total 15.29 lakh net subscribers added during the month, around 8.64 lakh new members have been registered under the social security ambit of EPF & MP Act, 1952 for the first time. Approximately 6.65 lakh net subscribers exited but re-joined EPFO by continuing their membership with EPFO instead of opting for final withdrawal. The payroll data also reflects a declining trend in the number of members exited since July, 2021.
- **Maize exports rise 28.5% to USD 816.31 million in April-January FY22-** Maize exports increased by over 28.5 per cent to USD 816.31 million during April-January this fiscal, against USD 634.85 million in the same period last financial year. Neighbouring countries like Bangladesh and Nepal are the major importers of maize from India, it added. Bangladesh has imported maize worth USD 345.5 million in the first ten months of the current fiscal, while Nepal's import stood at USD 132.16 million during this period.
- **India's February oil imports surge as refiners boost runs** - India's crude imports rose in February to 4.86 million barrels per day (bpd), their highest since December 2020, preliminary data from trade sources showed, as refiners cranked up runs to meet increasing demand on better refining margins. Oil imports by Asia's third-largest economy rose 5% from January and were up 24% from a low base in February 2021, when a refinery at Bathinda in northern India was fully shut for maintenance, data showed.
- **Services exports likely to touch \$1 trillion 3 years before target** - Service exports contribute to

40% of total exports but have been growing at a faster clip than merchandise exports. India's target for merchandise exports for FY22 is \$400 billion while that for service exports is \$240 billion. The target for service exports in FY23 is \$325 billion. Merchandise exports are expected to reach the \$1-trillion target in FY27, said ShriAjay Sahai, director general, Federation of Indian Export Organisations.

- Tamil Nadu earmarks Rs 5,157 crore for FY23 for providing free power to farmers** - The Tamil Nadu Government said that with a view to providing free electricity to all the farmers across the state, an amount of Rs 5,157.56 crore will be provided to Tamil Nadu Generation and Distribution Corporation (TANGEDCO), for the fiscal year 2023. Despite severe financial crunch, the state government continues to implement the crop insurance scheme to protect the farmers from crop losses due to adverse natural calamities. Due to the continuous efforts of the state government, an amount of Rs 2,055 crore has been disbursed to 9.26 lakh farmers as compensation for the year 2020-2021.
- e-Shram: 270 million informal sector workers join portal** - Having already got around 270 million unorganised sector workers on the e-Shram portal launched on August 26, the labour ministry hopes to bring all the estimated 380 million of them on board by March 2023. The Aadhaar-seeded centralised database is being created primarily to deliver all future social security benefits of the Centre and the states meant for such workers. The process of registration will go on even after all 380 million workers joining the portal since anyone above 16 years is eligible to get herself registered on the portal.

Markets So Far

Indicators	Yearly			Monthly		Daily		
	2019	2020	2021	January 2022	February 2022	22nd March 2022	23rd March 2022	24th March 2022
BSE SENSEX	41253	47751	53796	59586	57698	57989	57685	57596
GOLD (10 GRMS)	34813	46985	47362	47988	49279	51273	51383	51656
CRUDE OIL (1 BBL)	4007.8	2966	5063	6112	6839	8536	8346	8756
EXCHANGE RATE (INR/USD)	70.4	74.11	73.9	74.40	74.92	76.13	76.52	76.30

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

Warm Regards,

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