



1. Recovery gains strength: GDP grows 1.6% in Q4, shrinks 7.3% in FY21

India's economy grew 1.6 per cent in the fourth quarter of 2020-21, indicating that a recovery was well underway before the second wave of Covid-19 struck. For the full year (FY21), the country's gross domestic product (GDP) contracted 7.3 per cent. The growth in 2019-20 was 4 per cent.

Gross value added (GVA) grew 3.7 per cent in real terms in the March quarter, showing a sequential pick-up, as expected. For the full financial year, real GVA fell 6.2 per cent, slightly better than the earlier assessment of 6.5 per cent contraction. The improvement in GVA in Q4 came in when the Covid-19 caseload in India was at its lowest since the pandemic began — the trough appeared somewhere in the middle of February.

The recovery, however, is certain to have lost steam due to the second wave, which began in March and peaked in April and May, or during the first two months of the first quarter (Q1) of FY22. This is certain to have a substantial impact on growth in the new fiscal year.

Full story: https://www.business-standard.com/article/economy-policy/recovery-gains-strength-gdp-grows-1-6-in-q4-shrinks-7-3-in-fy21-121060100057_1.html

2. RBI cuts GDP growth forecast for current fiscal to 9.5%

The Reserve Bank of India (RBI) has cut its forecast of real GDP growth at 9.5 per cent in the current financial year (2021-2022).

RBI Governor Shaktikanta Das said the economy is likely to grow at the rate of 18.5 per cent in the first quarter, 7.9 per cent in the second quarter, 7.2 per cent in the third quarter and 6.6 per cent in the fourth quarter.

The RBI had earlier forecasted 10.5 per cent GDP growth for FY22. For Q1, RBI had expected growth at 26.2 per cent, for Q2 at 8.3 per cent, for Q3 at 5.4 per cent and for Q4 at 6.2 per cent.

Full story: <https://www.livemint.com/industry/banking/rbi-cuts-economic-growth-forecast-for-current-fiscal-to-95-11622780151876.html>

3. RBI keeps repo rate kept unchanged, retains its accommodative stance

RBI Governor Shaktikanta Das on Friday announced decisions on key rates after the panel concludes its three-day meeting on June 4.

RBI kept interest rates unchanged at a record low at 4%. The monetary panel will act to support growth by retaining its accommodative stance for as long as necessary, Guv Das said.

The policy announcement comes amid huge economic disruptions inflicted by the second wave of coronavirus cases in India.

Full story: <https://www.livemint.com/news/india/rbi-monetary-policy-live-governor-shaktikanta-das-to-make-mpc-statement-soon-11622776439838.html>

4. Amid curbs, GST collection in May drops to Rs 1.02 trn vs Rs 1.4 trn in April

Goods and Services Tax (GST) collections for the month of May stood at Rs 1.02 trillion, according to the government data released on Saturday.

The revenue collections were down from Rs 1.41 trillion in the month of April, a record high. However, when compared with the last year period, the revenues are 65 per cent higher.

This would be eighth month in a row that GST collections have crossed Rs 1 trillion mark. "This is despite the fact that most of the States have been under strict lockdown due to the pandemic," said the ministry of finance.

Full story: https://www.business-standard.com/article/economy-policy/gst-collection-in-may-drops-to-rs-1-02-trn-vs-rs-1-4-trn-in-april-121060500683_1.html

5. India's fiscal deficit at 9.3% of GDP for FY21, down from revised estimate of 9.5%

India's Fiscal deficit for 2020-21 was at 9.3 per cent or ₹18.21 lakh crore of the gross domestic product (GDP), lower than 9.5 per cent estimated by the Finance Ministry in the revised Budget estimates, according to the CGA data.

Unveiling the revenue-expenditure data of the Union government for 2020-21, the Controller General of Accounts (CGA) on Monday said that the revenue deficit at the end of the fiscal was 7.42 per cent.

Net tax receipts were ₹14.24 lakh crore, while total expenditure was ₹35.11 lakh crore, the data showed.

On February 1, the government revised its fiscal deficit target for FY to 9.5% of GDP or ₹18,48,655 crore for the financial year 2020-2021, instead of its original target of 3.5% of GDP as the coronavirus pandemic led to lower tax collection and higher spending.

Full story: <https://www.livemint.com/economy/indias-fiscal-deficit-at-9-3-of-gdp-in-fy21-down-from-revised-estimate-of-9-5-11622459720813.html>

6. Core sector output growth at 56% in April on low-base effect, sequential decline at 15% due to second wave

India's core sector output rose sharply in April on the back of a low-base effect. The eight core sector industries grew at 56% in April.

The data also shows that the sequential decline in core sector output stood at 15% in April on account of the second wave of the virus.

"This high growth rate in April 2021 is largely due to low Index base in April 2020 consequent to the low industrial production across all sectors caused by nationwide lockdown imposed to contain spread of Covid-19 last year. The month over month production of eight core industries, as captured by ICI, declined by 15.1 per cent (P) in April 2021 compared to March 2021(P) due to emergence of second wave of infectious COVID-19," the official release said.

Full story: <https://economictimes.indiatimes.com/news/economy/indicators/core-sector-output-growth-at-56-in-april-on-low-base-effect-sequential-decline-at-15-due-to-second-wave/articleshow/83113567.cms?from=mdr>

7. 'Too early to assess impact of second Covid-19 wave': FM Nirmala Sitharaman

First, it is too early to assess the impact of the second wave. It's different from last time; it is now being managed by the states with lockdowns of varying intensity. The scale and intensity of the second wave are sharply different from the first one.

Secondly, the Aatmanirbhar packages we announced-some of them just before the Union budget-have shown results.

The budget was prepared at a time when we were faced with an economy affected by Covid but were not aware of the impending second wave. So, it's a budget tailored to meet the outcome of a pandemic. The budget itself addresses it: the immense increase in infrastructure spending, similarly capital expenditure on health infrastructure.

Full story: <https://www.businesstoday.in/current/economy-politics/too-early-to-assess-impact-of-second-covid-19-wave-fm-nirmala-sitharaman/story/440944.html>

8. India's manufacturing PMI at 10-month low in May as new orders dwindle

India's manufacturing activity hit a major speed bump in May after being on the slow road to improvement in April, as the renewed escalation of the (COVID-19) pandemic and subsequent restrictions played spoilsports for factory activity.

According to the monthly IHS Markit India Manufacturing Purchasing Managers' Index (PMI) survey released on June 1, manufacturing PMI stood at a ten-month low of 50.8 in May, down from 55.5 in the previous month of April.

In PMI parlance, a print above 50 means expansion, while a score below that denotes contraction. The May numbers show the sector is standing on the brink of contraction yet again. The slight growth in May was mostly contributed by foreign export orders rather than domestic demand.

Full story: <https://www.moneycontrol.com/news/business/economy/manufacturing-pmi-at-a-10-month-low-in-may-2021-6969641.html>

9. Exports up 12% in April, May despite pandemic

India's exports touched \$32 billion in May 2021 — over 67% higher than May last year and almost 8% more than the corresponding period in 2019 — led by a rise in the shipments of engineering goods, oil products and iron ore.

Although export growth in May 2021 was slower than April, the combined increase still added up to over 12%, giving the government the confidence that it is on course to achieve strong recovery in this segment of the economy, once the impact of the lockdown across a large number of states wears off in the coming months.

"In a way, May was the worst month. Things should be better in the coming months," said a government official. In May, gems and jewellery (13.4%), readymade garments (28%) and leather (36%) were among sectors that saw the steepest fall, indicating that labour issues may also have played a part.

Full story: <https://timesofindia.indiatimes.com/business/india-business/exports-up-12-in-april-may-despite-pandemic/articleshow/83162911.cms>

10. US suspends tariffs imposed on India, five others in digital tax dispute

The United States on Wednesday suspended retaliatory tariff imposition on digital service taxes (DST) on six countries including India for a period up to 180 days to provide additional time to complete the ongoing multilateral negotiations on international taxation at the OECD and in the G20 process.

"The United States is focused on finding a multilateral solution to a range of key issues related to international taxation, including our concerns with digital services taxes," US Trade Representative Katherine Tai said in a statement. "The United States remains committed to reaching a consensus on international tax issues through the OECD and G20 processes. Today's actions provide time for those negotiations to continue to make progress while maintaining the option of imposing tariffs under Section 301 if warranted in the future," she added.

Full story: <https://www.livemint.com/politics/policy/digital-tax-issue-us-suspends-additional-tariffs-on-india-5-other-countries-11622654775782.html>

11. New closing peak: Sensex at 52,232; Nifty at 15,690

After opening in the green terrain, Indian equity benchmark indices gained in the late afternoon session and ended at record levels on expectations that the RBI will continue with its accommodative stance while keeping a watchful eye on inflation led by rising commodity prices in its policy announcement slated for Friday.

At close, the barometer index Sensex settled at a fresh closing peak of 52,232 levels, up 383 points or 0.74%. While the broader market index Nifty 50 after touching a lifetime high of 15,705 ended at new highs of 15,690 up 114 points or 0.73%.

“Domestic markets witnessed a range bound rally with strong buying interest seen in realty and consumer durables with small and mid-cap stocks outperforming. The global market was cautious with the US and European markets trading in red ahead of the release of key economic US data. In the wake of increasing inflationary pressure, the domestic market is awaiting tomorrow’s RBI MPC announcement which is expected to maintain its accommodative stance,” said Vinod Nair, Head of Research at Geojit Financial Services.

Full story: <https://www.money9.com/news/equities/new-closing-peak-sensex-at-52232-nifty-at-15690-42021.html>

12. India's services activity contracts for the first time in eight months in May

India’s services activity contracted for the first time in eight months in May as most states imposed lockdowns to curb the unprecedented rise in coronavirus cases in the second wave of the pandemic.

Data released by IHS Markit showed purchasing managers’ index (PMI) for services fell to 46.4 in May from 54 in April. A figure above 50 indicates expansion, while sub-50 signals contraction.

Manufacturing PMI also had fallen to its lowest in 10 months to 50.8 in May, barely managing to remain in expansion zone, data released on Monday showed.

Data analytics firm IHS Markit said the Indian service providers struggled in May, with the intensification of the covid-19 crisis causing renewed declines in new business and output. “Firms became increasingly worried about growth prospects, with positive sentiment slipping to a nine-month low. Jobs were shed to the greatest extent since last October,” it added.

Full story: <https://www.livemint.com/economy/indias-services-activity-contracts-for-the-first-time-in-eight-months-in-may-11622697920344.html>

13. G7 deal for minimum 15% global corporate tax to benefit India: Experts

The historic pact inked by G7, a group of the world's richest nations, to back a minimum global corporation tax rate of at least 15 per cent will benefit India as the effective domestic tax rate is above the threshold, and the country would continue to attract investment, as per tax experts.

The Group of Seven on Saturday reached a [landmark deal](#) to close cross-border tax loopholes used by some of the world's biggest companies. The Finance Ministers of G7 countries, which comprise of US, UK, Germany, Canada, France, Italy and Japan, said they would back a minimum global tax rate of 15 per cent for multinational companies.

Besides, they agreed to put in place measures to ensure taxes are paid in the countries where businesses operate, a move aimed at plugging loopholes in cross-border taxation.

Consulting firm AKM Global Tax Partner Amit Maheshwari said the pact is expected to benefit India as it is a big market for a large number of tech companies.

Full story: <https://www.businesstoday.in/current/economy-politics/g7-deal-for-minimum-15-global-corporate-tax-to-benefit-india-experts/story/440970.html>

14. New income tax e-filing website goes live today. Free ITR software for ITR 1, 4

A new taxpayer-friendly e-filing portal of the Income Tax (I-T) Department will be launched today. The new features in the portal include interactive software that helps in filing Income Tax Returns (ITR) preparation and a call centre for taxpayer assistance, said the Finance Ministry on Saturday.

"The Income Tax Department is launching its new e-filing portal www.incometax.gov.in on June 7 aimed at providing taxpayer convenience and a modern, seamless experience to taxpayers," an official statement said.

Full story: <https://www.livemint.com/money/personal-finance/new-income-tax-e-filing-website-goes-live-free-itr-software-for-itr-1-4-10-things-to-know-11623031289215.html>

15. Oil hits new multi-year highs; investors eye Iran nuclear talks this week

Oil extended gains to hit fresh multi-year highs on Monday, underpinned by a brighter economic and fuel-demand outlook, while investors eyed the outcome of talks between Iran and world powers over a nuclear deal that is set to boost crude supplies.

Brent crude futures for August rose 28 cents, or 0.4%, to \$72.17 a barrel by 0107 GMT, their highest since May 2019. U.S. West Texas Intermediate crude for July touched \$70 for the first time since October 2018 and was at \$69.91 a barrel, up 29 cents, or 0.4%.

Both contracts have risen for the past two weeks as fuel demand is rebounding in the United States and Europe after governments loosened COVID-19 restrictions ahead of summer travel.

Global oil demand is expected to exceed supplies in the second half despite a gradual easing of supply cuts by OPEC+ producers, analysts say.

Full story: <https://www.moneycontrol.com/news/business/markets/oil-hits-new-multi-year-highs-investors-eye-iran-nuclear-talks-this-week-6995151.html>

16. Value of India's top 100 brands up 2% in 2021; Tata Group most valuable

The total value of India's top 100 brands has increased by 2 per cent, from \$162.1 billion in 2020 to \$164.9 billion in 2021, according to the latest Brand Finance India 100 2021 report. This uplift in brand value over the course of the first year of the pandemic is an impressive feat given the global economic crisis following the implementation of national lockdowns in March 2020, when business activity was brought to a halt, affecting both production and consumption.

Among the brands that came on the top of the list include Tata Group, Reliance Industries, and Mahindra Group. In BFSI, HDFC Bank took over State Bank of India as the best financial brands.

Tata Group has retained the title of India's most valuable brand by a considerable lead with a brand value of \$21.3 billion.

Full story: https://www.business-standard.com/article/companies/value-of-india-s-top-100-brands-up-2-in-2021-tata-group-most-valuable-121060501069_1.html

17. FPIs invest Rs 8,000 cr in Indian markets in just four trading sessions

Foreign investors have infused close to Rs 8,000 crore into Indian equities in the first four trading sessions of June as risk-on sentiment improved amid rapidly falling new Covid cases and robust corporate earnings.

The inflow comes following a net withdrawal of Rs 2,954 crore in May and Rs 9,659 crore in April, data with depositories showed.

Going ahead, improvement in the scenario on the coronavirus front in the country and pick-up in the vaccination drive may attract higher FPIs investments, Himanshu Srivastava, Associate Director - Manager Research, Morningstar India, said.

Full story: https://www.business-standard.com/article/economy-policy/fpis-invest-rs-80-billion-in-indian-markets-in-just-four-trading-sessions-121060600222_1.html

18. PNB to transfer bad loans worth Rs 8,000 crore to NARCL

Punjab National Bank (PNB) has identified bad loans worth Rs 8,000 crore that it will transfer to the National Asset Reconstruction Company (NARCL), expected to be operational from July, the lender's managing director S. S. Mallikarjuna Rao said.

In the first tranche, the bank has identified non-performing assets worth Rs 8,000 crore to be transferred to the NARCL, Rao said, adding that the bad bank will be operational by July 1.

The bad bank, initially proposed by the Indian Banks Association, and later endorsed by the government in the Union Budget, will have public sectors banks as its promoters, who will collectively hold 51 per cent in the bad bank. PNB's share in the bad bank will be little less than 10 per cent, Rao said.

Full story: https://www.business-standard.com/article/companies/pnb-to-transfer-bad-loans-worth-rs-8-000-crore-to-narcl-121060500589_1.html

19. Increase in production, job creation is telecom PLI's main objective: DoT official

The main objective of Rs 12,195-crore production linked incentive (PLI) for the telecom sector is to boost domestic production, cut import dependency and create jobs, a senior DoT official said on Friday.

The official said the scheme has been designed after wide and regular consultations with the industry, which includes discussions on the provision around research and development.

"Through PLI, our objective is to boost local production of telecom equipment, reduce dependency on imports and provide opportunity to domestic manufacturers to focus on exports as well. India wants to make for the world also," a DoT official, who did not wish to be named, said.

Full story: <https://hr.economictimes.indiatimes.com/news/industry/increase-in-production-job-creation-is-telecom-plis-main-objective-dot-official/83252682>

20. Lockdown in Karnataka is extended till June 14, 2021.

All units/establishments which are directly engaged in exports are permitted to operate with 30% of their strength strictly adhering to COVID 19 appropriate behaviour. Commerce and Industries Dept. has notified the list of permitted units/establishments.

21. Operationalisation of DGFT 'COVID-19 Helpdesk' for International Trade related Issues

Department of Commerce, Government of India and Directorate General of Foreign Trade(DGFT) have undertaken to monitor the status of exports and imports, and difficulties being faced by trade stakeholders in view of the surge of COVID-19 cases. DGFT has accordingly operationalised a 'COVID-19 Helpdesk' to support and seek suitable resolutions to issues arising in respect of International Trade.

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