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The RBI status quo on policy rates in its first Bi-monthly monetary policy statement for 2014-15 disappoints once again as the industrial growth in the country is severely impacted by high costs of funds and other structural rigidities in the economic system like poor infrastructure and high transaction costs. Keeping the interest rates high to solve the structural supply side constraints has increased the economic vulnerabilities as the industrial growth is decelerating year after year but the risks to high inflation still exists.

The growth in IIP declined to -1.9% from 0.7% during Jan 2014. The Wholesale Price Index also increased to a 3-month high of 5.7% in March from nine-month low of 4.68% in February due to supply side constraints which increased the food prices. The Consumer Price Index on the other hand, increased to 8.3% in March due to sharp rise in prices of vegetables and fruits. Further, the exports also declined in the month of March 2014 by 3.15%.

However, the core infrastructure grew to 4.5% (Y-O-Y) in February 2014 as compared to 1.6% (Y-O-Y) in January 2014. The FDI equity inflows also increased substantially posting a growth (Y-o-Y) of 12% from 1.5% in January 2014.

Recently Moody and Asian Development Bank (ADB) pegs India's GDP growth at 5.5% for 2014-15, while Morgan Stanley estimated India's 2014 GDP growth forecast at 5.2%.

Notwithstanding vulnerabilities at the domestic front, the developments at the external front are inspiring. The rupee seems consolidating with an appreciating bias and CAD has improved a lot. Substantial decline in trade deficit from US$179bn to US$139bn would pave the way for further consolidation of CAD and rupee.

With the southwest monsoon likely to be just below normal this year, the need of the hour is to ensure the supply of food items and measures to tackle the shortfalls which are expected to occur from scanty monsoon.

1. Indian economy so far

1.1 Growth

India's growth projections remained unchanged at 5.4%: IMF- According to World Economic Outlook (WEO), April 2014 by IMF, India's growth is projected to increase to 5.4% in 2014 and 6.4% in 2015; assuming that government efforts to revive investment growth succeed and export growth strengthens after the recent rupee depreciation. This is unchanged from previous forecast made by IMF in World Economic Outlook Report released in January 2014.

Feb 2014 IIP at (-) 1.9%- Growth in industry output, as measured in terms of IIP, for the month of Feb 2014 is estimated at (-)1.9% as compared with 0.7% during Jan 2014. The cumulative growth for the period April-Feb 2013-14 stands at (-)0.1% as compared to 0.9% in the corresponding period of the previous year. The growth in the three sectors mining, manufacturing and electricity in Feb 2014 stands at 1.4%, (-) 3.7% and 11.5% respectively as compared to 1.9%, 0% and 6.4% in Jan 2014. The cumulative growth for the period April-Feb 2013-2014 in the three sectors mining, manufacturing and electricity over the corresponding year stands at (-) 1.1%, (-) 0.7% and 6.2% respectively.

February core infra grows at 4.5%- The core infrastructure grows to 4.5% (Y-O-Y) in February 2014 as compared to 1.6% (Y-O-Y) in January 2014. The combined index of Eight Core Industries stands at 156.7 in February 2014 with a growth rate of 4.5% as compared to 1.3% in February 2013. Crude oil and Natural gas registered a growth rate of 1.9% and (-) 4.4% respectively in the month of February 2014.

1.2 Inflation

March 2014 WPI inflation rises to 5.7%- Driven by the rise in the prices of vegetables, potato, fruits, milk, egg, meat and fish, fuel and power the WPI inflation increased to 5.7% (Y-O-Y) for the month of March 2014 as compared to 4.68% (Y-O-Y) for the month of February 2014. The Index for Wholesale Prices for the month of March rose by 0.5% to 179.8 from 178.9 for the previous month. The build up in inflation in the financial year so far (March 2014) stands at 5.7% as compared to a build up of 5.65% in the corresponding period of the previous year. Buildup in WPI inflation has slightly increased due to increase in the prices of vegetables, potato, fruits, milk, fuel and power etc.

March 2014 CPI inflation stands at 8.3%- The all India general CPI (Combined) for March 2014 stands at 8.3% as compared to 8.03% in February 2014. The inflation rates for rural and urban areas for March 2014 are 8.9% and 7.5% as compared to 8.4% and 7.5% respectively, for February 2014. Rate of inflation during March 2014 is high in fruits at 17.19%, vegetables at 16.8%, milk and products at 11.02%, cereals and products at 9.61% and egg, meat & fish at 9.54%.

1.3 External sector

CAD narrows sharply in Q3 2013-14- India's current account deficit (CAD) narrowed sharply to US$ 4.2 billion (0.9% of GDP) in Q3 of 2013-14 from US$ 31.9 billion (6.5% of GDP) in Q3 of 2012-13 which is also lower than US$ 5.2 billion (1.2% of GDP) in Q2 of 2013-14. The lower CAD was primarily on account of a decline in the trade deficit as merchandise exports picked up and imports moderated, particularly gold imports. On a BoP basis, merchandise exports increased by 7.5% to US$ 79.8billion in Q3 of 2013-14 (3.9% in Q3 of 2012-13) on the back of significant growth especially in the exports of engineering goods, readymade garments, iron ore, marine products and chemicals.

On the other hand, merchandise imports at US$ 112.9 billion, recorded a decline of 14.8% in Q3 of 2013-14 as against an increase of 10.4% in Q3 of 2012-13. Decline in imports in Q3 was primarily led by a steep decline in gold imports, which amounted to US$ 3.1 billion as compared to US$ 17.8 billion in Q3of 2012-13 and US$ 3.9 billion in Q2 of 2013-14. As a result, the merchandise trade deficit (BoP basis) contracted by around 43% to US$ 33.2 billion in Q3 of 2013-14 from US$ 58.4 billion a year ago.

Foreign direct investment (FDI) and portfolio investment recorded inflows of US$ 6.1 billion and US$ 2.4 billion, respectively in Q3 of 2013-14. Within portfolio investment, the debt segment showed net outflow in Q3 which, however, was offset by higher net inflows of US$ 6.2 billion under the category of equity. On a BoP basis, there was a net accretion of US$ 19.1 billion to India's foreign exchange reserves in Q3 of 2013-14 as compared to a drawdown of US$ 10.4billion in the preceding quarter.

March exports decline by 3.15%- India's exports for the month of March 2014 stands at USD 29.57 billion with a (Y-O-Y) growth of (-) 3.15% as compared to USD 30.54 billion in February 2014 with a (Y-O-Y) growth of (-) 3.67% . During March 2014, the imports were USD 40.08 billion with a (Y-O-Y) growth of around (-) 2.11% as compared to USD 33.82 billion in February 2014 with a (Y-O-Y) growth of (-) 17.09%. The balance of trade stands at around USD (-) 10.5 billion during March 2014 as compared to USD (-) 8.13 billion during February 2014.

Feb FDI grows at 12%- The FDI equity inflows for the month of Feb 2014 are estimated at around US$ 2.01 bn as against about US$ 1.80 bn in Feb 2013, posting a growth (Y-o-Y) of 12%. The growth in FDI equity inflows stands at around 1.5% in Jan, 0.1% in Dec 2013, 55% in Nov 2013, (-) 37.7% in Oct 2013 and (-) 12% in Sep 2013. The total FDI equity inflows, in the period April-Feb 2013-14 are estimated at around US$ 20.8 bn; representing negative growth of around (-)0.6% over the FDI equity inflows of about US$ 20.9 bn for the corresponding period last year.

ECBs stand at US$ 4.3 bn during Feb 2014- Indian firms have raised US$ 4.30 bn through external commercial borrowings (ECBs) in the month of February 2014 and US$ 1.79 bn during January 2014 by automatic and approval route. The borrowings stood at US$ 4.30 bn in February 2014 as compared to US$ 2.34 bn in February 2013. India has received gross ECBs worth around US$239 bn between FY2001 and FY2014 (till February 2014). The lion's share in ECB during the month of February 2014 is held by overseas acquisition contributing to about 58% of the total, followed by railways at about 12% and refinancing of Earlier ECB at around 9%.

Services export stands at US$12.8 bn– After a volatile trend in the export and import scenario of services over the last many months amidst the current volatile global economic situation, the services exports increased to US $13.93 bn in January 2014 from US$12.86 bn in December 2013. Service imports on the other hand, also increased to US$7.27 bn from US $6.72 bn during the same period.

1.4 Fiscal scenario

Apr-Feb fiscal deficit at 114.3% of Revised Estimates- The gross fiscal deficit of the Central government stands at 114.3% of the actuals to revised estimates at the end of February 2014 as compared to 97.4% of the actuals to revised estimates in the corresponding period of the previous year. The primary deficit significantly increased to 192% of the actuals to revised estimates at the end of February 2014 as compared to 119.2% of the actuals to revised estimates during corresponding period of the previous year.

Net direct tax collections rise- Gross direct tax collections during April-December 2013-14 has increased to Rs. 4,81,914 crore as against Rs. 4,29,023 crore during the corresponding period of last year with a growth of 12.33%. The gross collection of corporate taxes has also scaled up to Rs. 3,10,126 crore from Rs. 2,83,605 crore during the same period, with a growth of 9.35%. Gross collections of personal income tax posted a growth of about 18.53%, which stands at Rs. 1,67,589 crore during April-December 2013-14 as against Rs. 1,41,385 crore during the same period last year. Net direct tax collections increased to Rs. 4,15,328 crore during April-December 2013-14 as against Rs. 3,69,067 crore during corresponding period of last year posting a growth of 12.53%. The collection of wealth tax registered a growth of 11.92%, which stands at Rs. 742 crore in April-December 2013-14 as against Rs. 663 crore during the same period last year, while the collection of securities transaction tax (STT) stands at Rs. 3,427 crore with growth of 4.04% during April-December 2013-14.

Government's total public debt increases by 2.6% at end-December 2013- The gross fiscal deficit of the Central Government in budget estimates (BE) 2013-14 (FY14) was placed at Rs.5,42,499 crore (4.8% of GDP) as against Rs.5,20,925 crore (5.2% of GDP) in the revised estimates (RE) for 2012-13. The gross and net market borrowing requirements of the Government in FY14BE were placed at Rs.5,79,000 crore and Rs.4,84,000 crore, respectively, which were reduced in revised estimates (RE), as per interim Budget for 2014-15, to Rs.5,63,911 crore and Rs.4,53,902 crore. The gross and net market for 2014-15 are budgeted to increase moderately to Rs.5, 97,000 crore and Rs.4, 57,321 crore. The total public debt (excluding liabilities under the 'Public Account') of the Government increased to Rs.4, 606,350 crore at end-December 2013 from Rs.4, 488,905 crore at end-September 2013.

1.5 Monetary scenario

First Bi-monthly Monetary Policy Statement, 2014-15- RBI in its First Bi-monthly Monetary Policy Statement, 2014-15 has kept the cash reserve ratio (CRR) of scheduled banks unchanged at 4% of net demand and time liability (NDTL) and the policy repo rate under the liquidity adjustment facility (LAF) unchanged at 8%. Consequently, the reverse repo rate under the LAF stands unchanged at 7%, and the marginal standing facility (MSF) rate and the Bank Rate at 9%.

Feb 2014 Gross Bank Credit grows at 14.4%- On a year-on-year basis, gross bank credit stands at 14.4% in February 2014 as compared to 14.7% in January 2014. The growth of food credit stands at 1.5% in February 2014 & January 2014 and the non-food bank credit increased by 14.7% in February 2014 as compared to 15% in January 2014. The credit to NBFCs increased by 14.7% in February

2014 as compared with 13.4% in January 2014. The credit to agriculture increased by 13.1% in February 2014 as compared with 13.2% in January 2014.

2. Major policy pronouncements

India, Russia sign Rs 2,600 cr deal for anti-tank ammunition-- India has signed a deal worth over Rs 2,600 crore with Russia to procure 66,000 anti-tank shells to meet the shortfall of critical ammunition faced by its armoured fleet including the latest T-90 tanks. The two sides signed the deal on March 27 for the supply of anti-tank shells to the Army and agreement in this regard was inked by Defence Ministry officials from India and Rosoboronexport officials from the Russia side.

Overhaul of IIP sought to correct inaccuracies – Planning Commission has sought overhauling of IIP to correct inaccuracies and suggested guidelines for the 16 source agencies to improve data collection and reporting. The panel has suggested that in case a factory does not report data for a period of time, the average production for the previous three months or so be used for some time, after which the factory be discontinued and replaced by a panel of factories of the same size.

RBI seeks Public Comments on Report on Data Format for Furnishing of Credit Information to CICs- RBI has released the Report of the 'Committee to Recommend Data Format for Furnishing of Credit Information to Credit Information Companies (CICs)' for comments which has made wide ranging recommendations on issues relating to credit information, such as, increasing its coverage, format of reports and best practices to be followed by credit institutions, credit information companies (CICs) and the RBI. The committee has suggested that customers should be given a free copy of their credit profile as it would help in promoting financial discipline among loan seekers.

RBI extended transitional period for full implementation of Basel III Capital Regulations in India upto March 31, 2019 from March 31, 2018- In view of the implementation of Basel III Capital Regulations, banks need to improve and strengthen their capital planning processes. While conducting the capital planning exercise, banks may consider the potential impact of the changing macro-economic conditions and the outcomes of periodic stress tests on the adequacy and composition of regulatory capital. A forward looking capital planning process will enable banks to appropriately assess the level of capital needed to support their business strategies over the medium-term. The capital requirements may be substantially lower during the initial years as compared to later years of full implementation of Basel III Guidelines.

RBI eases forex hedging rules for exporters/importers- In order to provide greater operational flexibility, the Reserve Bank of India has decided to relax the restriction relating to hedging of currency risk of probable exposures of exporters and importers. Henceforth, contracts booked up to 75% of the eligible limit mentioned below (a) and (b) may be cancelled with the exporter/importer bearing/being entitled to the loss or gain as the case may be. Further, the contracts booked in excess of 75% of the eligible limit mentioned below (a) and (b) shall be on a deliverable basis and cannot be cancelled, implying that in the event of cancellation, the exporter/importer shall have to bear the loss but will not be entitled to receive the gain.

Finance Ministry to hire outsiders to oversee disinvestment–To ensure transparency in the disinvestment process, the Ministry of Finance has decided to appoint retired bureaucrats and prominent private executives as independent monitors to oversee working of merchant bankers and others associated with PSU stake sale. For this purpose, the Finance Ministry will hire Independent External Monitors in the Department of Disinvestment in consultation with Central Vigilance Commission.

CCEA approves Rs 458.56 crore for setting up foodgrains storage capacity-- Cabinet Committee on Economic Affairs (CCEA) approved Rs 458.56 crore support for setting up 2.92 lakh tonnes of foodgrains storage capacity in the north eastern region during the 12th Five Year Plan.

Competition Commission of India tightens rules to see through mergers and acquisitions structures-- The Competition Commission of India (CCI) has tightened its rules to ensure that companies do not escape its scrutiny through innovative structuring of mergers and acquisitions. CCI clarified that it will look at the substance of the transaction and not just the structure while approving any merger. The commission has also deleted a clause under the merger regulations pertaining to the relaxation of transactions that take place entirely outside the Indian jurisdiction.

Shri R Gandhi appointed RBI's Deputy Governor– According to the notification issued by the Government of India, Shri R Gandhi has been appointed Deputy Governor for a period of three years from the afternoon of Thursday, April 03, 2014. Shri Gandhi was Executive Director of the Reserve Bank before being elevated to the post of Deputy Governor and will look after Department of Banking Operations and Development, Department of Non-Banking Supervision, Urban Banks Department, Department of Expenditure and Budgetary Control, Department of Information Technology, Legal Department, Premises Department and Risk Monitoring Department.

Government hikes import tariff value on gold, silver— The government has hiked the import tariff value on gold and silver to USD 431 per 10 grams and USD 646 per kg, respectively, taking firm global cues. During the first fortnight of the current month, tariff value on imported gold was fixed at USD 421 per 10 grams and silver at USD 644 per kg.

Government bans zero-fee bidding in all documents-- In a bid to make public procurements more transparent and curb disputes about contracts, the government has decided to include a clause in all bid documents by public departments explicitly barring any bidder who quotes a zero fee. Since the current procurement rules followed by the government purely focus on awarding contracts to the bidder quoting the lowest price, quite a few bidders end up quoting the bare minimum costs or even zero fees for their services leading to confusion among departments about whether such a bid is valid. With the government usually procuring goods and services worth Rs 14 lakh crore annually, the finance ministry has decided to ensure that confusion about zero bids doesn't hamper the government's ability to award contracts.

RBI curbs banks from extending guarantees, 'letters of comfort' to overseas arms of firms— The RBI imposed restrictions on non-fund based credit facilities — guarantees, stand-by letters of credit, letters of comfort, and so on — extended by banks to Indian companies' overseas arms. Further, the RBI disallowed repayment of rupee loans taken from the domestic banking system through external commercial borrowings (ECBs) extended by overseas branches/subsidiaries of Indian banks.

CAG can audit private telecom companies: Supreme Court— The Supreme Court has said that the Comptroller and Auditor General can scrutinize books of private telecom companies that share revenue with government for spectrum use. This has raised anxiety among companies in sectors such as power and oil that are engaged in various projects in partnership with the government.

RBI clamps down on offshore refinancing—In a move likely to trigger a rise in onshore restructuring, the RBI has taken steps to clamp down on the growing trend among banks to convert rupee exposure into overseas debt. The RBI has sent notice to Indian banks that they should not lend through their overseas branches or issue any kind of credit guarantee to help companies repay their rupee obligations with offshore debt.

3. Other key developments

Globally India ranks 96th on enabling trade: World Economic Forum- According to The Global Enabling Trade Report 2014 by World Economic Forum, India ranks 96th on the overall ETI ranking. Among the BRICS economies, it lags far behind China and South Africa and trails Brazil by a few notches, but is 9 places ahead of the Russian Federation. Access to India's domestic market is made difficult by high tariff barriers (135th). At 12.4%, average applied tariffs are among the world's highest, with a low 10% share of duty-free imports. The tariff regime is complex and characterized by a high quantity of distinct tariffs and vast tariff dispersion across tariff lines. Abroad, Indian exporters face relatively high tariffs and benefit from almost no preferences.

India requires to invest US$1736bn to close infrastructure gap: World Bank- According to the World Bank report, 'Reducing Poverty by Closing South Asia's Infrastructure Gap', India is required to make the total investments between US$1133bn to US$1726bn over the period of 10 years (2011-2020). In terms of percentage, India is required to increase the share of GDP on investments ranging from 6.55% to 9.98 % per year. Sector wise, electricity sector is to be preferred for making the highest investments from US$375bn to US$468.8bn followed by transport, telecom and irrigation. Water Supply and sanitation and solid waste require the least investment to be made amongst the key sectors of the economy.

Internal factors responsible for India's declining economic growth: IMF- International Monetary Fund (IMF) in the WEO chapter on emerging economies reported that India's declining economic growth, which has touched a decade's low of 4.5% in 2012-13 is attributed to mainly internal factors. India's economic growth, which was registered at 8.9% in 2010-11 declined to 6.7% in the following year and touched a decade's low of 4.5% in 2012-13. In India, internal factors began dampening growth in early 2008, likely as the result of tensions from growing bottlenecks in infrastructure after a period of rapid growth. Their negative incidence continued until mid-2009, when internal factors started contributing more to growth again.

Indirect tax collection at Rs 4.41 lakh crore in Apr-Feb- Indirect tax collections grew by 5.65% to Rs 4,41,826 crore during the period April-February FY2014 amid a slowing economy. Total collection of indirect taxes rose by 5% to Rs 43,794 crore in February, against Rs 41,714 crore in the same month last fiscal. Service tax collection grew 15.4% to Rs 12,181 crore in the last month, against Rs 10,556 crore in the year-ago period. Total collection of indirect taxes stood at Rs 4,18,286 crore during April-February 2012-13.

Leather exports up 17.5% in April-Jan 2013-14- According to the data from the Directorte General of Cmmercial Intelligence & Statistics, leather exports have increased by 17.5% during the period April-January 2013-14 against the comparable period of the 2012-13 financial year. Shipments increased to

$4,861.29 million against $4,138.13 million due to high leather footwear exports which contributed an increase of $244.53 million.

India's steel output beats world's average growth rate in March: WSA- According to World Steel Association, India produced 7.25 million tonnes or just over 5% of the total global output in March. The country, however, beat the world's average production growth rate in March as India's steel production clocked a 3.9% growth rate while the world's average growth rate was at 2.7%.

Bhutan, India sign pact for developing hydro projects— In a bid to strengthen their bilateral strategic partnership, India and Bhutan signed an agreement for the development of joint hydropower projects.

RBI seeks Public Comments on Report on Data Format for Furnishing of Credit Information to CICs— RBI has released the Report of the 'Committee to Recommend Data Format for Furnishing of Credit Information to Credit Information Companies (CICs)' for comments which has suggested that customers should be given a free copy of their credit profile as it would help in promoting financial discipline among loan seekers. The move would also help detect identity theft at an early stage.

SEBI limits liquidity enhancement schemes of bourses to three years- SEBI has limited the period of liquidity enhancement schemes of stock exchanges to a maximum of three years. Under the scheme, brokers and other market intermediaries are given incentives for a specified period of time to bring in liquidity and generate investor interest in securities which have limited trading activity.

Competition Commission to get three new members-- The government has finalized the names of three people who will take over as the members of the Competition Commission of India (CCI) in the coming weeks. Among the three persons finalized, one is an ex-IAS (Indian Administrative Service) officer and another, a former IES (Indian Economic Service) officer; the names however have not been released.

Fertilizer Ministry to trim Potash Subsidy by Rs. 900 crore --The Fertilizer Ministry, after receiving the Election Commission's nod has moved the Cabinet to reduce potash fertilizer subsidy for 2014-15 fiscal which would result in savings of Rs 900 crore to the exchequer. The subsidy of potash has been proposed to be reduced in view of fall in global prices by USD 100 per tonne to USD 320 per tonne.

Non-food credit rises 14.53%, below RBI's projection--According to the fortnight data released by RBI, non-food credit stood at Rs. 59,14,608 crore as on March 21, up 14.53% from a year ago below RBI's projection of 15%. This is due to lower demand for large credit this year. Further, bankers say a number of loan repayments tend to happen during the last quarter, leading to a reduction in the outstanding credit number. However, deposits continued to outpace credit marginally and grew at 14.63% y-o-y to Rs. 77,39,387 crore.

Services sector output dips in March—According to HSBC's purchasing managers index (PMI), services declined to 47.5 in March from 48.8 in February, registering below the 50.0 no-change level for the ninth successive month. The decline in services output is at a fastest rate in three months and is due to softer demand in the month of March.

Slump in auto sales claims 2 lakh jobs: SIAM—According to Society of Indian Automobile Manufacturers, there is a slump in India's automobile market, with sales declining for a second straight year which has taken its toll with production cuts leading to the loss of about 2,00,000 jobs. The Indian auto industry employs around 19 million direct and indirect workers which is far behind the target as it was estimated to employ more than 25 million workers by 2016 under the 10-year Auto Mission Plan of the government.

Households dominate deposits ownership: RBI— A study on the composition and ownership pattern of deposits with scheduled commercial banks in the country by the Reserve Bank of India (RBI) reveals that household sector continues to dominate the deposits ownership. As of March 2013, they owned around 60% of the Rs. 71,46,600 crore of deposits in banks in the country while the Government sector owned a around 14%, Non-financial corporate sector owned 12.4%, the financial sector owned 10% and foreign sector owned 4%.

Government sets Rs. 50,000 crore cap for market stabilisation scheme— The Government of India has authorized the Reserve Bank of India to issue debt instruments up to a ceiling of Rs. 50,000 crore under the market stabilisation scheme (MSS) for the fiscal 2014-15 which is similar to the level pegged last year.

No non-competition clause in pharma FDI: RBI- The Reserve Bank of India has said non-compete clauses will not be allowed for FDI in the pharmaceutical sector, except in special circumstances. This follows a review of the policy, it said, with a consensus that the clause allowing foreign investors to take 100% equity stake in pharma companies could continue.

Urea imports dip 12% in 2013-14 -- India's urea imports have decreased by 12% to 7.08 million tonnes (MT) of urea in the year 2013-14, due to carry over stocks from the last year. According to the Fertilizer Ministry, the country had imported 8.04 MT of urea in the entire FY2012-13.

High growth North yet to match spatial spread of South, West: McKinsey—According to McKinsey Global Institute, the Bimaru states of India are sharply slipping on urbanisation in the last decade showing that the benefits of high growth in these states are possibly remaining concentrated in small geographical pockets. Between 2001 and 2011, in the large densely populated states like Uttar Pradesh, Bihar and Madhya Pradesh, the number of districts where towns did not expand to cover more population or remained unchanged is more than the number where they did expand. Even where the district-wise urbanisation has gone up, the increase is marginal during the 10 year period. This holds true for all the states stretching from Rajasthan to West Bengal and includes Orissa, Jharkhand and Chhattisgarh. In all of them, the rate of growth is between 1-5%. The districts which have seen the sharpest increase in the rate of urbanisation are all from either Southern or Western India.

Nearly 1 lakh companies registered in India last fiscal– About 98,473 new companies were registered in the country last fiscal, with a substantial number of companies in the business services sector and an authorized capital of nearly Rs 39,000 crore. However, only 216 foreign companies were set up during FY2013-14 period.

Southwest monsoon may be less than normal- According to the Indian Meteorological Department, southwest monsoon rains this year are likely to be just below normal. The probability of emergence of El Nino phenomenon, the warming sea surface temperatures in the Pacific that can trigger drought in countries including India, during the four month monsoon period are around 60%.

Ports sector receives Rs. 20,000 crore projects in FY14–The ports sector bucked the general slowdown and policy lacunae specific to infrastructure as it received 30 projects in FY2014 with an investment of over Rs. 20,000 crore.

In a nutshell

The recent unwanted rains in the major agrarian states of India may hit rabi crops production and hence the fall in foodgrain production scenario may stoke food inflation as the demand supply gap in various food items is already on the borderline. A marginal shortfall in a particular food item may cascade the overall food prices scenario and push food inflation in the double digits trajectory once again. The government should take effective steps to make sure that the supply of essential food items is not affected at this juncture.

On the other hand, the interest rates during the last three years have remained in the higher trajectory; however, there is little respite to inflation vis-à-vis structural supply side constraints in the economy. Hence a calibrated policy stance in the coming times should consider for revival of economic growth trajectory along with containing inflationary scenario.

The lead economic and financial indicators so far...

S. No	Components	January	February	March
1.	IIP Growth	(-)0.6% (December)	0.1% (January)	(-)1.9% (February)
2	Export Growth	3.79%	3.69%	3.15%
3	WPI Inflation Y-O-Y growth	5.05%	4.7%	5.7%
4	CPI inflation (combined)	8.8%	8.1%	8.3%
5	Gold (10 GRMS)	30021^	29968^^	29904^^^
6	Crude Oil (1 BBL)	6235#	6076##	6225###
7	BSE Sensex	20193!	21832!!	22688!!!
8	Exchange rate average (INR/ 1 USD)	62.27*	61.09**	60.63*
9	Repo rate	8%	8%	8%
10	CRR	4%	4%	4%
11	10 year Bond yield	8.0907%	8.0907%	8.0907%
12	Base rate	10.00-10.25%	10.00-10.25%	10.00-10.25%

*Source: PHD Research Bureau compiled from various sources, ^ Data pertains as on 13th February 2014, ^^Data pertains to as on 19 March 2014, ^^^ Data pertains to 25th April 2014, # Data pertains as on 13th February 2014, ## Data pertains to as on 19th March 2014, ### Data pertains to 25th April 2014, ! Data pertains to as on 13th February 2014, !! Data pertains to as on 19th March 2014, !!! Data pertains to 25th April 2014, ,*Data pertains to as on 13th February 2014, **Data pertains to as on 19th March 2014, ***Data pertains to 25th April 2014.*

India: Statistical snapshot

Indicators	**FY09**	**FY10**	**FY11**	**FY12**	**FY13**	**FY14**
GDP at FC - Constant prices Rs Bn	41,586	45,161	49,185	52,475	54,821	57,486*
GDP at FC - Constant prices growth YoY	6.7	8.6	8.9	6.7	4.5	4.9*
GDP at MP-current prices Rs. Bn	56,300	64,778	77,841	90,097	1,011,33	1,132,05*
Agriculture growth	0.1	0.8	8.6	5.0	1.4	4.6*
Industry growth	4.1	10.2	8.3	6.7	0.8	0.2*
Services growth	9.6	8.0	7.5	4.9	7.0	6.9*
Consumption	7.6	8.1	8.1	5.4	5.0	-
Private consumption	7.1	7	8.1	5.5	5.0	-
Gross domestic savings as % of GDP	32	33.7	34.0	30.8	30.2	31**
Gross Fixed Capital Formation as % of GDP	32.3	31.7	30.9	31.8	30.4	28.5*
Gross fiscal deficit of the Centre as a % GDP	5.9	6.5	4.8	5.7	5.2	4.7
Gross fiscal deficit of the states as a % GDP	2.4	2.9	2.1	2.3	2.1	-
Gross fiscal deficit of Centre & states as a % GDP	8.3	9.3	6.9	8.1	7.2	-
Merchandise exports (US$Bn)	183.1	178.3	250.8	305.7	300.2	312.35^
Growth in exports	12.3	-2.6	40.6	21.9	(-)1.8	3.98^
Imports (US$Bn)	299.3	287.6	369.4	489.1	490.3	450.94^
Growth in imports (YoY)	19.8	-3.9	28.5	32.4	0.2	-8.1^
Trade deficit (US$Bn)	116.2	109.3	118.6	183.4	190.1	138.6^
Net invisibles US$Bn	91.6	80.0	79.3	111.6	107.5	115.0**
Current account deficit US$Bn	28.7	38.4	48.1	78.2	88.2	31.1^^
Current account deficit as % of GDP	2.6	3.2	2.6	4.2	4.8	2.3^^
Net capital account US$Bn	8.7	53.4	60	67.8	94.2	31.3^^
Overall balance of payments US$Bn	20.1	-13.4	-13.1	12.8	-3.8	8.6**
Foreign exchange reserves US$Bn	252	279.1	304.8	294.9	292.04	281.5 ~
External debt - Short term US$Bn	43.4	52.3	65	78.2	96.7	94.8^^
External debt - Long term US$Bn	181.2	208.7	240.9	267.5	293.4	305.5^^
External debt - US$Bn	224.5	260.9	305.9	345.8	392.1	400.3^^
Money supply growth	19.3	16.9	16.1	13.2	13.8	14.5~~
Bank credit growth	17.5	17.1	21.2	16.8	13.5	14.4!
WPI inflation	8.1	3.8	9.6	8.9	7.4	5.7@
CPI inflation	7	12.4	10.4	8.4	10.4	8.3 @
Exchange rate Rs/US$ annual average	46	47.4	45.6	47.9	54.4	60.63@@

*Source: PHD Research Bureau compiled from various sources, *Data pertains to first revised 2012-13 and advance estimates of 2013-14 from MOSPI, ** Projection For 2013-14 from PMEAC Economic Outlook 2013-14, ^Data pertains to Apr-Mar 2014 from Ministry of Commerce and Industry, ^^Data pertains to India's Balance of payment Apr-Dec 2013 from RBI and India's external debt end Sep 2013 from RBI, ~ Data as on 18th April 2014 from RBI, ~~ Data compiled from RBI Bulletin April 2014,! Data pertains to February 2014, @ Data pertains to March 2014, @@ Data as on 25th April 2014 from Bloomberg.*

About the PHD Chamber

PHD Chamber is a 108 years old vibrant and proactive representative organization of business and mercantile community of northern and central India, serving their interest. This apex regional organization plays an active role in India's development and acts as a much needed link between government and industry, serving as a catalyst for rapid economic development and prosperity of the community in the region through promotion of trade, industry and services.

PHD signifies
PROGRESS • HARMONY • DEVELOPMENT

With its base in the National Capital, Delhi, the Chamber has Regional offices in States of Bihar, Chhattisgarh, Haryana, Himachal Pradesh, Jammu & Kashmir, Jharkhand, Madhya Pradesh, Punjab, Rajasthan, Uttar Pradesh, Uttarakhand and the Union Territory of Chandigarh.

Six Thrust Areas

- **Industrial Development**
- **Infrastructure**
- **Housing**
- **Health**
- **Education and Skill Development**
- **Agriculture and Agribusiness**

Economic Affairs Committee

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Ms. Megha Kaul, Senior Research Officer
Ms. Surbhi Sharma, Research Officer
Ms. Bhawana Sharma, Research Associate

Mr. Gopal S Jiwarajka, Chairman
Mr. Shyam Poddar, Co-Chairman
Mr. Akhil Bhansal, Co-Chairman
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