



PROGRESS HARMONY DEVELOPMENT

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2016

## Economic Affairs Committee Newsletter

(Monthly update on India's socio-economic developments)



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**EAC Newsletter**  
**April 2016**

The Indian economy has continued to consolidate the gains achieved in restoring macroeconomic stability. The country's macroeconomic parameters viz- inflation, fiscal deficit and current account balance are improving. Wholesale price inflation has been in negative territory for more than a year and the all-important consumer prices inflation has declined to nearly half compared to previous years.

Export performance has been poor in relation to the needs of the economy and in comparison with some other developing countries. As imports have also declined, trade and current account deficits continue to be moderate. Growth in agriculture has slackened due to two successive years of less than-normal monsoon rains. Saving and investment rates are showing hardly any signs of revival.

The substantial decline in price of the Indian basket of crude oil, through its direct and second round effects, partly contributed to the decline in general inflation for the second successive year. Inflation has evolved along the projected trajectory. The targets set for January 2016 has been met with a marginal undershoot. CPI inflation for February is at a three-month low of 5.18%, closer to the RBI target of 5% by first quarter of this fiscal.

India's external position appears robust. The current account deficit has declined and is at comfortable levels; foreign exchange reserves have risen, FDI inflows have grown, and the nominal value of the rupee, measured against a basket of currencies, has been steady. The rupee has however depreciated vis-à-vis the US dollar, like most other currencies in the world, although less so in magnitude. At the same time, it has appreciated against a number of other major currencies.

Further, the recent Global Investment Trends Monitor of the UNCTAD reported that FDI flows to India nearly doubled, reaching an estimated US\$59 billion in 2015. The report highlights that this is on account of measures undertaken by the government to improve the investment climate. The Asian Development Outlook (ADO) report 2016, projects India's gross domestic product (GDP) to grow 7.4% in FY2016, slightly below the FY2015 estimate of 7.6%. In FY2017 growth is forecast to reach 7.8% as the benefits of banking sector reforms and an expected pickup in private investment begin to flow. India is one of the fastest growing large economies in the world and will likely remain so in the near term.

However, expressing concerns over unseasonal rainfall and the implementation of the 7<sup>th</sup> Pay Commission the Reserve Bank of India in its first Bi-Monthly policy reduced the policy rate by 25 bps points to make borrowing cheaper in order to boost liquidity in the economy.

The Chamber welcomes the move as it would stimulate demand; augment buying of consumer durables' vis-a-vis reduced costs of credit, boost investments and growth of manufacturing sector. However, the move should continue in the coming times also and repo rate should not be more than 6% to induce demand and refuel industry growth at this juncture. Therefore, an aggressive move to cut repo rate is needed at this juncture to facilitate industrial growth.

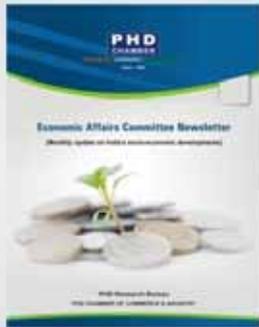
Going ahead, continuation of rate cut would be critical to help demand to remain intact and sentiment for investments to strengthen and grow.

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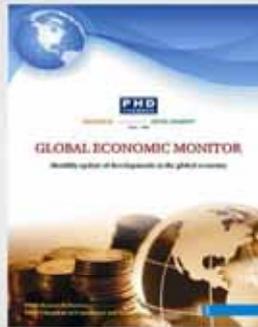
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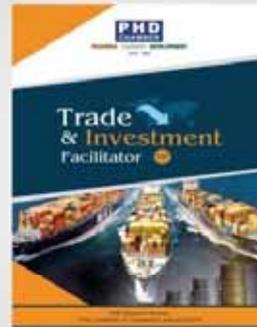
EAC - 1st week of every month

Economic Affairs Committee (EAC) issues a comprehensive newsletter on the economic and social developments in the economy in a particular month. The report provides a concise view of the movements in lead indicators in that month and in the coming times.



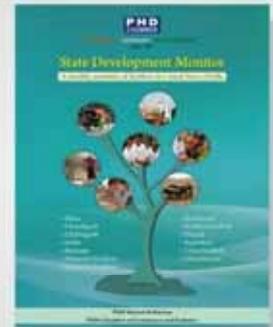
GEM -2nd week of every month

Global Economic Monitor (GEM) aims to disseminate information on latest updates on global macro-economic indicators including growth, inflation, trade, markets, commodities, unemployment, policy developments and publications of international organization



TIFS – 3rd week of every month

Trade and Investment Facilitator (TIF) aims to provide information on recent developments in India's foreign trade, foreign investments, policy developments, bilateral economic relations, trade agreements, WTO among others.



SDM – 4th week of every month

State Development Monitor captures the developments on various fronts such as economic, health, infrastructure, rural economy and tourism in central and northern states of India.

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Warm regards

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**PHD CHAMBER OF COMMERCE AND INDUSTRY**

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## 1. Indian economy so far

### 1.1 Growth

**February 2016 IIP stands at 2%-** Growth in industry output, as measured in terms of IIP, for the month of February 2016 is estimated at 2% as compared with (-)1.5% during January 2016. The cumulative growth for the period Apr-February 2016 stands at 2.6% as compared to 2.8% in the corresponding period of the previous year. The growth in the three sectors mining, manufacturing and electricity in February 2016 stands at 5%, 0.7% and 9.6% respectively as compared to 1.5%, (-)2.8% and 6.6% in January 2016.

**February Core Infra grows at 5.7%-** The core infrastructure grows to 5.7% (Y-O-Y) in February 2016 in comparison to 2.9% in January, 2016. The combined Index of Eight Core Industries stands at 172.2 in February 2016 with a growth rate of 5.7% in February 2016 as compared to 2.3% in February 2015. Crude Oil and Natural Gas production increased by 0.8% and by 1.2% respectively in the month of February, 2016.

### 1.2 Inflation

**March 2016 CPI inflation stands at 4.83 %-** The all India general CPI (Combined) for March 2016 stands at 4.83% as compared to 5.25% in March 2015. The inflation rates for rural and urban areas for March 2016 are 5.7% and 3.95% as compared to 5.67% and 4.75% respectively, for March 2015.

**March 2016 WPI inflation stands at (-)0.85%-** Driven by the increase in the prices of potato, onions, pulses and vegetables, inflation increased to (-)0.85% (Y-O-Y) for the month of March 2016 as compared to (-)0.91% (Y-O-Y) for the month of February 2016. The Index for Wholesale Prices for the month of March 2016 rose by 0.3% to 174.6 (provisional) from 174.0 (provisional) for the previous month.

### 1.3 External sector

**CAD narrowed to 1.3% of GDP in Q3 2015-16-** India's current account deficit (CAD) stands at US\$ 7.1 billion (1.3 per cent of GDP) in Q3 of 2015-16, which is lower than US\$ 7.7 billion (1.5 per cent of GDP) in Q3 of 2014-15 and US\$ 8.7 billion (1.7 per cent of GDP) in the preceding quarter. The contraction in CAD was primarily on account of a lower trade deficit (US\$ 34.0 billion) than in Q3 of last year (US\$ 38.6 billion) and US\$ 37.4 billion in the preceding quarter.

**Merchandise exports decline by (-) 5.5% in March 2016-** India's exports for the month of March 2016 stands at around USD 22.7 billion as compared to USD 24 billion in March 2015 registering a growth of around (-) 5.5%. During March 2016, the imports are registered at around USD 28 billion as compared to USD 35 billion in March 2015, registering a growth of (-) 21.5 %. The balance of trade stands at around USD (-) 5 billion during March 2016 as compared to USD(-)11.4 billion for March 2015.

**February, 2016 Services Exports stands at USD 12.3 billion-** India's services exports for the month of February 2016 stand at around USD 12.3 billion and services imports stand at USD 7.2 billion in February 2016. The trade balance in services stands at USD 5.1 billion for the month of February 2016.

**Net FII investments stands at about (-) USD 2001 million in Feb 2016-** The net FII investments in the month of February 2016 stands at (-) USD 2001 million as against (-) USD 8814 million in January 2016. The net FII investments registered a y-o-y growth of around (-) 150% in February 2016 over investments of about USD 3966 million in February 2015. The net FII investments registered a growth of about (-) 262% in January 2016 (Y-O-Y).

**FDI equity inflows rose by 40% during April-December 2015 -** The FDI equity inflow during April-December 2015 rose by 40% to around US\$29 billion as compared with US\$21 billion during the same period of the previous year. Mauritius with 34% share in India's cumulative FDI inflows tops the chart as an investing country between April 2000- December 2015. While the top investing sector on cumulative basis (April 2000- December 2015) is the services sector (includes financial, banking, insurance, non-financial / business, outsourcing, R&D, courier, tech. testing and analysis). Also, Mumbai and New Delhi are observed to be the cities attracting the highest FDI equity inflows on cumulative basis for the period (April 2000-May 2015).

## 1.4 Fiscal scenario

**February 2016 fiscal deficit registered at 107.1% of actuals to BEs-** The gross fiscal deficit of the Central government stands at 107.1% of the actuals to budget estimates at the end of February 2016 as compared to 117.5% of the actuals to budget estimates in the corresponding period of the previous year. The primary deficit was registered at 209.1% of the actuals to budget estimates at the end of February 2016 as compared to 253.1% of the actuals to budget estimates during corresponding period of the previous year.

**Government's total public debt increases by 3% in Q3 of FY2016-** The total public debt (excluding liabilities under the 'Public Account') of the Government provisionally increased to Rs. 5,526,310 crore at end-December 2015 from Rs. 5,366,258 crore at end-September 2015. This represented a quarter-on-quarter (QoQ) increase of 3% (provisional) compared with an increase of 1.2% in the previous quarter (Q 2 FY 16).

**Actual collections of Direct & Indirect Tax Revenues in FY 2015-16 is Rs. 14.60 Lakh Crore as against Revised Target (RE) of Rs. 14.55 Lakh crore-** The aggregate Budget Estimates (BE) for total Direct and Indirect Tax Revenues for FY 2015-16 was Rs 14.45 Lakh Crore which was revised to Rs 14.55 Lakh Crore (RE). The actual collection (provisional) is Rs 14.60 Lakh Crore. The total collection has exceeded the RE and represents a growth of 17.6% compared to the last financial year. The Indirect Tax revenue (provisional) collections stand at Rs 7.11 Lakh Crore and has exceeded the BE and RE by Rs 65,618 Crore and Rs 9,885 Crore respectively. This represents a robust growth of 31.1% over revenue receipts in 2014-15. The Direct Tax revenue collections (prov.) stand at Rs 7.48 Lakh crore which is only slightly lower than the RE of Rs 7.52 Lakh Crore. This represents a growth of 7.61% over the receipts in 2014-15.

## 1.5 Monetary scenario

**First Bi-monthly Policy Statement of RBI for 2016-17 slashes policy repo rate-** The Reserve Bank of India in its first Bi-monthly Policy statement for the Financial Year 2016-17, slashed the repo rate by 25 basis points from 6.75% to 6.5%. Additionally, it reduced the minimum daily maintenance of the cash reserve ratio (CRR) from 95% of the requirement to 90% with effect from the fortnight beginning April 16, 2016. The RBI kept the CRR unchanged at 4% of net demand and time liabilities (NDTL). Consequently, the reverse repo rate under the LAF stands adjusted to 6.0%, and the marginal standing facility (MSF) rate to 7.0%. The Bank Rate which is aligned to the MSF rate also stands adjusted to 7.0%.

**Gross Bank Credit grows at 9.7% in February 2016-** Gross bank credit grows at 9.7% in the month of February 2016 as against 9.5% in January 2016. The gross bank credit growth stands at 9.3% during February 2015. On a year-on-year (y-o-y) basis, non-food bank credit increased by about 10% in February and January 2016 each. Credit to agriculture and allied activities increased by around 13.5% in February 2016 as compared with 13.4% in January 2016.

**ECBs stand at US\$ 1.3bn during February 2016-** Indian firms have raised about US\$ 1.3 billion through external commercial borrowings (ECBs) in the month of February 2016 as against US\$ 1.4 billion in January 2016 by automatic and approval route. The borrowings stood at US\$ 1.3 billion in February 2016 as compared to US\$ 2.2 billion in February 2015.

## 2. Major policy pronouncements

**RBI revises framework for External Commercial Borrowings-** Taking into account prevailing external funding sources, particularly for long term lending and the critical needs of infrastructure sector of the country, the extant ECB guidelines have been reviewed by the Reserve Bank of India (RBI) in consultation with the Government of India. Accordingly, it has been decided by RBI to make the in the ECB framework which include Infrastructure Finance Companies (NBFC-IFCs), NBFCs-Asset Finance Companies (NBFC-AFCs), Holding Companies and Core Investment Companies (CICs) will also be eligible to raise ECB under Track I of the framework with minimum average maturity period of 5 years, subject to 100 per cent hedging. Companies in infrastructure sector shall utilize the ECB proceeds raised under Track I for the end uses permitted for this Track. NBFCs-IFCs and NBFCs-AFCs will, however, be allowed to raise ECB only for financing infrastructure. Holding Companies and CICs shall use ECB proceeds only for on-lending to infrastructure Special Purpose Vehicles (SPVs), among others.

**RBI eases norms for import of rough, cut and polished diamonds-** To ease the operational difficulties faced by the importers of Rough, Cut and Polished Diamonds, it has been decided by RBI in consultation with the Government of India, to delegate the powers for permitting such clean credit for a period exceeding 180 days from the date of shipment to the AD banks, subject to certain conditions.

**Hon'ble Prime Minister launches Stand Up India Scheme to boost entrepreneurship-** The Prime Minister, Shri Narendra Modi, launched the Stand Up India initiative, which aims to boost entrepreneurship among the Scheduled Castes, Scheduled Tribes, and Women. He voiced that 'Stand up India' aims to empower every Indian and enable them to stand on their own feet. He also

expressed that 'Stand up India' seeks to empower the poor & the marginalised and make them self-sufficient & self-reliant.

Highlighting the importance of the Stand Up India Scheme, Hon'ble Prime minister said that the job seeker has to become a job creator. Hon'ble Prime Minister Shri Narendra Modi Ji announced that the initiative envisages loans to at least two aspiring entrepreneurs from the Scheduled Castes, Scheduled Tribes, and Women categories. It was also announced that the loan shall be in the ten lakh to one crore rupee range. 5100 e-rickshaws were also distributed on the occasion.

**Union Cabinet has given approval to raise funding of exports to Iran from India from Rs. 900 crore to Rs. 3000 crore-** The Union Cabinet has given its approval for increasing the framework agreement between Exim Bank of India and a consortium of Iranian banks lead by Central Bank of Iran for financing the purchase of goods and services from India to Rs.3000 crore from Rs. 900 crore. This will be done by utilising the Export Development Fund (EDF). The proposal provides for domiciling two contracts of export of steel rails by STC and for the Chabahar Port Development project previously approved by the Cabinet under EDF. The proposal will promote the country's exports with Iran. It will also deepen India's relationship with Iran as a strategic partner.

**Cabinet approves recommendations of 14th Finance Commission on fiscal deficit targets and additional fiscal deficit to States during 2015-20-** The Union Cabinet chaired by the Hon'ble Prime Minister Shri Narendra Modi ji, has given its approval to Recommendations on Fiscal Deficit Targets and Additional Fiscal Deficit to States during Fourteenth Finance Commission award period 2015-20.

FFC has adopted the fiscal deficit threshold limit of 3% of Gross State Domestic Product (GSDP) for the States. Further, FFC has provided a year-to-year flexibility for additional fiscal deficit to States. FFC, taking into account the development needs and the current macro- economic requirement, provided additional headroom to a maximum of 0.5% over and above the normal limit of 3% in any given year to the States that have a favourable debt-GSDP ratio and interest payments-revenue receipts ratio in the previous two years. However, the flexibility in availing the additional fiscal deficit will be available to State if there is no revenue deficit in the year in which borrowing limits are to be fixed and immediately preceding year.

### **3. Other key developments**

**World Economic Outlook (WEO) Update by IMF reports weakening worldwide recovery but retains growth forecast for India-** Global growth is projected to remain modest in 2016, at 3.2 percent, before picking up to 3.5 percent in 2017. However, emerging market and developing economies will still account for the lion's share of world growth in 2016. However, oil-importing emerging market economies are benefiting from terms-of-trade gains, but in some instances are facing tighter financing conditions and weakness in external demand, which counter the positive terms-of-trade impact on domestic demand and growth. On the positive side, growth in India is projected to notch up to 7.5 percent in 2016–17, as forecast in October. Growth will continue to be driven by private consumption, which has benefited from lower energy prices and higher real incomes. With the revival of sentiment and pickup in industrial activity, a recovery of private investment is expected to further strengthen growth. Among the ASEAN-5 economies (Indonesia, Malaysia, Philippines, Thailand, Vietnam), growth will ease in 2016 in Malaysia and Vietnam (to 4.4 percent and 6.3 percent, respectively) but increase moderately in Indonesia, the Philippines, and Thailand (to 4.9 percent, 6.0 percent, and 3.0 percent, respectively).

**Sixth Economic Census (2013) reports 58.5 million establishments in operation-** According to the Sixth Economic Census (2013), 58.5 million establishments were found to be in operation. Out of which, 34.8 million establishments (59.48%) were found in rural areas and nearly 23.7 million establishments (40.52%) were found to be located in urban areas. During the period between the two Economic Censuses (2005 & 2013), non-agricultural establishments grew at the rate of 28.97%, while agricultural establishments grew at the rate of 115.98%. Employment levels also rose sharply with 13.1 crore workers employed, registering a growth of 4.76% annually from the Fifth Census. In contrast, employment generation grew at a mere 2.78% in between 1998 and 2005 and just 1.75% per annum during 1990 to 1998.

**Continued reforms to keep India on rapid growth track: ADB-** Asian Development Outlook (ADO) report 2016, ADB projects India's gross domestic product (GDP) to grow 7.4% in FY2016, slightly below the FY2015 estimate of 7.6%. In FY2017 growth is forecast to reach 7.8% as the benefits of banking sector reforms and an expected pickup in private investment begin to flow. India is one of the fastest growing large economies in the world and will likely remain so in the near term. The potential growth of the country can be raised further if it can successfully implement necessary reforms including unifying the tax regime, improving labor market regulations, as opening further to foreign direct investment and trade.

**FDI flows to India nearly doubled, reaching an estimated US\$59 billion: UNCTAD-** The recent Global Investment Trends Monitor of the UNCTAD reported that FDI flows to India nearly doubled, reaching an estimated US\$59 billion in 2015. The report highlights that this is on account of measures undertaken by the government to improve the investment climate.

**Health In India: NSS 71st Round Survey Report-** The report titled, "Health in India" is based on information collected through NSS 71<sup>st</sup> Round for the time period January-June 2014 from 65932 households (36480 in rural and 29452 in urban) spread over the entire country. The survey on Social Consumption: Health was aimed to generate basic quantitative information on the health sector in India. According to the report, about 9% of rural population and 12% of urban population reported ailment during a 15 day reference period. Proportion (no. per 1000) of ailing person (PAP) was highest for the age group of 60 & above (276 in rural, 362 in urban) followed by that among children (103 in rural, 114 in urban). Around 96% of rural and 97% of urban ailing persons were administered some treatment. Higher preference towards allopathic treatment was prevalent (around 90%) in both the sectors.

Further, in NSS 71st round survey detailed information was collected on childbirth, special emphasis was given on institutional child birth. The sample covered pregnant women of age 15-49 (11288 in rural and 8157 in urban) spread over the entire country. In the rural areas, 56% childbirth took place in public hospitals and 24% in private hospitals. In urban areas, the corresponding figures were 42% and 48% respectively. About 20% non-institutional childbirths were reported in rural areas. The same for urban areas was 11%. In the rural areas, about 89% of pregnant women took some pre-natal care and in urban areas, corresponding figure was 93%. About 77% women in the rural areas and 84% in the urban areas availed some post-natal care services during the reference period. As per NSS 71st round survey, estimated no. of aged persons in the country was 87.6 million. The percentage of aged persons was 7.7% in rural areas and 8.1% in urban areas.

**India Metrological Department forecasts a good monsoon in 2016, after two successive years of deficient rainfall-** The Indian Institute of Tropical Meteorology (IITM), Pune, Ministry of Earth Sciences, along with different climate research centers from India and abroad have been working on the development of a coupled model for the forecasting of Indian summer monsoon rainfall under the Monsoon Mission project. The latest high resolution research version of the Coupled Forecasting System (CFS) has been used to generate experimental forecast for the 2016 southwest Monsoon season rainfall using the February initial conditions. The experimental forecast based on the Monsoon Mission coupled dynamical model suggests that the monsoon rainfall during the 2016 monsoon season (June to September) averaged over the country as a whole is likely to be  $111\% \pm 5\%$  of long period model average (LPMA).

**Foreign Tourist Arrivals on E-Tourist Visa grow at 347.5% (y-o-y) in March 2016-** Ministry of Tourism reports that A total of 1,15,677 tourists arrived in March 2016 on e-Tourist Visa as compared to 25,851 during the month of March 2015 registering a growth of 347.5. The percentage shares of top 10 source countries availing e-Tourist Visa facilities during March, 2016 were- UK (27.74%), USA (13.41%), Russian Fed. (7.04%), France (6.55%), Germany (5.18%), China (4.49%), Canada (3.89%), Australia (3.79%), Spain (1.99%) and Ukraine (1.66%).

**Strong recovery in FY17 on consumption boost: Morgan Stanley-** According to Morgan Stanley, with both real interest rate in the positive arena and inflation under check in India, private consumption is set to pick up strongly, leading to a better overall growth, which will be better than the 1998-2002 recovery cycle.

**Clean energy: ADB, US agency to support India's ambitious plans-** The Asian Development Bank (ADB) and the United States Agency for International Development (USAID) recently signed a Memorandum of Understanding (MoU) to collaborate on supporting India's expansion plans for clean energy infrastructure. Under the terms of the MoU, USAID will align the components of its technical assistance with ADB's current and planned investments in renewable energy.

**5.7% hike in NREGA wages for the unskilled-** Wages for unskilled workers under the Mahatma Gandhi National Rural Employment Guarantee Scheme (MNREGA) have been increased again by nominal levels by the Centre from April 1, despite demands from many states for a major increase in the wages to attract workers under the key scheme. Tamil Nadu, Goa and Karnataka have got the maximum increase of almost 10% in the daily wages under MNREGA. States with the least increase include the poll-bound states of West Bengal, Rs 2 jump to Rs 176, and Assam which has seen a mere Rs 3 increase to Rs 182.

**India business sentiment falls in March: Survey-** According to the MNI Business Sentiment Indicator, Indian business sentiment fell for the first time in three months in March as companies faced lower demand amid rising input prices adding to expectations of an interest rate cut by the Reserve Bank. The index fell to 62.7 in March from 63.5 in February.

**State governments likely to run wider fiscal deficit in FY17: HSBC-** According to a report by HSBC, state governments are likely to run wider fiscal deficit in financial year 2016-17 because of higher interest bill and wage hike pressures. The report says that despite higher transfers from the centre, an analysis of 18 state budget documents suggests that the state governments on aggregate clocked slightly wider deficits than budgeted at the start of the year.

**Inoperative provident fund accounts to earn interests from April 1-** Employees Provident Fund Organisation (EPFO) has decided to give interests on inoperative PF accounts with effect from April 1, 2016, reversing a key decision of the previous UPA government in 2011. The move will benefit millions of organised sector employees who will start receiving interest payments on their inoperative employees provident fund savings amounting to a total of close to Rs 32,000 crore. Inoperative EPF accounts are those where there have been no contribution from either the employee or the employer for 36 months.

**4,000 Indian millionaires shifted overseas in 2015-** According to a report by New World Wealth, some 4,000 uber-rich Indians have changed their domicile in 2015, while France saw the maximum outflow of millionaires with as many as 10,000 super rich leaving the country. The report however noted that the migration of super rich from China and India is not a “concern” as these countries are still producing far more new millionaires than they are losing.

**Natural gas prices slashed by 20%-** The domestically produced gas will be sold at two different prices from April 1, 2016. The locally produced gas will be almost 20% cheaper at \$3.06 per million British thermal unit on a gross calorific value basis for six months. Simultaneously, the government also announced the price cap of \$6.61 per mBtu on a gross calorific value basis for natural gas from deepwater, ultra deepwater and high temperature high pressure areas.

**Outward remittances triple to \$4 billion till February' 16-** According to the data by RBI, the remittances by resident Indians to foreign countries under the so-called liberalised remittance scheme has grown more than three times in the eleven months of the current fiscal year ending March 2016. Indians have remitted more than \$4 billion until February 2016, up from \$1.32 billion in the last fiscal year ended March 2015, led by outflows to pay for studies abroad and remittances for maintenance of close relatives in foreign countries.

**Manufacturing growth hits 8-month high in March: PMI-** According to the Nikkei Manufacturing Purchasing Managers' Index, India's manufacturing sector performance is estimated at an eight-month high in March because of improved demand from domestic and export markets. The seasonally adjusted PMI remained firmly above the threshold of 50 for a third consecutive month and jumped up to 52.4 in March from 51.1 in February.

**GDP growth to remain flat at 7.4% in FY16: HSBC-** According to a report by HSBC, India is likely to clock GDP growth of 7.4% in the current fiscal and consumption is likely to be the main driver of growth in the foreseeable future. The investment cycle revival is not expected to happen quickly or easily due to continued rise in stalled projects and the country is likely to see a consumption driven economic growth model.

**India's sugar exports halt as prices surge on lower output forecast-** India's sugar exports have come to a halt as dealers have not signed new contracts in the past five days after local prices surged on expectations of lower output. India has contracted to export 1.6 million tonnes since the season began on Oct. 1. Dealers have shipped out 1.3 million tonnes so far.

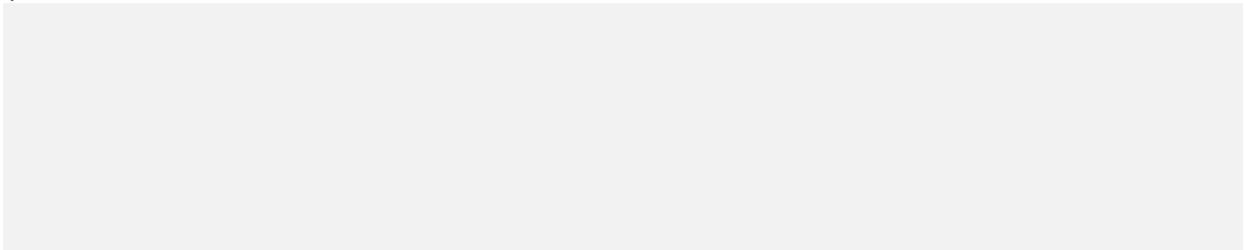
**Private sector activity jumps to over 3-year high in March: PMI-** Driven by a marked increase in new business orders, private sector activity in the economy registered a significant upturn. The Nikkei India Composite PMI Output Index, which maps both manufacturing and services sectors, increased substantially from 51.2 in February to a 37-month high of 54.3 last month.

**Urban unemployment rate at 9.62%, rural 7.15%: BSE index-** According to BSE Index, unemployment rate in urban areas stood at 9.62%, much higher than the 7.15% in rural pockets. The overall figure for the country is 7.97%. The index is based on responses from over 1.30 lakh individuals in about 39,600 households spread across 315 cities and 3,000 villages in India.

**Deals worth over Rs 82,000 cr signed for 141 projects-** A total of 141 agreements worth Rs 82,905.75 crore were signed during the two day Maritime India summit which concluded recently. This apart, the union ministry of shipping and ports has identified another 240 projects worth Rs 4.50 lakh crore (\$66 billion). The ministry has set up investment facilitation centre at the Indian Ports Association for the speedy implementation.

**Only 1.8% got 150 days of work in drought-hit states: MGNREGA data-** The data for 10 drought-hit states show that a total of 1.52 crore people got employment under MGNREGA in the financial year ending March 31, 2015. But of this, just 2.80 lakh i.e. 1.8% were employed for 150 days.

**Cargo volume growth at ports to remain sluggish: ICRA-** According to a report by ICRA, cargo volume growth at Indian ports will remain sluggish in the near term on account of uncertainty associated with some of the cargo categories, including coal and container. In the first half of 2015-16, total cargo handled at Indian ports registered a 20% increase to 516 million tonnes (MT) over first half of 2014-15. The growth was pegged down by de-growth in volumes by 1% at non-major ports (under the control of State governments), which had registered a 13% y-o-y growth in volumes, to 471 MT in financial year 2015.



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Skilling India for Global Competitiveness

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## In a nutshell

India's policy and macroeconomic environment has improved on account of the central and state governments', generous reforms and new incentives for investment. The central government has been pressing ahead with modernisation of the economic system by improving the business environment and facilitating competition while maintaining fiscal discipline. Further, buoyant economic growth, improving macroeconomic and ample foreign exchange reserves will help sustain high rates of GDP growth over a longer period. We believe that India is poised for a "leap in production" and the government's emphasis on infrastructure creation is bearing results. Going ahead, India could be on a cusp of a revolution provided businesses are allowed to find their own way with availability of state-of-the-art infrastructure in the coming times.

## The lead economic and financial indicators so far...

S. No	Components	January	February	March
1.	IIP Growth	(-)1.5%	2%	-
2	Export Growth	(-)13.6%	(-)5.7%	(-)5.5%
3	WPI Inflation Y-O-Y growth	(-)0.9%	(-)0.9%	(-)0.85%
4	CPI inflation (combined)	5.69%	5.18%	4.83%
5	Gold (10 GRMS)	26575 <sup>^</sup>	29181 <sup>^^</sup>	29080 <sup>^^^</sup>
6	Crude Oil (1 BBL)	2282 <sup>#</sup>	2255 <sup>##</sup>	2545 <sup>###</sup>
7	BSE Sensex	24871 <sup>!</sup>	23002 <sup>!!</sup>	25342 <sup>!!!</sup>
8	Exchange rate average (INR/ 1 USD)	66.2 <sup>*</sup>	68.4 <sup>**</sup>	66.4 <sup>***</sup>
9	Repo rate	6.75%	6.75%	6.75%
10	CRR	4%	4%	4%
11	10 year Bond yield	7.9270%	7.6932%	7.5971% <sup>@</sup>
12	Base rate	9.30% - 9.70%	9.30% - 9.70%	9.30% - 9.70% <sup>@</sup>

Source: PHD Research Bureau compiled from various sources, <sup>^</sup>Data pertains to 29<sup>th</sup> January 2016, <sup>^^</sup> Data pertains to 29<sup>th</sup> February 2016, <sup>^^^</sup>Data pertains to 31<sup>st</sup> March 2016, <sup>#</sup>Data pertains to 29<sup>th</sup> January 2016, <sup>##</sup> Data pertains to 29<sup>th</sup> February 2016, <sup>###</sup>Data pertains to 31<sup>st</sup> March 2016, <sup>!</sup>Data pertains to 29<sup>th</sup> January 2016, <sup>!!</sup>Data pertains to 29<sup>th</sup> February 2016, <sup>!!!</sup>Data pertains to 31<sup>st</sup> March 2016, <sup>\*</sup>Data pertains to 29<sup>th</sup> January 2016, <sup>\*\*</sup> Data pertains to 29<sup>th</sup> February 2016, <sup>\*\*\*</sup>Data pertains to 31<sup>st</sup> March 2016, <sup>@</sup>Data pertains to 13<sup>th</sup> April 2016

**India: Statistical snapshot**

Indicators	FY10	FY11	FY12	FY13	FY14	FY15	FY16
GDP at FC - Constant prices Rs Bn	45161	49185	52475	54821	91698	9827089*'	2579701**''
GDP at FC - Constant prices growth YOY (%)	8.6	8.9	6.7	4.5	6.6	7.2*'	7.3**''
GDP at MP-current prices Rs. Bn	64778	77841	90097	101133	113550	11550240*'	2640568***''
Agriculture growth	0.8	8.6	5.0	1.4	3.7	0.2*	(-)1.1**''
Industry growth	10.2	8.3	6.7	0.8	1.2	6.6*	11.1**''
Services growth	8.0	7.5	4.9	7.0	4.6	10.2*	9.3**''
Consumption (% YOY)	8.4	8.2	8.9	5.2	4.7	-	-
Private consumption (% YOY)	7.4	8.7	9.3	5.5	6.2	6.3	-
Gross domestic savings as % of GDP	33.7	34.0	31.4	30.1	30.5	30.6'''	-
Gross Fixed Capital Formation as % of GDP	31.7	30.9	31.8	30.4	28.3	30.0**	30.4**''
Gross fiscal deficit of the Centre as a % GDP	6.5	4.8	5.7	4.9	4.5	4.1''	3.9
Gross fiscal deficit of the states as a % GDP	2.9	2.1	1.9	1.9	2.5	2.3''	-
Gross fiscal deficit of Centre & states as a % GDP	9.3	6.9	8.1	7.2	6.7	6.6''	-
Merchandise exports (US\$Bn)	178.3	250.8	305.7	300.2	312.35	310.5	261.14
Growth in exports	-2.6	40.6	21.9	-1.8	3.98	(-)1.2	(-)15.9
Imports (US\$Bn)	287.6	369.4	489.1	490.3	450.94	447.5	379.59
Growth in imports (YOY)	-3.9	28.5	32.4	0.2	-8.1	-0.59	(-)15.3
Trade deficit (US\$Bn)	109.3	118.6	183.4	190.1	138.6	137	118.46
Net invisibles US\$Bn	80.0	79.3	111.6	107.5	115.0	-	-
Current account deficit US\$Bn	38.4	48.1	78.2	88.2	32.4	10.1	6.2
Current account deficit as % of GDP	3.2	2.6	4.2	4.8	1.7	1.3~~	1.6^^
Net capital account US\$Bn	53.4	60	67.8	94.2	33.3^^	11.8	-
Overall balance of payments US\$Bn	-13.4	-13.1	12.8	3.8	15.5^^	6.9	-
Foreign exchange reserves US\$Bn	279.1	304.8	294.9	292.04	304.22	316.2 ~	359.92~~~
External debt - Short term US\$Bn	52.3	65	78.2	96.7	89.2''	86.4'''	83.6&&&
External debt - Long term US\$Bn	208.7	240.9	267.5	293.4	351.4''	376.4'''	398.6&&&
External debt - US\$Bn	260.9	305.9	345.8	392.1	441''	462'''	480.18&&&
Money supply growth	16.9	16.1	13.5	13.6	13.2	11.1&&	12&
Bank credit growth	17.1	21.2	16.8	13.5	14	8.6	-
WPI inflation	3.8	9.6	8.9	7.4	5.7#	2.1	(-)0.85^^^
CPI inflation	12.4	10.4	6.0	10.2	9.8	6.4	4.83^^^
Exchange rate Rs/US\$ annual average	47.4	45.6	47.9	54.4	60.68	61.14	66.43@@

Source: PHD Research Bureau compiled from various sources, \*Data pertains to Provisional Estimates of National Income 2014-15 from MOSPI, '' Handbook of Statistics of Indian Economy 2014-15 from RBI, ''' Data pertains to Annual Report of RBI 2013-14, \*' Data pertains to GVA at Basic prices in 2014-15 from Provisional Estimates of National Income of MOSPI, based on the new methodology of the Government, \*\*' Data pertains to GVA at Basic Prices at constant prices for Q3 2015-16, \*\*\*' Data pertains to GVA at Basic Prices at constant prices for Q3 2015-16, ''''Data pertains to the new Series Estimates from economic survey 2014-15, \*\* Data pertains to Provisional estimates of National income, 2014-15, MOSPI, \*\*\*Data pertains to Q2 2014-15. ^^Data pertains to India's Balance of payment Q2 2015-16 from RBI, ^^Data pertains to March 2016, ''India's external debt end Dec 2013 from RBI, ''' Data pertains to end Dec 2014 from RBI, # Data pertains to Mar 2013, ~ Data as on week ending 27<sup>th</sup> March, 2015 from RBI, ~~~ Data pertains to 2014-15 from the Economic Survey, ~~~Data as on week ending 8<sup>th</sup> April 2016 from RBI, & Projections from RBI for FY2016 from October 2015 RBI Bulletin, && Data pertains to March 2015, &&& External debt at end December 2015 (Quick Estimates), @@ Data pertains to 13<sup>th</sup> April 2016 from RBI, @@@ Data pertains to February 2015, # Data pertains to November 2014

## About the PHD Chamber

**P**HD Chamber of Commerce & Industry, a leading Industry Chamber of India, ever since its inception in 1905, has been an active participant in the India Growth Story through its Advocacy Role for the Policy Makers and Regulators of the Country. Regular interactions, Seminars, Conference and Conclaves allow healthy and constructive discussions between the Government, Industry and International Agencies bringing out the Vitals for Growth. As a true representative of the Industry with a large membership base of 48000 direct and indirect members, PHD Chamber has forged ahead leveraging its legacy with the Industry knowledge across sectors (58 industry verticals being covered through Expert Committees), a deep understanding of the Economy at large and the populace at the micro level.

At a Global level we have been working with the Embassies and High Commissions in India to bring in the International Best Practices and Business Opportunities.



## Economic Affairs Committee

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**Ms. Megha Kaul**, Associate Economist

**Mr. Prabhat Jain**, Chairman  
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