



PROGRESS HARMONY DEVELOPMENT

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Economic Affairs Committee Newsletter

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



PHD Research Bureau
PHD CHAMBER OF COMMERCE & INDUSTRY

**EAC Newsletter
December 2015**

Though the global growth continues to be weak, the Indian economy has registered remarkable growth of 7.4% in Q2 of FY2016, which is the highest growth in last four quarters. The high GDP growth can be attributed to the acceleration in industrial activity with manufacturing sector growth at 9.3% in Q2 FY2015-16 which indicates that the efforts of government to bolster manufacturing sector are becoming visible.

However, the poor growth of construction sector must be looked in as the sector is crucial to generate employment opportunities for skilled and unskilled workforce. Reforms in the construction sector are the need of the hour. The agriculture sector on the other hand, has witnessed growth from 1.9% in Q1 FY2016 to 2.2% FY2016 though reforms in the sector would be critical to strengthen the growth of the sector and to address the supply side bottlenecks.

Growth of the private final consumption at 6.8% at constant prices is an indication of revival in demand and so will be the industrial activity in the coming times.

However, exports declined further to (-)24.4% in November 2015 while inflation increased as headline inflation edged up to (-)1.9% in November 2015 from (-)3.8% in October 2015 while retail inflation increased to 5.4% in November 2015 from 5% in October 2015.

Nonetheless, IIP registered a near double digit growth in October 2015. FDI during first half of this financial year rose by 13% while growth in core infra stood at 3.2% in October 2015. The gross fiscal deficit of the Central government stands at 74% of the actuals to budget estimates at the end of October 2015 as compared to 89.6% of the actuals to budget estimates which is encouraging.

Thus, given the weak domestic and global demand which is holding back investments and subdued outlook for agriculture, the RBI maintained the status quo in its fifth Bi-monthly monetary policy statement.

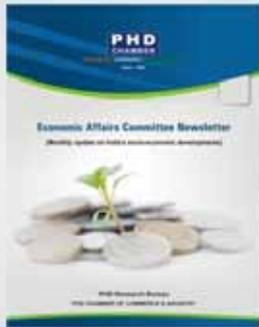
Going ahead, we expect the RBI to maintain status quo and keep the rates unchanged till Union Budget. After the Budget the RBI may decide to make necessary changes in its policy. The implementation of the Seventh Pay Commission proposals, and its effect on wages and rents, will also be a factor in the RBI's future deliberations, though its direct effect on aggregate demand is likely to be offset by appropriate budgetary tightening as the Government stays on the fiscal consolidation path.

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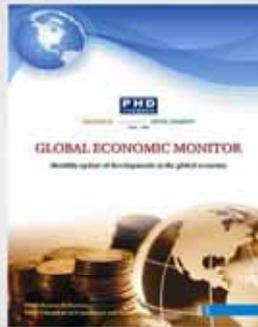
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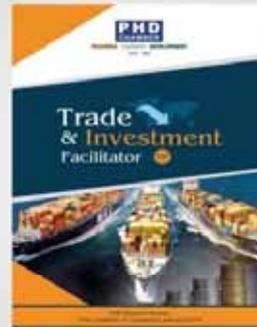
EAC - 1st week of every month

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.



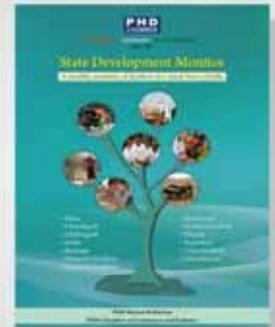
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Global Economic Monitor (GEM) aims to disseminate information on latest updates on global macro-economic indicators including growth, inflation, trade, markets, commodities, unemployment, policy developments and publications of International organization



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.



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Warm regards

Dr. S P Sharma
Chief Economist

For details please contact :

Rashmi Taneja, Senior Research Officer; Tel -11 49545454 (ext -132), E-mail – rashmit@phdcci.in / apurva.munjal@phdcci.in

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1. Indian economy so far

1.1 Growth

Real GDP grows at 7.4% in Q2 2015-16-Real GDP at (2011-12) prices in the Q2 of 2015-is estimated at Rs. 27.57 lakh crores, as against Rs.25.66 lakh crores in Q2 of 2014-15. Quarterly GVA at Basic Price at constant (2011-2012) prices for Q2 of 2015-16 is estimated at Rs.25.80 lakh crores, as against Rs.24.02 lakh crores in Q2 of 2014-15, showing a growth rate of 7.4% over the corresponding quarter of previous year.

October 2015 IIP grows at about 9.8 %- Growth in industry output, as measured in terms of IIP, for the month of October 2015 is estimated at 9.8 % as compared with 3.8% during September 2015. The cumulative growth for the period Apr-October 2015 stands at 4.8% as compared to 2.2% in the corresponding period of the previous year. The growth in the three sectors mining, manufacturing and electricity in October 2015 stands at 4.7%, 10.6% and 9% respectively as compared to 3.03%, 2.9% and 11.4% in September 2015.

October core infra grows at 3.2%-The core infrastructure grows to 3.2% (Y-O-Y) in October 2015 and has remained same as compared to September, 2015. The combined index of Eight Core Industries stands at 175.4 in October 2015 with a growth rate of 3.2% in October 2015 as compared to 9% in October 2014. Crude oil and Natural gas registered a growth rate of (-)2.1% and (-)1.8% respectively in the month of October 2015.

1.2 Inflation

November 2015 CPI inflation at 5.41% - The all India general CPI (Combined) for November 2015 stands at 5.41% as compared to 5% in October 2015. The inflation rates for rural and urban areas for November 2015 are 5.95% and 4.71% as compared to 5.54% and 4.28% respectively, for October 2015.

November 2015 WPI inflation stands at (-)1.99%-The WPI inflation for the month of November 2015 increased to (-)1.99% from (-)3.81 in October, (-)4.54% in September, (-)5.06% in August 2015,(-)4.00% in July 2015 and (-)2.13% in June 2015. The marginal increase in WPI inflation in the month of October 2015 is attributed to increase in the prices of food articles (5.20%) cereals (0.47%), pulses (58.17%), potato(-53.72%), vegetables(14.08%), egg, meat and fish(-2.24%).

1.3 External sector

CAD narrowed to 1.2% of GDP in Q1 2015-16- India's current account deficit (CAD) narrowed to US\$ 6.2 billion (1.2% of GDP) in Q1 of 2015-16 from US\$ 7.8 billion (1.6% of GDP) in Q1 of 2014-15. This improvement was mainly on account of the merchandise trade deficit (US\$ 34.2 billion during Q1 of 2015-16) which contracted on a year-on-year (yo-y) basis due to a larger absolute decline in merchandise imports relative to merchandise exports. The reduction in the CAD was also enabled by higher net earnings through services and lower outflow on account of primary income (profit,

dividend and interest). Private transfer receipts, mainly representing remittances by Indians employed overseas, amounted to US\$ 16.2 billion, a marginal decline from their level a year ago.

Merchandise exports decline by (-) 24.4% in November, 2015- India's exports for the month of November 2015 stands at USD 20 billion as compared to USD 26.4 billion in November 2014 registering a growth of (-) 24.4%. During November 2015, the imports are registered at USD 30 billion as compared to USD 43 billion in November 2014, registering a growth of (-)30.3%. The balance of trade stands at around USD (-)9.8 billion during November 2015 as compared to USD(-)16.2 billion for November 2014.

October, 2015 Services Exports stands at USD 13.3 billion- India's services exports for the month of October, 2015 stand at around USD 13.3 billion and services imports stand at USD 7 billion in October 2015. The trade balance in services stands at USD 6.3 billion for the month of October 2015.

Net FII investments stands at about (-) USD 874 million in Sep 2015- The net FII investments in the month of September 2015 are estimated at (-) USD 874 million as against (-) USD 2645.20 million in August 2015. The net FII investments registered a y-o-y growth of about (-) 125% in September 2015 over investments at about USD 3460 million in September 2014. The net FII investments registered growth of about (-) 172% in August 2015 (Y-O-Y).

FDI during H1, 2015 rises by 13%-The FDI equity inflow for the month of September 2015 is US\$2.9bn as against US\$2.7bn in September 2014, posting a growth (Y-o-Y) of 8.2%. The growth in FDI equity inflows stands at around 74% in August 2015, (-) 43% in July 2015, 6.6% in June 2015 and 6.8% in May 2015.

1.4 Fiscal scenario

India's External Debt at about US\$ 483 billion end June 2015- India's external debt at end-June 2015 was placed at US\$ 482.9 billion recording an increase of US\$ 8.5 billion (1.8%) over its level at end March 2015. The increase in external debt during 2014-15 was on account of rise in outstanding NRI deposits and commercial borrowings. The external debt/GDP ratio stood at 24% at end-June 2015, recording an increase over its level of 23.7% at end-March 2015.

Government's total public debt increases by 2.1% in Q2 of FY2016-The total public debt (excluding liabilities under the 'Public Account') of the Government provisionally increased to Rs. 5,412,171 crore at end-September 2015 from Rs. 5,301,394 crore at end-June 2015. This represented a quarter-on-quarter (QoQ) increase of 2.1% (provisional) compared with an increase of 3.2% in the previous quarter (Q 1 FY 16).

Indirect Tax Revenue (Provisional) collections during November 2015 increased by 24.3% as compared with collections made in November 2014-In November 2015, indirect tax revenue (provisional) collections increased by 24.3% compared with collections made in November 2014 and cumulatively, in April-November 2015, indirect tax collections increased by 34.3% over the collections made during the same period last year. Overall, in monetary terms, the indirect tax revenue (provisional) collections increased to Rs. 44,475 crore in November 2014 to Rs. 55,297 crore during November 2015.

1.5 Monetary scenario

RBI maintains status quo in Fifth Bi-monthly Monetary Policy Review, 2015-16-RBI in its fifth Bi-monthly Monetary Policy Statement, 2015-16 has kept the policy repo rate under the liquidity adjustment facility (LAF) unchanged at 6.75%, cash reserve ratio (CRR) of scheduled banks unchanged at 4% of net demand and time liability (NDTL). Consequently, the reverse repo rate under the LAF stands unchanged at 5.75%, and the marginal standing facility (MSF) rate and the Bank Rate to 7.75%. RBI will continue to provide liquidity under overnight repos at 0.25% of bank-wise NDTL at the LAF repo rate and liquidity under 14-day term repos as well as longer term repos of up to 0.75% of NDTL of the banking system through auctions.

Gross Bank Credit grows at 8.1% in October 2015-Gross bank credit grows at 8.1% in October 2015 as against 8.4% in the month of September 2015. The gross bank credit growth stands at 11.2% during October 2014. On a year-on-year (y-o-y) basis, non-food bank credit increased by about 8.3% in October 2015 as compared to 8.6% in the month of September 2015. Credit to agriculture and allied activities increased by 11.11% in October 2015 as compared to about 13% in September 2015.

ECBs stand at US\$ 2.1 bn during October 2015-Indian firms have raised US\$ 2.1 billion through external commercial borrowings (ECBs) in the month of October 2015 as against US\$ 2.6 billion during September 2015 by automatic and approval route. The borrowings stood at US\$ 2.1 billion in October 2015 as compared to US\$ 2.7 billion in October 2014.

2. Major policy pronouncements

RBI permitted investment by Foreign Portfolio Investors (FPI) in Corporate Bonds-According to Schedule 5 to the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000 notified vide Notification No. FEMA.20/2000- RB dated May 3, 2000, as amended from time to time and to A.P. (DIR Series) Circular No. 71 dated February 3, 2015 and A. P. (DIR Series) Circular No.73 dated February 6, 2015 in terms of which all future investments by Foreign Portfolio Investors (FPI) in (Non-Convertible Debentures) NCDs/bonds shall be required to be made in securities with a minimum residual maturity of three years. On a review, it has been decided by RBI to permit FPI to acquire NCDs/bonds, which are under default, either fully or partly, in the repayment of principal on maturity or principal instalment in the case of amortising bond. The revised maturity period of such NCDs/bonds, restructured based on negotiations with the issuing Indian company, should be three years or more.

RBI policy short on specific measures for exporters: EEPC India - According to Chairman of the EEPC India, while the RBI has made a correct assessment of the global trade slowing down but it has not recommended or spelt out any specific measures to help Indian exporters who are facing tough times with exports declining for 11th month.

Finance Ministry okays 2% fee on metro air routes for regional fund- The Ministry of Finance has given its consent for charging of 2% fee on air tickets on metro routes and setting up a regional connectivity fund (RCF) to subsidise air travel between identified non-metro destinations

Cabinet approves signing of Tripartite Agreement among India, Brazil and South Africa (IBSA) on the IBSA Fund for the Alleviation of Poverty and Hunger-The IBSA Dialogue Forum launched in June 2003, conceived as a forum for cooperation among three vibrant democracies of the South (India, Brazil and South Africa) that are recognized as having global relevance and impact. All three are developing nations with pluralistic, multicultural, multi-ethnic, multilingual and multi-religious societies. At this backdrop, the Union Cabinet chaired by the Prime Minister Shri Narendra Modi has approved the signing of the Tripartite Agreement among India, Brazil and South Africa (IBSA), on the IBSA Fund for the Alleviation of Poverty and Hunger. The IBSA countries contribute US\$1 million each annually to the Fund, which till January 2015 has accumulated to US\$28.2 million, with total implemented/approved projects commitment of US\$26.2 million, and remaining US\$2.09 million available for programming. India on its part has contributed US\$9.1 million so far to the Fund.

AMRUT Action Plans for 81 cities approved-The Ministry of Urban Development has approved State Annual Action Plans (SAAP) of five states which account for 81 mission cities. These 81 cities in Tamil Nadu, Madhya Pradesh, Jharkhand, Odisha and Mizoram will invest Rs.5,748 crore to enhance basic infrastructure including water supply and sewerage connections under AMRUT action plans for the year 2015-16. Central assistance will be provided to an extent of Rs.2,440 crore while the rest would be contributed by state governments and urban local bodies

The Ministry of Urban Development released central assistance of Rs.1,062 cr to 13 States under AMRUT-The Ministry of Urban Development has released Central Assistance of Rs. 1,062.27 cr to 13 States as first instalment under Atal Mission for Rejuvenation and Urban Transformation (AMRUT) for the current financial year (2015-16). This is a part of total Central Assistance of Rs. 5,311.38 cr committed to 13 States for which the Ministry has approved Atal Mission Action Plans for 2015-16 entailing total investment of Rs.11, 671.76 cr in 286 cities in these states. The Ministry has so far cleared a total of 939 projects for 286 cities with most of them related to water supply and sewerage network services.

Government notifies Indirect Tax Incentives to Domestic Shipbuilding Industry-Presently, indirect tax incentives which are available to the shipbuilding industry are exemption from basic customs duty and additional duty of customs (CVD) on all raw material and parts for manufacturing of ships/vessels/tugs and pusher craft etc, subject to the condition that such manufacturing takes place in a custom bounded warehouse under the provisions of Section 65 of the Customs Act, 1962. Further, there is also an exemption from central excise duty on steel procured domestically for manufacturing of ships/vessels/tugs and pusher craft etc in a custom bounded warehouse under the provisions of Section 65 of the Customs Act, 1962.

SEBI releases concept paper for issuance of Green Bonds-A green bond is like any other bond where a debt instrument is issued by an entity for raising funds from investors. However what differentiates a Green bond from other bonds is that the proceeds of a Green Bond offering are 'ear-marked' for use towards financing 'green' projects. Thus the key difference between a 'green' bond and a regular bond is that the issuer publicly states it is raising capital to fund 'green' projects, assets or business activities with an environmental benefit, such as renewable energy, low carbon transport etc. However, as of now there is no standard definition of green bonds and the one that is being currently used is based on market practice.

Seventh Central Pay Commission recommends 23.55% hike in overall increase in pay & allowances and pensions-The Seventh Pay Commission has recommended a 23.5% increase in salary, allowances and pension along with a virtual one-rank-one-pension for civilians. This would involve an additional

outgo of Rs 1.02 lakh crore a year. A minimum pay of Rs 18,000 per month and a maximum of Rs 2.5 lakh per month has been recommended by the Commission. Out of the total financial impact of 1,02,100 crore, 73,650 crore will be borne by the General Budget and 28,450 crore by the Railway Budget. The total impact of the Commission's recommendations are expected to entail an increase of 0.65% points in the ratio of expenditure on (Pay+ Allowances+ Pension) to GDP compared to 0.77% in case of VI CPC (Central Pay Commission).

SEBI releases consultation paper on Primary market debt offering through private placement on electronic book-Over the past several years, various measures have been taken by SEBI, Government and RBI for development of the corporate bond markets. The Indian corporate bond market has evolved gradually over a period of time. SEBI notified the regulatory framework for issue and listing of corporate bonds through SEBI (Issue and Listing of Debt Securities) Regulations, 2008. This regulatory framework prescribed a disclosure based regime, whereas the earlier regime required mandatory investment grade rating for public issues. The total primary market issuance has increased from Rs.1,74,781 crore in 2008-09 to Rs. 4,13,558 crore in 2014-15.

India and South Korea sign MOU in the field of taxation-A New Memorandum of Understanding (MOU) on suspension of collection of taxes during pendency of Mutual Agreement Procedure (MAP) has been signed between India and South Korea. This MOU will relieve the burden of double taxation for the taxpayer in both the countries during the pendency of MAP proceedings. Mutual Agreement Procedure is an alternate dispute resolution mechanism that allows competent authorities of India and its treaty partner to negotiate a mutually acceptable settlement. MAP is a preferred way to settle cross-border tax cases globally.

Indian Railways signs Rs 40,000 cr pacts-Indian Railways has signed a formal contract agreement with two firms in the presence of Hon'ble Finance Minister, Shri Arun Jaitley. This is supposed to be the biggest foreign direct investment in the railway sector and these projects will be a great contribution under the 'Make In India' vision of Prime Minister Modi and will attract an investment of Rs 40,000 crore over a period of 10 years.

Cabinet approves Real Estate (Regulation and Development) Bill, 2015-The Union Cabinet chaired by the Hon'ble Prime Minister Shri Narendra Modi ji has approved the Real Estate (Regulation and Development) Bill, 2015 which will now be taken up for consideration and passing by the Parliament.

The Real Estate (Regulation and Development) Bill is an initiative to protect the interest of consumers, promote fair play in real estate transactions and to ensure timely execution of projects. The main features of the Bill are as follows: Establishment of 'Real Estate Regulatory Authority' in States/UTs to regulate real estate transactions, Applicable both for commercial and residential real estate projects, Registration of real estate projects and real estate agents with the Authority.

3. Other key developments

GDP growth in India expected to remain over 7% in the coming years: OECD-The global economy is expected to be weak in 2015 before gradually picking up and is expected to grow by less than 3% in 2015. However, the OECD projects a gradual strengthening of global growth in 2016 and 2017 to an annual 3.3% and 3.6% respectively. But a clear pick-up in activity requires a smooth rebalancing of activity in China and more robust investment in advanced economies. In the US, output remains on a solid growth trajectory, propelled by household demand, with GDP expansion expected to be 2.5%

next year and 2.4% in 2017. Japan's GDP growth is expected to accelerate to 1.0% next year, but to slow to 0.5% in 2017 due to the planned consumption tax hike.

India sees 'firming growth': OECD- According to OECD, India is witnessing "firming growth" even as most developed and developing economies are seeing mixed trends. The conclusions are based on Composite Leading Indicators (CLI) as in October; India's CLI inched up to 100.3 from 100.1 in September.

CAG finds Rs 50,000-cr payment irregularities in paddy milling charges- The Comptroller and Auditor General of India (CAG) has found procedural irregularities amounting to Rs 50,000 crore between 2009-10 and 2013-14 in payment of paddy milling charges by the Centre to rice millers across the country. CAG report also showed that during 2009-10 to 2013-14, Rs 17,985 crore was paid as minimum support price to farmers without verifying whether the same amount was actually transferred to them by the millers, Food Corporation of India (FCI) or state agencies

India's position improves on the Gender Gap Index, 2015-The Global Gender Gap Report 2015 ranks 145 economies according to how well they are leveraging their female talent pool, based on economic, educational, health-based and political indicators. It aims to understand whether countries are distributing their resources and opportunities equitably between women and men, irrespective of their overall income levels. The report measures the size of the gender inequality gap in four areas which are Economic participation and opportunity – salaries, participation and leadership; Education – access to basic and higher levels of education; Political empowerment – representation in decision-making structures; Health and survival – life expectancy and sex ratio. According to the World Economic Forum's Global Gender Gap Report 2015, the gap between men and women in health, education, economic opportunity and political representation has closed by 4% in the past 10 years. In economic terms, the gap has closed by only 3% with progress towards wage equality and labour force parity stalling markedly since 2009/2010.

Foreign Tourist Arrivals register a growth of 1.7% (y-o-y) in October 2015-The Ministry of Tourism compiles monthly estimates of Foreign Tourist Arrivals (FTAs) on the basis of Nationality-wise, Port-wise data received from Bureau of Immigration (BOI) and Foreign Exchange Earnings (FEEs) from tourism on the basis of data available from Reserve Bank of India.

India 5th on doing biz in clean energy-Taking into consideration India's notable policy reforms in the renewable energy sector, Bloomberg New Energy Finance ranked the country at fifth place on a list of 30 countries on ease of doing business in the renewable energy space. The report signifies that clean energy's centre of gravity is shifting from developed to developing countries. Further, the report ranked China in the first place, followed by Chile, Brazil, South Africa and India.

India and Japan Vision 2025: Special Strategic and Global Partnership Working Together for Peace and Prosperity of the Indo-Pacific Region and the World- Both the countries have resolved to transform the India-Japan Special Strategic and Global Partnership, a key relationship with the largest potential for growth, into a deep, broad-based and action-oriented partnership, which reflects a broad convergence of their long-term political, economic and strategic goals

Asia's developing economies remain on track, to post growth of 5.8% in 2015 and 6.0% in 2016-Asian Development Outlook Supplement-In a supplement to the September 2015 Asian Development Outlook Update report, ADB maintained growth projections for Asia are developing economies with a

growth of 5.8% in 2015 and 6.0% in 2016. Growth in India is expected to pick up further in the second half of fiscal 2015 to reach 7.4% and, in the next fiscal year, 7.8%, as envisaged in the Update.

SEZs in an economy is positively related to overall export performance in Asia and attract significantly more FDI- Asian Economic Integration Report 2015-According to the Asian Development Bank (ADB) report, Special economic zones (SEZs) can be a driving force for increased trade, investment, and economic reform in Asia at a time the region is experiencing a slowdown in trade, provided the right business environments and policies are put in place. The report shows that the expansion in the number of SEZs from about 500 in 1995 to over 4,300 in 2015 shows the strong and rising interest to this form of policy experiment, though the success record is somewhat mixed. The report also suggested that if designed right, SEZs can become drivers for increased trade, foreign direct investment (FDI), and better economic policymaking and reforms. Moreover, as countries develop, areas with SEZs can be transformed from mere manufacturing sites to hubs for innovation and modern services.

Loss of reforms momentum can hit investments: Moody's- According to Moody's, government inability in carrying forward reforms such as the GST and land acquisition laws could slow down investments and bring down economic growth to below 6%.

RBI's efforts to bring down inflation credit positive: Moody's- Moody's Investors Service stated that the RBI's success in bringing inflation to within its targets is credit positive for the country and support the expectation that central bank will continue to remain alert in sticking to its target level.

Outlook for India's power sector remains negative: Moody's- According to Moody's Investors Services, India's power sector outlook remains negative as fuel supply risks, cost overruns at private plants and financially weak discoms pose challenges to the sector.

Highlights of Agriculture Census 2010-11 -The Department of Agriculture, Cooperation & Farmers Welfare have released Phase-II data of Agriculture Census 2010-11. The Agriculture Census is conducted at five yearly intervals for collection of information about structural aspects of agricultural holdings in the country. The basic statistical unit for data collection is 'Operational Holding' & the reference year for this Census was Agriculture Year 2010-11 (July-June).

Sufficient timely tariff hike must for discom health: Fitch- According to Fitch, the government's revival package introduced in November 2015 for the distressed distribution companies will provide some breathing space, but successful implementation of adequate and timely tariff hikes, and lower aggregate technical and commercial (AT&C) losses will be essential to sustain structural improvement.

Recent changes in realty unlikely to bring in more FDI: Fitch- According to Fitch Ratings, investment flows will remain slow in near term due to project delays and long approval process. The Union government recently removed the conditions for FDI in real estate such as minimum investments, minimum area and exit options for the investor which is unlikely to increase the inflow into the sector in the near term.

India business confidence at lowest since Feb 2014 MNI Indicators- According to MNI India Business Sentiment Indicator, BSE-listed companies fell down to 60.9 in November from 62.3 in October, to stand 11.6% down on the year. The fall in sentiment was observed across both manufacturing and construction companies, while service sector companies grow for the first time in five months.

Mobile sector to account for 8.2% of Indian GDP by 2020 GSMA- According to the study by global telecom industry GSMA, Indian mobile services sector contribution towards national GDP is estimated to reach 8.2 % or by 2020. As per The Mobile Economy India's 2015 report, the industry accounted for 6.1% of India's GDP in 2014 with a total contribution of Rs 7.7 lakh crore to the economy.

Manufacturing PMI falls to 25-month low- Manufacturing activities fell to a 25-month low in November because of a slower increase in new work and output. The PMI fell to a 25-month low of 50.3 in November 2015 from 50.7 in October 2015.

Services sector hits 5-month low of 50.1 in November: HSBC PMI index-According to the HSBC PMI Index, services sector hit a five-month low of 50.1 in November, the slowest rise since July as Indian services companies saw demand growth lose strength during November.

Human Development Report 2015: Work for Human Development- The United Nations Development Programme (UNDP) launched the Human Development Report, 2015 with a focus to explore how work can enhance human development, given that the world of work is changing fast and that substantial human development challenges remain. The report identifies sustainable work, which promotes human development while reducing and eliminating negative side effects and unintended consequences, as a major building block of sustainable development. As far as the ranking of countries on the Human Development Index is concerned, India continued to rank low in the Human Development Index (HDI), but climbed five positions to the 130th rank in the latest UNDP report on account of rise in life expectancy and per capita income. India ranked 130 among 188 countries in 2014 in Human Development Report 2015 released today by the United Nations Development Programme (UNDP). Among the BRICS nations, India was ranked lowest.

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For details please contact

Dr. S P Sharma
Chief Economist & Director-Research
spsharma@phdcci.in

Ms. Surbhi Sharma, Sr. Research Officer
surbhi@phdcci.in Ext 131

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PHD CHAMBER OF COMMERCE AND INDUSTRY

PHD House, 4/2 Siri Institutional Area, August Kranti Marg, New Delhi - 110 016 (India)

E-mail : fxhelpline@phdcci.in, surbhi@phdcci.in

Tel. : +91-112686 3801-04, 49545454, 49545400 · Fax : +91-11-2685 5450 · Website : www.phdcci.in

In a nutshell

GDP growth at 7.4% in Q2 of FY2015-16 is inspiring and is in line with expectations, but there is a lot of potential to enhance our GDP in the coming times with effective implementation of dynamic reforms announced by the government during the recent months. The RBI maintained status quo in its recent Bi-Monthly Monetary Policy by keeping the repo rate unchanged at 6.75%. Further, the Seventh Pay Commission has recommended a 23.5% increase in salary, allowances and pension along with a virtual one-rank-one-pension for civilians. This would involve an additional outgo of Rs 1.02 lakh crore a year. The government has announced significant reform measures in this month such as central assistance of Rs. 1062 crores to 13 states under AMRUT while AMRUT Action Plans for 81 cities have been approved. Going ahead, PHD Chamber looks forward to a dynamic implementation of the dynamic policy environment created by the Government to pave the way for a higher growth trajectory in the coming times.

The lead economic and financial indicators so far...

S. No	Components	September	October	November
1.	IIP Growth	3.6%	9.8%	-
2	Export Growth	(-)24.3%	(-)17.5%	-
3	WPI Inflation Y-O-Y growth	(-)4.5%	(-)3.81%	(-)1.99%
4	CPI inflation (combined)	4.4%	5%	5.41%
5	Gold (10 GRMS)	25979 [^]	26461 ^{^^}	25049 ^{^^^}
6	Crude Oil (1 BBL)	2994 [#]	30013 ^{##}	2784 ^{###}
7	BSE Sensex	26154 [!]	26657 ^{!!}	26146 ^{!!!}
8	Exchange rate average (INR/ 1 USD)	65.59 [*]	65.27 ^{**}	66.67 ^{***}
9	Repo rate	6.75%	6.75%	6.75%
10	CRR	4%	4%	4%
11	10 year Bond yield	7.7459%	7.8823%	7.7437%
12	Base rate	9.30%-9.70%	9.30-9.70%	9.30-9.70%

Source: PHD Research Bureau compiled from various sources, [^]Data pertains to 30th September 2015, ^{^^}Data pertains to 30th October 2015, ^{^^^}Data pertains to 30th November 2015, [#]Data pertains to 30th September 2015, ^{##}Data pertains to 30th October 2015, ^{###}Data pertains to 30th November 2015, [!]Data pertains to 30th September 2015, ^{!!}Data pertains to 30th October 2015, ^{!!!}Data pertains to 30th November 2015, ^{*}Data pertains to 30th September 2015, ^{**}Data pertains to 30th October 2015, ^{***}Data pertains to 30th November 2015.

India: Statistical snapshot

Indicators	FY10	FY11	FY12	FY13	FY14	FY15	FY16
GDP at FC - Constant prices Rs Bn	45,161	49,185	52,475	54,821	91698	9827089*'	2579701*''
GDP at FC - Constant prices growth YOY (%)	8.6	8.9	6.7	4.5	6.6	7.2*'	7.4*''
GDP at MP-current prices Rs. Bn	64,778	77,841	90,097	1,011,33	113550	11550240*'	3026014*''
Agriculture growth	0.8	8.6	5.0	1.4	3.7	0.2*	2.2*''
Industry growth	10.2	8.3	6.7	0.8	1.2	6.6*	8.8*''
Services growth	8.0	7.5	4.9	7.0	4.6	10.2*	8.9*''
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**	30.1*''
Gross fiscal deficit of the Centre as a % GDP	6.5	4.8	5.7	4.9	4.5	4.1''	-
Gross fiscal deficit of the states as a % GDP	2.9	2.1	2.4	2.3	2.2	2.3''	-
Gross fiscal deficit of Centre & states as a % GDP	9.3	6.9	8.1	7.2	6.7	6.4''	-
Merchandise exports (US\$Bn)	178.3	250.8	305.7	300.2	312.35	310.5	20^^^
Growth in exports	-2.6	40.6	21.9	-1.8	3.98	(-)1.2	(-)24.4^^^
Imports (US\$Bn)	287.6	369.4	489.1	490.3	450.94	447.5	30^^^
Growth in imports (YOY)	-3.9	28.5	32.4	0.2	-8.1	-0.59	(-)30.3^^^
Trade deficit (US\$Bn)	109.3	118.6	183.4	190.1	138.6	137	9.8^^^
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~~	1.2^^
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 ~	351.6~~~
External debt - Short term US\$Bn	52.3	65	78.2	96.7	89.2``	86.4``	84.7&&&
External debt - Long term US\$Bn	208.7	240.9	267.5	293.4	351.4``	376.4``	
External debt - US\$Bn	260.9	305.9	345.8	392.1	441``	462``	-
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	(-)1.99^^^
CPI inflation	12.4	10.4	6.0	10.2	9.8	6.4	5.41^^^
Exchange rate Rs/US\$ annual average	47.4	45.6	47.9	54.4	60.68	61.14	66.8@@

Source: PHD Research Bureau compiled from various sources, *Data pertains to Provisional Estimates of National Income 2014-15 from MOSPI, '' Data pertains to provisional estimates for FY2015 from Ministry of Finance, ''' 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 for Q2 2015-16, *'' Data pertains to GVA at Basic Prices for Q2 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 Q1 2015-16 from RBI, ^^Data pertains to November 2015, ``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 27th March, 2015 from RBI, ~~~ Data pertains to 2014-15 from the Economic Survey, ~~~~Data as on week ending 27th November 2015 from RBI, & Projections from RBI for FY2016 from October 2015 RBI Bulletin, && Data pertains to March 2015, &&& External debt at end March 2015, @@ Data pertains to 4th December 2015 from RBI, @@@Data pertains to February 2015, #Data pertains to November 2014.

About the PHD Chamber

PHD 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

Dr. SP Sharma, Chief Economist
Ms. Megha Kaul, Associate Economist

Mr. Prabhat Jain, Chairman
Mr. Akhil Bansal, Co-Chairman