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



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The Union Budget 2014-15 is encouraging as it aims at enhancing growth, creating employment opportunities and containing inflation with the desired focus on garnering much needed investments, both public and private.

The budget has laid tremendous emphasis on creating world class manufacturing facilities. To facilitate the manufacturing sector, the government plans to create an eBiz platform by making all business and investment related compliances available on a single portal with an integrated payment gateway. The government is also setting up a national industrial corridor authority to coordinate the development of industrial corridors with smart cities. Steps have been envisaged to revive SEZs to rejuvenate the investment cycle.

To revive the foreign investors' confidence, the FDI limits have been increased for the defence and insurance sectors which would attract foreign capital in the coming times. The proposals unveiled in Union Budget on various socio-economic fronts of the economy indicate promises of progress in coming times. To kindle the spirit of entrepreneurship, the government is setting a venture capital fund in the MSME sector with a corpus of Rs100bn.

The allocation for urban infrastructure earmarked at Rs. 500 billion are really appreciable and these announcements would speed up the pace and urbanization in the country and help economic growth to move faster. Agriculture sector has been seriously focused upon with provisions for increased irrigation facilities, farm markets, financial help to landless farmers and Kisan TV to provide real time information to farmers. It will help to increase productivity of the farm sector in the coming times. Apart from these the budget emphasizes on roads, ports, Airports and Metros with requisite budgetary allocations.

Also, the growth prospects envisaged by Economic Survey 2013-14 are rational and inspiring as the real GDP growth is anticipated to scale up in the 5.4% to 5.9% trajectory in 2014-15. It is encouraging to know that the fiscal outcome of the Central Government in 2013-14 was achieved despite the complex macroeconomic challenges such as slowdown in economic growth, rise in global crude oil prices and slow growth of investments. Going ahead, the government has laid down a roadmap for fiscal consolidation which eventually targets a fiscal deficit of 3% by FY2017.

However, the industry is still concerned about the retrospective tax amendments and the issue of transfer pricing. No roadmap has been provided to address the stringent labor laws, tedious environment clearances and problematic land acquisition bill. Also, there should be a clear cut date for implementation of GST.

In a nutshell, though the Union Budget for FY2014-15 offers no Big Bang proposals, it is well grounded with focus on boosting general confidence, investor's confidence as well as consumer's confidence.

On the macro-economic front, IIP improved to 4.7% in May 2014 from 3.4% in April 2014 while exports registered a growth of 10.2% in June. Further, CPI inflation declined marginally from 8.2% in May, 2014 to 7.3% in June 2014 while there has been a decline in WPI inflation to 5.4% which is encouraging.

Going ahead, as the government has provided its thought process on manufacturing sector, so the industry is expected to pick up pace in the coming months. Further, the measures undertaken by the government to check hoarding and facilitating the supply chain in various essential commodities would help to moderate inflation going forward.

1. Indian economy so far

1.1 Growth

May 2014 IIP grows at 4.7% - Growth in industry output, as measured in terms of IIP, for the month of May 2014 is estimated at 4.7% as compared with 3.4% during April 2014. The cumulative growth for the period Apr-May 2014-15 stands at 4% as compared to (-)0.5% in the corresponding period of the previous year. The growth in the three sectors mining, manufacturing and electricity in May 2014 stands at 2.7%, 4.8% and 6.3% respectively as compared to 2.6%, 2.5% and 11.9% respectively in April 2014. Capital goods have grown at 4.5% during May 2014 as compared to 14.3% during April 2014. The cumulative growth of capital goods stands at 9.3% during Apr-May 2014-15 as compared to (-) 2.1% during Apr-May 2013-14.

May core infra grows at 2.3%-The core infrastructure grows to 2.3% (Y-O-Y) in May 2014 as compared to 4.2% (Y-O-Y) in April 2014. The combined index of Eight Core Industries stands at 168.7 in May 2014 with a growth rate of 2.3% in May 2014 as compared to 5.9% in May 2013. Crude oil and Natural gas registered a growth rate of (-) 0.3% and (-) 2.2% respectively in the month of May 2014.

1.2 Inflation

June 2014 WPI inflation declines to 5.4%- The WPI inflation for the month of June 2014 declined to 5.43% from 6.01% in May 2014. The decline in WPI inflation is attributed mainly to steep decline in the prices of vegetables and onions. The imposition of Minimum Export Price on onions last month to control its prices has facilitated decline in inflation of onions. The recent announcements made in the Union Budget 2014-15 to improve agriculture infrastructure would go a long way to facilitate farm produce to deliver at consumers' doorsteps.

June 2014 CPI inflation stands at 7.3%- The all India general CPI (Combined) for June 2014 stands at 7.31% as compared to 8.28% in May 2014. The inflation rates for rural and urban areas for June 2014 are 7.7% and 6.8% as compared to 8.9% and 7.5% respectively, for May 2014. Rate of inflation during June 2014 is high in fruits at 20.64%, milk and products at 11.06%, vegetables at 8.73%, clothing, bedding and footwear at 8.65% and egg, meat & fish at 8.27%. Consumer Price Index for the month of June 2014 for rural, urban and combined stood at 142.3, 139.4 and 141.0 respectively.

1.3 External sector

CAD narrows sharply in Q4 2013-14- India's current account deficit (CAD) narrowed sharply to US\$ 1.2 billion (0.2% of GDP) in Q4 of 2013-14 from US\$ 18.1 billion (3.6% of GDP) in Q4 of 2012-13 which was also lower than US\$ 4.2 billion (0.9% of GDP) in Q3 of 2013-14. The lower CAD was primarily on account of a decline in the trade deficit as decline in imports was sharper than that in exports.

On a BoP basis, merchandise exports declined by 1.3% to US\$ 83.7 billion in Q4 of 2013-14 as against an increase of 5.9% in Q4 of 2012-13. On the other hand, declining trend in merchandise imports (on

BoP basis) continued in Q4 of 2013-14. Imports stands at US\$ 114.3 billion moderated by 12.3% in Q4 of 2013-14 as compared with a decline of 1% in Q4 of 2012-13.

Decline in imports was primarily led by a steep decline in gold imports, which amounted to US\$ 5.3 billion, significantly lower than US\$ 15.8 billion in Q4 of 2012-13. As a result, the merchandise trade deficit (BoP basis) contracted by about 33% to US\$ 30.7 billion in Q4 of 2013-14 from US\$ 45.6 billion in the corresponding quarter a year ago.

June merchandise exports rises by 10.2%- India's exports for the month of June 2014 stand at around USD 26.4 billion with a (Y-O-Y) growth of 10.2 % as compared to USD 28 billion in May 2014 with a (Y-O-Y) growth of 12.4%. During June 2014, the imports were USD 38.2 billion with a (Y-O-Y) growth of around 8.3% as compared to USD 39.2 billion in May 2014 with a (Y-O-Y) growth of (-) 11.4%. The balance of trade stands at around USD (-) 11.8 billion during June 2014 as compared to USD (-) 11.2 billion during May 2014.

May FDI stands at US\$ 3.6 billion-The FDI equity inflows in the month of May 2014 are estimated at around US\$ 3.6 bn as against about US\$ 1.6 bn in May 2013, posting a growth (Y-o-Y) of 121%. The growth in FDI equity inflows stands at around (-) 26% in April 2014, 131% in March 2014, at 12% in Feb 2014, and 1.5% in Jan 2014

ECBs stand at US\$ 1.89 billion during Jun 2014-Indian firms have raised US\$ 1.89bn through external commercial borrowings (ECBs) in the month of Jun 2014 and US\$ 1.46bn during May 2014 by automatic and approval route. The borrowings stood at US\$ 1.89bn in Jun 2014 as compared to US\$ 1.95bn in Jun 2013.

May services exports estimated at US \$ 14bn - India's services exports for the month of May 2014 stand at around USD 14 billion and services imports stand at USD 8.02 billion for the month of May 2014. The trade balance in services stands at USD 5.8 billion for the month of May 2014.

1.4 Fiscal scenario

May2014 fiscal deficit at 45.6% of actuals to Budget estimates - The gross fiscal deficit of the Central government stands at 45.6% of the actuals to budget estimates at the end of May 2014 as compared to 33.3% of the actuals to budget estimates in the corresponding period of the previous year.

India's external debt at about US\$ 441 bn - India's external debt, as at end-March 2014, was placed at US\$ 440.6 billion showing an increase of US\$ 31.2 billion or 7.6% over the level at end-March 2013. The increase in total external debt during financial year 2013-14 was primarily on account of rise in Non-Resident Deposits. The surge in outstanding stock of NRI deposits can mainly be attributed to mobilisation of fresh FCNR(B) deposits by commercial banks under the swap scheme offered by the Reserve Bank during September to November 2013. In terms of major components, the share of external commercial borrowings continued to be the highest at 33.3% of total external debt, followed by NRI deposits (23.6%) and short term debt (20.3%)

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 declines by 0.1% at end-March 2014- The total public debt of the Government marginally decreased to Rs.4, 625,037 crore at end-March 2014 from Rs.4, 629,689 crore at end December 2013 accounting for (QoQ) decline of 0.1% (provisional) compared with an increase of 3.1% in the previous quarter (Q3 of FY13). Gross fiscal deficit for FY15 is budgeted (in interim budget 2014-15) at Rs.5, 28,631 crore (4.1% of GDP) with corresponding gross and net market borrowings at Rs.5, 97,000 crore and Rs.4, 57,321 crore, respectively.

1.5 Monetary scenario

May 2014 Gross Bank Credit grows at 12.8%- On a year-on-year basis, gross bank credit stands at 12.8% in May 2014 as compared to 13.9% in April 2014. The growth of food credit stands at 0.7% in May 2014 as against (-) 4.6% in April 2014 and the non-food bank credit increased by 13% in May 2014 as compared to 14.2% in April 2014. The credit to NBFCs increased by 19.7% in May 2014 as compared with 19.3% in April 2014. The credit to agriculture increased by 16.8% in May 2014 as compared with 14.8% in April 2014. The gross bank credit stands at Rs. 57,061 billion as on May 2014 as compared to Rs. 50,605 billion as on May 2013, posting a growth of about 12.8%.

2. Major policy pronouncements

Hon'ble Union Minister for Railways, Shri D.V. Sadananda Gowda presented the Rail Budget 2014-15, in New Delhi on July 08, 2014 -The new government Railway Budget 2014-15 emphasizes on boosting investments, capacity utilization, cleanliness, safety and provision of better amenities for the passengers. It is a progressive budget which promises to launch network of high speed trains in the country. The Budget has also given priority to raise surplus funds for the Railways through improving infrastructure by public private partnerships.

Finance minister presented Economic Survey: Economic survey indicates India's GDP to grow between 5.4% -5.9% in FY2015 .It further focuses on focuses on reforms for long term-growth prospects on three fronts namely low and stable inflation regime, tax and expenditure reform and regulatory framework. Further survey suggests removal of restriction on farmers to buy, sell and store their produce to customers across the country and the world. Rationalization of subsidies on inputs such as fertilizer and food is essential and the Government needs to eventually move towards income support for farmers and poor households.

Hon'ble Finance Minister presented Union Budget 2014-15- The Union Budget 2014-15 presented by the Hon'ble Finance Minister is encouraging on building consumers' confidence, investors' confidence

and general confidence. The announcements made in the various socio-economic segments of the economy indicate promises of progress in the coming times. The focus on rural infrastructure, agriculture infrastructure, urban infrastructure, manufacturing revival, tourism, education, banking and finance and foreign direct investments are inspiring and would go a long way to rejuvenate the economic growth, going forward.

Some of the key announcements made in the Budget are fiscal deficit pegged at 4.1% of GDP in 2014-15, 3.6% in 2015-16 and 3% in 2016-17, amount of Rs. 100 crores set aside for Agri-tech Infrastructure Fund, sum of Rs. 100 crore provided for setting up a National Industrial Corridor Authority and Amritsar Kolkata Industrial master planning to be completed expeditiously. An institution to provide support to mainstreaming PPPs called 4PIndia to be set up with a corpus of Rs. 500 crores to aid the infrastructure sector while a sum of Rs. 7060 crore is provided in the current fiscal for the project of developing one hundred Smart Cities. For safety of women, sum of Rs. 50 crores has been proposed for pilot testing a scheme on Safety for Women on Public Road Transport and an amount of Rs. 150 crores has been earmarked for a scheme to increase the safety of women in large cities.

The Plan expenditure has been placed at Rs. 5,75,000 crore for the year 2014-15 and non-plan expenditure estimates for the 2014-15 has been placed at Rs. 12,19,892 crore for the same period. In the area of taxation, enhancement of the income tax limit from Rs. 2 lacs to Rs. 2.5 lacs, enhancement of investment limit under section 80C from Rs. 1 lac to Rs. 1.5 lacs and enhancement of rebate on investments in self owned house from Rs. 1.5 lac to Rs. 2 lac has been proposed. FDI in insurance sector to be increased up to 49% from 26% while investment allowance at the rate of 15% to a manufacturing company that invests more than Rs.25 crore in any year in new plant and machinery.

Budget 2014: India raises FDI limit in defence and insurance sector to 49%- India is likely to opt for opening up of defence production to foreign direct investment (FDI) to revive domestic manufacturing. The finance ministry has favoured raising the FDI cap in the sector from 26% to 49%, with prior approval by the Foreign Investment Promotion Board (FIPB).

National Food Processing Development Council reconstituted- Ministry of Food Processing Industries has re-constituted the National Food Processing Development Council (NFPDC) with Minister of Food Processing Industries as its Chairman and Minister of State for Agriculture & Food Processing Industries as Vice-Chairman.

Government hikes onion minimum export price (MEP) to \$500 a tonne- The Centre increased the minimum export price (MEP) for onion to \$500 per tonne to improve its domestic supply and to curb exports.

Government to extend benefits of SEZ, NIMZ to industrial parks- India has agreed to extend the benefits of special economic zones (SEZ) and National Investment and Manufacturing Zones (NIMZ) to the proposed industrial parks which would be developed in collaboration with China. This MoU would facilitate Chinese investments in India and it would also help in bridging the ballooning trade deficit.

Centre lifts quantitative ceiling on organic sugar exports-The government has removed the quantitative ceiling on exports of organic sugar to help the cash-starved industry. However, the notification by DGFT says that the export of organic sugar would be permitted subject to registration of quantity with DGFT and certification by Agricultural and Processed Food Products Export Development Authority (APEDA).

Prime Minister to retain and push UPA schemes- The Hon'ble Prime Minister, Shri Narendra Modi sought a 100-crore enrolment target under Aadhaar at the earliest, also asking officials to look into linking passports with its data. The Prime Minister also gave a decisive push to all Aadhaar-based DBT schemes, including for LPG, which the previous government had scrapped.

Defence Ministry clears acquisition proposals worth Rs 21,000 crore- Pressing ahead with its policy to promote domestic military industry, the government today cleared procurement proposals worth over Rs 21,000 crore and also okayed a project for the production of transport aircraft which is open only to Indian private sector companies.

EPFO revives Aadhaar for rolling out unique account numbers - The 16-digit Aadhaar number is back on the radar of the Employees' Provident Fund Organisation (EPFO) as it starts giving out unique account numbers to its subscribers. Aadhaar is amongst the four instruments selected by the EPFO as know-your customer (KYC) that will be seeded to each PF account number. The others include NPR number, Permanent Account number and bank account number.

Implementation of Counter-cyclical capital buffer (CCCB)-The Reserve Bank of India has set up an Internal Working Group (IWG) to create a Counter-cyclical Capital Buffer (CCCB) framework for banks in India. The primary aim of the CCCB regime is to build up a buffer of capital which can be used to achieve the broader macro-prudential goal of restricting the banking sector from indiscriminate lending in the periods of excess credit growth that have often been associated with the building up of system-wide risk.

India and Norway to Strengthen Educational Ties- Ambassador of Norway to India Mr. Eivind S. Homme, met Honourable Union Minister for Human Resource Development Smriti Irani., and expressed the hope that education ties will be further strengthened between two countries. A collaboration between India and Norway in the high altitude studies, particularly for the National Institute of Himalayan Studies which was announced in this General Budget was also taken up by the Union HRD Minister. She also emphasized on collaboration in the area of energy studies.

RBI unveils tighter regulatory norms for 'too-big-to-fail' banks- The RBI has set out a framework for identifying and dealing with large banks, termed domestic systemically important banks or D-SIBs. A size beyond 2% of GDP will be one of the criteria for designating a bank as a D-SIB and they will be subject to higher capital requirements.

India to helm BRICS' \$100 billion development bank- In their first concrete step toward reshaping the Western-dominated international financial system, leaders of the BRICS emerging market nations launched a \$100 billion development bank and a currency reserve pool recently. The bank aimed at funding infrastructure projects in developing nations will be based out of Shanghai. India will preside over its operations for the first five years, followed by Brazil and then Russia.

RBI issues draft guidelines for licensing of payments banks and small banks-The Reserve Bank of India, has issued draft guidelines for setting up of payments banks and small banks. Both, payments banks and small banks are "niche" or "differentiated" banks with the common objective of furthering financial inclusion.

RBI relaxes gold loan ceiling for non-agriculture purposes-The Reserve Bank of India (RBI) on Tuesday relaxed the Rs one lakh ceiling on loans against gold jewellery. Borrowers can now pledge their gold and get a higher value of loans, provided that the loan-to-value (LTV) ratio does not exceed 75% of the

cost of the gold. But these loans have to be for non-agriculture purposes. The move is expected to monetise the household gold holdings in India by encouraging people to bring out their gold holdings.

3. Other key developments

Food production and consumption growth is projected to be sustained in India: OECD-A recent report Agricultural Outlook produced by OECD and FAO, projects sustained food production and consumption growth in India to be led by value-added sectors like dairy production and aquaculture. Investment in production technology and infrastructure together with subsidies in a range of areas have contributed to strong output expansion over the past decade and pressure on resources is expected to reduce production growth rates over the coming years.

India under Modi may be best emerging market turnaround story: Nomura- According to Nomura, Japanese Brokerage firm, India may become the biggest turnaround story among emerging markets in five years, given the decisive mandate received by the pro-growth Modi government and the Reserve Bank's actions. It said that the real investment growth will go up to 10% if such policies are implemented, which will push up the potential growth rate of economy to over 7%.

State Ministers' Committee on Agricultural Marketing gave its Recommendations on reforms in agricultural marketing sector - A Committee of State Ministers on marketing reforms, constituted by Ministry of Agriculture, submitted its report to the Government. The Committee recommended various reforms in the agricultural marketing sector, including amendment of the Agriculture Produce Market Committee (APMC) Act, on lines of Model Act.

India sees steepest output expansion among emerging markets since Feb 2013- According to the SABB/HSBC Emerging Markets Index (EMI), India figures among four of the fastest emerging markets that posted the highest output since last year. China posted the sharpest increase in output for 15 months, while Russian private sector output stabilised, having fallen at the strongest rate in five years in May. Brazil, however, registered a further flat trend in activity.

India's Global Innovation Index ranking declines to 76th- The latest publication of the Cornell University, INSEAD, and World Intellectual Property Organization, on the Global Innovation Index 2014, reported India's ranking to have fallen down 10 places to 76th rank out of 143 economies for this year. The report ranked India 65th on its Innovation Output Sub-Index, and 93rd on its Innovation Input Sub-Index. Amongst other sub-indices, India has exhibited a higher rank of 31 in Global Innovation Efficiency Index.

Food production and consumption growth is projected to be sustained in India: OECD- A recent report Agricultural Outlook produced by OECD and FAO, projects sustained food production and consumption growth in India to be led by value-added sectors like dairy production and aquaculture. (Global cereal production is projected to be 15% higher by 2023 than in the 2011-13 period. The fastest production growth is expected to be oilseeds, at 26% over the next 10 years. The expansion of coarse grain and oilseed production will be driven by strong demand for biofuels, particularly in developed countries, and growing feed requirements in developing regions)

OECD Unveils Automatic Information Exchange Framework to control black money-In the fight against black money, the Organisation for Economic Co-operation and Development (OECD) unveiled a 'single global standard' for automatic exchange of financial account information by various countries including India and Switzerland. It would facilitate more transparency in tax administration.

One-third of the world's extreme poor are in India: United Nations-United Nations' in its annual, The Millennium Development Goals Report 2014 reports that one-third of the world's 1.2 billion extreme poor (32.9%) are in India; living with less than US \$1.25 a day. Other nations consisting of world's extreme poor after India are China (13%), Nigeria (9%), Bangladesh (5%) and Democratic Republic of the Congo (5%). Nearly two-thirds of the world's extreme poor lived in those five countries in 2010. Region-wise Southern Asia and sub-Saharan Africa were reported to be two regions which consist of majority of people living on less than US \$1.25 a day.

India's GDP per capita is set to rise 7 times in 50 years: OECD-The OECD in its latest Policy Note titled, 'Shifting Gear: Policy Challenges for the next 50 years' has estimated that incomes in emerging and low income economies, India and some African countries will grow faster than other regions, with GDP per capita increasing sevenfold. Consequently, income convergence will lead to a reduction in cross-country inequality continuing to lift masses of people out of poverty. By 2060, GDP per capita in China will be comparable to the current US levels (measured in constant PPPs), while India's will be half the US level. The growth will be more sustained in emerging economies than in advanced economies, it will still slow down due to less population growth and less scope for catching up to the standards of living of the most advanced countries.

3 out of 10 persons are poor in India: Rangarajan Panel-A panel headed by C Rangarajan, former Chairman of Prime Minister's Economic Advisory Council (PMEAC), has dismissed the Tendulkar Committee report on estimating poverty and said that the number of poor in India was much higher in 2011-12 at 29.5% of the population, which means that 3 out of 10 persons are poor. According to the Rangarajan panel, poverty stood at 38.2% in 2009-10 and slid to 29.5% in 2011-12. This is at variance with the Tendulkar methodology under which poverty was estimated at 29.8% in 2009-10 and declined to 21.9% in 2011-12.

Services sector growth surges in June: HSBC- According to HSBC Survey, India's private sector output witnessed significant increase in June as both manufacturing and services sector registered solid rate of expansion due to robust order flows and stronger business sentiment. The headline HSBC Services Business Activity Index was at a 17-month peak of 54.4 in June rising from 50.2 in May.

Report on India State of Forest released-The biennial report on "India State of Forest Report (ISFR)" has been released. The report covers the ground realities pertaining to the Environment. The India State of Forest Report 2013 contains information on forest cover, tree cover, mangroves cover and growing stock inside and outside the forest areas. The report has also given special thematic information on forest cover such as hill districts, tribal districts, and north eastern region. The report has presented information of forest cover for all the States and districts for the current assessment and changes with respect to forest cover of previous assessment.

RBI notifies easier norms on bond sales for infrastructure, affordable housing-The RBI has said that the banks can raise long-term funds to lend to affordable housing and infrastructure. The seven-year bond with no secondary market trading option can be issued by banks at a fixed or variable rate. As announced in the Budget, the bonds will not attract any statutory pre-emption such as cash reserve

ratio (CRR) or statutory liquidity ratio (SLR). Besides, they need not set aside additional funds for meeting priority sector requirements, which effectively translates into lower fund costs for banks.

DIPP draft note for composite caps to streamline foreign investment regime- DIPP has proposed to introduce a composite cap which will include FDI, FII and other instruments in various sectors to streamline the foreign investment regime. The DIPP has said that under the present structure, a change in the FII/FPI investments can lead to change in control and ownership of a company.

Government seeks to dilute process, make it easier to acquire land- The Ministry of Rural Development has proposed a number of amendments such as scrapping the “consent clause” for Public Private Partnership (PPP) projects, narrowing the definition of “affected families” eligible for rehabilitation and resettlement, which, if cleared, could lead to large scale dilution of the new Land Acquisition Act, making the process of acquiring land easier.

Government still to decide on GAAR implementation: Revenue Secretary- According to the Revenue Secretary, the government is yet to decide on whether the controversial general anti-avoidance tax law GAAR should be implemented as scheduled and has enough time to review that.

State Ministers' Committee on Agricultural Marketing gave its Recommendations on reforms in agricultural marketing sector - A Committee of State Ministers on marketing reforms, constituted by Ministry of Agriculture, submitted its report to the Government. The Committee recommended various reforms in the agricultural marketing sector, including amendment of the Agriculture Produce Market Committee (APMC) Act, on lines of Model Act.

Union Minister of HRD, Smt Smriti Irani informed about Student-Teacher Ratio in Schools- Union Minister of HRD, Smt. Smriti Irani in a written reply to a Rajya Sabha question gave information regarding Student-Teacher Ratio in Schools. As per Unified District Information System for Education (UDISE) 2013-14, the Teacher Pupil ratio in Government schools is 1:29 at primary level and 1:32 at upper primary level. Persistent teacher vacancies and lack of proper deployment of the available teachers is the cause behind adverse teacher pupil ratios in some schools.

Hon'ble Prime Minister Shri Narendra Modi gives his 17-point agenda: Modi government has given their 17 point agenda for holistic development of economy. Building coastal expressways, inland connectivity, upgradation of the road and rail network to ensure that a person can reach any point in the country within 24 hours, boosting labour reforms so that workers are employed for “fixed terms” instead of on contract are some of the important highlights of his 17 point agenda.

Rural job scheme caused price rise: Government- The Government has blamed public expenditure on schemes such as MGNREGA (Mahatma Gandhi National Rural Employment Guarantee Act) for fuelling food inflation. However, government wants the job scheme to continue, with the focus mainly on agriculture.

No trade facilitation pact without resolving food security issue: Government- The government at the World Trade Organisation talks said that it will not support the Trade Facilitation Agreement (TFA) being pushed by developed nation members, including the US, the EU and Australia, till its concerns on food security are addressed.

The lead economic and financial indicators so far...

S. No	Components	April	May	June
1.	IIP Growth	-0.5% (March)	3.4%(April)	4.7%(May)
2	Export Growth	5.26%	12.4%	10.2%
3	WPI Inflation Y-O-Y growth	5.2%	6%	5.4%
4	CPI inflation (combined)	8.6%	8.28%	7.3%
5	Gold (10 GRMS)	26788^^	28316^^^	27950^^^^
6	Crude Oil (1 BBL)	6060##	6391###	6295####
7	BSE Sensex	24859!!	25369!!!	26026!!!!
8	Exchange rate average (INR/ 1 USD)	59.39**	60.19***	60.24****
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 to 20th June 2014, ^^ Data pertains to 25th April 2014, ^^Data pertains to as on 24th June 2014, ^^^Data pertains to 22nd july, ## Data pertains to 25th April 2014, ###Data pertains to as on 24th June 2014, ####Dta pertains to 22nd july, ! Data pertains to as on 19th March 2014, !! Data pertains to 25th April 2014, !!! Data pertains to as on 24th June 2014, !!!! Dta pertains to 22nd july, **Data pertains to 25th April 2014, ***Data pertains to 24th june, ****Data pertains to 22nd July 2014.

India: Statistical snapshot

Indicators	FY09	FY10	FY11	FY12	FY13	FY14	FY15
GDP at FC - Constant prices Rs Bn	41,586	45,161	49,185	52,475	54,821	57,418*	-
GDP at FC - Constant prices growth YoY	6.7	8.6	8.9	6.7	4.5	4.7*	-
GDP at MP-current prices Rs. Bn	56,300	64,778	77,841	90,097	1,011,33	1,135,50*	-
Agriculture growth	0.1	0.8	8.6	5.0	1.4	4.7*	-
Industry growth	4.1	10.2	8.3	6.7	0.8	(-)0.1*	-
Services growth	9.6	8.0	7.5	4.9	7.0	6.7*	-
Consumption	7.6	8.2	8.1	8.1	3.9	4.9	-
Private consumption	7.1	7.1	8.6	8.0	4.0	4.5	-
Gross domestic savings as % of GDP	32.0	33.7	34.0	30.8	30.2	30.5	-
Gross Fixed Capital Formation as % of GDP	32.3	31.7	30.9	31.8	30.4	28.3*	-
Gross fiscal deficit of the Centre as a % GDP	5.9	6.5	4.8	5.7	5.2	4.5	-
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^	80^^^
Growth in exports	12.3	-2.6	40.6	21.9	(-)1.8	3.98^	9.3^^^
Imports (US\$Bn)	299.3	287.6	369.4	489.1	490.3	450.94^	113.2^^^
Growth in imports (YoY)	19.8	-3.9	28.5	32.4	0.2	(-)8.1^	(-)6.9^^^
Trade deficit (US\$Bn)	116.2	109.3	118.6	183.4	190.1	138.6^	33^^^
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	32.4^^	-
Current account deficit as % of GDP	2.6	3.2	2.6	4.2	4.8	1.7^^	-
Net capital account US\$Bn	8.7	53.4	60	67.8	94.2	33.3^^	-
Overall balance of payments US\$Bn	20.1	-13.4	-13.1	12.8	3.8	15.5^^	-
Foreign exchange reserves US\$Bn	252	279.1	304.8	294.9	292.04	304.22	290.222~
External debt - Short term US\$Bn	43.4	52.3	65	78.2	96.7	92.7`	-
External debt - Long term US\$Bn	181.2	208.7	240.9	267.5	293.4	333.3`	-
External debt - US\$Bn	224.5	260.9	305.9	345.8	392.1	426`	-
Money supply growth	19.3	16.9	16.1	13.2	13.8	13.4	13.2~~
Bank credit growth	17.5	17.1	21.2	16.8	13.5	14	12.8##
WPI inflation	8.1	3.8	9.6	8.9	7.4	5.7#	5.4@
CPI inflation	7	12.4	10.4	6.0	10.2	9.8	7.3@
Exchange rate Rs/US\$ annual average	46	47.4	45.6	47.9	54.4	60.68	60.24@@

Source: PHD Research Bureau compiled from various sources, *Data pertains to Provisional Estimate of 2013-14 from MOSPI, ^Planning Commission Data Book Dec 2013, ** Projection For 2013-14 from PMEAC Economic Outlook 2013-14, ^^Data pertains to India's Balance of payment Apr-Mar 2013-14 from RBI, ^^^data pertains to April- June, 2014, `India's external debt end Dec 2013 from RBI, ~- Data compiled from RBI Bulletin July 2014, # Data pertains to Mar 2013, - Data as on 11th July 2014 from RBI, @ Data pertains to June 2014, @@ Data as on 22nd July 2014 from RBI, ##Data pertains to May.

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.

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.



Economic Affairs Committee

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

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