



PROGRESS HARMONY DEVELOPMENT

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## **Economic Affairs Committee Newsletter**

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



**PHD Research Bureau**

## EAC Newsletter July 2015

The sentiments for India's growth story remains positive as the International Monetary Fund (IMF) in its recent publication of World Economic Outlook (WEO), July 2015, has projected India to grow at 7.5% in 2015 and 2016, thereby leading the growth charts. However, on the industrial front, the growth in industry output has been registered at 2.7% in May 2015 as compared to 4.1% in April 2015. The CPI has increased to 5.4% in June 2015 from 5.01% in May 2015 while the exports growth have also registered a decline of (-)16% in June 2015.

Nonetheless, the core infrastructure has grown at 4.4% in May 2015 as compared to (-) 0.4% in April 2015. Further, FDI equity inflows for the month of May 2015 has posted a growth rate of 6.8%. The WPI inflation, on the other hand, continues to be in negative trajectory. On the agriculture front, though the wholesale prices of onions have shot up due to decline in supply and onset of monsoon which affects the quality of onion, wheat procurement by government agencies during current Rabi marketing season has been reported to cross the last year mark. Thus, if there is any expectation of increase in WPI inflation, it is expected to be offset by decline in inflation in wheat which is already in the lower trajectory.

According to World Bank's report 'Private Participation in Infrastructure' database, India is amongst the top five countries with the highest investment commitments in 2014 including Brazil, Turkey, Peru and Colombia. Further, UNCTAD in its World Investment Report (WIR) 2015 has reported India as a dominant recipient of FDI in South Asian region with 22% increase in inflows to US\$34 billion in the year 2014.

The Union Cabinet approval to India's first integrated National Policy for Skill Development and Entrepreneurship 2015 and institutional framework for the National Skill Development Mission is inspiring and will go a long way to foster skill development initiative of the government in the economy. Going ahead, the signing of Memorandum of Cooperation in the field of Industrial Property between India and Japan will encourage bilateral cooperation between the two countries in the field of Industrial Property (IP), with emphasis on capacity building, human resource development and awareness generation.

However, the Socio-Economic and Caste Census data gives a dismal picture as over 62% of households in villages across the country are deprived in the census with 13% living in houses with only one room, kuchha walls and kuchha roofs. About 75% of the households have income of a member less than Rs. 5000/- while around 30% of the landless households are dependent on manual labour. Though this is first of its kind survey that captures the health of rural India in great detail, it provides a vast pool of data for targeted poverty alleviation. The data should be used effectively to target developmental programs in a proper manner. Going ahead, the government must use this data to strengthen the rural economy which will rejuvenate India's growth story in the coming times.

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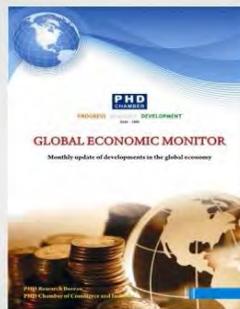
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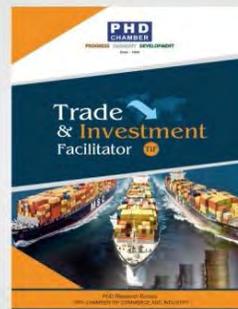
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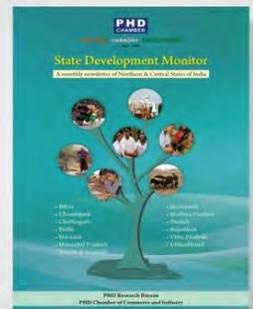
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Warm regards

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## 1. Indian economy so far

### 1.1 Growth

**May 2015 IIP grows at about 2.7%**- Growth in industry output, as measured in terms of IIP, for the month of May 2015 is estimated at 2.7% as compared with 3.4% during April 2015. The growth in the three sectors mining, manufacturing and electricity in May 2015 stands at 2.8%, 2.2% and 6% respectively as compared to 0.2%, 4.2% and (-)0.5% in April 2015. Capital goods growth stands at 1.8% during May 2015 as compared to 6.8% during April 2015. The growth in Basic goods stands at 6.4% during May 2015 as compared to 2.8% in April 2015. Consumer goods have grown at (-)1.6% during May 2015 as against 3% during April 2015.

**May core infra grows at 4.4%**- The core infrastructure grows to 4.4% (Y-O-Y) in May 2015 as compared to (-)0.4% (Y-O-Y) in April 2015. The combined index of Eight Core Industries stands at 178.6 in May 2015 with a growth rate of 4.4% in May 2015 as compared to 3.8% in May 2014. Crude oil and Natural gas registered a growth rate of 0.8% and (-)3.1% respectively in the month of May 2015.

### 1.2 Inflation

**June 2015 CPI inflation at 5.4%**- The all India general CPI (Combined) for June 2015 stands at 5.4% as compared to 5.0% in May 2015. The inflation rates for rural and urban areas for June 2015 are 6.1% and 4.6% as compared to 5.5% and 4.4% respectively, for May 2015. Rate of inflation during June 2015 is high in pulses and products at 22.24%, Pan, tobacco and intoxicants at 9.76%, Spices at 9.71%, milk and milk products at 7.18%, Prepared meals, snacks & sweets etc. at 7.84% and vegetables at 5.37%. Consumer Price Index for the month of June 2015 for rural, urban and combined stood at 124.1, 121.7 and 123.0 respectively.

**June 2015 WPI inflation stands at (-)2.40%**- Driven by the decrease in the prices of food articles, cereals, potato, vegetables, Egg, Meat & fish and manufactured products, inflation decreased to (-)2.40% (Y-O-Y) for the month of June 2015 as compared to (-)2.36% (Y-O-Y) for the month of May 2015. The Index for Wholesale Prices for the month of June 2015 increased by 0.5% to 178.6(provisional) from 177.7 (provisional) for the previous month. Build up inflation rate in the financial year so far was 1.42% compared to a build up rate of 1.50% in the corresponding period of the previous year.

### 1.3 External sector

**Merchandise exports decline by (-)16% in June, 2015**- India's exports for the month of June 2015 stands at USD 22.28 billion as compared to USD 26.47 billion in June 2014 registering a growth of around (-)15.82%. During June 2015, the imports were USD 33.11 billion as compared to USD 38.24 billion in June 2014, registering a growth of (-)13.40%. The balance of trade stands at around USD (-)10.82 billion during June 2015 as compared to USD(-)11.76 billion for June 2014.

**May, 2015 Services Exports stands at USD 11.87 bn-** India's services exports for the month of May 2015 stand at around USD 11.87 billion and services imports stand at USD 6.31 billion in May 2015. The trade balance in services stands at USD 5.55 billion for the month of May 2015.

**Net FII investments stands at about (-) USD 2235 million in May 2015-** The net FII investments in the month of May 2015 are estimated at around (-) USD 2235 million as against USD 2441 million in April 2015. The net FII investments registered a growth of about (-) 139% in May 2015 (Y-O-Y) over investments at about USD 5701 million in May 2014. The net FII investments registered growth of about 3112% in April 2015 (Y-O-Y).

**FDI for May 2015 rises by 6.8%-** The FDI equity inflow for the month of May 2015 is US\$3.8bn as against US\$3.6bn in May 2014, posting a growth (Y-o-Y) of 6.8%. The growth in FDI equity inflows stands at around 111.44% in April, 2015, (-)40.08% in March 2015, 63.01% in February 2015, and 104.71% in January 2015. Mauritius tops the chart as an investing country between April2000-May2015. While the top investing sector on cumulative basis (April2000-May 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 (April2000-May 2015). Service sector constitutes the highest share in attracting FDI equity inflows during the period April2000-May2015 of around 17% followed by the construction sector with a 9% share for the same time period.

## **1.4 Fiscal scenario**

**May 2015 fiscal deficit at around 37.5% of actuals to BEs-** The gross fiscal deficit of the Central government stands at 37.5% of the actuals to budget estimates at the end of May 2015 as compared to 45.3% of the actuals to budget estimates in the corresponding period of the previous year. The primary deficit significantly increased to 161% of the actuals to budget estimates at the end of May 2015 as compared to 178.5% of the actuals to budget estimates during corresponding period of the previous year.

**India's External Debt at about US\$ 476 billion end March 2015-** India's external debt at end-March 2015 was placed at US\$ 475.8 billion recording an increase of US\$ 29.5 billion (6.6%) over its level at end March 2014. The increase in external debt during 2014-15 was on account of commercial borrowings and non-resident deposits. Short-term debt by original maturity at US\$ 84.7 billion accounted for 17.8% of the total external debt as at end-March 2015 as compared with 20.5% at end-March 2014.

**Government's total public debt increase by 0.9% in Q4 of FY2015-** The Public Debt of the Central Government (excluding liabilities under the 'Public Account') provisionally increased to Rs. 5,100,072 crore as at end-March 2015 from Rs. 5,054,804 crore at end December 2014. This represented a quarter-on-quarter (QoQ) increase of 0.9% (provisional) compared with an increase of 2.4% in the previous quarter (Q 3 of FY 15). The gross fiscal deficit of the Central Government in revised estimates (RE) 2014-15(FY15) was placed at Rs.5,12,628 crore (4.1% of GDP) as against budgeted level of Rs.5,31,177 crore (4.1% of GDP). The gross and net market borrowing requirements of the Government were, however, reduced in RE for FY15 to Rs.5,92,000 crore and Rs.4,46,922 crore from budgeted levels of Rs.6,00,000 crore and Rs.4,61,205 crore, respectively.

## 1.5 Monetary scenario

**Gross Bank Credit grows at 8.5% in May 2015-** Gross bank credit grows at 8.5% in May 2015 as against 8.7% in April 2015. The gross bank credit growth stands at about 13% during May 2014. On a year-on-year (y-o-y) basis, non-food bank credit increased by 9% in May 2015 as against 8.9% in April 2015. Credit to agriculture and allied activities increased by 11% in May 2015 as against 14.1% in April 2015. Credit to industry increased by 5.2% in May 2015 as compared with 6.4% in April 2015. Deceleration in credit growth to industry was observed in all major sub-sectors barring gems and jewellery. Credit to the services sector increased by 9.1% in May 2015 as compared with 7.5% in April 2015. Credit to NBFCs increased by 5.6% in May 2015 as compared with 3.3% in April 2015. Personal loans increased by 16.6% in May 2015 as against 13.3% in April 2015.

**ECBs stand at US\$ 0.7 bn during April 2015-** Indian firms have raised US\$ 0.7 billion through external commercial borrowings (ECBs) in the month of April 2015 as against US\$ 2.6 bn during March 2015 by automatic and approval route. The borrowings stood at US\$ 0.7 bn in April 2015 as compared to US\$ 3.2 bn in April 2014. India has received gross ECBs worth around US\$272 bn between FY2001 and FY2016 (till April 2015).

## 2. Major policy pronouncements

**Introduction of the Bureau of Indian Standards Bill, 2015-** The Union Cabinet has given its approval to introduce a new Bureau of Indian Standards Bill, 2015. The Bill will provide legislative framework for the new provisions and repealing of existing Bureau of Indian Standards Act, 1986. The proposed provisions in the new Bureau of Indian Standards Bill, 2015 will empower the Central Government and the Bureau of Indian Standards to promote a culture of quality of products and services through mandatory/voluntary compliance with Indian standards through the process of 'product certification' and 'Certificate of Conformity' with a broad objective of consumer's welfare. It is also expected to improve enforcement of Indian standards.

**Formation of two committees for facilitating implementation of GST from 1<sup>st</sup> April 2016-** A steering committee been formed under the Co-Chairmanship of Additional Secretary, Department of Revenue and Member Secretary, Empowered Committee of State Finance Ministers. This Committee has Members from Department of Revenue, Central Board of Excise & Customs, Goods and Services Tax Network (GSTN) and representatives of State Governments. This Committee shall monitor the progress of IT preparedness of GSTN/CBEC (Central Board of Excise and Customs)/Tax authorities, finalization of reports of all the Sub-Committees constituted on different aspects relating to the mechanics of GST and drafting of CGST (Central GST), IGST(Integrated GST) and SGST (State GST) laws/rules. The Committee shall also monitor the progress on consultations with various stakeholders like trade and industry and training of officers.

**Approval for signing Memorandum of Cooperation in the field of Industrial Property between India and Japan-** The Union Cabinet chaired by the Prime Minister, Shri Narendra Modi, gave its approval for signing of a Memorandum of Cooperation (MOC) between the Department of Industrial Policy & Promotion (DIPP) and the Japan Patent Office (JPO), Ministry of Economy, Trade and Industry, Japan.

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The purpose of MOC is to establish a framework for bilateral cooperation in the field of Industrial Property (IP), with emphasis on capacity building, human resource development and awareness generation.

**RBI extends the Date for Withdrawal of Pre-2005 Series Banknotes-** The Reserve Bank of India has extended the date for the public to exchange their pre-2005 banknotes till December 31, 2015. It had, in December 2014, set the last date for public to exchange these notes as June 30, 2015.

**RBI announces revised methodology for overnight MIBID/MIBOR-** The Reserve Bank of India has stated that the methodology for the FIMMDA-NSE-Overnight Mumbai Interbank Bid/Offer Rate (Overnight MIBID/MIBOR) benchmark in India will be revised with the introduction of the FBIL-Overnight MIBOR on July 22, 2015. The FBIL-Overnight MIBOR will be based on actual traded rates and will be administered by a new company called the Financial Benchmarks India Private Ltd (FBIL). The existing benchmark, based on polled rates, is set by the Fixed Income Money Market and Derivative Association of India (FIMMDA) and the National Stock Exchange (NSE).

**DGFT Launches online payment facility for application fees through Credit/Debit Cards-** The Directorate General of Foreign Trade (DGFT) has launched the facility of online payment of application fees through Credit/Debit cards and electronic fund transfer from 53 Banks. This facility is in sync with the Digital India vision of Hon'ble Prime Minister, and is another crucial step towards paperless, online functioning in 24x7 environment.

**Prime Minister launched National Mission for Skill Development-** On the occasion of the first ever World Youth Skills Day, Hon'ble Prime Minister Shri Narendra Modi has launched the "National Mission for Skill Development" and unveiled the new "National Policy for Skill Development and Entrepreneurship 2015". The major objectives of the mission are to Create an end-to-end implementation framework for skill development, which provides opportunities for life-long learning, align employer/industry demand and workforce productivity with trainees' aspirations for sustainable livelihoods, by creating a framework for outcome-focused training, establish and enforce cross-sectoral, nationally and internationally acceptable standards for skill training in the country by creating a sound quality assurance framework for skilling, applicable to all Ministries, States and private training providers and build capacity for skill development in critical un-organized sectors among others.

**RBI allows banks to provide export factoring services to exporters on with recourse basis-** In order to facilitate exports, Authorised Dealer Category – I (AD Category –I), the RBI have permitted banks have to provide 'export factoring' services to exporters on 'with recourse' basis by entering into arrangements with overseas institutions for this purpose without prior approval from the Reserve Bank of India subject to compliance with guidelines issued by the Department of Banking Regulation in this regard.

**RBI constitutes a Committee on Medium-term Path on Financial Inclusion-** RBI announced the constitution of a Committee with the objective of working out a medium-term (five year) measurable action plan for financial inclusion. The chairman of the Committee is Shri Deepak Mohanty, Executive Director, Reserve Bank of India.

**National Floor Level Minimum Wage Enhanced From Rs.137 To Rs.160 Per Day-** National Floor Level Minimum Wage (NFLMU) has been revised upwards from existing Rs. 137/- to Rs. 160/-per day with effect from 1<sup>st</sup> July 2015. While reviewing the movement of CPI-IW during April 2014 to March 2015

over the period April 2012 to March 2013, it was observed that the average CPI-IW has risen from 215.17 to 250.83.

**Government notifies new income tax return forms-** Government has notified new income tax return forms for assessment year 2015-16. These new forms are much simpler in many respects as it would do away with the requirement of mentioning one's dormant bank accounts. Further, for active accounts, one need not state the balance; just IFSC codes will suffice. However, one's passport number has to be provided.

**Government to switch to international norm of random and risk-based inspections of imported food-** In order to cut delays at ports and enhance ease of doing business in the country, government has decided to do away with the practice of putting each imported food consignment through lab checks and switch to the international norm of random and risk-based inspections.

**Composite Cap approved for foreign investments-** The Union Cabinet recently approved a proposal to scrap the distinctions among different types of overseas investment by shifting to a single composite limit. The new policy also means portfolio investment up to 49% will not need government approval or have to comply with sectoral conditions as long as it doesn't result in transfer of ownership and/or control of Indian entities to foreigners.

**Revised draft of the Indian Financial Code released-** The Ministry of Finance has come up with a revised draft of the Indian Financial Code and has sought stakeholders' comments on the same. The key changes include strengthening the financial accountability of financial agencies, removing the provision empowering Financial Sector Appellate Tribunal (FSAT) to review regulations, rule making and operational aspects of capital controls, monetary policy framework and composition of the monetary policy committee.

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

**India projected to grow at 7.5% for 2015 and 2016 : IMF-** The International Monetary Fund (IMF) in its recent publication of World Economic Outlook (WEO), July 2015, has projected India to grow at 7.5% in 2015 and 2016, thereby leading the growth charts. Amongst BRICS economies, China is projected to grow at 6.8% in 2015 and 6.3% in 2016, followed by South Africa with growth rates projected at 2% in 2015 and 2.1% in 2016. Brazil is projected to grow at (-)1.5% in 2015 and 0.7% in 2016, and Russia at (-)3.4% in 2015 and 0.2% in 2016.

**Minimum Support Prices for Kharif Crops for 2015-16 season-** Based on the recommendations of the Commission for Agricultural Costs and Prices (CACP) for the Price Policy for Kharif Crops for the Marketing Season 2015-16, the Cabinet Committee on Economic Affairs has announced the Minimum Support Prices (MSPs) for Kharif Crops of 2015-16 Season. In view of a large surplus of cereals in contrast to huge deficit of pulses, the Cabinet has decided to give a bonus of Rs.200/- per quintal for pulses over and above the recommendations of the CACP. This is expected to provide a strong price signal to farmers to increase acreage and invest for increase in productivity of pulses. The prices would be effective from 1<sup>st</sup> October, 2015 and would increase investment and production through assured remunerative prices to farmers.

**NSSO data reveal literacy rate up from 64.5% to 69.1%-** The data released by the National Sample Survey Office (NSSO) has shown that the literacy rate in India improved considerably to 69.1% in January-June 2014 as compared to 64.5% in 2007. The literacy rate improved to 64.7% in the rural area and to 79.5% in the urban area in the first six months of 2014.

**FDI flows to India rise by 22%: UNCTAD-** UNCTAD in its World Investment Report (WIR) 2015 reported India as a dominant recipient of FDI in South Asian region with 22% increase in inflows to US\$34 billion in 2014. However, amongst top 20 host economies for FDI inflows globally, India ranked 9<sup>th</sup> in 2014. The report highlights that FDI inflows to India are likely to maintain an upward trend in 2015 as there are signs of economic recovery. In terms of the sectoral composition of FDI inflows, manufacturing is likely to gain strength as policy efforts to revitalize the industrial sector are sustained specially under the "Make in India" initiative launched in mid-2014.

**Financial Stability Report (FSR) June 2015 by RBI-** The Reserve Bank of India released the Financial Stability Report (FSR) June 2015, the eleventh issue of its half yearly publication. According to the report, risks to the banking sector, as reflected by the Banking Stability Indicator and Map, have moderated marginally since September 2014, concerns remain over the continued weakness in asset quality indicated by the rising trend in stressed advances ratio of scheduled commercial banks (SCBs), especially of public sector banks (PSBs).

**Provisional Data of Socio Economic and Caste Census (SECC) 2011 for Rural India Released-** Ministry of Rural Development jointly with Ministry of Finance has released on-line provisional data from the Socio Economic and Caste Census (SECC) 2011 for Rural India. The data addresses the multi dimensionality of poverty and provides a unique opportunity for a convergent, evidence based planning with a Gram Panchayat as a unit. SECC data would be used in Housing for all, Education and Skills thrust, MGNREGA, National Food Security Act, interventions for differently able, interventions for women led households, and targeting of households/individual entitlements on evidence of deprivation, etc and the Ministry of Rural Development would use the data in all its programmes. The data aims at making evidence based selection, prioritization and targeting of beneficiaries in different programmes.

**India to retain position of 2<sup>nd</sup> largest exporter of cotton and beef by 2024: OECD-FAO-** The OECD and FAO (Food and Agriculture Organisation) in its recent publication of 'OECD-FAO Agricultural Outlook 2015-2024' has projected India to retain its position as the 2<sup>nd</sup> largest exporter of cotton and beef by 2024. India, while maintaining its position of 2<sup>nd</sup> largest source of cotton, also contributed towards global share from 18% in the base period to 20% by 2024.

**India amongst top 5 countries with largest social safety net programs: World Bank-** The World Bank in its recent report titled 'The State of Social Safety Nets 2015', has stated that India is amongst the countries with world's five largest social safety net programs including the middle-income nations of China, South Africa and Ethiopia. The report highlights that a growing number of developing countries are investing in social safety nets to improve the lives and livelihoods of billions of poor and vulnerable people, yet around 55% of the world's poor or 773mn people with acute needs still lack safety net coverage, especially in lower-income countries and in urban areas.

**India's progress on the Millennium Development Goals (MDGs) for 2015 : UN-** The United Nations under its major initiative of 'The Millennium Development Goals', has published its MDG 2015 report. The report states that India and China, have played central role in the global reduction of poverty. Further, inspite of having more than 1/3<sup>rd</sup> of children and adolescents aged 6 to 13 living with

disabilities being out of school, India has made remarkable efforts to make education more inclusive, such as through the Right to Education Act and allocation of funding for school infrastructure and teacher training.

**Foreign Tourist Arrivals register a growth of 1.8% in June 2015 over June 2014-** 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.

**Wheat Procurement surpasses last year's mark-** Wheat procurement by government agencies during current Rabi marketing season has been reported to cross the last year mark. A total of 280.87 lakh MT wheat has been procured till date in various wheat growing states, while during last season it was 271.66 lakh MT. Further, the procurement so far has crossed the total procurement of last Rabi season which stood at 280.23 lakh MT.

**After Make in India, FDI Equity Inflows grow at 48%-** Ministry of Commerce and Industry reported that there has been a significant growth in FDI after the launch of 'Make in India' initiative in September 2014, with 48% increase in FDI equity inflows during October 2014 to April 2015 over the corresponding period last year. In 2014-15, the country witnessed unprecedented growth of 717%, to US\$40.92 bn of Investment by Foreign Institutional Investors (FIIs). The FDI inflow under the approval route saw a growth of 87% during 2014-15 with inflow of US\$2.22 bn despite more sectors having been liberalized during this period and with more than 90% of FDI being on automatic route.

**Skill development increased female employment rate by 12% in India: World Bank-** The World Bank in a recent study on India's skill development programmes across five states including Assam, Andhra Pradesh, Madhya Pradesh, Odisha and Rajasthan, has stated that acquiring new skills can increase income by 21%.

**Domestic crude oil production rises marginally in May-** According to data released by the Ministry for Petroleum and Natural Gas, the domestic production of crude oil rose marginally in the month of May 2015, while production of natural gas continued to fall. The domestic crude oil production rose 0.8% to 3.184 million tonne during May 2015 as compared to 3.160 million tonne in May 2014. However, the natural gas production declined during the month of May, this year. In May, domestic natural gas production fell 3.1% to 2.852 billion cubic metre as compared to 2.942 billion cubic metre in the same month last year.

**Government asks state-run banks to draw recapitalization schedule for long-term growth plans-** The government has asked state-run banks to draw up a five-year recapitalization schedule to prepare them to lend support to its long-term growth plans. The finance ministry has said that the five-year road map should take into account the cash that can be generated through internal resources to meet their funding needs.

**SEBI eases fund-raising, listing norms for start-ups-** SEBI has given its approval to set up a new platform to help start-ups to be able to access the mainstream capital market. The new platform would be called as institutional trading platform (ITP) and would be for the companies which are intensive technology users. Under the new platform, at least 25% of the pre-issue capital of such companies has to be held by qualified institutional buyers.

**Rural economy of India weakens: Moody's-** Moody's Investors Service in its latest 'Inside India' report has stated that India's rural economy will remain subdued through this fiscal, while "some disappointment" has emerged about pace of reforms under the new government. The report further states that India's economic growth prospects are relatively optimistic in line with Moody's baseline scenario of economic expansion of 7.5% in the current fiscal.

**Fitch cuts GDP growth forecast to 7.8%-** Fitch in its Global Economic Outlook has revised its real GDP forecast for India to 7.8% in financial year 2016 from 8%, and to 8.1% in FY2017 from 8.3%. The growth forecast has been revised downwards as there is no pick up in capital expenditure, weak rural and export demand, and limited translation of a loose monetary policy into lower bank lending rates in the economy.

**Government sets up CCFCs at ports to expedite customs clearance-** The government has set up Customs Clearance and Facilitation Committees (CCFCs) at ports to ensure expeditious customs clearance of goods to improve ease of doing business for traders. These committees will help in resolving matters related to clearances. The CCFC will be headed by the chief commissioner of customs/commissioner of customs in charge of the seaport and airport concerned. It will have the senior-most functionary of Food Safety Standards Authority of India/port health officer, plant quarantine and animal quarantine authorities, Drug Controller of India, Port Trust/Airport Authority of India/Custodians, and Railways/CONCOR, among others as its members.

**Consumer goods sales have a mute quarter-** There has been no uptick in sale of products ranging from items of daily consumption to consumer durables as the sale of air conditioners, refrigerators declined in April and June with a slight recovery in May. This is because no significant investments have taken place that would have a trickledown effect on wages and job creation.

**Wholesale onion price soars 70% in a month-** The wholesale onion price at Lasalgaon in Maharashtra, Asia's biggest market for onion, has shot up by 70%; hitting its highest level for the month of July in the past two decades. The prices in July usually tend to be higher because the supply goes down and the onset of monsoon season also affects the onion quality.

## In a nutshell

The on-line provisional data from the Socio Economic and Caste Census (SECC) 2011 for rural India, addresses the multi dimensionality of poverty and provides a unique opportunity for a convergent, evidence based planning with a Gram Panchayat as a unit. Further, introduction of new Bureau of Indian Standards Bill, 2015 will provide legislative framework for the new provisions related to standardization and repealing of existing Bureau of Indian Standards Act, 1986. The Financial Stability Report (FSR) June 2015 released by RBI highlights that risks to the banking sector as reflected by the Banking Stability Indicator have moderated marginally since September 2014. However, concerns remain over the continued weakness in asset quality indicated by the rising trend in stressed advances ratio of scheduled commercial banks (SCBs). Looking ahead, formation of the two committees for facilitating implementation of GST from 1st April 2016 will go a long way to reduce cascading effect of indirect taxation and create a common market for goods and services.

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

S. No	Components	April	May	June
1.	IIP Growth	2.1% (March)	4.1% (April)	2.7% (May)
2	Export Growth	(-)14%	(-)20%	(-)16%
3	WPI Inflation Y-O-Y growth	(-)2.65%	(-)2.36%	(-)2.40%
4	CPI inflation (combined)	4.9%	5.01%	5.4%
5	Gold (10 GRMS)	27066 <sup>^</sup>	26700 <sup>^^</sup>	25010 <sup>^^^</sup>
6	Crude Oil (1 BBL)	3797 <sup>#</sup>	3883 <sup>##</sup>	3125 <sup>###</sup>
7	BSE Sensex	27644 <sup>!</sup>	26425 <sup>!!</sup>	28371 <sup>!!!</sup>
8	Exchange rate average (INR/ 1 USD)	63.56 <sup>*</sup>	64.06 <sup>**</sup>	63.77 <sup>***</sup>
9	Repo rate	7.50%	7.25%	7.25%
10	CRR	4%	4%	4%
11	10 year Bond yield	8.0907%	8.1075%	8.0081%
12	Base rate	10.00% - 10.25%	9.75%-10%	9.70%-10%

Source: PHD Research Bureau compiled from various sources, <sup>^</sup> Data pertains to 25th May 2015, <sup>^^</sup>Data pertains to 12<sup>th</sup> June 2015, <sup>^^^</sup>Data as on 23<sup>rd</sup> July 2015, <sup>#</sup> Data pertains to 25th May 2015, <sup>##</sup> Data pertains to 12<sup>th</sup> June 2015, <sup>###</sup> Data as on 23<sup>rd</sup> July 2015, <sup>!</sup> Data pertains to 25th May 2015, <sup>!!</sup> Data pertains to 12<sup>th</sup> June 2015, <sup>!!!</sup> Data as on 23<sup>rd</sup> July 2015, <sup>\*</sup> Data pertains to 25th May 2015, <sup>\*\*</sup>Data pertains to 12<sup>th</sup> June 2015, <sup>\*\*\*</sup> Data as on 23<sup>rd</sup> July 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 <sup>^</sup>	9827089 <sup>*,*</sup>	-
GDP at FC - Constant prices growth YOY (%)	8.6	8.9	6.7	4.5	6.6 <sup>^</sup>	7.2 <sup>*,*</sup>	-
GDP at MP-current prices Rs. Bn	64,778	77,841	90,097	1,011,33	1,135,50	11,550,240 <sup>*,*</sup>	-
Agriculture growth	0.8	8.6	5.0	1.4	3.7 <sup>^</sup>	0.2 <sup>*</sup>	-
Industry growth	10.2	8.3	6.7	0.8	1.2 <sup>^</sup>	6.6 <sup>*</sup>	-
Services growth	8.0	7.5	4.9	7.0	4.6 <sup>^</sup>	10.2 <sup>*</sup>	-
Consumption (% YOY)	8.4	8.2	8.9	5.2	4.7 <sup>`</sup>	-	-
Private consumption (% YOY)	7.4	8.7	9.3	5.0	4.8 <sup>`</sup>	-	-
Gross domestic savings as % of GDP	33.7	34.0	31.35	30.09	30.5 <sup>`</sup>	30.6% <sup>''</sup>	-
Gross Fixed Capital Formation as % of GDP	31.7	30.9	31.8	30.4	28.3	30.0 <sup>**</sup>	-
Gross fiscal deficit of the Centre as a % GDP	6.5	4.8	5.7	4.9	4.5	4.1 <sup>''</sup>	-
Gross fiscal deficit of the states as a % GDP	2.9	2.1	2.4	2.3	2.2	2.3 <sup>''</sup>	-
Gross fiscal deficit of Centre & states as a % GDP	9.3	6.9	8.1	7.2	6.7	6.4 <sup>''</sup>	-
Merchandise exports (US\$Bn)	178.3	250.8	305.7	300.2	312.35 <sup>^</sup>	310.5	22.28 <sup>@</sup>
Growth in exports	-2.6	40.6	21.9	-1.8	3.98 <sup>^</sup>	(-).1.2	(-).215.82
Imports (US\$Bn)	287.6	369.4	489.1	490.3	450.94 <sup>^</sup>	447.5	33.11 <sup>@</sup>
Growth in imports (YOY)	-3.9	28.5	32.4	0.2	-8.1 <sup>^</sup>	-0.59	(-).13.40 <sup>@</sup>
Trade deficit (US\$Bn)	109.3	118.6	183.4	190.1	138.6 <sup>^</sup>	137	10.82 <sup>@</sup>
Net invisibles US\$Bn	80.0	79.3	111.6	107.5	115.0 <sup>`</sup>	-	-
Current account deficit US\$Bn	38.4	48.1	78.2	88.2	32.4 <sup>^^</sup>	10.1	-
Current account deficit as % of GDP	3.2	2.6	4.2	4.8	1.7 <sup>^^</sup>	1.3 <sup>--</sup>	-
Net capital account US\$Bn	53.4	60	67.8	94.2	33.3 <sup>^^</sup>	11.8	-
Overall balance of payments US\$Bn	-13.4	-13.1	12.8	3.8	15.5 <sup>^^</sup>	6.9	-
Foreign exchange reserves US\$Bn	279.1	304.8	294.9	292.04	304.22	316.2 <sup>~</sup>	353.3 <sup>---</sup>
External debt - Short term US\$Bn	52.3	65	78.2	96.7	89.2 <sup>``</sup>	86.4 <sup>``</sup>	84.7 <sup>***</sup>
External debt - Long term US\$Bn	208.7	240.9	267.5	293.4	351.4 <sup>``</sup>	376.4 <sup>``</sup>	-
External debt - US\$Bn	260.9	305.9	345.8	392.1	441 <sup>``</sup>	462 <sup>``</sup>	-
Money supply growth	16.9	16.1	13.5	13.6	13.2	11.1 <sup>&amp;&amp;</sup>	11.1 <sup>&amp;</sup>
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 <sup>#</sup>	2.1	(-).2.4 <sup>@</sup>
CPI inflation	12.4	10.4	6.0	10.2	9.8	6.4	5.4 <sup>@</sup>
Exchange rate Rs/US\$ annual average	47.4	45.6	47.9	54.4	60.68	61.14	63.77 <sup>@@</sup>

Source: PHD Research Bureau compiled from various sources, <sup>^</sup> Data pertains to 1<sup>st</sup> Revised Estimates of National Income 2013-14, <sup>\*</sup>Data pertains to Provisional Estimates of National Income 2014-15 from MOSPI, <sup>''</sup> Data pertains to provisional estimates for FY2015 from Ministry of Finance, <sup>'''</sup> Data pertains to Annual Report of RBI 2013-14, <sup>\*\*</sup> 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, <sup>''''</sup> Planning Commission Data Book Dec 2013, <sup>''''</sup>Data pertains to the new Series Estimates from economic survey 2014-15, <sup>\*\*</sup> Data pertains to Provisional estimates of National income, 2014-15, MOSPI, <sup>\*\*\*</sup>Data pertains to Q2 2014-15. <sup>^^</sup>Data pertains to India's Balance of payment Apr-Mar 2013-14 from RBI, <sup>``</sup>India's external debt end Dec 2013 from RBI, <sup>``</sup> Data pertains to end Dec 2014 from RBI, <sup>#</sup> Data pertains to Mar 2013, <sup>~</sup> Data as on week ending 27<sup>th</sup> March, 2015 from RBI, <sup>--</sup> Data pertains to 2014-15 from the Economic Survey, <sup>---</sup>Data as on week ending 17<sup>th</sup> July 2015 from RBI, <sup>&</sup> Data pertains to fortnight ending 12 June 2015 from CMIE, <sup>&&</sup> Data pertains to March 2015, <sup>\*\*\*</sup> External debt at end March 2015, <sup>@</sup>Data pertains to June 2015, <sup>@@</sup> Data as on 23<sup>rd</sup> July 2015, <sup>@@@</sup>Data pertains to February 2015, <sup>#</sup> 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

**Dr. SP Sharma**, Chief Economist  
**Ms. Megha Kaul**, Associate Economist  
**Ms. Ekta Goel**, Research Associate

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