



PROGRESS HARMONY DEVELOPMENT

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Economic Affairs Committee Newsletter

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



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EAC Newsletter
June 2016

The growth rate of GDP at 7.9% for Q4 of 2015-16 is inspiring and reflects the efforts of the Government to boost the economy. Notwithstanding the high growth rate of 7.9%, we have a lot of potential to grow faster, if the rural demand is boosted with a strong focus on Rural India.

Wholesale price index-based inflation rose 0.79% in May, compared with 0.34% in April. The retail inflation rose to 5.76% in May, from 5.47% in April. The rise in both the inflation indices is a warning that food inflation worries are resurfacing.

As a result of rising inflation the RBI kept the policy rates unchanged and in line with expectations. The monetary policy however remains accommodative and is in careful consideration of the rise in inflation due to food items.

Growth in industry output, as measured in terms of IIP, for the month of April 2016 is estimated at (-)0.8% due to poor performance of manufacturing sector coupled with sharp decline in output of capital goods, as compared with 0.3% during March 2016 due to strong performance by electricity and relatively better performance of capital goods sector.

India's export performance continues to be depressing as global demand and commodity prices remain weak. The trend of falling exports is in tandem with other major world economies. India's exports for the month of May 2016 stands at around USD 22 billion as compared to USD 22.3 billion in May 2015 registering a growth of around (-)0.79%. During May 2016, the imports are registered at around USD 28 billion as compared to USD 33 billion in May 2015, registering a growth of (-)13.2 %.

India's external position appears robust. The current account deficit has declined and is at comfortable levels; foreign exchange reserves have risen, FDI inflows have grown, and the nominal value of the rupee, measured against a basket of currencies, has been steady. With the radical reform measures in FDI regime, that is easing of FDI rules in various sectors viz. Animal Husbandry, Broadcasting, Civil Aviation, Defence, Pharmaceutical and Single Brand Retail Trading, the economy is expected to become the most open economy in the world for FDI.

As a result of prudent fiscal policies and the government's commitment to fiscal consolidation, India is in a comfortable fiscal position as the government has been able to contain its fiscal deficit at 3.99% of GDP.

As per the 3rd Advance Estimates for 2015-16 total foodgrains production during 2015-16 is estimated at 252.23 million tonnes, which is higher by 0.21 million tonnes over the production of 252.02 million tonnes during 2014-15. The Government has given its approval for Minimum Support Prices (MSPs) for Kharif Crops of 2016-17 season. The prices would be effective from 1.10.2016. The higher MSPs would increase investment and production through assured remunerative prices to farmers.

Going ahead, we anticipate India's economic growth entering high growth trajectory in the coming times. Growth will continue to be driven by domestic consumption. With the revival of sentiment and pickup in industrial activity, a recovery of private investment is expected to further strengthen growth in the coming times.

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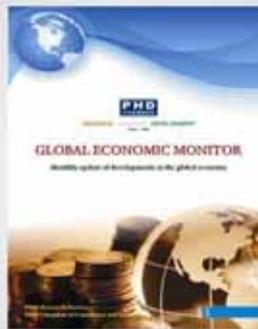
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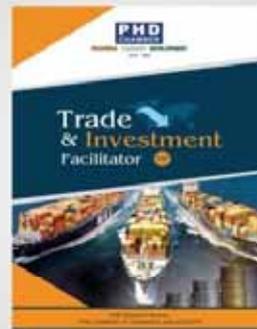
EAC - 1st week of every month

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



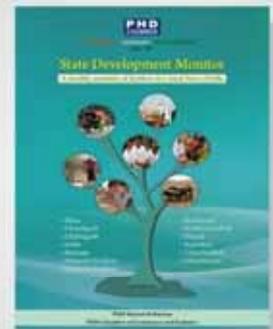
GEM -2nd week of every month

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



TIFS – 3rd week of every month

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



SDM – 4th week of every month

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

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Warm regards

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1. Indian economy so far

1.1 Growth

GDP grows at 7.9% in Q4 2015-16- The growth of GDP at 7.9% in Q4 of 2015-16 is inspiring despite slow global growth and subdued world trade which shows that with the recovery in the world economic scenario, there are better growth prospects for the Indian economy in the coming times. Real GDP or GDP at constant (2011-12) prices for the year 2015-16 is now estimated at Rs. 113.50 lakh crore (Rs. 113.51 lakh crore estimated earlier on 8th February, 2016), showing a growth rate of 7.6% (similar to 7.6% estimated earlier) over the First Revised Estimates of GDP for the year 2014-15 of Rs. 105.52 lakh crore, released on 29th January 2016. The growth in GDP during 2015-16 is estimated at 7.6% as compared to the growth rate of 7.3% in 2014-15.

April 2016 IIP stands at (-)0.8%- Growth in industry output, as measured in terms of IIP, for the month of April 2016 is estimated at (-)0.8% as compared with 0.3% during March 2016. The growth in the three sectors mining, manufacturing and electricity in April 2016 stands at 1.4%, (-)3.1%, and 14.6% respectively as compared to 0.3%, (-)1.04% and 11.8% in March 2016. Capital goods growth stands at (-)24.9% during April 2016 as compared to (-)15.3% during March 2016.

Core infra grows at 8.5% in April, 2016- The core infrastructure grows to 8.5% (Y-O-Y) in April 2016 in comparison to 6.4% in March, 2016. The combined Index of Eight Core Industries stands at 176.4 in April, 2016 with a growth of 8.5% as compared to (-)0.2% in April 2015. Crude Oil and Natural gas registered a growth rate of (-)2.3% and (-)6.8% respectively in the month of April 2016.

1.2 Inflation

May 2016 CPI inflation grows at 5.76%- The all India general CPI (Combined) for May 2016 stands at 5.76% as compared to 5.47% in April 2016. The inflation rates for rural and urban areas for May 2016 are 6.45% and 5.52% as compared to 6.17% and 4.68% respectively, for April 2016. Rate of inflation during May 2016 is high in pulses and products at 31.6%, Sugar and Confectionary at 13.96% and Vegetables at 10.8%.

May 2016 WPI inflation grows at 0.79%- Driven by the increase in the prices of potato, pulses, sugar, vegetables and egg, meat and fish, inflation increased to 0.79% (Y-O-Y) for the month of May 2016 as compared to 0.34% (Y-O-Y) for the month of April 2016. The Index for Wholesale Prices for the month of May 2016 rose by 1.4% to 179.4 (provisional) from 177.0 (provisional) for the previous month.

1.3 External sector

CAD narrowed to 1.1% of GDP in 2015-16 from 1.3% in 2014-15- India's current account deficit (CAD) narrowed sharply to US\$ 0.3 billion (0.1 per cent of GDP) in Q4 of 2015-16, significantly lower than US\$ 7.1 billion (1.3 per cent of GDP) in Q3 of 2015-16 and marginally lower than US\$ 0.7 billion (0.1

per cent of GDP) in Q4 of 2014-15. The CAD narrowed to 1.1 per cent of GDP in 2015-16 from 1.3 per cent in 2014-15, on the back of contraction in the trade deficit.

Merchandise exports decline by (-) 0.79% in May 2016- India's exports for the month of May 2016 stands at around USD 22 billion as compared to USD 22.3 billion in May 2015 registering a growth of around (-) 0.79%. During May 2016, the imports are registered at around USD 28.4 billion as compared to USD 32.7 billion in May 2015, registering a growth of (-)13.16 %. The balance of trade stands at around USD (-)6.3 billion during May 2016 as compared to USD (-)10.4 billion for May 2015.

April, 2016 Services Exports stands at USD 12.9 billion- India's services exports for the month of April 2016 stand at around USD 12.9 billion and services imports stand at USD 7.2 billion in April 2016. The trade balance in services stands at USD 5.7 billion for the month of April 2016.

Net FII investments stands at about (-) USD 276 million in May 2016- The net FII investments in the month of May 2016 stands at (-)USD 276 million as compared to USD 2234 million in April 2016 representing a y-o-y growth of about (-) 87.6%. The net FII investments in May 2015 stands at (-)USD 2235 million. The total net FII investments consists of around USD 380.34 million of equity and about (-) USD -655.91 million of Debt during May 2016.

FDI equity inflows rose by 40% during April-December 2015 - The FDI equity inflow during April-December 2015 rose by 40% to around US\$29billion as compared with US\$21 billion during the same period of the previous year. Mauritius with 34% share in India's cumulative FDI inflows tops the chart as an investing country between April2000- December 2015. While the top investing sector on cumulative basis (April2000- December 2015) is the services sector (includes financial, banking, insurance, non-financial / business, outsourcing, R&D, courier, tech. testing and analysis). Also, Mumbai and New Delhi are observed to be the cities attracting the highest FDI equity inflows on cumulative basis for the period (April2000-May 2015).

1.4 Fiscal scenario

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

Government's total public debt decreases by 0.04% in Q4 of FY2016- The total public debt (excluding liabilities under the 'Public Account') of the Government provisionally decreased marginally to Rs. 5,573,332 crore at end-March 2016 from Rs. 5,575,376 crore at end-December 2015. This represented a quarter-on-quarter (QoQ) decrease of 0.04% (provisional) compared with an increase of 3.9% in the previous quarter (Q 3 FY 16).

Indirect Tax collections stand at Rs. 64,394 crore during the month of April 2016- Indirect Tax collections for the month of April 2016 is Rs 64,394 crore registering a growth of 41.8% as compared to Rs. 45,417 crore collected during the same period previous year i.e. month of April 2015. Overall growth in revenue collections on account of Indirect taxes excluding Additional Revenue Measures is

17%. The overall collections of Indirect Taxes during the month of April, 2016 amounts to achievement of 8.3% of BE target for Indirect Taxes for 2016-17.

CBDT releases data on direct taxes- CBDT has released time series data on direct tax collections, state and U.T. wise break-up of collection, contribution of direct taxes to total tax revenue, direct-tax GDP Ratio, among others. Direct tax collections have increased from about Rs. 68,305 crore in 2000-01 to around Rs. 6,95,792 crore in 2014-15 and estimated to reach at Rs. 7,42,295 crore in 2015-16 (provisional). Contribution of Direct Taxes to Total Tax Revenue has increased from around 36% in 2000-01 to more than 56% in 2014-15. The Contribution of Direct Taxes to Total Tax Revenue is estimated to reach at 51% in 2015-16 (provisional). Direct-Tax GDP Ratio has scaled up from 3.25% in 2000-01 to more than 5% in 2014-15. However, tax growth rate has declined from about 18% to about 9% during the same period.

1.5 Monetary scenario

Gross Bank Credit grows at 8.4% in April 2016- Gross bank credit grows at 8.4% during April 2016 as against 9% in the month of March 2016. The gross bank credit growth stands at 8.7% during April 2015. On a year-on-year (y-o-y) basis, non-food bank credit increased by 8.4% in April 2016 as against 9.1% in March 2016. Credit to agriculture and allied activities increased by 15.3% in April and March 2016.

ECBs stand at US\$ 0.3 bn during April 2016- Indian firms have raised about US\$ 0.3 billion through external commercial borrowings (ECBs) in the month of April 2016 as against US\$ 0.7 billion during April 2015 by automatic and approval route. The borrowings stood at US\$ 1.5 billion in March 2016.

2. Major policy pronouncements

Central Government announces 13 more smart cities- The Government announced 13 more smart cities selected on the basis of marks scored by them in the Fast Track competition and the bench marks set by the top performers in the first round of Smart City Challenge competition in which the first 20 cities were selected from among 98 mission cities. Lucknow topped the list of winners of the Fast Track competition conducted for 23 cities from as many States and Union Territories. Other winners of Fast Track competition were ; Warangal, Telanagana (13%), Dharamshala, Himachal Pradesh (27%), Chandigarh (9%), Raipur, Chattisgarh (25%), New Town Kolkata (11%), Bhagalpur, Bihar (25%), Panaji, Goa (9%), Port Blair, Andaman & Nicobar Islands (26%), Imphal, Manipur (27%), Ranchi, Jharkhand (27%), Agartala, Tripura (25%) and Faridabad, Haryana(12%).

Cabinet gives ex-post facto approval to the MOU between India and Maldives for strengthening cooperation in the field of tourism- The Union Cabinet granted ex-post facto approval to the Memorandum of Understanding signed between the Ministry of Tourism, Government of India and the Ministry of Tourism, Government of Maldives for strengthening cooperation in the field of tourism. The Memorandum of Understanding with Maldives will be instrumental in increasing arrival from this important source market. In recent years, Maldives has emerged as an important tourism generating market for India.

Ministry of Urban Development under the Atal Mission for Rejuvenation and Urban Transformation (AMRUT), approved Rs.5,534 cr investment in basic urban infra in 6 States for 2016-17- The Ministry of Urban Development under the Atal Mission for Rejuvenation and Urban Transformation (AMRUT), approved Rs.5,534 cr investment in basic urban infra in 6 States for 2016-17. The government approved this investment for providing household water taps, improving water supply, sewerage networks/septage management, storm water drains, urban transport and provision of open and green spaces in 111 Atal Mission cities in the States of Madhya Pradesh, Gujarat, Rajasthan, Odisha, Jharkhand and Meghalaya. A total Central Assistance of Rs.2,453 cr will be given to these States.

RBI introduces a Scheme for Sustainable Structuring of Stressed Assets- In order to strengthen the lenders' ability to deal with stressed assets, Reserve Bank of India has been issuing, from time to time, guidelines and prudential norms on stressed assets resolution by regulated lenders. Resolution of large borrowal accounts which are facing severe financial difficulties may, inter-alia, require co-ordinated deep financial restructuring which often involves a substantial write-down of debt and/or making large provisions. Citing the case of the Strategic Debt Restructuring (SDR) mechanism which provides 18 months for banks to make prescribed provisions for the residual debt and mark-to-market (MTM) provisions on their equity holding arising from conversion of debt, banks have represented for allowing more time to write down the debt and make the required provisions in cases of resolution of large accounts.

India, Iran and Afghanistan sign historic three-way transit accord- India, Iran and Afghanistan signed trilateral pact on Monday for the strategically located Chabahar Port that would give New Delhi much-needed access to Kabul, Central Asia and beyond in absence of transit rights through Pakistan.

Reserve Bank India caps customer liability in fraudulent deals- The Reserve Bank India has decided to cap the customers' liability arising out of fraudulent electronic transactions, and has warned banks that they should plug the loophole leading to misselling of insurance products, failing which they would be penalised.

Government approves Capital Goods Policy, aims 21-million new jobs- The Cabinet has approved a first ever national capital goods policy that seeks to reduce reliance on imported equipment by incentivizing domestic production and in the process creating crores of jobs. The policy seeks to increase production of capital goods from Rs 2.3 lakh crore in 2014-15 to Rs 7.5 lakh crore in 2025 and also raise direct and indirect employment from the current 84 lakh to three crore.

Anti-dumping duty imposed on import of chemical from US, China- The Central Board of Excise and Customs (CBEC) has imposed definitive anti-dumping of \$0.277-0.404 per kg on import of Methyl Acetoacetate from China and USA for five years. The chemical is used in pharmaceutical industry.

Environment ministry defines forests, legally- The Ministry of Environment, Forest and Climate Change has defined what constitutes a forest under the Forest Conservation Act 1980 (FCA) which is expected to have far-reaching consequences for protection of forests while ensuring ease of doing business for mining sector, realty sector and industry. The legal definition, pending since 2006, will help in identifying areas where development and industrial activity can take place without statutory clearances under the FCA. At the same time, clearances, compensatory afforestation and payment of levies would be compulsory for the areas now defined as forests.

Government allows foreign entities to engage agents for defence deals- Foreign entities have been allowed to engage agents for defence deals under a strict set of conditions, which includes giving

defence ministry access to company accounts. This is part of the new defence procurement policy, which also bars the practice of paying commissions depending on the success or failure of the effort. The policy, which has been under deliberations for more than a year, was finally put in place on June 8, 2016.

20% export duty on sugar- The government has imposed 20% custom duty on sugar exports to boost domestic supply and check prices which are ruling high at ₹40/kg. The move comes at a time when prices have surged sharply in various commodities including tomato, wheat and pulses.

Bangladesh, India launch trans-shipment operations- India and Bangladesh recently launched trans-shipment operations at the Ashuganj port to boost trade and facilitate seamless movement of goods in the landlocked region, with a cargo vessel unloading the maiden consignment to be transported to Tripura through Bangladeshi territory.

Radical changes in FDI policy regime; Most sectors on automatic route for FDI- The Union Government has radically liberalized the FDI regime recently, with the objective of providing major impetus to employment and job creation in India. The decision was taken at a high-level meeting chaired by the Hon'ble Prime Minister. This is the second major reform after the last radical changes announced in November 2015. Now most of the sectors would be under automatic approval route, except a small negative list.

3. Other key developments

World Bank forecasts India's growth at 7.6-7.7% for 2016-17 and 2017-18- The World Bank in its latest report entitled "Global Economic Prospects: Divergences and Risks" has forecasted India's growth to 7.6-7.7 per cent for 2016-17 and 2017-18, two percentage points lower than predicted by the Bank in January. The Bank further cautioned India against "notable headwinds." It said rural consumption has been hard-hit by two years of poor monsoons (rainfall in 2015/16 was 14 per cent below the historical average). Despite five interest rate cuts since 2015, credit growth to the corporate sector remains sluggish because of stressed asset quality in the banking sector (especially for claims on the aviation, infrastructure, iron, and steel sectors), it said, adding that weak exports weigh on growth and February marked the 15th consecutive month of decline. However, it also said rural incomes and spending should improve with the return to normal monsoons, as the benefits of direct transfers through the rolling out of the mobile banking initiative and improvements in agricultural productivity improve.

India's growth rate expected to be near 7.5%: OECD- OECD in its latest Global Economic Outlook has projected India's growth rates to hover near 7.5% in 2016 and 2017, even as many emerging market economies continue to lose momentum. This "solid" growth led by strong investment is expected to continue, helped by reforms to bolster infrastructure spending and robust demand growth. However, the OECD cautioned that non-performing loans in the banking sector have been rising in several countries, including India where growth has been comparatively robust.

Central Government directs States to prevent diversion of 14th Finance Commission Grants meant for Urban Local Bodies- The Central Government has asked the States to prevent diversion and misuse of 14th Finance Commission (FFC) Grants meant for Urban Local Bodies (ULBs) and ensure their utilization only for improving delivery of basic urban services like sanitation, water supply, solid and

liquid waste management, storm water drains, maintenance of community assets, roads and footpaths, street lighting and burial and cremation grounds.

Government approves MSP for Kharif Crops for 2016-17- The Government has given its approval for Minimum Support Prices (MSPs) for Kharif Crops of 2016-17 season. The prices would be effective from 1.10.2016. The higher MSPs would increase investment and production through assured remunerative prices to farmers. In view of the gap in the demand and domestic supply of pulses and oilseeds, the government has decided to give a bonus, over and above the recommendations of the CACP of Rs.425/- per quintal for Kharif pulses, namely Arhar (Tur), Urad and Moong, a bonus of Rs.200/- per quintal for Sesamum and a bonus of Rs.100/- per quintal for kharif oilseeds namely, Groundnut-in-shell, Sunflower seed, Soyabean, and Nigerseed. This is expected to give a strong price signal to farmers to increase acreage and invest for increase in productivity of pulses and oilseeds.

8,095 villages electrified under Deen Dayal Upadhyaya Gram Jyoti Yojna (DDUGJY)- Under the Deen Dayal Upadhyaya Gram Jyoti Yojna (DDUGJY) of the Government, a total of 8,095 till date and 104 villages have been electrified across the country recently. Out of these electrified villages, 7 villages belong to Arunachal Pradesh, 17 in Assam, 23 in Jharkhand, 6 in Rajasthan, 8 in Madhya Pradesh, 13 in Bihar, 3 in Chhattisgarh, and 27 in Meghalaya. 8,095 villages have been electrified till date. Out of remaining 10,357 villages, 455 villages are uninhabited. 6,652 villages are to be electrified through grid, 2,897 villages to be electrified through off- grid where grid solutions are out of reach due to geographical barriers and 353 villages are to be electrified by State Government own.

Memorandum of Understanding (MoU) signed between National Investment and Infrastructure Fund (NIIF) Ltd. and Qatar Investment Authority (QIA) for facilitating Investment from Qatar in the infrastructure sector in India- With a view to attracting investments from Qatar under the umbrella of NIIF, the National Investment and Infrastructure Fund (NIIF) Ltd. entered into an Memorandum of Understanding (MoU) with Qatar Investment Authority (QIA) on 5th June, 2016 during the visit of the Prime Minister of India to Doha on June 4th and 5th, 2016. The MoU was signed by Mr. Abdullah Bin Mohamed Al Thani, CEO of Qatar Investment Authority (QIA) and Mr. Amar Sinha, Secretary (Economic Relations), Ministry of External Affairs on behalf of NIIF Ltd. The objective of the MoU is to facilitate QIA to study investment opportunities in the infrastructure sector in India and develop a framework for exchange of information with regard to such investments opportunities, in order to enable both sides to decide on joint investments. It will remain in effect for twelve (12) months during which period, both parties will discuss and agree on the terms, principles, criteria for such investments. The NIIF shall share with QIA a pipeline of investment opportunities available in the infrastructure sector in India.

Visit of Hon'ble Prime Minister to USA (June 6- June 8, 2016)- The Hon'ble Prime Minister of India during his visit to USA (June 6- June 8, 2016) expressed that there is great synergy between India and USA. A number of MOUs and Agreements have been signed between the two countries which are expected to generate new opportunities to bolster economic growth and sustainable development, promote peace and security at home and around the world, strengthen inclusive, democratic governance and respect for universal human rights, and provide global leadership on issues of shared interest for both India and USA.

Foreign Tourist Arrivals on E-Tourist Visa grow at 179.9% (y-o-y) in May 2016- Ministry of Tourism reports that a total of 43,833 tourists arrived in May 2016 on e-Tourist Visa as compared to 15,659 during the month of May 2015 registering a growth of 179.9%. During the month of May, 2016 a total of 43,833 tourist arrived on e-Tourist Visa as compared to 15,659 during the month of May, 2015

registering a growth of 179.9%. During January- May, 2016, a total of 4,34,927 tourist arrived on e-Tourist Visa as compared to 1,10,657 during January - May 2015, registering a growth of 293.0%.

India signs \$100 mn loan agreement with World Bank- India today signed a \$100 million (about Rs 677 crore) loan agreement with multilateral lending agency World Bank for Karnataka Urban Water Supply Modernization Project. The project aims to provide access to a continuous piped water supply in various cities in Karnataka and strengthen the service delivery arrangements at the city level.

India could lose \$49 billion in GDP by food price shock- India could lose \$49 billion in GDP if global food prices double in future, according to a new UN report which said the world will likely suffer from more volatile food prices due to rising populations.

Bankruptcy code is positive for banks: Moody's- According to Moody's Investors Services, the new bankruptcy code is credit positive for banks as it would improve recovery of assets and address several key inefficiencies in the current resolution regime. It will also significantly boost the bargaining power of creditors against large debtors for resolution of distressed assets.

Cotton output estimated at 341.50 lakh bales in 2015-16: CAI- According to the Cotton Association of India, cotton output is estimated to be 341.50 lakh bales for the 2015-16 season, which began October 1 whereas the total output for the 2014-15 crop year stood at 382.75 lakh bales.

India global 5th in green energy jobs, China on top- According to the International Renewable Energy Agency's (Irena) Annual Review 2016, India ranks fifth in the world in renewable energy (RE) job creation, with 416,000 employed in the sector during 2015. In the world, 8.1 million persons are employed in the clean energy space. China tops the list with 3.5 million, followed by Brazil with 918,000.

India ranks fourth in global slavery survey- India has been ranked fourth in a global survey that lists 167 countries where modern slavery is prevalent. The findings of the survey released on Monday indicate some 1.4% of the population — roughly around 18 million people — in the country is living under conditions of modern day slavery. The segments implicated include domestic work, construction, sex industries, agriculture, fishing, manufacturing, manual labour and forced begging.

Postal dept's payments bank to employ 350,000- The Union Cabinet on Wednesday cleared a proposal to set up India Post Payments Bank, with a corpus of Rs 800 crore and has plans to have 650 branches operational by September 2017. It will be further scaled up to cover the entire country by the end of 2018-19. Earlier, the department of posts had to set up 650 IPPB branches over three years. With the advancement of target, the department of posts will set up 50 branches by March, 125 by April, 200 in May, 300 in June, 400 in July, 525 in August, and 650 by September.

Black economy shrinking, still exceeds Thailand's GDP: study- According to a study by Ambit Capital Research, India's black economy is pegged at Rs. 30 lakh crore or about 20% of total GDP which has been contracting gradually over the years but still remains bigger than the overall economic size of countries like Thailand and Argentina. Besides, a crackdown on black money has made the cost of capital costlier in the black economy with the lending rates having risen to as high as 34% from about 24% a year ago.

Rising prices, falling inventory will boost sugar companies' profits: ICRA- According to ICRA, after reeling under debt burden for long, sugar companies are expected to benefit from the rising prices

amidst short supply in market. However, the absolute profit levels and net margins would continue to be weighed down by huge debt and cane dues. Further, the extent of profitability improvement will vary substantially across mills within a State depending on their operating and financial parameters such as sugar recovery rate, control over operating expenses, extent of forward integration into cogeneration and distilleries and control over interest expenses by appropriate leveraging. ICRA has estimated domestic sugar production at about 25.2 million tonnes during the sugar year 2016 (October-September) which is a decline of 11% over the previous year.

By 2020, half the world's wealth will be controlled by millionaires- According to the Boston Consulting Group Global Wealth report, millionaires will control more than half of the world's wealth by 2020, with the richest millionaires gaining the most. The number of millionaire households in the world grew 6 per cent in 2015, to 18.5 million, the increase marked a slowdown from the 11 per cent millionaire growth in 2014.

Pharmaceutical sector grows 7.7% in May- According to data from the AIOCD-AWACS, the market research wing of the All India Organisation of Chemists and Druggists (AIOCD), the pharmaceutical market saw a growth of 7.7 per cent in May as against 3.5 per cent previous month. However, the ban on fixed-dose combination (FDC) drugs remains an overhang.

Railway freight earnings down 13% in April-May- The total freight earnings declined 13% to Rs 16,836 crore in the first two months of the current financial year from Rs 19,286 crore in the corresponding year-ago period. Major commodities that have witnessed drop include coal, which alone accounts for 50% of Railways' total loading, cement and fertiliser, even as iron ore and food grains traffic registered improvement in April.

Vegetable oil imports plummet 25% in May- According to the data compiled by Solvent Extractors' Association of India, the country's overall vegetable oil imports declined in May for the first time since November 2015 to 1,024,878 tonnes which is 25% lower than in the same month last year. On a month-on-month basis, total vegetable oil imports fell by over 200,000 tonnes from 1,248,887 tonnes reported in April 2016.

3.7% Growth in Foreign Tourist Arrivals in May 2016 Over the Same Period in 2015- There is a 3.7% growth in Foreign Tourist Arrivals (FTAs) in May 2016 over the same period in 2015. Bangladesh accounts for highest share of tourist arrivals followed by USA and UK in April 2016. Foreign Exchange to the tune of Rs.10, 285 crores have been earned through tourism in May 2016.

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- Updates on global and domestic changes in the dynamic forex regulatory environment.
- Information on recent relaxations and curbs on current and capital account instruments.
- Clarifications about interpretation of the rules, regulations and procedures.
- Advice by panel of experts to MSMEs on their FEMA issues.

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Skilling India for Global Competitiveness

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In a nutshell

The growth of GDP at 7.9% for Q4 of 2015-16 is inspiring and reflecting the efforts of the Government to boost the economy. We look forward to India's economic growth entering high growth trajectory in the coming times. An upsurge in inflationary pressures is visible on account of some food items. Nonetheless, we are hopeful that a good monsoon and astute food management will offset the effect of rising inflation. We suggest a major focus on agriculture sector reforms to diversify the crop pattern, enhanced productivity, and increase in irrigation facilities and seed technology to mitigate the food inflation. The monetary policy is on expected lines and is watchful of the macroeconomic and financial developments. However, it is important to boost entrepreneurial growth; entrepreneurship-led economic growth will act as a catalyst not to just boost innovation but also create employment in the economy.

The lead economic and financial indicators so far...

S. No	Components	March	April	May
1.	IIP Growth	0.1%	(-)0.8%	-
2	Export Growth	(-)5.5%	(-)6.8%	(-)0.79%
3	WPI Inflation Y-O-Y growth	(-)0.85%	0.34%	0.79%
4	CPI inflation (combined)	4.83%	5.39%	5.76%
5	Gold (10 GRMS)	29080 [^]	29918 ^{^^}	28615 ^{^^^}
6	Crude Oil (1 BBL)	2545 [#]	3057 ^{##}	3308 ^{###}
7	BSE Sensex	25342 [!]	25607 ^{!!}	26668 ^{!!!}
8	Exchange rate average (INR/ 1 USD)	66.4 [*]	66.3 ^{**}	67.3 ^{***}
9	Repo rate	6.75%	6.50%	6.50%
10	CRR	4%	4%	4%
11	10 year Bond yield	7.5971% [@]	7.6279% ^{@@}	7.6685% ^{@@@}
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 31st March 2016, ^{^^} Data pertains to 29th April 2016, ^{^^^} Data pertains to 31st May 2016, [#]Data pertains to 31st March 2016, ^{##} Data pertains to 29th April 2016, ^{###} Data pertains to 31st May 2016, [!]Data pertains to 31st March 2016, ^{!!} Data pertains to 29th April 2016, ^{!!!}Data pertains to 31st May 2016, ^{*}Data pertains to 31st March 2016, ^{**}Data pertains to 29th April 2016, ^{***}Data pertains to 31st May 2016, [@]Data pertains to 13th April 2016, ^{@@}Data pertains to 18th May 2016, ^{@@@} Data pertains to 20th June 2016

India: Statistical snapshot

Indicators	FY12	FY13	FY14	FY15	FY16	FY17
GDP at FC - Constant prices (Rs cr)	8736039	9226879	9839434	10552151	11350249	-
GDP at FC-Constant prices growth YOY (%)	6.7	5.6	6.6	7.2*	7.6*	-
Agriculture growth	5.0	1.5	4.2	(-)0.2*	1.2*	-
Industry growth	7.8	3.6	5	5.9*	7.4*	-
Services growth	6.6	8.1	7.8	10.3*	8.9*	-
Consumption (% YOY)	8.9	5.2	4.7	-	-	-
Private consumption (% YOY)	9.3	5.5	6.8	6.2	7.4	-
Gross domestic savings as % of GDP	31.4	30.1	30.5	30.6'''	-	-
Gross Fixed Capital Formation as % of GDP	34.3	34.1	33	32.3	31.2	-
Gross fiscal deficit of the Centre as a % GDP	5.7	4.9	4.5	4.1''	3.9	3.5* [@]
Gross fiscal deficit of the states as a % GDP	1.9	1.9	2.5	2.3''	-	-
Gross fiscal deficit of Centre & states as a % GDP	8.1	7.2	6.7	6.6''	-	-
Merchandise exports (US\$Bn)	305.7	300.2	312.35	310.5	261.14	22.1 ^{^^^^}
Growth in exports	21.9	-1.8	3.98	(-)1.2	(-)15.9	(-)0.79 ^{^^^^}
Imports (US\$Bn)	489.1	490.3	450.94	447.5	379.59	28.4 ^{^^^^}
Growth in imports (YOY)	32.4	0.2	-8.1	-0.59	(-)15.3	(-)13.2 ^{^^^^}
Trade deficit (US\$Bn)	183.4	190.1	138.6	137	118.46	6.3 ^{^^^^}
Net invisibles US\$Bn	111.6	107.5	115.0	-	107.9 ^{^^}	-
Current account deficit US\$Bn	78.2	88.2	32.4	26.8 ^{^^}	22.1 ^{^^}	-
Current account deficit as % of GDP	4.2	4.8	1.7	1.3	1.1 ^{^^}	-
Net capital account US\$Bn	67.8	94.2	33.3 ^{^^}	11.8	-	-
Overall balance of payments US\$Bn	12.8	3.8	15.5 ^{^^}	6.9	-	-
Foreign exchange reserves US\$Bn	294.9	292.04	304.22	316.2	355.56 ^{~~}	363.2 ^{~~}
External debt - Short term US\$Bn	78.2	96.7	89.2 ^{``}	86.4 ^{``}	83.6 ^{^^&&}	-
External debt - Long term US\$Bn	267.5	293.4	351.4 ^{``}	376.4 ^{``}	398.6 ^{^^&&}	-
External debt - US\$Bn	345.8	392.1	441 ^{``}	462 ^{``}	480.18 ^{^^&&}	-
Money supply growth	13.5	13.6	13.2	11.1 ^{&}	11.3 ^{^^&&}	10.4 ^{^^&&}
Bank credit growth	16.8	13.5	14	8.6	9 ^{~~}	8.4 ^{^^^^}
WPI inflation	8.9	7.4	5.7 [#]	2.1	(-)0.85 ^{^^^^}	0.79 ^{^^^^}
CPI inflation	6.0	10.2	9.8	6.4	4.83 ^{^^^^}	5.76 ^{^^^^}
Exchange rate Rs/US\$ annual average	47.9	54.4	60.68	61.14	66.43 ^{@@}	67.41 ^{@@@}

Source: PHD Research Bureau compiled from various sources, *Data pertains to Provisional Estimates of National Income 2015-16 from MOSPI, " Handbook of Statistics of Indian Economy 2014-15 from RBI, "' Data pertains to Annual Report of RBI 2013-14, *[@]Data pertains to Budget Estimates of 2016-17, **" Data pertains to GVA at Basic Prices at constant prices for Q3 2015-16, ""Data pertains to the new Series Estimates from economic survey 2014-15, ** Data pertains to Provisional estimates of National income, 2014-15, MOSPI, ***Data pertains to Q2 2014-15. ^^Data pertains to India's Balance of payment for 2015-16 from RBI, ^^^Data pertains to March 2016, ``India's external debt end Dec 2013 from RBI, ```` Data pertains to end Dec 2014 from RBI, # Data pertains to Mar 2013, ~ Data pertains to 2014-15 from the Economic Survey, ~~~Data as on week ending 25th March 2016 from RBI, ~~~~ Data as on week ending 10th June 2016 from RBI, ~~~~~Data pertains to March 2016 & Projections from RBI for FY2016 from October 2015 RBI Bulletin, && Data pertains to March 2015, &&& External debt at end December 2015 (Quick Estimates), @ Data pertains to 13th April 2016 from RBI, @@@Data pertains to February 2015, #Data pertains to November 2014, ^^^^^Data pertains to May 2016, @@@@ Data as on 20th June 2016 from RBI, &&&& Y-o-Y Growth of Money Supply, 2015-16 from RBI,

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.



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

Mr. Prabhat Jain, Chairman
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