

PHD
CHAMBER

PROGRESS HARMONY DEVELOPMENT

Estd. - 1905

March
2015

Economic Affairs Committee Newsletter

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



PHD Research Bureau
PHD CHAMBER OF COMMERCE & INDUSTRY

EAC Newsletter March 2015

The economic growth is firming and the international organisations are positive on India's growth story. Ms. Christine Lagarde Managing Director, International Monetary Fund (IMF) who was on her second visit to India in March, 2015 said that India is a bright spot in this cloudy global horizon. According to her, the recent policy reforms and improved business confidence, IMF expects growth rate of India to pick up to 7.2% this fiscal year and accelerate further to 7.5% in the next year, making India the fastest growing large economy in the world. She also asserted that by the year 2019, Indian economy will be more than double in size as compared to 2009 and when adjusting for differences in purchase prices between economies, India's GDP will exceed that of Japan and Germany combined. She however, said that for a strong and sustainable growth, a healthy financial sector with strong balance sheets is needed.

The macroeconomic indicators are showing a mixed trend. WPI Inflation is showing a decelerating trend and is in negative trajectory where it was registered at (-) 2.06% in the month of February. Further, FDI equity inflows of January FDI grew by around 105% from US\$2.1bn in January 2014 to US\$4.4bn in January 2015. However, some of the indicators are still not in comfortable trajectory. Growth in industry output for the month of January 2015 declined to 2.6% as compared with 3.2% during December 2014. The core infrastructure also registered a growth rate of 1.8% in January 2015 as compared to 2.4% in December 2014. The CPI for the month of February 2015 increased to 5.4% as compared to 5.2% in January 2015. Further, exports for February also declined by 15.02% and stood at around USD 21.5 billion.

During the recent months, the Rajya Sabha has cleared the Mines & Minerals Development and Regulation (MMDR) Amendment Bill, 2015 which is expected to bring about the much needed transparency in the mining industry, thereby fostering industrial development in the long run. Further, the government has passed the Coal Mines (Special Provisions) Bill, 2015. All these measures will help to improve the ease of doing business in India which will refuel India's growth story, going ahead.

1. Indian economy so far

1.1 Growth

January 2015 IIP grows at about 2.6%- Growth in industry output, as measured in terms of IIP, for the month of January 2015 is estimated at 2.6% as compared with 3.2% during December 2014. The cumulative growth for the period Apr-Jan 2015 stands at 2.5% as compared to 0.1% in the corresponding period of the previous year. The growth in the three sectors mining, manufacturing and electricity in Jan 2015 stands at (-)2.8%, 3.3% and 2.7% respectively as compared to (-)2.1%, 3.8% and 4.8% in Dec 2014. The cumulative growth for the period Apr-Jan 2014-15 in the three sectors mining, manufacturing and electricity over the corresponding year stands at 1.3%, 1.7% and 9.3% respectively.

January core infra grows at 1.8%-The core infrastructure grows to 1.8% (Y-O-Y) in January 2015 as compared to 2.4% (Y-O-Y) in December 2014. The combined index of Eight Core Industries stands at 174.8 in January 2015 with a growth rate of 1.8% in January 2015 as compared to 3.7% in January

2014. Crude oil and Natural gas registered a growth rate of (-)2.3% and (-)6.6% respectively in the month of January 2015.

1.2 Inflation

February 2015 CPI inflation at 5.4%- The all India general CPI (Combined) for February 2015 stands at 5.4% as compared to 5.2% in January 2015. The inflation rates for rural and urban areas for February 2015 are 5.8% and 4.9% as compared to 5.3% and 4.9% respectively, for January 2015. Rate of inflation during February 2015 is high in fruits at 8.93%, Milk and products at 9.21%, spices at 9.16%, Pulses and products at 10.61% and Prepared meals, snacks & sweets etc. at 7.41%.

February 2015 WPI inflation stands at (-)2.06%- Driven by the decrease in the prices of primary articles, fuel & power, manufactured products, the WPI inflation decreased to (-)2.06% (Y-O-Y) for the month of February 2015 as compared to (-)0.39% (Y-O-Y) for the month of January 2015. The Index for Wholesale Prices for the month of February 2015 declined by 1.4% to 175.8 from 178.3 for the previous month.

1.3 External sector

February merchandise export declines by 15.02%- India's exports for the month of February 2015 stand at around USD 21.5 billion with a (Y-O-Y) growth of (-)15.02% as compared to USD 25.3 billion in February 2014 with a (Y-O-Y) growth of (-)3.6%. During February 2015, the imports were USD 28.3 billion with a (Y-O-Y) growth of around (-)15.66% as compared to USD 33.6 billion in February 2014 with a (Y-O-Y) growth of (-)17.09%. The balance of trade stands at around USD (-)6.8 billion during February 2015 as compared to USD (-)8.3 billion during January 2015.

January services exports stands at USD 14.2 bn- India's services exports for the month of January 2015 stand at around USD 14.2 billion and services imports stand at USD 7.7 billion. The trade balance in services stands at USD 6.5 billion for the month of January 2015.

January FDI grows by more than 100% - The FDI equity inflows in the month of January 2015 are estimated at around US\$4.4bn as against about US\$2.1bn in January 2014, posting a growth (Y-o-Y) of around 105%. The growth in FDI equity inflows stands at around 96.28% in December, (-)6.17% in November, 116.6% in October and (-) 35.1% in September. The total FDI equity inflows, in the period April-January 2014-15 are estimated at around US\$25.5bn; representing an increase of around 36% over the FDI equity inflows of about US\$18.7bn for the corresponding period last year.

1.4 Fiscal scenario

Indirect Tax Revenue rises 8.4% during Apr-February 2015- Indirect tax revenue (Provisional) collections have increased from Rs. 4,41,565 crore in April-February 2014 to Rs. 4,78,630 crore during

April-February 2015 registering an increase of 8.4%. It is an achievement of 88.5% of the revised target fixed for RE 2014-15. Service Tax collections have also increased from Rs. 1,34,201 crore in April-February 2014 to Rs. 1,45,007 crore during April- February 2015 registering an increase of 8.1%. Collections from Customs have increased from about Rs. 1,57,944 crore during April- February 2014 to Rs. 1,70,943 crore during April- February 2015 registering an increase of 8.2%. It is an achievement of 90.6% of the revised target fixed for 2014-15.

Gross Direct Tax Collections during April-February rises by 10.67%- Gross direct tax collections during April-February of the Financial Year 2014-15 is up by 10.67% at Rs. 6,12,432 crore as against Rs. 5,53,373 crore collected during the same period last year. Gross direct tax collection of Corporate tax has shown an increase of 9.99% and stood at Rs. 3,79,917 crore as against Rs. 3,45,396 crore collected during the same period last year.

Government's total public debt increase by 2.1% at end-December 2014- The Public Debt of the Central Government provisionally increased to Rs. 5,039,037.3 crore as at end-December 2014 from Rs. 4,937,230.0 crore at end-September 2014. This represented a quarter-on-quarter (QoQ) provisional increase of 2.1%, compared with an increase of 2.3% in the previous quarter (Q2 of FY15).

CAD narrowed to 1.6% of GDP in Q3 2014-15- India's current account deficit (CAD) narrowed to US\$ 8.2 billion (1.6% of GDP) in Q3 of 2014-15 from US\$ 10.1 billion (2% of GDP) in Q2; on a year-on-year (y-o-y) basis, however, the CAD doubled from US\$ 4.2 billion (0.9% of GDP) in Q3 of 2013-14. The reduction in the CAD in Q3 2014-15 was primarily on account of net exports of services which picked up in q-o-q terms on the back of an improvement in net earnings through travel and software services, and lower net outflows under primary income (profit, dividend and interest).

1.5 Monetary scenario

Jan 2015 Gross Bank Credit grows at 9.6%- On a year-on-year basis, gross bank credit stands at 9.6% in the month of Jan 2015 and Dec 2014 each. The growth of food credit stands at 3.7% in Jan 2015 as against (-) 0.5% in Dec 2014 and the non-food bank credit growth stands at 9.7% in Jan 2015 as against 9.8% in Dec 2014. The credit to NBFCs increased by 5.3% in Jan 2015 as compared to 3.3% in Dec 2014. The credit to agricultural and allied activities increased by 16.6% in Jan 2015 as against 18.3% in Dec 2014. The gross bank credit stands at Rs. 59,712 billion as on Jan 2015 as compared to Rs. 54,471 billion as on Jan 2014, posting a growth of 9.6%.

2. Major policy pronouncements

Agreement on Monetary Policy Framework between the Government of India and the Reserve Bank of India- An agreement on Monetary Policy Framework has been signed between Government of India and the Reserve Bank of India. Under the signed agreement, RBI will aim to bring inflation below 6% by January 2016. Further, the target for financial year 2016-17 and all subsequent years shall be 4% with a band of +/- 2%. RBI shall be seen to have failed to meet the target if inflation is (i) More than 6% for three consecutive quarters for the financial year 2015-16 and all subsequent years (ii) Less than 2% for three consecutive quarters in 2016-17 and all subsequent years.

Kelkar panel report on oil sector reforms: 'Link gas price to market' - Ahead of Union Budget 2015-16, the petroleum ministry has made public a key report on oil sector reforms by a panel which was formed under former Finance Secretary, Mr. Vijay Kelkar. The panel has recommended for implementing market-linked pricing of natural gas after the end of the current Plan period (March 2017), contract extension up to the economic life of the blocks, revamping bidding parameters under the New Exploration Licensing Policy and allowing the private sector to develop shale reserves in nominated blocks. If implemented, these could bring down the country's annual \$150-billion oil import bill by at least \$40 billion.

ADB signs \$400 million loan agreement with India-The Asian Development Bank has signed two loan agreements worth USD 400 million with India with the purpose of upgrading district roads in Madhya Pradesh and supporting improvements to power transmission and distribution systems in Assam. Moreover, the ministry said that India and ADB has also signed a USD 50.2 million loan agreement to continue supporting improvement to T&D systems in Assam for better electricity service to end users.

RBI smoothen guidelines for Securitisation or Reconstruction Companies in regards to substantial change in its management- According to the new guidelines, every Securitisation Company / Reconstruction Company (SC / RC) is required to obtain prior approval of the Reserve Bank for any substantial change in its management. In order to smoothen the functioning of SC/RC companies, it has been decided by RBI, henceforth changes in the share holding pattern of the SC/RC will require Reserve Bank's prior approval in cases such as any transfer of shares by which the transferee becomes a sponsor, any transfer of shares by which the transferor ceases to be a sponsor and an aggregate transfer of ten percent or more of the total paid up share capital of the SC/RC by a sponsor during the period of five years commencing from the date of certificate of registration.

Boost for renewables as inverted duty structure goes- The Finance Ministry has removed the inverted duty structure on the solar energy equipment manufacturing sector and the outlay for the Ministry of New and Renewable Energy has also been increased. This move of the government is expected to help in the development of renewable energy resource sector of the country.

Centre sets up task force to create road map to alleviate poverty- The government has decided to review the poverty benchmark which was previously recommended by the Rangarajan Committee before it unrolls a comprehensive plan aimed at tackling the problem. It has set up a task force, headed by Hon'ble NITI Aayog Vice-Chairman, Mr. Arvind Panagariya to redefine poverty and prepare a road map to alleviate it.

World Bank approves US\$500mn project to improve access to finance for MSMEs in India- The World Bank recently approved US\$500mn loan for the MSME Growth Innovation and Inclusive Finance Project to improve access to finance for Micro, Small and Medium Enterprises (MSMEs) in manufacturing and services sector, from early to growth stage, including through innovative financial products. The project will support MSMEs through direct financing by the Small Industries Development Bank of India (SIDBI), as also through Participating Financial Institutions across three components. These include support to startup debt financing and risk capital as well as support to service and manufacturing sector financing models.

Government announces details of new insurance, pension schemes- The Finance Ministry has announced detailed guidelines for three social security schemes which were announced in the Budget-Pradhan Mantri Suraksha Bima Yojana, Pradhan Mantri Jeevan Jyoti Bima Yojana and Atal Pension

Yojana. These schemes mainly aim to cover workers of unorganised sectors besides the poor and vulnerable sections of the society.

RBI allows inclusion of stamp duty and other charges in Loan to Value (LTV) ratio to encourage availability of affordable housing-With a view to encourage availability of affordable housing, it has been decided by RBI that in cases where the cost of the house/dwelling unit does not exceed Rs.10 lakh, banks may add stamp duty, registration and other documentation charges to the cost of the house/dwelling unit for the purpose of calculating LTV ratio. These charges form around 15% of the cost of the house and place a burden on the borrowers from economically weaker sections (EWS) and low income groups (LIG).

Advance pricing relief for cross-border deals- The government has notified the rules governing the rollback provisions in advance pricing agreements (APA), thus bringing a big relief for corporations doing cross-border transactions. APA is a mechanism through which a taxpayer can seek and obtain the tax department's view on what the ALP or ALP method for a particular transaction would be. Rollback provisions mean that a negotiated position on pricing of an international transaction reached under the advance pricing arrangement can be applied to a similar transaction for up to four years in the past.

MoU signed between Inland Waterways Authority and Dedicated Freight Corridor Corporation for logistic hubs with rail connectivity- A Memorandum of Understanding has been signed between the Inland Waterways Authority of India (IWAI) and the Dedicated Freight Corridor Corporation of India (DFCCIL) for the creation of logistic hubs with rail connectivity at Varanasi and other places on National Waterways. As per the MoU, IWAI and DFCCIL will collaborate for the project and also facilitate business development in the hinterland and its feeder routes.

Implementation of Eastern Dedicated Freight Corridor (EDFC) and Western Dedicated Freight Corridor (WDFC) sanctioned-The Ministry of Railways has sanctioned implementation of Eastern Dedicated Freight Corridor (EDFC) and Western Dedicated Freight Corridor (WDFC) with freight train speeds of maximum 100 Kmph. Alignment for both WDFC & EDFC has been finalized. WDFC starts from Jawaharlal Nehru Port Trust (JNPT), Mumbai and passes through the States of Maharashtra, Gujarat, Rajasthan, Haryana, and terminate at Dadri in Uttar Pradesh. The total length of the Western DFC is about 1500 Kms.

Parliament clears coal and mines Bills- After a prolonged wait, Rajya Sabha has finally passed the Coal Mines (Special Provisions) Bill, 2015 and the Mines and Minerals (Development and Regulation) Amendment Bill, 2015. The coal Bill will loosen the mining monopoly of state-owned Coal India, while the mines Bill will impart greater transparency to the mining sector and will provide greater financial autonomy to states with mineral-bearing mines.

Handicrafts and Carpet Sector Skill Council Launched- A new institution, Handicrafts & Carpet Sector Skill Council has been launched by the Ministry of Textiles at its 20th Handicrafts Export Awards Presentation Function on 19th March, 2015 . The institution will promote skill development among artisans, craft persons and workers at the grassroots level. This will enable them to adopt latest techniques and become more productive.

3. Other key developments

Indian economy to grow 7.7% this year: OECD- Organisation for Economic Cooperation and Development in its 'Interim Economic Assessment', report has said that India is expected to become the fastest-growing major economy over the next two years. Further, in its report, OECD has forecasted that Indian economy will grow at 7.7% in 2015 and 8% in the year 2016.

Indian economy to grow by 7.8% in 2015-16: ADB- Asian Development Bank has projected Indian economy to grow by 7.8% in 2015-16, against 8.1-8.5% pegged by the Economic Survey. However, India's growth projections are much higher than China's growth projections of 7.2% for the year 2015-16. Further, the Bank has pegged India's economy to grow by 8.2% in 2016-17.

India 'bright spot', ups GDP forecast 7.9% for 2015-16: S&P - Because of rising investment and fall in crude oil prices, International rating agency Standard & Poor has sharply revised India's growth forecast upwards to 7.9% for 2015-16 and 8.2% for the year 2016-17. The rating agency also termed India as the "bright spot" in Asia-Pacific.

India better prepared for external financial shocks: IMF- International Monetary Fund head, Ms. Christine Lagarde has said that India is better positioned to cope with any external financial shocks than most of the other emerging market economies as the Federal Reserve Bank, is soon expected to increase its ultra-low interest rates by the month of June, which may trigger capital outflows from emerging markets like India.

Fiscal reforms to determine India's ratings: Moody's- Moody's Investors Service has said that its assessment of the India's credit ratings will be determined mainly by the extent of its fiscal reforms and not recent revisions to its economic growth data of the economy. The agency has said that the upward revisions of GDP growth based on the methodological and base year updates highlights the strength of the economy but do not impact Moody's overall assessment of the sovereign's credit profile.

Steel demand in India to grow in single digit: Moody's- Rating agency Moody's Investor Services has said that steel demand in India will grow in single digit in the year 2015, supported by government's infrastructure spending. The agency has said that India will post single-digit demand growth as the new government stimulates infrastructure spending.

For rating upgrade, India must boost growth and stay on reforms path: S&P- Global rating agency, Standard & Poor has said that India to see an upgrade in its sovereign debt credit rating, it must boost growth, cut its fiscal deficit and fulfill promises of financial and fiscal reforms in order to justify an upgrade in a credit rating which is currently lodged one rung above junk bond territory.

WPI inflation to be in negative zone in March: Dun & Bradstreet- According to a report by research firm, Dun & Bradstreet, the headline WPI inflation is expected to be in the range of (-) 0.2% to (-) 1.8% during the month of march this year basically driven by weak demand conditions and lower commodity prices. According to a report, though food price levels might witness a rebound in the coming months, but weak demand conditions coupled with lower commodity prices are likely to keep inflationary pressures subdued for the fifth consecutive month.

India's economic outlook strongest in the world: Amex Survey-According to an American Express Global Business Survey, India is in a sweetspot and its economic growth outlook remains the strongest in the world. The survey says that India remains the most aggressive in terms of companies planning to increase investment and spending in the economy.

Private sector capital expenditure may decline, public investment key: Crisil- According to a survey report by the rating agency Crisil, in which it surveyed 192 listed, public and private sector companies from the key sectors, the private sector companies are less keen on their capital expenditure plans, which may decline by an annual rate of 11% in this fiscal. Further, the survey report expects a 4% decline in capital expenditure plans for the year 2015-16.

Over 94% of outstanding tax hard to recover: CAG Report- CAG, in an audit report on direct taxes has reported that over 94% of the country's uncollected tax demand of Rs 5.75 lakh crore is difficult to recover. The report also hauled up the Income Tax Settlement Commission and the income-tax department for their slow functioning and their inability to enforce collection and recovery of outstanding demand.

Regular wage employment major income source for urban ST households- According to the new report from the Ministry of Statistics and Programme Implementation (MoSPI) which is based on the National Sample Survey Organisation(NSSO)'s 68th round of employment and unemployment survey, for 46.5% of schedule tribe (ST) households in urban areas, regular wages is the major source of household income. Further, the report states that in rural areas though, ST households are largely dependent on income from agriculture and casual wage employment, but only 6.3% households report regular wage income as their major income source.

Government to borrow Rs 3.6 lakh cr in April-Sept- The Central government will borrow a gross amount of Rs 3.6 lakh crore in the first half of the financial year starting from April, to fund its fiscal deficit which is pegged at 3.9% of GDP for the year 2015-16. This is about 60% of the full-year gross borrowing estimate of Rs. 6 lakh crore for 2015-16.

Global food prices dip to nearly 5-year low in February- According to the United Nations food agency Food and Agriculture Organisation (FAO), on account of increased supply of key food items and strong US dollar, the global food prices fell to a nearly five-year low in the month of February this year. The FAO's price index showed that the Food prices averaged at 179.4 points in February, down from 181.2 points in the month of January.

Manufacturing PMI slows to 5-month low of 51.2 in Feb- A business survey has showed that India's manufacturing activity expanded at its slowest pace in the last five months in the month of February as a slowdown in new orders dragged on overall output. The HSBC Manufacturing Purchasing Managers' Index, fell for the second consecutive month, to 51.2 in the month of February from 52.9 in January.

SBI's Composite Index hits 6-month high in March- State Bank of India's Composite Index(CI) for the month of March increased to a six-month high of 54.6 from 53.5 in February. The CI for both February and March indicates moderate growth in the economy. The bank further said that revival in automobile sales, capital goods and basic goods production and possible upturn in the credit offtake to micro and small corporate segments highlights the possible sustainable recovery in the economic activity in coming months.

Pulses production to decline 7% this year; prices to go up- According to the Second Advanced Estimate by the Ministry of Agriculture, India's pulses output is set to decline 7% to 18 million tonnes in crop year 2014-15. While tur production is estimated at 2.75 million tonnes, gram output is expected to remain around 10% lower this year at 8.3 million tonnes.

Natural rubber output in February drops 13.5%- The Rubber Board in a statement has said that production of Natural rubber decreased by 13.5% to 50,000 tonnes during the month of February from 57,800 tonnes during February 2014. Further, the domestic consumption of rubber, on the other hand, increased to 82,500 tonnes in February from 79,375 tonnes a year ago.

Quality of wheat crop likely to improve even as area under plantation shrinks 2.3%- The Agricultural Ministry has said that the quality of wheat crop in the country is expected to improve this year even as the area under plantation shrank by 2.3%. Further, the data from the ministry shows that wheat production is estimated at 95.76 million tonnes in the year 2014-15 which is marginally lower than the record output of 95.85 million tonnes in the year 2013-14.

Oil imports from Iran fall to lowest since July 2013- Aimed at curtailing OPEC nation's nuclear programme and to keep annual volumes from Tehran within the limits which are allowed under the deal, India has slashed its Iranian oil imports in the month of February. According to the latest data, India shipped in about 102,200 barrels per day (bpd) of crude from Tehran in February, the lowest since July 2013, and down by 63% from January.

Railways' freight earning grows by 13% to Rs 95,136 cr- Indian Railways' freight earnings grew by 12.7% to Rs 95,136 crore between April 2014 and February 2015. It was Rs 84,379 crore in the corresponding period of the year 2013-14. This increase in the freight earnings was helped largely by higher freight rates and increased volumes in the coal and iron ore.

EPFO mulls medical benefits for its pensioners- Retirement fund body EPFO is planning to provide medical benefits under its pension scheme through the Employees' State Insurance Corporation. This move of EPFO would immediately benefit around 46 lakh pensioners.

Government seeks Parliament nod for additional spending- Government has tabled the second supplementary demand for grants for the year 2014-15 in Parliament, to seek its approval for additional expenditure that will lead to net cash outgo of Rs 19,230 crore. Much of the expenditure at around Rs 11,000 crore is to be incurred on giving compensation to states for cut in Central Sales Tax so that they can implement GST. Further, food subsidy and creation of strategic oil reserves account for other remaining large amounts.

Centre goes ahead, tables Insurance Bill in Lok Sabha- The Government has introduced the Insurance Bill in the Lok Sabha. This Insurance Bill intends to raise the foreign equity investment cap from 26% to 49%. This Bill, once enacted, will replace the Insurance Ordinance, which was promulgated on December 24, 2014.

India makes a case for rating upgrade- India has made a strong case for a sovereign rating upgrade before international rating agency Fitch as budget has paved the way for increased investment, inflation rate and Debt to GDP has come down and we are also on path of fiscal consolidation. Currently, India's sovereign rating is 'BBB-' with stable outlook. This is the last rating before junk grade.

Bankers say RBI's revised rule makes it difficult to cut lending rates- Bankers have blamed the Reserve Bank of India's new guidelines on the base rate for their inability to reduce lending rates, despite two rounds of rate cuts by the central bank. This response was made in a closed-door meeting of bank chiefs with Hon'ble Finance Minister, Shri Arun Jaitley. In the meeting, bank's chiefs have said that if banks were to apply the revised RBI formula on base rates, then the lending rates would actually go up.

Commercial mining of coal to be allowed- In order to liberalize the coal mining sector, government will start allocating coal blocks to state governments for commercial mining. This move of the government will put an end to the Centre's monopoly over commercial sale of coal. The coal ministry will allot non-operational mines to state governments for commercial mining and sale of coal for end use in the iron, steel, cement and allied sectors.

India, a bright spot on cloudy global horizon, says IMF chief Lagarde- Hon'ble IMF chief, Ms.Christine Lagarde, at a lecture at Lady Sri Ram College in Delhi, said that India is the bright spot on the "cloudy global horizon" and India, Asia's third-largest economy should "seize the moment" by focusing on further reforms. She further said that India is now the fastest-growing large economy in the world and by 2019, the Indian economy would be more than double in size as compared with 2009.

Government decides to shut seven more terminally ill PSUs- The government has approved closure of seven terminally ill public sector units that have incurred a total loss of around Rs 3,139 crore over a period of time. The seven PSUs whose closure has been approved are HMT Bearings, Tungabhadra Steel Products, Hindustan Photo Films Manufacturing Co, HMT Watches, HMT Chinnar Watches, Hindustan Cables and Spices Trading Corporation Ltd.

New Tourism Policy 2015 to be launched on 15th of May this year- Hon'ble Minister of State for Tourism (Independent Charge), Culture (Independent Charge) and Civil Aviation, Dr. Mahesh Sharma while addressing the participants at a workshop held on the formulation of National Tourism Policy 2015 said that the new Tourism Policy, 2015 will be launched on the 15th of May this year. He also said that New Tourism Policy will have a clear cut action plan along with timelines.

Undisclosed Foreign Income and Assets (Imposition of Tax) Bill, 2015 introduced in the Lok Sabha- Keeping with the commitment of the government for focussed action on black money front, the Undisclosed Foreign Income and Assets (Imposition of Tax) Bill, 2015 was introduced in the Parliament. The Government is confident that this new law will act as a strong deterrent and curb the menace of black money stashed abroad by Indians. The Bill provides for separate taxation of any undisclosed income in relation to foreign income and assets.

Lok Sabha clears Land Acquisition Bill-The Lok Sabha has cleared the contentious land acquisition Bill, along with nine amendments proposed by the government. Now this Land Acquisition Bill will be presented in the upper house for its approval.

Project Monitoring Group clears 208 infra projects worth Rs 7.46 lakh cr-The number of infrastructure projects cleared by a monitoring group set up in the Cabinet Secretariat has increased to 208, entailing investments of Rs 7.46 lakh crore, thus removing hurdles like lack of fuel, green clearances and land acquisition in the implementation of infrastructural projects.

Centre will first time float 40-year bonds for borrowing- In the year 2015-16, the Government will for the first time use Government Securities with a 40-year maturity period for its borrowing. Currently,

the bonds have a maturity period of up to 30 years. Hon'ble Finance Secretary, Mr. Rajiv Mehrishi after a meeting with Reserve Bank of India officials said that government will use a 40-year bond to borrow up to Rs.10,000 crore.

In a nutshell

The Indian economic growth is firming and the international organisations are positive on India's growth story. Most of the lead indicators depict that the macroeconomic outlook is stable. During the recent months, the Rajya Sabha has cleared the Mines & Minerals Development and Regulation (MMDR) Amendment Bill, 2015 while the Coal Mines (Special Provisions) Bill, 2015 has also been passed by the government. These measures will improve the ease of doing business in India which will accelerate economic growth in the coming times.

The lead economic and financial indicators so far...

S. No	Components	December	January	February
1.	IIP Growth	3.8%(November)	1.7%(December)	2.6% (January)
2	Export Growth	3.7%	(-)11.19%	15.02%
3	WPI Inflation Y-O-Y growth	0.11%	(-)0.39%	-2.06%
4	CPI inflation (combined)	5%	5.2%	5.4%
5	Gold (10 GRMS)	27167 [^]	26547 ^{^^}	25838 ^{^^^}
6	Crude Oil (1 BBL)	2850 [#]	3069 ^{##}	2810 ^{###}
7	BSE Sensex	27347 [!]	29008 ^{!!}	28438 ^{!!!}
8	Exchange rate average (INR/ 1 USD)	62.19 [*]	61.97 ^{**}	62.81 ^{***}
9	Repo rate	7.75%	7.75%	7.50%
10	CRR	4%	4%	4%
11	10 year Bond yield	8.0907%	8.0907%	8.0907%
12	Base rate	10.00%	10.00%-10.25%	10.00%-10.25%

Source: PHD Research Bureau compiled from various sources, [^] Data pertains to 14th January2014, ^{^^} Data pertains to 25th February2015, ^{^^^} Data pertains to 16th March 2015, [#] Data pertains to 14th January2014, ^{##} Data pertains to 25th February2015, ^{###} Data pertains to 16th March 2015, [!] Data pertains to 14th January2014, ^{!!} Data pertains to 25th February2015, ^{!!!} Data pertains to 16th March 2015, ^{*}Data pertains to14th January2014, ^{**} Data pertains to 25th February2015, ^{***} Data pertains to 16th March 2015.

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	91698 [^]	98577 ^{*'}
GDP at FC - Constant prices growth YOY (%)	6.7	8.6	8.9	6.7	4.5	6.6 [^]	7.4 ^{*'}
GDP at MP-current prices Rs. Bn	56,300	64,778	77,841	90,097	1,011,33	1,135,50	116897 ^{*'}
Agriculture growth	0.1	0.8	8.6	5.0	1.4	3.7 [^]	1.1 [*]
Industry growth	4.1	10.2	8.3	6.7	0.8	1.2 [^]	1.5 [*]
Services growth	9.6	8.0	7.5	4.9	7.0	4.6 [^]	5.6 [*]
Consumption (% YOY)	7.7	8.4	8.2	8.9	5.2	4.7 [`]	-
Private consumption (% YOY)	7.2	7.4	8.7	9.3	5.0	4.8 [`]	-
Gross domestic savings as % of GDP	32.0	33.7	34.0	31.35	30.09	30.5 [`]	30.6% ^{'''}
Gross Fixed Capital Formation as % of GDP	32.3	31.7	30.9	31.8	30.4	28.3	29.1 ^{**}
Gross fiscal deficit of the Centre as a % GDP	6.0	6.5	4.8	5.7	4.9	4.5	4.1 ^{''}
Gross fiscal deficit of the states as a % GDP	2.4	2.9	2.1	2.4	2.3	2.2	2.3 ^{''}
Gross fiscal deficit of Centre & states as a % GDP	8.3	9.3	6.9	8.1	7.2	6.7	6.4 ^{''}
Merchandise exports (US\$Bn)	183.1	178.3	250.8	305.7	300.2	312.35 [^]	286.5 ^{^^^}
Growth in exports	12.3	-2.6	40.6	21.9	-1.8	3.98 [^]	0.88 ^{^^^}
Imports (US\$Bn)	299.3	287.6	369.4	489.1	490.3	450.94 [^]	411.8 ^{^^^}
Growth in imports (YOY)	19.8	-3.9	28.5	32.4	0.2	-8.1 [^]	0.71 ^{^^^}
Trade deficit (US\$Bn)	116.2	109.3	118.6	183.4	190.1	138.6 [^]	125.2 ^{^^^}
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 ^{^^}	10.1
Current account deficit as % of GDP	2.6	3.2	2.6	4.2	4.8	1.7 ^{^^}	1.3 ^{~~}
Net capital account US\$Bn	8.7	53.4	60	67.8	94.2	33.3 ^{^^}	11.8
Overall balance of payments US\$Bn	20.1	-13.4	-13.1	12.8	3.8	15.5 ^{^^}	6.9
Foreign exchange reserves US\$Bn	252	279.1	304.8	294.9	292.04	304.22	310.3 [~]
External debt - Short term US\$Bn	43.4	52.3	65	78.2	96.7	89.2 ^{``}	86.4 ^{```}
External debt - Long term US\$Bn	181.2	208.7	240.9	267.5	293.4	351.4 ^{``}	369.5 ^{```}
External debt - US\$Bn	224.5	260.9	305.9	345.8	392.1	441 ^{``}	456 ^{```}
Money supply growth	19.3	16.9	16.1	13.5	13.6	13.2	11.2% ^{&}
Bank credit growth	17.5	17.1	21.2	16.8	13.5	14	9.6 ^{@@@}
WPI inflation	8.1	3.8	9.6	8.9	7.4	5.7 [#]	-2.06% [@]
CPI inflation	7	12.4	10.4	6.0	10.2	9.8	5.4 [@]
Exchange rate Rs/US\$ annual average	46	47.4	45.6	47.9	54.4	60.68	62.82 ^{@@}

Source: PHD Research Bureau compiled from various sources, [^] Data pertains to 1st Revised Estimates of National Income 2013-14, ^{*}Data pertains to Advance Estimates of National Income 2014-15 from MOSPI, [']Data pertains to GVA at Basic prices in 2014-15 from Advance Estimates of National Income of MOSPI, based on the new methodology of the Government, Planning Commission Data Book Dec 2013, ^{''}Data pertains to the new Series Estimates from economic survey 2014-15, ^{**} Data pertains to Q3, 2014-15 from Advance estimates of National income, 2014-15, MOSPI, ^{'''}Data pertains to Q2 2014-15. ^{^^}Data pertains to India's Balance of payment Apr-Mar 2013-14 from RBI, ^{^^^}data pertains to April- February, 2014, ^{``}India's external debt end Dec 2013 from RBI, [!] The money supply growth pertains to the month of November from RBI Bulletin December 2014, [#] Data pertains to Mar 2013, [~] Data as on 13th March, 2015 from RBI, ^{~~} Data pertains to 2014-15 from the Economic Survey, [&] Data pertains to January, 2014-15 from RBI, [@]Data pertains to February 2015, ^{@@} Data as on 16 March 2015 from RBI, ^{@@@}Data pertains to January 2015, [#]Data pertains to November 2014.

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

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

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