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India's real GDP growth was estimated at 5.7% in Q1 of 2014-15 as against 4.7% in the corresponding period of last year. The growth in the three sectors agriculture and allied, industry and services stands at 3.8% 4.2% and 6.8% respectively in Q1 of 2014-15 as against 4%, (-) 0.9% and 7.2% respectively in Q1 of 2013-14. The government has undertaken many reforms in the recent times that will help the Indian economy to rejuvenate in coming times.

The recent reform measures such as amendments in three archaic labor laws, new body to replace Planning Commission and easing of green rules for mining, roads, power and irrigation projects would go a long way to revive growth of the manufacturing sector and would push India's growth story in higher trajectory going ahead.

The macro economic indicators have displayed an encouraging trend in the first quarter of 2014-15. Positive growth in the IIP during the last 3 months in a row is encouraging and indicates strong recovery in the coming times. Though IIP was registered at 0.5% in August 2014, the cumulative growth is estimated at about 3.3% for the period April-August 2014-15. The current account deficit (CAD) has also narrowed sharply to US\$ 7.8 billion (1.7% of GDP) in Q1 of 2014-15 from US\$ 21.8 billion (4.8% of GDP) in Q1 of 2013-14. The FDI equity inflows in the month of July posted a growth of 111% as compared to 33% in June, 2014.

Exports also have recorded a healthy growth of 7.3% in Q1 of 2014-15 during the period April-August 2014-15. The core infrastructure registered a growth rate of 4.6% in Q1 of 2014-15 as against 3.7% in Q1 of 2013-14. The CPI inflation has also declined to 8.1% from 9.5% during the same period. Further, there has been a significant decline in WPI from 5.2% in July 2014 to 3.7% in August 2014 while CPI inflation also decline to 7.8% in August from 7.9% in July 2014.

At this juncture, it becomes inevitable to ease the monetary policy stance in terms of a cut in repo rate to facilitate business sentiments and to put industry on growth trajectory.

Going forward, the recently launched "Make in India" programme with the objective of boosting India's manufacturing sector and to make India as a manufacturing destination is expected to create millions of jobs and put India prominently on the global manufacturing map. The programme focussed on some new ideas like First Develop India and then Foreign Direct Investment, Look-East on one side and Link-West on the other, highways and 'I-ways'. Further the programme also emphasised on skill development, Digital India to improve the ease of doing business, new initiatives intended to facilitate investment, foster innovation, protect intellectual property, and infrastructure to spur manufacturing growth.

Finally the effective implementation of policy reforms and check on hoarding at the grassroot level would help to strengthen the improved economic outcomes in the coming times.

1. Indian economy so far

1.1 Growth

Real GDP grows at 5.7% in Q1 FY2015-India's real GDP growth increased to 5.7% in Q1 of 2014-15 from 4.7% in Q1 of 2013-14. The GDP at factor cost at constant (2004-2005) prices for Q1 of 2014-15 is estimated at Rs. 14.38 lakh crore, as against Rs.13.61 lakh crore in Q1 of 2013-14. Whereas, GDP at factor cost at current prices in Q1 of 2014-15, is estimated at Rs. 26.97 lakh crore, as against Rs. 24.11 lakh crore in Q1 of 2013-14, showing an increase of 11.9%.The economic activities which registered significant growth in Q1 of 2014-15 over Q1 of 2013-14 are electricity, gas & water supply at 10.2%, financing, insurance, real estate and business services at 10.4% and community, social and personal services at 9.1%. The estimated growth rates in other economic activities are 4.8% in construction, 3.5% in manufacturing, 2.8% in trade, hotels, transport and communication, 3.8% in agriculture, forestry & fishing, and 2.1% in mining & quarrying during this period.

July 2014 IIP grows at 0.5% -Growth in industry output, as measured in terms of IIP, for the month of July 2014 is estimated at 0.5% as compared with 3.9% during June 2014. The cumulative growth for the period Apr-July 2014-15 stands at 3.3% as compared to (-)0.1% in the corresponding period of the previous year. The growth in the three sectors mining, manufacturing and electricity in July 2014 stands at 2.1%, (-) 1.0% and 11.7% respectively as compared to 4.5%, 2.4% and 15.7% respectively in June 2014.

July core infra grows at 2.7%- The core infrastructure grows to 2.7% (Y-O-Y) in July 2014 as compared to 7.3% (Y-O-Y) in June 2014. The combined index of Eight Core Industries stands at 163.9 in July 2014 with a growth rate of 2.7% in July 2014 as compared to 5.3% in July 2013. Crude oil and Natural gas registered a growth rate of (-) 1% and (-) 9% respectively in the month of July 2014. In cumulative terms, core infrastructure industries registered a growth of 4.1% during April-July 2014-15 as against 4.1% during the corresponding period of the previous year.

1.2 Inflation

August 2014 WPI inflation declines to 3.74%- The WPI inflation for the month of August 2014 declined to 3.74% from 5.19% in July 2014. The decline in WPI inflation is attributed mainly to decline in the prices of primary articles and fuel costs. Inflation in manufactured product prices slightly decreased to 3.5% in August 2014 from 3.7% in July 2014. Decline in WPI inflation to 5 years low is really encouraging and would pave the way for cut in interest rates. The industry is severely impacted by high interest rate regime coupled with increased costs of raw materials and wage rate spirals. It becomes inevitable to ease the monetary policy stance to facilitate business sentiments and to put industry on growth trajectory.

August 2014 CPI inflation at 7.8%- The all India general CPI (Combined) for August 2014 stands at 7.8% as compared to 7.9% in July 2014. The inflation rates for rural and urban areas for August 2014 are 8.3% and 7% as compared to 8.4% and 7.4% respectively, for July 2014. Rate of inflation during August 2014 is high in fruits at 24.27%, vegetables at 15.15%, Milk and products at 11.70%, Condiments and spices at 9.36% and Clothing, bedding and footwear at 8.53%.

1.3 External sector

CAD narrows sharply in Q1 2014-15 - India's current account deficit (CAD) narrowed sharply to US\$ 7.8 billion (1.7% of GDP) in Q1 of 2014-15 from US\$ 21.8 billion (4.8% of GDP) in Q1 of 2013-14. However, it was higher than US\$ 1.2 billion (0.2% of GDP) in Q4 of 2013-14. The lower CAD was primarily on account of a contraction in the trade deficit contributed by both a rise in exports and a decline in imports. On a BoP basis, merchandise exports at US\$ 81.7 billion increased by 10.6% in Q1 of 2014-15 as against a decline of 1.5% in Q1 of 2013-14. On the other hand, merchandise imports (on BoP basis) at US\$ 116.4 billion moderated by 6.5% in Q1 of 2014-15 as against an increase of 4.7% in Q1 of 2013-14. Decline in imports was primarily led by a steep decline of 57.2% in gold imports, which amounted to US\$ 7 billion, significantly lower than US\$ 16.5 billion in Q1 of 2013-14.

August merchandise export grows at 2.3%-India's exports for the month of August 2014 stand at around USD 26.9 billion with a (Y-O-Y) growth of 2.35% as compared to USD 27.7 billion in July 2014 with a (Y-O-Y) growth of 7.3%. During August 2014, the imports were USD 37.7 billion with a (Y-O-Y) growth of around 2.08% as compared to USD 39.9 billion in July 2014. The balance of trade stands at around USD (-) 10.8 billion during August 2014 as compared to USD (-) 12.2 billion during July 2014.

July services exports estimated at US\$ 13.3bn- India's services exports stands at around USD 13.3 billion and services imports stands at USD 6.8 billion for the month of July 2014. The trade balance in services stands at USD 6.5 billion during July 2014.

July FDI inflows stand at US\$ 3.5 billion- The FDI equity inflows in the month of July 2014 are estimated at around US\$3.5bn as against about US\$1.66bn in July 2013, posting a growth (Y-o-Y) of 111%. The growth in FDI equity inflows stands at around 33% in June 2014, 121% in May 2014, (-) 26% in April 2014 and 131% in March 2014. The total FDI equity inflows, in the period April-July 2014-15 are estimated at around US\$10.73bn; representing an increase of around 52% over the FDI equity inflows of about US\$7.05bn for the corresponding period last year. Mauritius tops the chart as an investing country, with the top investing sectors including 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.

1.4 Fiscal scenario

July 2014 fiscal deficit at 61.2% of actuals to BEs- The gross fiscal deficit of the Central government stands at 61.2% of the actuals to budget estimates at the end of July 2014 as compared to 62.8% of the actuals to budget estimates in the corresponding period of the previous year. The primary deficit significantly increased to 198.1% of the actuals to budget estimates at the end of July 2014 as compared to 148% of the actuals to budget estimates during corresponding period of the previous year. The revenue receipts at the end of July 2014 of the central government stands at 14.8% of the actuals to budget estimates as compared with 16.7% of the actuals to budget estimates at the end of July 2013.

Indirect Tax Revenue rises 4.6% during Apr-Aug 2014- The overall growth in indirect tax revenue collections has increased from Rs 1, 85,881 crore in April-August 2013 to Rs. 1, 94,492 crore during April-August 2014 registering an increase of 4.6 %. It is an achievement of 31.2 % of the Budget Estimates for 2014-15. Service Tax collections have also increased from Rs. 53,751 crore in April-August 2013 to Rs. 61,870 crore during April-August 2014 registering an increase of 15%. Similarly, there was an increase of 0.5% in collections of Central Excise from Rs. 61,131 crore in April-August 2013 to Rs 61,415 crore during April-August 2014 and customs from Rs. 70,999 crore in April-August 2013 to Rs.71,207 crore during April-August 2014 registering an increase of 0.3% over the corresponding period in the previous year

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

Net direct tax collections rise- Gross direct tax collections during April-December 2013-14 has increased to Rs. 4,81,914 crore as against Rs. 4,29,023 crore during the corresponding period of last year with a growth of 12.33%. The gross collection of corporate taxes has also scaled up to Rs. 3,10,126 crore from Rs. 2,83,605 crore during the same period, with a growth of 9.35%. Gross collections of personal income tax posted a growth of about 18.53%, which stands at Rs. 1,67,589 crore during April-December 2013-14 as against Rs. 1,41,385 crore during the same period last year. Net direct tax collections increased to Rs. 4,15,328 crore during April-December 2013-14 as against Rs. 3,69,067 crore during corresponding period of last year posting a growth of 12.53%. The collection of wealth tax registered a growth of 11.92%, which stands at Rs. 742 crore in April-December 2013-14 as against Rs. 663 crore during the same period last year, while the collection of securities transaction tax (STT) stands at Rs. 3,427 crore with growth of 4.04% during April-December 2013-14.

Government's total public debt increase by 3.7% at end-June 2014- The gross fiscal deficit of the Central Government in budget estimates (BE) 2014-15 (FY15) was placed at Rs. 5,31,177 crore (4.1% of GDP) as against Rs. 5,24,539 crore (4.6% of GDP) in the revised estimates (RE) for 2013-14. The gross and net market borrowing of the Government in FY15 BE at Rs.6,00,000 crore and Rs.4,61,205 crore shows an increase of 6.4% and 1.6%, respectively over the levels of Rs. 5,63,911 crore (gross) and Rs. 4,53,902 crore (net) in FY14RE. Gross tax collections during the Q1 of FY15 were Rs.1, 83,028 crore which was 13.4% of BE showing a growth of 3.4% over Q1 of previous year.

1.5 Monetary scenario

July 2014 Gross Bank Credit grows at 12.6%- On a year-on-year basis, gross bank credit stands at 12.6% in July 2014 as compared to 12.8% in June 2014. The growth of food credit stands at 14.8% in July 2014 as against 5.1% in June 2014 and the non-food bank credit increased by 12.6% in July 2014 as compared to 13% in June 2014. The credit to NBFCs increased by 11.5% in July 2014 as compared with 16.3% in June 2014. The credit to agriculture increased by 19.5% in July 2014 as compared with

18.8% in June 2014. The gross bank credit stands at Rs. 57,309 billion as on July 2014 as compared to Rs. 50,883 billion as on July 2013, posting a growth of about 12.6%.

ECBs stand at US\$ 3.72 bn during July 2014- Indian firms have raised US\$ 3.72bn through external commercial borrowings (ECBs) in the month of Jul 2014 and US\$ 1.89bn during Jun 2014 by automatic and approval route. The borrowings stood at US\$ 3.72bn in Jul 2014 as compared to US\$ 3.71bn in Jul 2013. India has received gross ECBs worth around US\$253.3 bn between FY2001 and FY2015 (till Jul 2014).

2. Major policy pronouncements

Make in India to transform investment climate in India-With an objective to boost India's manufacturing sector and to make India as a manufacturing destination, hon'ble Prime minister launched "Make in India" program. The programme focuses on some new ideas like First Develop India and then Foreign Direct Investment, Look-East on one side and Link-West on the other, highways and 'lways. Besides this, programme also focused on skill development, Digital India to improve the ease of doing business, new initiatives intended to facilitate investment, foster innovation, protect intellectual property, and infrastructure to spur manufacturing growth.

Shri Narendra Modi ji launches Jan Dhan Yojana; to focus on combating financial untouchability-Prime Minister Narendra Modi, yesterday launched his government's massive financial inclusion programme, the Pradhan Mantri Jan Dhan Yojana. On day 1, Banks opened a record 15 million accounts, against a target of 10 million. The scheme has set the target to take banking facilities available to 75 million households by January 26, 2015, against the earlier deadline of August 15, 2015.

Centre gives Rs. 100 crore of Sarkari Dhan for Jan Dhan Yojana- The central government has announced that it will spend more than Rs. 100 crore on advertising for the recently launched popular financial inclusion scheme, Pradhan Mantra Jan Dhan Yojana scheme.

India, Australia sign civil nuclear deal- National Democratic Alliance (NDA) government under leadership of Prime Minister Narendra Modi signed a civil nuclear agreement with Australia to address India's growing need for power. This nuclear deal marked an end to the ban imposed by Australia on selling uranium to India. The four bilateral memoranda of understanding were also signed in the presence of the two Prime Ministers on Cooperation in the Peaceful Uses of Nuclear Energy, MOU on cooperation in Sport, Renewal of MOU on cooperation in the field of Water Resources Management and MoU on Cooperation in Technical Vocational Education and Training (TVET).

India signs FTA with Asean bloc- The Government of India signed the long-pending free trade agreement (FTA) on services and investment between India and Association of Southeast Asian Nations (Asean). This will mean more market access for our country to the Asean countries.

Sugar import duty increased to 25% to help mills -The Customs duty on import of raw and white sugar has been raised from 15% to 25 % to improve the revenue realisation for sugar mills and to tackle glut in sugar industry.

RBI issues amendments to Basel III Capital Regulations- In view of the implementation of Basel III Capital Regulations, the Reserve Bank of India has reviewed the existing guidelines on Basel III norms

with a view to facilitate raising of non-equity regulatory capital instruments by banks under Basel III framework. Accordingly, certain specific eligibility criteria of such instruments have been amended and these are also intended to incentivise investors and to increase the investor base. The Reserve Bank of India has allowed banks to issue additional Tier 1 capital instruments, the principal amount of which would absorb losses, either through conversion into common shares or a write-down mechanism that allocates the losses to the instruments, either temporarily or permanently.

RBI announces simplified KYC measures- The Reserve Bank of India, recently, simplified KYC (Know Your Customer) measures with a view to helping the common man in opening bank accounts. Further, RBI has released a detailed note with an objective to bring awareness among the general public about the KYC simplification measures taken in the recent times.

Panel formed to review gas price mechanism- The government has set up a four-member committee of secretaries to review the gas-pricing formula. The panel will hold its first meeting with stakeholders in coming week.

Coal block allocations illegal: Apex court- The Supreme Court held that all the 194 coal blocks allocated by the Union government between 1993 and 2010, a period that fell under the regime of both the National Democratic Alliance and the United Progressive Alliance governments, as illegal.

CACP recommends a moderate hike in wheat MSP for 2015-16- With Food Corporation of India (FCI) having sufficient wheat stocks, the Commission for Agricultural Costs and Prices (CACP) has recommended a marginal increase of Rs.50 per quintal on minimum support price (MSP) of wheat for the next rabi marketing season (2015-16).

RBI releases Draft Charter of Customer Rights- The Reserve Bank of India released the draft charter of customer rights relating to fair treatment, transparency in contracts/agreements, suitability of products, privacy, and grievance redress and compensation. It may be noted that, the Charter spells out the rights of the customer and also the responsibilities of the financial service provider. This includes right to fair treatment, right to transparency, fair and honest dealing, right to suitability, right to privacy and right to grievance redress and compensation

DIPP notifies changes to FDI policy in Defence - The Department of Industrial Policy and Promotion (DIPP) notified changes to the foreign direct investment policy which was approved by the government earlier. FDI in Defence has been notified to be increased from 26% to 49%.

Centre empowers Ministry of Road Transport and Highways to help expedite projects- The Cabinet Committee on Economic Affairs (CCEA), has decided to empower the ministry of road transport and highways to make changes in the model concession agreement (MCA). This would empower the ministry to make expedient decisions on whether to use the PPP route or the conventional EPC (Engineering Procurement Construction) model for awarding of a project to the companies.

Cabinet clears disinvestment in three Public sector undertakings- The Union Cabinet cleared dilution of the government's stake in three PSU's- Oil and Natural Gas Corporation (ONGC), Coal India Ltd (CIL) and NHPC Ltd. At current market prices, the disinvestment amount was valued at Rs 45,796 crore, much higher than the targeted amount of Rs 39,925 crore announced in the budget.

CBDT sets up high-level committee to decide retro tax cases- India has set up a high-level panel of senior income tax officials to scrutinize all cases of indirect transfers prior to April 2012 and decide them in a time-bound manner

Government sets up a panel to devise new Producer Price Index (PPI) to replace Wholesale Price Index- The government has set up a committee headed by Professor BN Goldar to devise a new barometer called the Producer Price Index to replace Wholesale Price Index. The proposed PPI will seek to bring India's inflation measurement at a par with international standards, as PPI tracks price changes at the producer level for both goods and services.

Government notifies terms for Jalan expenditure reform panel-The government issued the terms of reference for the recently named Expenditure Management Commission, to be chaired by former Reserve Bank chief Mr. Bimal Jalan. The panel will give its interim report before the Budget of 2015-16 and its final report before the Budget of 2016-17.

Government sets up committee to review environment related laws- The environment ministry has set up a committee headed by former cabinet secretary Mr. TSR Subramanian to review environment-related laws and statutes and suggest amendments to ensure that these laws meet their objectives. The five laws that have been put under review include — the Environment (Protection) Act, 1986, Forest (Conservation) Act, 1980, Wildlife (Protection) Act, 1972, The Water (Prevention and Control of Pollution) Act, 1974 and The Air (Prevention and Control of Pollution) Act, 1981.

India not to impose dumping duty on solar panels-Hon'ble Commerce Minister Mrs. Nirmala Sitharaman stated that, India has decided not to impose anti-dumping duty on imports of solar panels from countries like the US and China, so as to comply with the WTO rules.

3. Other key developments

India & China to contribute 10 mn jobs in cloud-computing by 2016: ADB- According to the the Asian Development Bank (ADB) in its recent publication, **Innovative Asia: Advancing the Knowledge-Based Economy**, Asia is expected to be the fastest-growing consumer market over the next decade with consumers in the region accounting for 42% of global middle-class consumption in 2020 and 59% in 2030. The report added that Asia has almost 9 mobile phones for every 10 people and consists of 3.5 bn mobile subscriptions, with consumers in Asia and Pacific accounting for more than half of the world's total mobile service market.

Rs. 90,000 crore of undisclosed income detected in 2013-14- According to the latest survey conducted by CBDT, an undisclosed income of Rs.90,000 crore was detected during 2013-14. The main sectors in which undisclosed income was detected were power, mobile phone, trading, real estate, iron and steel and chemicals.

RBI forecasts 5.5% growth for FY15; but monsoons may play spoilsport - The central bank, in its annual report for 2013-14, forecasts the gross domestic product (GDP) to grow around 5.5% in 2014-15 after two painful years of sub-5% growth. However growth is expected to improve in future amid signs of economic reforms, fiscal consolidation and projected improvement in investment.

Moody's expects India's GDP to grow at 5.1% in April-June- Rating agency Moody's expects India's GDP to grow at 5.1% in the first quarter (April-June) of current fiscal year, better than 4.7% recorded a year ago.

RBI says 36% of total bad loans are from six key sectors -The central bank, in its annual report for FY2013-14 said that the gross non-performing assets in the system have grown from 3.4% in FY13 to 4.1% in FY14. The Reserve Bank also stated that about 36% of the overall 4.1% bad assets in the system have been created by six sectors of the economy - infrastructure, metals, textiles, chemicals, engineering and mining.

India ranks 71st on Global Competitiveness Index- The World Economic Forum (WEF) in its recent publication, The Global Competitiveness Report 2014, has ranked India at 71st rank out of 144 countries on its Global Competitiveness Index (GCI). India's GCI score declined from 4.3 in 2013-14 to 4.2 in 2014-2015, thereby pushing India's overall ranking down by 11 ranks to 71st. Amongst the three sub-indices of the GCI, India is ranked 92nd at a score of 4.2 on Basic Requirements Sub-Index, 61st rank at a score of 4.2 on Efficiency Enhancers Sub-Index, and 52nd rank at a score of 3.9 on Innovation and Sophistication factor Sub-Index.

Education cost cheapest in India, costliest in Australia: HSBC- According to a report by HSBC, India has emerged as the least expensive destination for foreign education, while Australia as the costliest country. The average annual cost, inclusive of university fees and living expenditure of an international undergraduate student is around \$5,642 and \$42,093 per annum in India and Australia respectively.

Deposit growth picks up pace as economy builds up steam- Latest data from the RBI shows that bank deposits rose nearly to 14% (y-o-y) in the fortnight to August 8 as investments in mutual fund products flowed to term deposits. This strong deposit growth may encourage banks to lower deposit rates and may also subsequently lead to lower lending rates, too.

Informal sector employs 72% of workers, says NSSO- According to NSSO's latest report, India's informal sector employed 72% of workers in 2011-12 compared with 78% in 2004-05, with wages remaining as low as Rs.155 per day. Besides this, most of the casual labourers were not covered under any social security scheme.

India and Nepal signs 3 deals; put off power pact-A power trade agreement between India and Nepal, which was expected to be signed during Hon'ble Prime Minister Shri Narendra Modi's visit to Kathmandu, has been deferred. However the two sides, made headway on early start of the 5600-MW Pancheshwar multipurpose project and signed three memorandums of understanding, including one in which India will grant assistance of 69 million Nepalese rupees to supply iodised salt to check the high incidence of goitre in Nepal.

Prime minister Shri Narendra Modi's Japan Visit- Prime Minister of India Shri Narendra Modi and Prime Minister of Japan Mr. Shinzo Abe, pledged to realize the full potential of India-Japan Strategic and Global Partnership for continuing progress, prosperity and stability in Asia and the world. Both the countries decided to collaborate in areas of next generation infrastructure, bullet trains, smart cities, rejuvenation of Ganges, manufacturing, agriculture projects, healthcare and women empowerment, for the strong and sustainable growth.

Arvind Subramanian likely to be chief economic advisor-Noted Economist Mr. Arvind Subramanian is likely to be as Chief Economic Advisor (CEA) after Mr. Raghuram Rajan resigned almost a year before, to become governor of the Reserve Bank of India.

Coal shortage forces ministry to refuse power ministry proposals- The Coal ministry has declined proposal of the power ministry seeking fuel supply to all the coal based power generation plants, due to shortage of the coal supply.

Bombay High Court (HC) may finalise a committee for recovery in NSEL Scam - A fact-finding committee on, Rs. 5,600-crore National Spot Exchange Ltd (NSEL) commodity scam, might be appointed by the Bombay High Court (HC) to determine the liability of defaulters and to monetise their assets for the benefit of investors.

Finance Minister Shri Arun Jaitley hints at making changes in land acquisition law - Many states have raised concerns over the new land acquisition law passed by previous UPA government, as the new law has stalled many land acquisition projects in the country and has made the process of land acquisition cumbersome.

Narendra Modi government to focus on executing key projects to build credibility- The government has decided to focus on implementation of key projects- GST, the Digital India campaign, rural sanitation, export oriented manufacturing, rural sanitation etc. to validate its mantra of effective governance.

Telecom companies agree on basic banking services through SMSes- Mobile companies have been persuaded by the government to share their infrastructure to pave the way for basic banking services through cell phones. Now fund transfer, balance inquiry in savings account, change of PIN, mini statement, cheque book request, etc. will be possible with simple text messages from ordinary handsets and without accessing the Internet.

Kelkar panel suggests market-linked gas pricing-To make new exploration and production activities viable, a committee under former finance secretary Shri Vijay Kelkar has recommended market-linked pricing for domestic natural gas.

Ministry of Rural Development to spend Rs 3.45 lakh crore to build 30 million houses by 2022- Mr. Nitin Gadkari led rural development ministry is drawing up plans to spend Rs 3.45 lakh crore to build nearly 30 million houses for the homeless by 2022 under the National Gramin Awaas Mission. The goal is to include all rural families that do not have a pucca house under the new scheme that will eventually replace the Indira Awaas Yojana that covers only families below poverty line.

Government rebuts World Bank's report which places India at 134th place on ease of doing business -Indian government may be preparing to pick holes and anomalies for giving India, the rank of 134 in the World Bank's report on 'Doing Business', even as the new central government has started taking measures to make it easier to do business in the country.

Rs 12000 crore from NABARD to help spread Pradhan Mantri Gram Sadak Yojana network - The rural development ministry is seeking Rs.12,000 crore funds from the National Bank for Agriculture and Rural Development (NABARD) to boost the government's flagship rural roads scheme, the Pradhan Mantri Gram Sadak Yojana (PMGSY).

Chinese companies to team-up with Indian firms to bid for five high-speed railway projects-Chinese firms are teaming up with Indian companies to jointly bid for five high-speed railway projects in India, in an attempt to compete with Japan's plans to build bullet trains.

India adds a bucketload to global equity wealth pool- India has become a dominant force in building global equity wealth with Dalal Street adding 10% or \$400 billion to global market cap so far this year.

Manufacturing units in SEZs may get tax incentives - The government is expected to provide tax incentives in the form of reduction in MAT(Minimum alternate tax) and DDT(dividend distribution tax) to special economic zones (SEZs) which are mainly into manufacturing activities, to help attract investments in the zones and to give boost to manufacturing sector.

Farmer producer companies help pool market produce and resources -India is close to setting up 1,000 companies owned by young farmers who will pool their resources and farm produce and will engage in the businesses such as exports and direct marketing to generate revenue in crore rupees.

States to get Rs. 12,000-crore compensation for CST phase-out- To pave the way for the introduction of the Goods and Services Tax (GST), the Finance Ministry is likely to clear payment of up to Rs. 12,000 crore to the States to compensate them in on account of phasing out Central Sales Tax (CST).

IPR policy on the cards to protect national interests - India has proposed to draft a national intellectual property rights (IPR) policy to safeguard its interests and bring clarity to existing laws relating to intellectual property rights in the country.

Finance Ministry pitches for sovereign rating upgrade with Moody's- The Finance Ministry made a case for international rating agency Moody's to upgrade their sovereign rating of India, stating that the economic recovery was strong and efforts are on by the new government to keep the fiscal deficits within targeted levels.

Paint industry to establish council to address skills gap- Indian Paints Association (IPA) has proposed National Skill Development Corporation to establish a 'Sector Skill Council' for the coatings industry to address its skill gaps. The proposed council would act as an enabler for enhancing the delivery mechanism for promoting the skills sets.

Ministries expected to clean up PSU act after PMO's review directive- The Prime Minister's Office has directed various administrative ministries to review the performance of the heads of Public sector enterprises under them, with the objective of upgrading the functioning of big state-run companies like ONGC, NTPC and Coal India.

Moody's Analytics sees brighter growth prospects for Indian economy-Moody's Analytics—a division of Moody's Corporation, in its report titled "India Outlook: Prospects Brighten" expects India's GDP growth to approach 6% pace by the year's end and further accelerate towards 6.5% by the end of year 2015.

Central Ministries allowed to clear projects up to Rs. 1,000 crore-In a move to fasten decision making process, the Central government has empowered the Central Ministries and Departments to clear projects up to Rs. 1,000 crore by themselves. Earlier, the limit was Rs. 300 crore.

Goods and Services Tax implementation likely by mid-2015- Government is planning to roll out GST by mid-2015 to replace plethora of state and central taxes, so as to reduce multiplicity in indirect taxation.

Government working on tax sops for renewable energy- Hon'ble Union minister for power and coal, shri Piyush Goyal said that the government is working on a policy to provide tax breaks and cheaper loans to the renewable energy sector to attract investments worth of \$100 billion within next five years and to motivate prospective investors.

Government to facilitate investment in inland waterways- Hon'ble Minister for Road Transport, Highways and Shipping, Shri Nitin Gadkari said that in order to make inland waterways sector economically viable, government will give all facilities and concessions to this sector. Also terminals, waterports and seaports will be built to attract fresh investment in the sector.

HRD ministry to launch digital drive for education- Hon'ble HRD minister Mrs. Smriti Irani said that, the ministry of human resource development will roll out number of digital initiatives including free online courses from top institutions, national e-library for students and a web portal for students to help them to make well informed choices about higher education.

India and Pakistan settle gas pricing formula –After much negotiations , Islamabad has finally agreed to a pricing formula for import of liquefied natural gas (LNG) from India. India will import liquefied natural gas (LNG) and send it to energy deficient Pakistan via a pipeline between Jalandhar and Wagah.

In a nutshell

Though the macro-economic outlook is stabilizing and lead economic indicators are gathering pace, there are certain challenges to India's growth story, the most prominent being Inflation. The cost of doing business is high which impacts manufacturing growth and competitiveness. Consequently, this affects employment generation in the economy. The fiscal challenges also remain high as 61.2% of budget earmarked for the current financial year has been utilized. The government should cut wasteful subsidies, rather than growth-inducing investments and subsidy must be converted into investment in the farm sector. Further, the geopolitical tensions also pose risks to external sector and growth. Going ahead, the time bound implementation of reform measures at the grassroots level would be critical for the continuation of revamp in economic sentiments.

The lead economic and financial indicators so far...

S. No	Components	June	July	August
1.	IIP Growth	4.7%(May)	3.4%(June)	0.5%(July)
2	Export Growth	10.2%	7.3%	2.3%
3	WPI Inflation Y-O-Y growth	5.4%	5.19%	3.74%
4	CPI inflation (combined)	7.3%	7.9%	7.8%
5	Gold (10 GRMS)	27950 [^]	28117 ^{^^}	26975 ^{^^^}
6	Crude Oil (1 BBL)	6295 [#]	5944 ^{##}	5614 ^{###}
7	BSE Sensex	26026 [!]	26391 ^{!!}	26817 ^{!!!}
8	Exchange rate average (INR/ 1 USD)	60.24 [*]	61.06 ^{**}	60.99 ^{***}
9	Repo rate	8%	8%	8%
10	CRR	4%	4%	4%
11	10 year Bond yield	8.0907%	8.0907%	8.0907%
12	Base rate	10.00-10.25%	10.00-10.25%	10.00-10.25%

Source: PHD Research Bureau compiled from various sources, [^]Data pertains to 22nd July, ^{^^} Data pertains to 18th August, ^{^^^} Data pertains to gold, [#]Data pertains to 22nd July, ^{##} Data pertains to 18th August, ^{###} Data pertains to 15th September, 2014, [!] Data pertains to 22nd July, ^{!!} Data pertains to 18th August, ^{!!!} Data pertains to 15th September, ^{*}Data pertains to 22nd July 2014, ^{**} Data pertains to 14th August, ^{***} Data pertains to 15th September, 2014

India: Statistical snapshot

Indicators	FY09	FY10	FY11	FY12	FY13	FY14	FY15
GDP at FC - Constant prices Rs Bn	41,586	45,161	49,185	52,475	54,821	57,418	14385
GDP at FC - Constant prices growth YoY	6.7	8.6	8.9	6.7	4.5	4.7	5.7
GDP at MP-current prices Rs. Bn	56,300	64,778	77,841	90,097	1,011,33	1,135,50	26973
Agriculture growth	0.1	0.8	8.6	5.0	1.4	4.7	3.8
Industry growth	4.1	10.2	8.3	6.7	0.8	(-)0.1	4.2
Services growth	9.6	8.0	7.5	4.9	7.0	6.7	6.8
Consumption	7.6	8.2	8.1	8.1	3.9	4.9	-
Private consumption	7.1	7.1	8.6	8.0	4.0	4.5	-
Gross domestic savings as % of GDP	32.0	33.7	34.0	30.8	30.2	30.5	-
Gross Fixed Capital Formation as % of GDP	32.3	31.7	30.9	31.8	30.4	28.3*	-
Gross fiscal deficit of the Centre as a % GDP	6.0	6.5	4.8	5.7	4.8	4.6	4.1
Gross fiscal deficit of the states as a % GDP	2.4	2.9	2.1	1.9	1.9	2.4	2.3
Gross fiscal deficit of Centre & states as a % GDP	8.3	9.3	6.9	7.6	6.8	7.0	6.4
Merchandise exports (US\$Bn)	183.1	178.3	250.8	305.7	300.2	312.35^	134.8^^^
Growth in exports	12.3	-2.6	40.6	21.9	(-)1.8	3.98^	7.31^^^
Imports (US\$Bn)	299.3	287.6	369.4	489.1	490.3	450.94^	190.9^^^
Growth in imports (YoY)	19.8	-3.9	28.5	32.4	0.2	(-)8.1^	(-)2.7^^^
Trade deficit (US\$Bn)	116.2	109.3	118.6	183.4	190.1	138.6^	56.1^^^
Net invisibles US\$Bn	91.6	80.0	79.3	111.6	107.5	115.0**	-
Current account deficit US\$Bn	28.7	38.4	48.1	78.2	88.2	32.4^^	-
Current account deficit as % of GDP	2.6	3.2	2.6	4.2	4.8	1.7^^	-
Net capital account US\$Bn	8.7	53.4	60	67.8	94.2	33.3^^	-
Overall balance of payments US\$Bn	20.1	-13.4	-13.1	12.8	3.8	15.5^^	-
Foreign exchange reserves US\$Bn	252	279.1	304.8	294.9	292.04	304.22	290.36-
External debt - Short term US\$Bn	43.4	52.3	65	78.2	96.7	89.2`	-
External debt - Long term US\$Bn	181.2	208.7	240.9	267.5	293.4	351.4``	-
External debt - US\$Bn	224.5	260.9	305.9	345.8	392.1	441``	-
Money supply growth	19.3	16.9	16.1	13.5	13.6	13.2	12.2!!
Bank credit growth	17.5	17.1	21.2	16.8	13.5	14	12.6##
WPI inflation	8.1	3.8	9.6	8.9	7.4	5.7#	3.74@
CPI inflation	7	12.4	10.4	6.0	10.2	9.8	7.8@
Exchange rate Rs/US\$ annual average	46	47.4	45.6	47.9	54.4	60.68	60.99@@

Source: PHD Research Bureau compiled from various sources, *Data pertains to Provisional Estimate of 2013-14 from MOSPI, ^Planning Commission Data Book Dec 2013, ** Projection For 2013-14 from PMEAC Economic Outlook 2013-14, ^^Data pertains to India's Balance of payment Apr-Mar 2013-14 from RBI, ^^^data pertains to April- August, 2014, ``India's external debt end Dec 2013 from RBI, ! Data compiled from RBI Bulletin May 2014, !! Data compiled from RBI Bulletin August 2014, # Data pertains to Mar 2013, - Data as on 5th September, 2014 from RBI, @ Data pertains to July 2014, @@ Data as on 15th September, 2014 from RBI, ##Data pertains to July, 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.



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Ms. Bhawana Sharma, Research Associate

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