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Domestic Economy and Markets

New foreign trade Policy 2015-2020 unveiled

Two New Schemes – “Merchandise Exports From India Scheme” And “Services Exports From India Scheme” Introduced

The much awaited Foreign Trade Policy 2015-20 was unveiled today by Minister of Commerce & Industry Mrs. Nirmala Sitharaman, at Vigyan Bhawan. The new five year Foreign Trade Policy, 2015-20 provides a framework for increasing exports of goods and services as well as generation of employment and increasing value addition in the country, in keeping with the “Make in India” vision of Prime Minister. The focus of the new policy is to support both the manufacturing and services sectors, with a special emphasis on improving the ‘ease of doing business’.

During her address Mrs. Sitharaman stated that there were various forces shaping India and its equation with the rest of the world. She urged the Government and industry to work in tandem to deal with the challenges posed.

The release of Foreign Trade Policy was also accompanied by a FTP Statement explaining the vision, goals and objectives underpinning India’s Foreign Trade Policy, laying down a road map for India’s global trade engagement in the coming years. The FTP Statement describes the market and product strategy and measures required for trade promotion, infrastructure development and overall enhancement of the trade ecosystem. It seeks to enable India to respond to the challenges of the external environment, keeping in step with a rapidly evolving international trading architecture and make trade a major contributor to the country’s economic growth and development.

She promised to have regular interactions with all stakeholders, including State Governments to achieve the national objectives.

FTP2015-20 introduces two new schemes, namely “Merchandise Exports from India Scheme (MEIS)” for export of specified goods to specified markets and “Services Exports from India Scheme (SEIS)” for increasing exports of notified services, in place of a plethora of schemes earlier, with different conditions for eligibility and usage. There would be no conditionality attached to any scrips issued under these schemes. Duty credit scrips issued under MEIS and SEIS and the goods imported against these scrips are fully transferable. For grant of rewards under MEIS, the countries have been categorized into 3 Groups, whereas the rates of rewards under MEIS range from 2% to 5%. Under SEIS the selected Services would be rewarded at the rates of 3% and 5%.

Measures have been adopted to nudge procurement of capital goods from indigenous manufacturers under the EPCG scheme by reducing specific export obligation to 75% of the normal export obligation. This will promote the domestic capital goods manufacturing industry. Such flexibilities will help exporters to develop their productive capacities for both local and global consumption. Measures have been taken to give a boost to exports of defense and hi-tech items. At the same time e-Commerce exports of handloom products, books/periodicals, leather footwear, toys and customized fashion garments through courier or foreign post office would also be able to get benefit of MEIS (for values upto 25,000 INR). These measures would not only capitalize on India’s strength in these areas and increase exports but also provide employment.

Commerce Minister stated that although exports from SEZs had seen phenomenal growth, significantly higher than the overall export growth of the country, in recent times they had been facing several challenges. In order to give a
boost to exports from SEZs, government has now decided to extend benefits of both the reward schemes (MEIS and SEIS) to units located in SEZs. It is hoped that this measure will give a new impetus to development and growth of SEZs in the country.

Trade facilitation and enhancing the ease of doing business are the other major focus areas in this new FTP. One of the major objective of new FTP is to move towards paperless working in 24x7 environment. Recently, the government has reduced the number of mandatory documents required for exports and imports to three, which is comparable with international benchmarks. Now, a facility has been created to upload documents in exporter/importer profile and the exporters will not be required to submit documents repeatedly. Attention has also been paid to simplify various ‘Aayat Niryat’ Forms, bringing in clarity in different provisions, removing ambiguities and enhancing electronic governance.

Manufacturers, who are also status holders, will now be enabled to self certify their manufactured goods in phases, as originating from India with a view to qualifying for preferential treatment under various forms of bilateral and regional trade agreements. This “Approved Exporter System” will help these manufacturer exporters considerably in getting fast access to international markets.

A number of steps have been taken for encouraging manufacturing and exports under 100% EOU/EHTP/STPI/BTP Schemes. The steps include a fast track clearance facility for these units, permitting them to share infrastructure facilities, permitting inter unit transfer of goods and services, permitting them to set up warehouses near the port of export and to use duty free equipment for training purposes.

Considering the strategic significance of small and medium scale enterprise in the manufacturing sector and in employment generation, ‘MSME clusters’ 108 have been identified for focused interventions to boost exports. Accordingly, ‘Niryat Bandhu Scheme’ has been galvanized and repositioned to achieve the objectives of ‘Skill India’. Outreach activities will be organized in a structured way at these clusters with the help of EPCs and other willing “Industry Partners” and “Knowledge Partners”.
Global perception and local challenges of the Indian economy

The Indian stock market, as reflected by the S&P BSE Sensex, has fallen by at least 2,100 points or 7.1% from its highs and is adjusting to the reality of subdued earnings. Company results for the January-March 2015 quarter, so far, have not been encouraging, though analysts expect things to improve by the second half of the current financial year.

The street expects earnings to get better with the improvement in business environment and pick-up in economic activity. Put differently, in the medium term, market movement will largely depend on the pace of expansion in the economy, which, to a large extent, will be determined by government action and implementation of ideas such as increasing capital expenditure. Interestingly, even as some investors are getting edgy and expect quick government action on various fronts, observations from some of the international institutions that came in this month were largely optimistic about the future of the Indian economy.

Encouraged by the recent policy action, rating agency Moody’s, while affirming its Baa3 rating on India, changed its outlook to positive from stable. It said in a statement: “...recent measures to address inflation, keep external balances in check, simplify the regulatory regime for investors, increase foreign direct investment, and facilitate infrastructure development will reduce some of India’s sovereign credit constraints.”

The government’s intent to improve the economic environment and action taken in this regard is being recognized. “Growth will benefit from recent policy reforms, a consequent pick-up in investment, and lower oil prices. Lower oil prices will raise real disposable incomes, particularly among poorer households, and help drive down inflation,” said the latest World Economic Outlook (April 2015) of the International Monetary Fund (IMF). Growth in India, according to the IMF, will be higher than that in China in 2015 and 2016, making it the fastest growing large economy in the world.

It expects India to grow at 7.5% in both 2015 and 2016. Meanwhile, the Chinese economy is expected to expand at an annual pace of 6.8% and 6.3%, respectively.

The World Bank had similar observations about the Indian economy. In its South Asia Economic Focus (Spring 2015) report, it noted, “India’s economy is poised to accelerate on the back of an ambitious reform agenda, and faster growth is expected to further drive down poverty.” The acceleration in growth, according to the World Bank, will be led by investment, which is expected to grow at an average rate of 12% between 2015 and 2017.

However, not all are equally enthused. A recent report (India’s Fiscal Roadblocks Could Stall Infrastructure Progress) by Standard & Poor’s presented a different picture.

“India’s public finances are less than rock solid due to long-standing cracks in its budgetary system. While the country’s budgetary performances have strengthened in recent years, its hard-won fiscal improvements could yet unwind because of a financial or commodity shock,” the report said. It also highlighted that further reforms will be required on the fiscal front to be able to sustain higher investment spending.
Efficient subsidy spending, which can free up resources for capital spending, is necessary to attain and maintain higher growth in the medium to long term.

Both markets and policymakers will do well by paying attention to Standard & Poor’s observations. In fact, a financial or commodity shock can not only affect the progress made on the fiscal front, but also the wider economy.

While it is accepted that the economic outlook for India has improved, as has also been highlighted by both the IMF and the World Bank, domestically, there is still a lot of confusion on the actual pace of expansion because of the change in methodology of computation of economic activity. Financial markets are particularly disillusioned by the numbers as higher economic growth is not getting reflected in the earnings for Indian companies.

But that is not the only problem. There are some near-term challenges beginning to emerge for the economy. For one, the reported distress and loss of output in the farm sector due to unseasonal rains can have both fiscal and monetary implications. The monsoon, too, is expected to be below normal, which may further complicate matters.

Also, in recent days, there has been a slight shift in the political landscape, which can have economic consequences. The government of the day, it appears, is facing a perception problem, particularly on the issue of land bill.

The “re-energized” and somewhat united opposition is also making things difficult for the government, which is yet to complete a year in office.

These headwinds might compel the government to not risk political capital for pushing reforms, which can affect economic prospects. If the government is unable to get the bill passed in the current session of Parliament, it might begin to hurt the economic narrative, built over the past one year, and would warrant re-calibration of expectations, especially in the stock market.
India's Foreign Trade (Merchandise)

**EXPORTS (including re-exports)**
Exports during March, 2015 were valued at US $ 23951.16 million (Rs.149574.53 crore) which was 21.06 per cent lower in Dollar terms (19.20 per cent lower in Rupee terms) than the level of US $ 30341.04 million (Rs. 185122.83 crore) during March, 2014. Cumulative value of exports for the period April-March 2014-15 was US $ 310533.87 million (Rs 1897025.85 crore) as against US $ 314415.73 million (Rs. 1905011.08 crore) registering a growth of -1.23 per cent in Dollar terms and growth of -0.42 per cent in Rupee terms over the same period last year.

**IMPORTS**
Imports during March, 2015 were valued at US $ 35744.68 (Rs.223224.83 crore) which was 13.44 per cent lower in Dollar terms and 11.40 per cent lower in Rupee terms over the level of imports valued at US $ 41294.41 million (Rs. 251953.73 crore) in March, 2014. Cumulative value of imports for the period April-March 2014-15 was US $ 447548.33 million (Rs. 2734049.06 crore) as against US $ 450213.63 million (Rs 2715433.89 crore) registering a growth of -0.59 per cent in Dollar terms and growth of 0.69 per cent in Rupee terms over the same period last year.

**CRUDE OIL AND NON-OIL IMPORTS:**
Oil imports during March, 2015 were valued at US $ 7413.30 million which was 52.68 per cent lower than oil imports valued at US $ 15667.12 million in the corresponding period last year. Oil imports during April-March, 2014-15 were valued at US $ 138261.66 million which was 16.09 per cent lower than the oil imports of US $ 164770.33 million in the corresponding period last year. Non-oil imports during March, 2015 were estimated at US $ 28331.38 million which was 10.55 per cent higher than non-oil imports of US $ 25627.29 million in March, 2014. Non-oil imports during April-March, 2014-15 were valued at US $ 309286.67 million which was 8.35 per cent higher than the level of such imports valued at US $ 285443.30 million in April-March, 2013-14.

**TRADE BALANCE**
The trade deficit for April-March, 2014-15 was estimated at US $ 137014.46 million which was higher than the deficit of US $ 135797.90 million during April-March, 2013-14.

INDIA’S FOREIGN TRADE (SERVICES):
FEBRUARY, 2015 (As per the RBI Press Release dated 15th April, 2015)

A. **EXPORTS (Receipts)**
Exports during February, 2015 were valued at US $ 14099 Million (Rs. 87466.81 Crore).

B. **IMPORTS (Payments)**
Imports during February, 2015 were valued at US $ 7896 Million (Rs. 48984.89 Crore).

C. **TRADE BALANCE**
The trade balance in Services (i.e. net export of Services) for February, 2015 was estimated at US $ 6203 Million.
# Recent Trends in Indian Economy

## Exports & Imports (Merchandise): (US $ Million)

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<tr>
<th>(Provisional)</th>
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<th>April-March</th>
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<td>2014-15</td>
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## Imports

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<td>2014-15</td>
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## Trade Balance

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## Exports & Imports (Merchandise): (Rs. Crore)

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## Imports

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<td>2014-15</td>
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## Trade Balance

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<td>2014-15</td>
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### EXPORTS & IMPORTS (SERVICES) : (US $ Million)

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### EXPORTS & IMPORTS (SERVICES): (Rs. Crore)

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Source: RBI Press Release dated 15th April 2015
Agriculture

Agriculture Ministry’s initiatives for bringing Green Revolution in Eastern Region

Union Agriculture Minister Radha Mohan Singh emphasised the need for bringing Green Revolution to Eastern Region of the country. Inaugurating a workshop on “Agriculture Scenario in Eastern India, Review and Future Prospects”, in Pusa, New Delhi on April 13, he said that proper care has to be taken by balanced usage of fertilisers in bringing 2nd Green revolution, particularly in eastern region of the country. He emphasised that indiscriminate use of the urea and chemical fertilisers may be avoided. He underlined the importance of organic farming taking into consideration the ecological aspects.

Shri Singh said that for the first time, soil health card is being implemented in Mission Mode and every farmer of the country will be provided with Soil health card in next three years and they will be empowered with complete details about soil nutrient for effective crop management.

Shri Singh emphasised for making available high quality seeds and agriculture plantation material to farmers for increasing productivity. He said that Front Line extension and Field extension of agriculture should work in syngery. He said that Agricultural Technology Management Agency should play an important role in this respect.

During the Programme, he emphasised on the initiatives of the Central Government like the Soil Health Management System, Soil testing laboratories, ‘Pradhan Mantri Krishi Sinchai Yojana’, Unified National Agriculture Market and ‘Paramparagat Krishi Vikas Yojana’. He said that increasing productivity is important along with proper marketing facilities for the agricultural crops. He emphasised that districts in the country have an important role during the planning and implementing initiatives like ‘Pradhan Mantri Krishi Sinchai Yojana’. He said that Prime Minister vision of ‘Per Drop More Crop’ can be realised by proper coordination between the Centre and the States. During his address, he urged the Small Farmers’ Agriculture-Business Consortium to support farmers and formation of more ‘Farmer Producer Organization’ for the development of farmers.

He mentioned that two more ‘Indian Agricultural Research Institute’ are planned to be established, one each in Jharkhand and Assam to enhance the educational and Research opportunities. This would enable to improve eduaction and awareness on agricultural productivity and Green revolution in Eastern region of the country.

Present on the occasion were Secretary, Department of Agriculture and Cooperation, Additional Secretary and Financial Advisor, Joint Secretaries along with senior officials of State Governments and experts from agriculture sector.
Measures taken for Management of Recent Rains/Hailstorms

In the month of February-March 2015, many States like Gujarat, Punjab, Himachal Pradesh, Haryana, Maharashtra, Bihar, Uttar Pradesh, Madhya Pradesh, Rajasthan, Jammu & Kashmir, and West Bengal were hit by hailstorm followed by untimely excessive rainfall.

As State Government is empowered to undertake necessary relief measures in the wake of natural calamities like, drought, hailstorm, pest attack & cold wave/frost from State Disaster Response Fund (SDRF) which is readily available with them, all State Governments have been requested on 19.03.2015 to take immediate steps to address the notified calamities by utilizing the funds available under SDRF. They were also advised to submit memorandum as per extant procedure/norms, if additional financial assistance is required from National Disaster Response Fund (NDRF) and in the mean time utilize contingency fund of the State, if SDRF is exhausted. So far memoranda have been received from Uttar Pradesh, Rajasthan and Haryana. Inter Ministerial Central Teams (IMCTs) have been constituted for Uttar Pradesh and Rajasthan to visit the affected States to assess the ground situation and recommend financial assistance. As per the information available about SDRF (as on 25.03.2015), balance SDRF available with the State Government of Haryana is Rs.1791.06 crore. In the memorandum the Haryana Government has demanded Rs.1135.91 crore from NDRF. Since, the amount demanded by the State of Haryana is available with the Government under SDRF, a draft letter from Secretary (A&C) to Additional Chief Secretary is under submission requesting the Government to utilize the SDRF fund available with them.

Secretary(A&C) has written a letter dated 30.03.2015 to Secretary, Department of Financial Services, Ministry of Finance highlighting major difficulties faced by the farmers in repayment of crop loans taken by them and requested to issue directions to banks in this regard as well as consider whether the benefit could be consider for restructured loans. All affected States i.e., Gujarat, Punjab, Himachal Pradesh, Haryana, Maharashtra, Bihar, Uttar Pradesh, Madhya Pradesh, Rajasthan, Jammu & Kashmir, and West Bengal have been also requested vide letter dated 01.04.2015 of Secretary (A&C) to take appropriate steps to provide relief to farmers under various programmes of Government of India and in case of shortfall in funds, submit memorandum seeking additional fund under NDRF.

Measures taken by DAC to mitigate the drought like condition in Kharif, 2014-15.

i. Implementation of Diesel Subsidy Scheme for protective irrigation of crops with an allocation of Rs.100 crore;
ii. Enhancement of ceiling on seed subsidy to partially recompense the farmer for the additional expenditure incurred in resowing and/or purchasing appropriate varieties of seeds;
iii. Implementation of drought mitigating interventions on perennial horticulture crops with an additional allocation of Rs.700 crore under Mission for Integrated Development of horticulture (MIIDH);
iv. Implementation of Additional Fodder Development Programme (AFDP) as a sub-scheme of Rashtriya Krishi Vikas Yojana (RKVY) with an allocation of Rs.100 crore during 2014-15 for ensuring availability of fodder;
v. Waiver of duty on import of de-oiled soya extract, groundnut oil cake, sunflower oil cake, canola oil meal, mustard oil cake, rice bran and palm kernel cake to increase availability of feed ingredients.

In addition, States were advised to keep aside 10% of funds available under RKVY and other schemes for undertaking appropriate interventions to mitigate any situation arising out of deficient rainfall.
Inflation
The annual rate of inflation, based on monthly WPI, stood at -2.33% (provisional) for the month of March, 2015 (over March, 2014) as compared to -2.06% (provisional) for the previous month and 6.00% during the corresponding month of the previous year. Build up inflation rate in the financial year so far was -2.33% compared to a build up rate of 6.00% in the corresponding period of the previous year.
Inflation for important commodities / commodity groups is indicated in Annex-1 and Annex-II.
The movement of the index for the various commodity groups is summarized below:-

PRIMARY ARTICLES (Weight 20.12%)
The index for this major group declined by 1.0 percent to 239.6 (provisional) from 241.9 (provisional) for the previous month. The groups and items which showed variations during the month are as follows:-

The index for ‘Food Articles’ group declined by 0.4 percent to 249.4 (provisional) from 250.5 (provisional) for the previous month due to lower price of tea and moong (6% each), coffee and egg (4% each), rice and pork (3% each), jowar and barley (2% each) and fish-marine, fruits & vegetables, condiments & spices and beef & buffalo meat (1% each). However, the price of arhar, poultry chicken, mutton, fish-inland and maize (3% each), ragi, bajra and gram (2% each) and masur and milk (1% each) moved up.

The index for ‘Non-Food Articles’ group declined by 1.8 percent to 202.2 (provisional) from 206.0 (provisional) for the previous month due to lower price of flowers (25%), fodder (7%), gingelly seed, guar seed and castor seed (4% each), raw silk (3%), coir fibre (2%) and raw rubber, soyabean and linseed (1% each). However, the price of niger seed (5%), sunflower (4%), groundnut seed and mesta (3% each) and copra (coconut) (2%) and raw cotton (1%) moved up.

The index for ‘Minerals’ group declined by 3.7 percent to 252.1 (provisional) from 261.7 (provisional) for the previous month due to lower price of zinc concentrate (11%), iron ore (9%), copper ore (7%), sillimanite and magnesite (3% each), phosphorite and manganese ore (2% each) and steatite (1%). However, the price of barytes (38%), chromite (5%) and crude petroleum (1%) moved up.

FUEL & POWER (Weight 14.91%)
The index for this major group rose by 3.3 percent to 187.3 (provisional) from 181.3 (provisional) for the previous month due to higher price of aviation turbine fuel (10%), furnace oil (9%), high speed diesel (7%), petrol (6%), naphtha (4%) and kerosene (1%). However, the price of bitumen (6%) declined.

MANUFACTURED PRODUCTS (Weight 64.97%)
The index for this major group declined by 0.1 percent to 153.9 (provisional) from 154.1 (provisional) for the previous month. The groups and items for which the index showed variations during the month are as follows:-

The index for ‘Food Products’ group declined by 0.4 percent to 170.1 (provisional) from 170.7 (provisional) for the previous month due to lower price of tea leaf (blended) (8%), tea dust (unblended) (8%), tea leaf (unblended), wheat flour (atta), sugar confectionary, sugar and khandsari (2% each) and gingelly oil, soyabean oil, powder milk, maida and cotton seed oil (1% each). However, the price of gram powder (besan) (9%), bakery products (4%), processed prawn, oil cakes and mixed spices (3% each) and copra oil, sunflower oil and groundnut oil (1% each) moved up.
The index for ‘Beverages, Tobacco & Tobacco Products’ group rose by 0.6 percent to 203.2 (provisional) from 201.9 (provisional) for the previous month due to higher price of soft drinks & carbonated water and cigarette (2% each). However, the price of dried tobacco (3%) declined.

The index for ‘Textiles’ group declined by 0.2 percent to 139.9 (provisional) from 140.2 (provisional) for the previous month due to lower price of man made fabric (2%) and man made fibre, cotton yarn and tyre cord fabric (1% each). However, the price of gunny and hessian cloth (2%) and cotton fabric, jute sacking cloth, jute sacking bag and jute yarn (1% each) moved up.

The index for ‘Wood & Wood Products’ group declined by 0.1 percent to 189.0 (provisional) from 189.1 (provisional) for the previous month due to lower price of processed wood (1%).

The index for ‘Paper & Paper Products’ group rose by 0.7 percent to 152.6 (provisional) from 151.5 (provisional) for the previous month due to higher price of kraft paper & bags (6%) and newsprint, laminated paper and paper cartons / boxes (1% each). However, the price of newspaper (2%) declined.

The index for ‘Leather & Leather Products’ group declined by 0.8 percent to 142.0 (provisional) from 143.2 (provisional) for the previous month due to lower price of leather garments & jackets (3%) and leather footwear (1%).

The index for ‘Chemicals & Chemical Products’ group rose by 0.3 percent to 150.8 (provisional) from 150.4 (provisional) for the previous month due to higher price of shampoo and lacquer & varnishes (3% each), non-cyclic compound and basic organic chemicals (2% each) and urea, castor oil and antacid and digestive preparations (1% each). However, the price of photographic goods and ayurvedic medicines (1% each) declined.

The index for ‘Non-Metallic Mineral Products’ group rose by 0.7 percent to 177.9 (provisional) from 176.7 (provisional) for the previous month due to higher price of grey cement and glass bottles & bottleware (2% each). However, the price of marbles (7%) and bricks & tiles and railway sleeper (1% each) declined.

The index for ‘Basic Metals, Alloys & Metal Products’ group declined by 0.7 percent to 162.4 (provisional) from 163.6 (provisional) for the previous month due to lower price of melting scrap (4%), pig iron and plates (3% each), sponge iron, gp/gc sheets, CRC, ferro silicon, rounds and pipes/tubes/rods/straps (2% each) and wire rods, aluminium, HRC, gold & gold ornaments, angles, joist & beams, billets, silver and ferro chrome (1% each). However, the price of steel castings and sheets (1% each) moved up.

The index for ‘Transport, Equipment & Parts’ group declined by 0.1 percent to 136.8 (provisional) from 137.0 (provisional) for the previous month due to lower price of motor cycle / scooter / mopeds (2%).

**FINAL INDEX FOR THE MONTH OF DECEMBER, 2014 (BASE YEAR: 2004-05=100)**

For the month of January, 2015, the final Wholesale Price Index for ‘All Commodities’ (Base: 2004-05=100) stood at 177.3 as compared to 178.3 (provisional) and annual rate of inflation based on final index stood at -0.95 percent as compared to -0.39 percent respectively as reported on 16.02.2015.
### Wholesale Price Index and Rates of Inflation (Base Year: 2004-05=100)

#### Month of February, 2015

<table>
<thead>
<tr>
<th>Commodities/Major Groups/Groups/Sub-Groups</th>
<th>Weight</th>
<th>WPI Feb, 2015</th>
<th>Latest month over month</th>
<th>Build up from March</th>
<th>Year on year</th>
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<tbody>
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## Trend of Rate of Inflation for some important items during last six months

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<thead>
<tr>
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<th>Weight (%)</th>
<th>Rate of Inflation for the last six months</th>
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<td>Non-Food Articles</td>
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<td>High speed diesel</td>
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<td>-16.62</td>
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<td>MANUFACTURED PRODUCTS</td>
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<td>Food Products</td>
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<td>1.31</td>
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<tr>
<td>Sugar</td>
<td>1.74</td>
<td>-1.98</td>
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<td>Edible Oils</td>
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<tr>
<td>Beverages, Tobacco &amp; Tobacco Product</td>
<td>1.76</td>
<td>3.64</td>
</tr>
<tr>
<td>Cotton Textiles</td>
<td>2.61</td>
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<tr>
<td>Man Made Textiles</td>
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<td>Wood &amp; Wood Products</td>
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<td>Chemicals &amp; Chemical Products</td>
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<td>Non-Metallic Mineral Products</td>
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</tr>
<tr>
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<td>1.88</td>
</tr>
<tr>
<td>Transport Equipment &amp; Parts</td>
<td>5.21</td>
<td>0.88</td>
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</table>
Industrial Production

Industrial output grows at 5% in February, fastest in 3 months

India’s factory output surprised with a growth of 5% in February compared with the year-ago period, with manufacturing expanding by a robust 5.2%, and personal and home care products rising by 10.7%.

The country’s volatile capital goods sector, which represents investment demand in the economy, jumped by 8.8% in February.

Consumer goods, which includes durable goods, and personal and home care products, grew 5.2%, only the third time in 11 months that it turned positive.

The improved performance in the capital goods sector shows investment activity is gradually gaining traction due to improved sentiment and a gradual pickup in new business and foreign orders, said Sumit Mazumder, president of the Confederation of Indian Industry, a lobby group.

“The flurry of reform initiatives taken by the government, which has been duly supported by the monetary easing stance of the RBI (Reserve Bank of India), and the decision of the banks to transmit the rate cut across sectors, would bring the investment momentum back to the economy,” said Mazumder. “Many stalled projects, which have been waiting for availability of credit at cost-effective rates would be encouraged to restart their operations and eventually be a trigger for a turn in the investment cycle.”

Mazumder, president of the Confederation of Indian Industry, a lobby group.

Manufacturing, which has over 75% weightage in the Index of Industrial Production (IIP), rose by 5.2%, while mining and electricity sectors saw 2.5% and 5.9% growth, respectively.

The increase in mining and manufacturing reflects policy action by the government in terms of faster clearances of projects, CARE Ratings said in a report.

“The pickup in manufacturing activity is also suggestive of rising demand. However, as credit growth remains lackluster, it would be premature to conclude that IIP would record similar growth going forward as that seen in February,” the rating agency said. “The impact of rate cuts, Make in India (initiative) and coal auctions will be seen only in the later parts of FY16.”

The double-digit growth in home and personal care products, however, is unlikely to sustain, with tepid rural demand and damage to the spring harvest due to unseasonal rainfall.

This segment benefited from a significant expansion in output of apparel and leather garments in February, somewhat at odds with the trend recorded for export shipments in the same month, according to Aditi Nayar, senior economist at ICRA Ltd.

“Notwithstanding the 27-month high growth of consumer goods output in February 2015, the outlook for consumer demand remains mixed,” she said.

“However, with the rabi harvest damaged by bouts of unseasonal rainfall, rural demand is expected to remain subdued in the near term, in line with the weak growth displayed by two-wheelers in the last quarter of 2014-15.”

The consumer durables sector continued to contract throughout the fiscal year, and shrank by 3.4% in February.

The results of the consumer confidence survey released recently by RBI, based on respondents in six cities, indicate an improvement in future expectations, which suggest urban consumption demand may rise in the near term.
Rating agency Moody’s Investors Service on Thursday gave a thumbs up to the Narendra Modi administration by revising India’s credit rating outlook to positive from stable. A positive outlook means the sovereign rating has a greater chance of being upgraded in the next review by Moody’s.

“There is an increasing probability that actions by policy makers will enhance the country’s economic strength and, in turn, the sovereign’s financial strength over coming years,” Moody’s said.

In an interview to Hindustan Times on 8 April, Modi said that industry has to step up to seize the benefits of the “process we have set in motion”, amid complaints by business executives that the government is not moving fast enough on economic reforms.

He added that it was interesting that while businesses said his government had not done enough, the opposition Congress was saying it was too business-friendly.

RBI, in its first bi-monthly monetary policy announcement on 7 April, had kept the policy rate unchanged at 7.5%, and said it would wait for banks to pass on rate cuts that have already been announced before further easing.

Some of the biggest banks in India have pared their base rate marginally.

RBI governor Raghuram Rajan, in his monetary policy statement, said the industrial sector, manufacturing in particular, appears to be regaining momentum, with the growth of production in positive territory for three consecutive months till January.

“While basic goods production has been expanding steadily since November 2013, capital goods output has been relatively lumpy and volatile, and more positive readings are needed to be confident about a durable pickup in investment demand. The persisting contraction in consumer durables production for over two years could be reflecting the underlying weakness in consumption demand as well as higher imports,” Rajan said on 7 April.

RBI had unexpectedly reduced the policy rate by 25 basis points on 4 March, the second cut outside a scheduled monetary policy review since January.

The first rate cut of the cycle was announced on 15 January. A basis point is one-hundredth of a percentage point.

Meanwhile, the statistics department sharply revised the November factory output number to 5.2%, from the provisional 3.9% growth.

In terms of industries, 15 out of the 22 industry groups in manufacturing have shown growth during February.

Wearing apparel, dressing and dyeing of fur has shown the highest positive growth of 62%, while the industry group office, accounting and computing machinery has shown the highest contraction of minus 44.6%.

Some of the key items showing high positive growth during the month include leather garments (151.8%), polythene bags (131.6%), cable, rubber insulated (63.5%), vitamins (60.5%), stainless and alloy steel (57%), and apparel (52.5%).
### STATEMENT I: INDEX OF INDUSTRIAL PRODUCTION - SECTORAL
(Base : 2004-05=100)

<table>
<thead>
<tr>
<th>Month</th>
<th>Mining (141.57)</th>
<th>Manufacturing (755.27)</th>
<th>Electricity (103.16)</th>
<th>General (1000.00)</th>
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<tbody>
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<td>Nov</td>
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<td>Feb*</td>
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<td>Mar</td>
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**Average**

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<th>Electricity (103.16)</th>
<th>General (1000.00)</th>
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<tr>
<td>Apr-Feb</td>
<td>122.7</td>
<td>124.5</td>
<td>179.8</td>
<td>183.8</td>
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**Growth over the corresponding period of previous year (in %)**

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**Electricity (103.16)**

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**General (1000.00)**

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<tbody>
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*Indices for Feb 2015 are Quick Estimates.

NOTE: Indices for the months of Nov’14 and Jan’15 incorporate updated production data.
### MONTHLY ECONOMIC BULLETIN

> RECENT TRENDS IN INDIAN ECONOMY

#### STATEMENT II: INDEX OF INDUSTRIAL PRODUCTION - (2-DIGIT LEVEL)

*Base: 2004-05=100*

<table>
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<th>Industry code*</th>
<th>Description</th>
<th>Weight</th>
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<th>Index Feb'15</th>
<th>Cumulative Index Apr-Feb 2013-14</th>
<th>Cumulative Index Apr-Feb 2014-15</th>
<th>Percentage growth Feb'15</th>
<th>Percentage growth Apr-Feb 2014-15</th>
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<tbody>
<tr>
<td>15</td>
<td>Food products and beverages</td>
<td>72.76</td>
<td>226.2</td>
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<tr>
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<td>Tobacco products</td>
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<td>151.6</td>
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<td>18</td>
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<td>27.62</td>
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<td>170.0</td>
<td>178.4</td>
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<tr>
<td>19</td>
<td>Luggage, handbags, saddlery, harness &amp; footwear; tanning and dressing of leather products</td>
<td>5.82</td>
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<td>145.9</td>
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<td>187.7</td>
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<td>26</td>
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<td>30</td>
<td>Office, accounting &amp; computing machinery</td>
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<td>Medical, precision &amp; optical instruments, watches and clocks</td>
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<td>Motor vehicles, trailers &amp; semi-trailers</td>
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<tr>
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<td>163.9</td>
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<td>5.9</td>
<td>9.1</td>
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*Industry codes are as per National Industrial Classification 2004*
# Recent Trends in Indian Economy

## Statement III: Index of Industrial Production - Use-Based
(Base: 2004-05=100)

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<td>Apr</td>
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<td>163.0</td>
<td>207.3</td>
<td>235.0</td>
<td>145.3</td>
<td>149.7</td>
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<td>May</td>
<td>155.5</td>
<td>167.1</td>
<td>218.8</td>
<td>228.0</td>
<td>150.2</td>
<td>155.5</td>
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<td>Jun</td>
<td>148.4</td>
<td>163.5</td>
<td>219.6</td>
<td>270.7</td>
<td>147.3</td>
<td>151.2</td>
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<td>271.3</td>
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<td>150.4</td>
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<td>245.0</td>
<td>220.6</td>
<td>152.0</td>
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<td>Sep</td>
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<td>161.3</td>
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<td>260.9</td>
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<td>151.3</td>
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<td>153.1</td>
<td>167.9</td>
<td>247.2</td>
<td>239.2</td>
<td>150.6</td>
<td>145.5</td>
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<td>Nov</td>
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<td>168.2</td>
<td>235.6</td>
<td>252.1</td>
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<td>Dec</td>
<td>164.9</td>
<td>174.3</td>
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<td>267.9</td>
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<td>158.7</td>
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<td>175.2</td>
<td>240.7</td>
<td>270.9</td>
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<td>164.8</td>
<td>235.3</td>
<td>255.9</td>
<td>150.0</td>
<td>151.7</td>
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<tr>
<td>Mar</td>
<td>176.3</td>
<td>303.8</td>
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</table>

**Average**

- Apr-Feb: 155.1 166.6 237.0 251.3 150.4 152.8

Growth over the corresponding period of previous year (in %)

<table>
<thead>
<tr>
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<td>Feb</td>
<td>4.5</td>
<td>5.0</td>
<td>-17.6</td>
<td>8.8</td>
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<td>Apr-Feb</td>
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<td>-2.6</td>
<td>6.0</td>
<td>3.3</td>
<td>1.6</td>
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</table>

*Indices for Feb 2015 are Quick Estimates.*

**Note:** Indices for the months of Nov'14 and Jan'15 incorporate updated production data.
# Recent Trends in Indian Economy

## Statement III: Index of Industrial Production - Use-Based

(Base: 2004-05=100)

<table>
<thead>
<tr>
<th>Month</th>
<th>Consumer goods (298.08)</th>
<th>Consumer durables (84.60)</th>
<th>Consumer non-durables (213.47)</th>
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<td>May</td>
<td>174.7</td>
<td>182.7</td>
<td>253.5</td>
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<tr>
<td>Jun</td>
<td>183.1</td>
<td>166.9</td>
<td>276.1</td>
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<tr>
<td>Jul</td>
<td>182.1</td>
<td>171.3</td>
<td>277.6</td>
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<tr>
<td>Aug</td>
<td>171.7</td>
<td>161.1</td>
<td>257.4</td>
</tr>
<tr>
<td>Sep</td>
<td>179.6</td>
<td>172.4</td>
<td>271.6</td>
</tr>
<tr>
<td>Oct</td>
<td>182.1</td>
<td>149.0</td>
<td>295.8</td>
</tr>
<tr>
<td>Nov</td>
<td>167.8</td>
<td>165.1</td>
<td>235.8</td>
</tr>
<tr>
<td>Dec</td>
<td>191.3</td>
<td>191.9</td>
<td>229.1</td>
</tr>
<tr>
<td>Jan</td>
<td>206.2</td>
<td>202.4</td>
<td>261.6</td>
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<tr>
<td>Feb*</td>
<td>190.2</td>
<td>200.1</td>
<td>261.2</td>
</tr>
<tr>
<td>Mar</td>
<td>203.9</td>
<td></td>
<td>274.4</td>
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<tr>
<td>Average</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Apr-Feb</td>
<td>183.6</td>
<td>176.8</td>
<td>263.3</td>
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</table>

**Growth over the corresponding period of previous year (in %)**

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<tr>
<th></th>
<th>Feb</th>
<th></th>
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<th></th>
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<tr>
<td></td>
<td>-5.2</td>
<td>5.2</td>
<td>-9.8</td>
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<td>-12.3</td>
<td>-13.3</td>
<td>4.8</td>
<td>2.8</td>
</tr>
</tbody>
</table>

*Indices for Feb 2015 are Quick Estimates.*

**NOTE:** Indices for the months of Nov’14 and Jan’15 incorporate updated production data.
Index of Eight Core Industries (Base: 2004-05=100), February, 2015

The Eight Core Industries comprise nearly 38% of the weight of items included in the Index of Industrial Production (IIP). The combined Index of Eight Core Industries stands at 161.5 in February, 2015, which was 1.4% higher compared to the index of February, 2014. Its cumulative growth during April to February, 2014-15 was 3.8%.

Coal
Coal production (weight: 4.38%) increased by 11.6% in February, 2015 over February, 2014. Its cumulative index during April to February, 2014-15 increased by 8.5% over corresponding period of previous year.

Crude Oil
Crude Oil production (weight: 5.22%) declined by 1.9% in February, 2015 over February, 2014. The cumulative index of Crude Oil during April to February, 2014-15 declined by 1.1% over the corresponding period of previous year.

Natural Gas
The Natural Gas production (weight: 1.71%) declined by 8.1% in February, 2015. Its cumulative index during April to February, 2014-15 declined by 5.5% over the corresponding period of previous year.

Refinery Products (0.93% of Crude Throughput)
Petroleum Refinery production (weight: 5.94%) declined by 1.0% in February 2015. Its cumulative index during April to February, 2014-15 increased by 0.5% over the corresponding period of previous year.

Fertilizers
Fertilizer production (weight: 1.25%) declined by 0.4% in February, 2015. Its cumulative index during April to February, 2014-15 declined by 0.5% over the corresponding period of previous year.

Steel (Alloy + Non-Alloy)
Steel production (weight: 6.68%) declined by 4.4% in February, 2015. Its cumulative index during April to February, 2014-15 increased by 1.1% over the corresponding period of previous year.

Cement
Cement production (weight: 2.41%) increased by 2.7% in February, 2015. Its cumulative growth during April to February, 2014-15 was 6.1% over the corresponding period of previous year.

Electricity
Electricity generation (weight: 10.32%) increased by 5.2% in February, 2015 and it registered a cumulative growth of 8.6% during April to February, 2014-15 over the corresponding period of previous year.
Performance of Eight Core Industries  
**Yearly** Index & Growth Rate  
Base Year: 2004-05=100

### INDEX

<table>
<thead>
<tr>
<th>Sector</th>
<th>Weight</th>
<th>2009-10</th>
<th>2010-11</th>
<th>2011-12</th>
<th>2012-13</th>
<th>2013-14</th>
<th>Apr-Feb 13-14</th>
<th>Apr-Feb 14-15</th>
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<tr>
<td>Coal</td>
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<td>139.7</td>
<td>141.5</td>
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<td>150.0</td>
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<td>Crude Oil</td>
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<td><strong>165.8</strong></td>
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### GROWTH RATES (in %)

<table>
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<th>Weight</th>
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<th>2010-11</th>
<th>2011-12</th>
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<th>2013-14</th>
<th>Apr-Feb 13-14</th>
<th>Apr-Feb 14-15</th>
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<td>8.1</td>
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<td>1.3</td>
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<td>Crude Oil</td>
<td>5.216</td>
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<td>11.9</td>
<td>1.0</td>
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<td>Natural Gas</td>
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<td><strong>4.2</strong></td>
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</tr>
</tbody>
</table>

*Refinery Products’ yearly growth rates of 2012-13 are not comparable with other years on account of inclusion of RIL (SEZ) production data since April, 2012.*
## Recent Trends in Indian Economy

*March, 2015*

### Performance of Eight Core Industries

**Monthly Index & Growth Rate**

**Base Year: 2004-05=100**

<table>
<thead>
<tr>
<th>INDEX</th>
<th>Weight</th>
<th>Crude Oil</th>
<th>Natural Gas</th>
<th>Refinery Products</th>
<th>Fertilizers</th>
<th>Steel</th>
<th>Cement</th>
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<th>Overall Index</th>
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</table>

### GROWTH RATES (in %)

<table>
<thead>
<tr>
<th>Sector</th>
<th>Coal</th>
<th>Crude Oil</th>
<th>Natural Gas</th>
<th>Refinery Products</th>
<th>Fertilizers</th>
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<th>Cement</th>
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<td>0.5</td>
<td>2.7</td>
<td>1.8</td>
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<tr>
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<td>-8.1</td>
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<td>-4.4</td>
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Foreign Direct Investment

FDI in Insurance: Global reinsurers make a beeline for India

Even as the regulator IRDA is busy finalising norms to allow global reinsurers to enter the country, international firms are putting in place their top teams, with the US-based RGA taking lead by appointing former acting chairman of LIC, Thomas Mathew, as its India head.

Mathew joined RGA (Reinsurance Group of America) India as Managing Director and Chief Executive on March 30. When contacted, he confirmed his appointment.

At present, Mathew is the non-executive chairman of the privately-promoted commodity bourse MCX-SX, and continues to hold the post.

According to industry sources, the second-largest global reinsurer Swiss Re is also in the process of appointing a CEO for its India operations.

The move comes as Dhananjaya Date, who was heading its operations here, when it only acted as a service company, retired recently.

The Zurich-based Swiss Re had shortlisted Joydeep Roy, who was former chief executive of L&T General Insurance and P Nandagopal, Managing Director and Chief Executive of IndiaFirst Life Insurance, for the post.

Though Swiss Re has a major exposure in the domestic general insurance business through its reinsurance operations, sources point out that the company is looking for a professional with sound expertise in life and health segments, to head its operations here.

So far, global reinsurers were operating through their service companies or representative offices, but are now gearing up to set up own their full-fledged operations in the country.

Accordingly, they are on a hiring spree after having received licences from Insurance Regulatory and Development Authority (IRDA), sources familiar with the development told PTI.

According to market sources, as many as 10-15 global reinsurers are likely to enter the country in near future, as per an IRDA estimate after the new insurance law allowed 49 per cent foreign ownership.

The IRDA has already issued draft norms for allowing branch operations of international reinsurers and is expected to issue the final norms by June.

It has also been learnt that the largest global reinsurer Munich Re recently appointed Hitesh Kotak as its new Chief Executive for India operations.

As part of increasing its India play, the company has also shifted its headquarters from Kolkata to Mumbai, sources said.

Hannover Re, the third-largest global reinsurer, has also expanded its team by appointing Ankur Nijhawan as Managing Director of Hannover Re Risk Management Services India, a wholly-owned subsidiary of Hannover.

Nijhawan had earlier worked with Marsh India and AIG’s US operations.

However, Hannover Re is yet to name its India CEO.

Joseph Augustine, who has been heading India operations of Catlin, the largest syndicate in Lloyd’s, will continue in the same position.

Recently, Catlin was taken over by US insurer XL in one of the largest international M&A deals and is likely to announce the new structure of the merged company in the country soon.

Other companies like French major SCOR and Lloyd’s of London are also likely to name their new India CEOs shortly, sources said.
### FACT SHEET ON FOREIGN DIRECT INVESTMENT (FDI)

**From APRIL, 2000 to FEBRUARY, 2015**

(up dated up to February, 2015)

#### I. RECENT TRENDS IN INDIAN ECONOMY

#### A. TOTAL FDI INFLOWS (from April, 2000 to February, 2015):

<table>
<thead>
<tr>
<th>Description</th>
<th>Cumulative Amount</th>
<th>US$ Million</th>
</tr>
</thead>
<tbody>
<tr>
<td>CUMULATIVE AMOUNT OF FDI INFLOWS (Equity inflows + ‘Re-invested earnings’ + ‘Other capital’)</td>
<td>-</td>
<td>364,785</td>
</tr>
<tr>
<td>CUMULATIVE AMOUNT OF FDI EQUITY INFLOWS (excluding, amount remitted through RBI’s+NRI Schemes)</td>
<td>Rs. 1,219,783 crore</td>
<td>246,395</td>
</tr>
</tbody>
</table>


<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>TOTAL FDI INFLOWS INTO INDIA (Equity inflows + ‘Re-invested earnings’ + ‘Other capital’) (as per RBI’s Monthly bulletin dated: 10.04.2015)</td>
<td>- US$ 41,223</td>
</tr>
<tr>
<td>FDI EQUITY INFLOWS</td>
<td>Rs. 175,886 crore</td>
</tr>
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</table>

#### C. FDI EQUITY INFLOWS (MONTH-WISE) DURING THE FINANCIAL YEAR 2014-15:

<table>
<thead>
<tr>
<th>Financial Year 2014-15 (April-March)</th>
<th>Amount of FDI Equity inflows</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>(In Rs. Crore)</td>
</tr>
<tr>
<td>1. April, 2014</td>
<td>10,290</td>
</tr>
<tr>
<td>2. May, 2014</td>
<td>21,373</td>
</tr>
<tr>
<td>3. June, 2014</td>
<td>11,508</td>
</tr>
<tr>
<td>4. July, 2014</td>
<td>21,022</td>
</tr>
<tr>
<td>5. August, 2014</td>
<td>7,783</td>
</tr>
<tr>
<td>6. September, 2014</td>
<td>16,297</td>
</tr>
<tr>
<td>7. October, 2014</td>
<td>16,288</td>
</tr>
<tr>
<td>8. November, 2014</td>
<td>9,486</td>
</tr>
<tr>
<td>9. December, 2014</td>
<td>13,562</td>
</tr>
<tr>
<td>10. January, 2015</td>
<td>27,880</td>
</tr>
<tr>
<td>11. February, 2015</td>
<td>20,397</td>
</tr>
</tbody>
</table>

2014-15 (from April, 2014 to February, 2015) #

175,886 | 28,813

2013-14 (from April, 2013 to February, 2014) #

125,960 | 20,766

Percentage growth over last year:

(+) 40% (+) 39%

#### D. FDI EQUITY INFLOWS (MONTH-WISE) DURING THE CALENDAR YEAR 2015:

<table>
<thead>
<tr>
<th>Calendar Year 2015 (Jan.-Dec.)</th>
<th>Amount of FDI Equity inflows</th>
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</thead>
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<tr>
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<td>(In Rs. Crore)</td>
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<tr>
<td>1. January, 2015</td>
<td>27,880</td>
</tr>
<tr>
<td>2. February, 2015</td>
<td>20,397</td>
</tr>
</tbody>
</table>

Year 2015 (up February, 2015) #

48,277 | 7,769

Year 2014 (up February, 2014) #

24,147 | 4,206

Percentage growth over last year:

(+) 85% (+) 85%

**Note:**

(i) Country & Sector specific analysis is available from the year 2000 onwards, as Company-wise details are provided by RBI from April, 2000 onwards only.

# Figures are provisional, subject to reconciliation with RBI, Mumbai.
## E. RECENT TRENDS IN INDIAN ECONOMY

### SHARE OF TOP INVESTING COUNTRIES FDI EQUITY INFLOWS (Financial years):

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>MAURITIUS</td>
<td>51,654 (9,497)</td>
<td>29,360 (4,859)</td>
<td>51,530 (8,447)</td>
<td>422,015 (90,572)</td>
</tr>
<tr>
<td>2.</td>
<td>SINGAPORE</td>
<td>12,594 (2,308)</td>
<td>35,625 (6,585)</td>
<td>39,363 (6,428)</td>
<td>165,200 (31,974)</td>
</tr>
<tr>
<td>3.</td>
<td>U.K.</td>
<td>5,797 (1,000)</td>
<td>20,426 (3,218)</td>
<td>7,463 (1,237)</td>
<td>106,348 (22,001)</td>
</tr>
<tr>
<td>4.</td>
<td>JAPAN</td>
<td>12,243 (2,337)</td>
<td>10,560 (1,718)</td>
<td>10,507 (1,725)</td>
<td>91,151 (17,993)</td>
</tr>
<tr>
<td>5.</td>
<td>NETHERLANDS</td>
<td>10,054 (1,856)</td>
<td>13,920 (2,279)</td>
<td>20,076 (3,294)</td>
<td>76,374 (14,530)</td>
</tr>
<tr>
<td>6.</td>
<td>U.S.A.</td>
<td>3,033 (557)</td>
<td>4,807 (806)</td>
<td>10,369 (1,697)</td>
<td>66,090 (13,625)</td>
</tr>
<tr>
<td>7.</td>
<td>CYPRUS</td>
<td>2,658 (490)</td>
<td>3,401 (557)</td>
<td>3,596 (592)</td>
<td>39,325 (8,038)</td>
</tr>
<tr>
<td>8.</td>
<td>GERMANY</td>
<td>4,684 (860)</td>
<td>6,093 (1,038)</td>
<td>6,485 (1,058)</td>
<td>30,991 (7,577)</td>
</tr>
<tr>
<td>9.</td>
<td>FRANCE</td>
<td>3,487 (646)</td>
<td>1,842 (305)</td>
<td>3,626 (594)</td>
<td>22,332 (4,472)</td>
</tr>
<tr>
<td>10.</td>
<td>SWITZERLAND</td>
<td>987 (180)</td>
<td>2,064 (341)</td>
<td>2,049 (333)</td>
<td>15,185 (3,040)</td>
</tr>
</tbody>
</table>

**TOTAL FDI INFLOWS FROM ALL COUNTRIES:**

| 121,867 (22,423) | 147,518 (24,299) | 175,866 (26,813) | 1,220,316 (246,516) | - |

*Includes inflows under NRI Schemes of RBI.*

**Note:**
(i) Cumulative country-wise FDI equity inflows (from April, 2000 to February, 2015) are at – Annex-A.
(ii) %age worked out in US$ terms & FDI inflows received through FIIB/SIA+ RBI’s Automatic Route + acquisition of existing shares only.

## F. SECTORS ATTRACTION HIGHEST FDI EQUITY INFLOWS:

<table>
<thead>
<tr>
<th>Ranks</th>
<th>Sector</th>
<th>2012-13 (April - March)</th>
<th>2013-14 (April - March)</th>
<th>2014-15 (April '14 - February '15)</th>
<th>Cumulative Inflows (April '00 - February '15)</th>
<th>%age to total Inflows (in terms of US$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>SERVICES SECTOR **</td>
<td>26,306 (4,833)</td>
<td>13,294 (2,225)</td>
<td>17,857 (2,981)</td>
<td>203,207 (42,349)</td>
<td>17%</td>
</tr>
<tr>
<td>2.</td>
<td>CONSTRUCTION DEVELOPMENT: TOWNSHIPS, HOUSING, BUILT-UP INFRASTRUCTURE</td>
<td>7,248 (1,332)</td>
<td>7,508 (1,226)</td>
<td>4,559 (754)</td>
<td>113,116 (24,060)</td>
<td>10%</td>
</tr>
<tr>
<td>3.</td>
<td>TELECOMMUNICATIONS (radio paging, cellular mobile, basic telephone services)</td>
<td>1,854 (304)</td>
<td>7,987 (1,037)</td>
<td>17,110 (2,853)</td>
<td>83,829 (17,018)</td>
<td>7%</td>
</tr>
<tr>
<td>4.</td>
<td>COMPUTER SOFTWARE &amp; HARDWARE</td>
<td>2,658 (488)</td>
<td>6,096 (1,126)</td>
<td>12,564 (2,043)</td>
<td>72,265 (14,862)</td>
<td>8%</td>
</tr>
<tr>
<td>5.</td>
<td>DRUGS &amp; PHARMACEUTICALS</td>
<td>6,011 (1,123)</td>
<td>7,191 (1,279)</td>
<td>7,960 (1,304)</td>
<td>63,911 (12,901)</td>
<td>5%</td>
</tr>
<tr>
<td>6.</td>
<td>AUTOMOBILE INDUSTRY</td>
<td>8,384 (1,537)</td>
<td>9,027 (1,517)</td>
<td>14,855 (2,420)</td>
<td>65,061 (12,232)</td>
<td>5%</td>
</tr>
<tr>
<td>7.</td>
<td>CHEMICALS (OTHER THAN FERTILIZERS)</td>
<td>1,596 (292)</td>
<td>4,736 (878)</td>
<td>3,514 (555)</td>
<td>48,848 (10,263)</td>
<td>4%</td>
</tr>
<tr>
<td>8.</td>
<td>POWER</td>
<td>2,923 (536)</td>
<td>6,519 (1,066)</td>
<td>3,932 (649)</td>
<td>46,587 (9,549)</td>
<td>4%</td>
</tr>
<tr>
<td>9.</td>
<td>METALLURGICAL INDUSTRIES</td>
<td>7,878 (1,466)</td>
<td>3,436 (568)</td>
<td>2,776 (453)</td>
<td>41,026 (8,527)</td>
<td>4%</td>
</tr>
<tr>
<td>10.</td>
<td>TRADING</td>
<td>3,901 (718)</td>
<td>8,191 (1,343)</td>
<td>10,229 (2,646)</td>
<td>43,077 (7,945)</td>
<td>3%</td>
</tr>
</tbody>
</table>

**Note:**
(i) Services sector includes Financial, Banking, Insurance, Non-Financial / Business, Outsourcing, R&D, Courier, Tech.
(ii) Cumulative Sector-wise FDI equity inflows (from April, 2000 to February, 2015) are at – Annex-B.
(iii) FDI Sectoral data has been revaluated / reconciled in line with the RBI, which reflects minor changes in the FDI figures (increase/decrease) as compared to the earlier published sectoral data.
Hope India continues on high growth path: IMF head to Modi

Calling India a “bright” spot on the global economic horizon, IMF Managing Director Christine Lagarde on March 16 told Prime Minister Narendra Modi that India would continue on the growth path that had recently picked up.

"India’s growth rate has crossed 7.5 percent, she (Lagarde) said, adding that it is the bright spot in the global economy. She expressed hope that India would continue on this growth path," the Prime Minister’s Office said in a release here.

Earlier, Lagarde said the country was bigger than what is perceived and must seize its moment, while lauding the abilities of Reserve Bank Governor Raghuram Rajan.

"Chak de India!” (Come on India), Lagarde earlier said in her speech at Lady Shriram College here, as she commenced her two-day visit to India.

"India is the bright spot in the global economy at the moment," she said, echoing Finance Minister Arun Jaitley’s budget speech last month when he said that at a time other economies were facing serious challenges, India was about to take off on a faster growth trajectory.

Regarding Rajan, who was a chief economist at IMF, and whom she is slated to meet in Mumbai on Tuesday, Lagarde said: "He’s not bad, he’s pretty good. I want to be very respectful of what Raghu (Raghuram Rajan) does."

"While many countries in the world are grappling with low growth, India's marching in the opposite direction," Lagarde told the audience.

Her prescription for India -- early implementation of a pan-India goods and services tax regime, reform of the subsidy regime, fiscal discipline and sound financial markets.

"Growth can’t be your only goal -- welfare of people, specially those have traditionally not been included. That should be your objective -- inclusiveness. That way you won’t have to face these cycles of ups and downs that have been troubling you."

According to her, implementation of economic liberalisation programme was more important than bold reforms. Yet, she felt, India today was in a position to face eventualities -- like the one posed by possible hike in the US interest rates.

"India’s well-prepared. Fundamentally, you are strong."

She is scheduled to attend a public event hosted by the Reserve Bank in Mumbai on Tuesday.

Speaking at one of the premier colleges for women here, Lagarde cited a forthcoming IMF working paper that shows India’s female labour force participation rate of 29 percent, that is far below that of its emerging market peers and has been declining since 2005.

Lauding Modi’s campaigns to educate girls and save girl children, Lagarde said: "My definition of inclusiveness includes women and includes everybody."

Source: Indo-Asian News Service
India successfully put into orbit its fourth navigation satellite with its own rocket on March 28 evening in copybook style.

Exactly at 5:19 p.m., the rocket - Polar Satellite Launch Vehicle - (PSLV-C27) standing about 44 metres tall and weighing around 320 tonnes, roared into the bright blue clear evening sky trailing an orange plume.

The expendable rocket had a single but important piece of luggage: the 1,425 kg IRNSS-1D.

The rocket blasted off from the second launch pad at the Satish Dhawan Space Centre here, around 80 km from Chennai.

For onlookers the rocket resembled an inverted flare/torch with a long handle as it gathered speed amidst the cheers of the Indian Space Research Organisation (ISRO) officials and the media team assembled at the rocket port here.

At the rocket mission control room, Indian space scientists at ISRO were glued to their computer screens watching the rocket escaping the earth’s gravitational pull.

The PSLV-C27 ejected the IRNSS-1D around 20 minutes into the flight. Immediately, scientists at the mission control centre were visibly relieved and started clapping happily.

Soon after ejection into orbit, the satellite's solar panels were deployed.

The satellite's control was taken over by the Mission Control Facility (MCF) at Hassan in Karnataka.

The MCF will manage the satellite's orbit raising operations by firing the on-board motors till it is placed in the circular geosynchronous orbit.

The system is similar to the global positioning system (GPS) of the US (24 satellites), Glonass of Russia (24 satellites) and Galileo of Europe (27 satellites), China’s Beidou (35 satellites).

While GPS and Glonass are fully functional global systems, the Chinese and the Japanese systems offer regional coverage and Europe's Galileo is yet to be operational.

The IRNSS will provide two types of services - standard positioning service and restricted service. The former is provided to all users and the later is an encrypted service for authorised users.

With this success, India moved closer towards joining a select group of nations with its own satellite navigation system.

President Pranab Mukherjee and Prime Minister Narendra Modi congratulated Indian scientists on the successful launch of the country’s fourth navigation satellite.

In his message to ISRO Chairman A.S. Kiran Kumar, Mukherjee said: "My heartiest congratulations to you and your entire team at the Indian Space Research Organisation for the successful launch of PSLV-C27, carrying the IRNSS-1D."

"I am very happy to know that this is the fourth in the series of seven satellites of the Indian Regional Navigation Satellite System. I understand the IRNSS-1D will provide navigation, tracking and mapping services which will take us closer to setting up our own navigation system."

The nation is proud of this achievement which has demonstrated, yet again, India's increasing space capabilities, he said.

The prime minister also congratulated the scientists.

"Launch of satellite IRNSS-1D is yet another manifestation of the exemplary efforts and utmost brilliance of our scientists. Congrats to them," Modi said.

Source: Indo-Asian News Service
Modi visits Jaffna, hands over houses to Tamils

Prime Minister Narendra Modi on March 14 visited Jaffna, becoming the first Indian premier to set foot in the war-ravaged town in Sri Lanka’s Tamil-dominated Northern Province, where he handed over homes built with Indian assistance to displaced local Tamils.

Modi also laid the foundation stone of a cultural centre in Jaffna. He is the second foreign leader to visit the town, about 400 km north of Colombo, after British Prime Minister David Cameron in November 2013.

He also visited the North Central Province’s capital city of Anuradhapura where he, along with Sri Lanka President Maithripala Sirisena, offered prayers at the sacred Mahabodhi tree.

After this, Modi flagged off a train service in the town of Talaimannar and also unveiled a plaque inaugurating the local railway station.

The Jaffna housing project, built with Indian assistance, will provide shelter to 27,000 families.

Speaking on the occasion, Modi said: “This project will provide shelter to 27,000 families. These houses are not just walls made of brick and stones, but an opportunity to share the sorrow of the needy and help them.”

He said the owner-driven reconstruction project idea was begun in Gujarat after the 2001 earthquake.

Modi also participated in the symbolic milk boiling ceremony to mark house warming being performed by the families.

He also offered prayers at the the Naguleswaram Temple in Jaffna. “Feeling blessed”, he tweeted.

At Talaimannar, he inaugurated the Talaimannar 1650 pier railway station and flagged off the Talaimannar-Medawachchiya train service to Colombo, following the rehabilitation work carried out with Indian credit assistance.

Speaking on the occasion, Modi said Sri Lanka and India ties are special. “We are not just neighbours but joined by our cultural relations.”

He said the Talaimannar railway project would give a fillip to the economic progress of the area.

The railway line, which will stretch from the Talaimannar Pier to Madhu Road, covering a distance of 60 km, will provide connectivity for the people of Northern Province to the rest of the country.

Modi’s visit came a day after he gently nudged Sri Lanka to reach out to its Tamil minority and branded the the vanquished Tamil Tigers terrorists while he outlining his determination to build a stronger economic relationship with Colombo. In a carefully worded speech delivered in parliament on Friday, Modi emphasized that Colombo, which crushed the Liberation Tigers of Tamil Eelam (LTTE) in May 2009, needed to respect all diversities -- for its own good.

Sri Lanka, he said to loud thumping of desks by the MPs, had successfully defeated terrorism and ended a long-running conflict that claimed thousands of lives since 1983.

“You now stand at a moment of historic opportunity to win the hearts and heal the wounds across all sections of society,” he said, speaking in English to an audience of mostly Sinhalese politicians.

The prime minister is in Sri Lanka on the third and final leg of his five-day three-nation tour. He is the first Indian prime minister to visit Sri Lanka in 28 years. Earlier, he visited Mauritius and Seychelles.

Source: Indo-Asian News Service
Amazon set for 1.3m sqft office deal with Bagmane

E-commerce giant Amazon is finalizing a 1.3 million sqft office lease deal in Bengaluru with IT park developer Bagmane, in a bid to keep pace with its fast paced growth in India, multiple sources briefed on the matter said.

One of the largest office lease deals in recent past is awaiting a formal sign-off as Amazon India and Bagmane sort out final details. Amazon’s RFP (request-for-proposal) for its office requirements was aggressively pursued by all the top IT Park developers, as reported by TOI in the first week of January.

The Amazon deal is among top three office deals after Flipkart and Wells Fargo, the largest US bank by market value, struck lease large deals for 3 million and one million sqft respectively in the past one year. Bengaluru, the country’s startup capital, is the top absorber of office space in the country.

Jeff Bezos-led Amazon, which has crossed $2 billion in domestic sales by gross merchandise value, could hire over 10,000 employees in the next 2-3 years based on commercial real estate calculations suggesting one new employment for every 100 sqft office space.

The enthusiasm among commercial developers towards e-commerce companies – with explosive, money guzzling growth – heightened after Flipkart struck the largest office lease deal in at least a decade. Flipkart, a fierce local rival to Amazon, signed the deal with Embassy Office Parks, a joint venture between private equity giant Blackstone and Embassy Group.

Amazon’s imminent lease deal with Bagmane, at the developer’s business park along the city’s IT corridor of Outer Ring Road, has been structured in three parts, sources added. Amazon will immediately absorb around 3-lakh sqft of space, even as the company would continue to operate out its India headquarters in Bengaluru. Global consultancy firm JLL India is managing the lease transaction.

“We don’t comment on anything we may or may not do in the future,” an Amazon India spokesperson said. Bagmane chairman Raja Bagmane could not be reached for immediately.

Source: The Times of India
France promises $5 billion for insurance sector in India

With Parliament recently giving its nod for raising the cap on foreign direct investment in the insurance sector from 26% to 49%, India can look forward to $5 billion in investment from France in the sector, French ambassador to India Francois Richier said on March 23.

According to Richier, in 2014, French investment flows into India were comparable with those into China.

Richier was speaking at an event organised by the French embassy and the Federation of Indian Chambers of Commerce and Industry (FICCI) on the number of French companies in India.

“When you compare the share of French FDI (foreign direct investment), India receives 6% whereas China receives 7% as of 2014. This shows that while China has GDP four times greater than India, the French investment is roughly the same. There is far more attraction to India than China due to the large market, wonderful workforce and cultural connection,” the French ambassador said.

On Prime Minister Narendra Modi’s visit to France next month, Richier said he was sure that Modi would “carry a message so that it encourages companies to enjoy the ease of doing business in India”.

In his comments, Amitabh Kant, secretary, Department of Industrial Policy and Promotion noted that there was a “new vibrancy and dynamism in India” with the Narendra Modi-led government “determined to ease the process of doing business in India”.

In the past six decades, India had become a “very complex and difficult place to do business” with the addition of rules, regulations and paperwork. “Over the last six months, we have removed 40%-45% of them,” Kant said, citing the example of filling of forms for imports and exports for which 11 forms were required.

“Now, we have brought it down to three. For setting up business, we have shortened procedures and cut down on the number of days,” he said.

To further ease the experience of doing business in India, Kant said the government had created an e-business platform where 14 departments have been brought together and all approvals can be taken at one place.

“Our objective is that over a period of time, we can link up all the state and central governments so that India becomes an easy place to do business.”

Modi’s visit to France next month offers “a unique opportunity to promote market India create a huge awareness about India,” he said.

Modi will be in France 9-12 April and in Germany 12-14 April and then head onwards to Canada.

Referring to the Make in India campaign launched by Modi in September to encourage foreign manufacturers to invest in the country, Kant said this was aimed at integrating India into the globalized economy and making it part of the global supply chain.

“The objective is to open up our economy to the maximum extent. In the last six to seven months, we have opened up railways, construction, medical devices, insurance, just about everything. Other than multi-brand retail, India is the most open economy in the world,” he said.

India was also working to improve infrastructure, he said, adding the intention was to ramp up capacities in size and scale.

“As India advances, one of the key lessons to learn from France is the process of urbanisation,” he said, adding 700 million people would be living in cities in the next five decades.

Addressing the media separately in New Delhi, trade minister Nirmala Sitharaman said India would be showcasing its strengths at the 13-17 April Hannover Messe fair in Germany.

“Prime Minister Narendra Modi would be reaching out to the global business and technology leaders on the new initiatives of the Indian government for doing business in India,” a statement from the commerce ministry said.

Source: Mint
Uber ties up with Times Internet for expansion in India

Times Internet, the digital arm of the Times of India Group and Uber have entered into a strategic partnership to support Uber’s expansion in India, a statement issued by the former said here on March 23.

The deal is centred around a commercial marketing arrangement accompanied by a small investment, it stated.

"Times Global Partners is a platform we established to help the best companies in the world succeed in India, and we’re confident that together, we can improve lives and create jobs for millions of Indians," Satyan Gajwani, chief executive officer (CEO) of Times Internet, said.

"India is one of our fastest growing markets in the history of Uber and one where we are investing heavily in continued growth," said Travis Kalanick, CEO of Uber Technologies.

Uber, however, is struggling to resume its operations in the national capital where it was banned after one its drivers was accused of rape in December 2014.

It has resumed partial operations in the city after applying for a radio taxi licence in January. At present, it offers services in 11 Indian cities.

Source: Indo-Asian News Service

Gamesa tops wind energy installations in India

Spanish wind energy turbine maker Gamesa has retained top position for a second year in row for the highest number of grid-connected installations in India. Suzlon and Wind World India took the second and third spot respectively. The rankings were released by Danish firm Make Consulting, which analyses the wind energy market globally. In 2014, about 2,300 Mw of wind energy was added in India a growth of 27 per cent over 2013, when 1,800 Mw was added. Gamesa accounted for a quarter of all grid-connected installations with a market share of 25 per cent in 2014. Suzlon and Wind World India achieved 21 and 15 per cent, respectively.

“We plan to add 1,000 Mw installations in India this year and acquiring business from independent power producers. With favourable policies, growth will be easier,” said Ramesh Kymal, managing director of Gamesa in India.

Suzlon, which earlier in the year, sold its German subsidiary Senvion, to US-based private equity Centrebridge, did not figure in the global top 15 turbine makers in 2014 but Senvion stood at 13th place.

Suzlon was ranked fifth globally in 2013. Suzlon has contested the report findings. "The report has misrepresented Suzlon group installations. It has only considered stand-alone figures of Suzlon and Senvion for 2014. However, the agreement to sell Senvion was signed in January," a Suzlon spokesperson said.

Source: Business Standard
US to explore investment opportunities in Telangana, Andhra

A US diplomat said here on March 6 he will visit various districts of Telangana and Andhra Pradesh to interact with the industrialists for promotion of trade between America and the two states.

Consul General Michael Mullins on March 6 told a delegation of Federation of Telangana and Andhra Pradesh Chambers of Commerce and Industry (FTAPCCI) that they are trying to understand the trade and investment opportunities.

He lauded the initiatives taken by Telangana on brand building and Andhra Pradesh on smart city, said a statement by FTAPCCI.

The consul general invited FTAPCCI to SelectUSA Investment Summit happening on March 23-24 in Washington, which brings together investors from all over the world.

He said the governments of both the countries and the private sector need to collaborate on trade and commercial issues of mutual interest with a view to facilitate trade and investment opportunities across various sectors.

"Today, the India-U.S. bilateral cooperation is broad-based and multi-sectoral, covering trade and investment, defence and security, education, science and technology, cyber security, high-technology, civil nuclear energy, space technology and applications, clean energy, environment, agriculture and health," he said.

Mullins informed that presently the trade with India is $100 billion and there is a potential that it can grow $500 billion by 2020.

The delegation led by FTAPCCI president Shiv Kumar Rungta briefed the consul general about the activities.

Rungta said FTAPCCI will be opening its branches in Vijayawada, Visakhapatnam and Rayalaseema shortly.

Source: Indo-Asian News Service

Singapore firm commissions first power project in India

Singapore firm Sembcorp Industries’s first power project in India has commenced commercial operation.

The firm announced completion of the first 660-megawatt unit of the Thermal Powertech Corporation India (TPCIL) plant in Nellore district of Andhra Pradesh.

The 1,320 MW coal-fired power plant in the coastal town of Krishnapatnam comprises two units of 660 MW each, with the second unit expected to begin commercial operation in the third quarter of 2015.

The approximately $1.5 billion power plant utilises supercritical technology, which allows for enhanced efficiency and reduced emissions compared to other conventional coal-fired power plants, the company said in a statement. With the completion of this first unit, the plant has begun supplying power to the states of Andhra Pradesh and Telangana, helping to meet the increasing power demand in the southern region and supporting its economic growth.

TPCIL has already secured power purchase agreements for 900 MW, or almost 70 percent of the plant’s capacity, of which 500 MW will be sold under a 25-year agreement with the Andhra Pradesh and Telangana power distribution companies. Sembcorp owns a 65 stake in TPCIL through its wholly-owned subsidiary, Sembcorp Utilities, while Gayatri Energy Ventures, a wholly-owned subsidiary of Gayatri Projects, owns the remaining 35 percent.

Source: Indo-Asian News Service
TPG invests Rs 900cr in Manipal Health

Global private equity major TPG Capital Management is buying a ‘significant minority stake’ in Bengaluru-based hospital operator Manipal Health Enterprises (MHEPL) for $146 million, or a little over Rs 900 crore, the companies said in a joint statement.

The deal was first reported by TOI in its July 22 edition last year. Puneet Bhatia, partner and TPG Capital’s head of India, said, “In MHEPL, we have identified a business with extensive global experience and expertise in healthcare, a sector supported by robust growth drivers and with a critical role to play for social advancement in India.”

Part of billionaire Ranjan Pai’s Manipal Education and Medical Group, Manipal Health owns and operates over 5,200 beds across 16 hospitals in India and one hospital in Klang, Malaysia. Counted among the top three hospital chains in the country, Manipal Health provides treatment to over 2 million patients annually.

“This investment allows MHEPL to access TPG’s operational know-how and international experience while strengthening our financial position,” said Pai, CEO and MD of the Manipal Group.

Source: The Times of India
India, Qatar ink six agreements during Emir's visit

India and Qatar inked six agreements, including one on transfer of sentenced prisoners, as visiting Emir of Qatar Tamim Bin Hamad Al Thani held talks with Prime Minister Narendra Modi here on March 25.

The Emir, who is here on a two-day visit, was in the morning accorded a ceremonial reception at the forecourt of Rashtrapati Bhavan. External Affairs Minister Sushma Swaraj called on him, after which he held talks with Prime Minister Modi at Hyderabad House.

The six agreements, besides transfer of sentenced prisoners, are: an MoU for Cooperation in the field of Information and Communication Technology; an MoU between the ministry of earth sciences and Qatar Meteorological Department for Scientific and Technical cooperation; an MoU between Diplomatic Institute of the Ministry of Foreign Affairs, Qatar and Foreign Service Institute of the ministry of external affairs; an MoU for cooperation in the field of Radio and Television; and an agreement for Mutual Cooperation and Exchange of News.

External affairs ministry spokesperson Syed Akbaruddin tweeted: “Opening new doors for investment. Minister @SushmaSwaraj meets Emir of Qatar.”

Under the agreement on transfer of sentenced prisoners, Indian prisoners convicted in Qatar can be repatriated to India to serve the remaining part of their sentence.

Similarly Qatari citizens convicted in India can be sent to their home country to serve their sentence. This agreement would enable the sentenced persons to be near their families and would help in the process of their social rehabilitation, said an official statement.

The Qatar emir is accompanied by a high-level delegation comprising ministers, senior officials and captains of industry.


Around 600,000 Indian nationals work in Qatar, comprising the largest expatriate community in Qatar. Qatar is also the largest source of India’s LNG imports, at 86 percent. Bilateral trade stands at $16 billion, heavily weighted in favour of Qatar due to India’s LNG imports.

Source: Indo-Asian News Service
India ready to resume talks on free trade pact with EU: Sitharaman

India was "ready to talk" with the European Union (EU) on the proposed bilateral free trade agreement, Commerce Minister Nirmala Sitharaman said on March 23.

"I have assured the EU ambassador and ambassadors of individual EU countries that we are ready to talk with the European community. They have been our traditional trading partners," Sitharaman told reporters here.

Negotiations on the FTA, officially dubbed the Broad-based Trade and Investment Agreement (BTIA) between India and the EU, were launched in June 2007 but have been facing hurdles with both sides having differences on crucial issues.

No negotiation was held after both sides failed to bridge disagreements in May 2013 on crucial issues including data security status for the IT sector.

Sitharaman said the agreement had been delayed for a very long time and several rounds of negotiations were held, but did not reach any logical conclusion.

"This was stated by great concern and worry by the European community ambassador. We did ask the ambassador if their priority is till on an FTA with India, considering there is talk about a trans-Atlantic partnership going on and the ambassador said yes. The EU is looking forward to having an FTA with India and talks would be encouraging," she said.

"We readily accepted and therefore we certainly and definitely want to engage with the EU on that," she added.

Both sides are also yet to resolve issues related to tariffs and movement of professionals.

Launched in June 2007, the negotiations for the proposed Broad-based Trade and Investment Agreement (BTIA) between India and the European bloc has witnessed many hurdles with both sides having major differences on crucial issues.

The EU-India bilateral trade stood at $101.5 billion in 2013-14.

Source: Indo-Asian News Service
India, Japan to carry out gas hydrate survey

India and Japan will be carrying out joint survey for gas hydrates using a Japanese drilling ship in the Indian Ocean next week, as part of a collaborative operation between India’s National Institute of Oceanography (NIO) and the Japan Agency for Marine-Earth and Science Technology (Jamstech).

The announcement was made at the India-Japan Science Summit, where the two agencies signed a memorandum of understanding for joint collaborations in ocean research.

“As part of our collaboration in the field of geophysics, we are looking particularly at exploration of gas hydrates energy reserves. The Japanese drilling ship Chikyu is coming to our waters next week and will carry out a survey and explore jointly for gas hydrates,” said S.W.A. Naqvi, director, NIO.

This is a part of the National Gas Hydrate Programme in which NIO is a participant.

The potential sites for locating gas hydrates are the Mahanadi basin, Krishna-Godavari basin, and locations off the West Coast of India.

“You require certain temperature pressure conditions, which mean high temperature and low pressure, for these gas hydrates to be formed and they occur buried in the sea floor. They can be located using geophysical surveys which we will perform,” explained Naqvi.

Last month, Prime Minister Narendra Modi listed work on gas hydrates among the top 10 potential areas of research for India.

Naqvi said that it is exceedingly important for India to carry out research on gas hydrates given the country’s dependence on imported fossil fuel.

“We have these huge deposits of gas hydrates in our exclusive economic zone and that is difficult to mine at this point but we need to evaluate the potential so that in future these will have to be explored and exploited,” he added.

Other collaborative projects that the two agencies will carry out are related to upper ocean dynamics, especially the equatorial current system in the Indian Ocean and the Indian Ocean Dipole, both of which affect the monsoon. A third area that will be explored is climate change.

“The Indian Ocean is of common interest to many countries to understand the science behind various phenomena in our countries. Japan is also majorly affected by the monsoon and the Indian Ocean.

Hence it is important for countries to collaborate to improve research in these areas,” said Hitoshi Hotta, executive director at Jamstech.

Source: Mint
53 nations to get nod for e-visa soon

Around 53 countries are being shortlisted by the tourism ministry for a second round of approvals for tourist visas on arrival. Canada, France, the UK, Spain, China, Greece, Iran, Turkey and Kuwait are likely to be on this list.

Finance Minister Arun Jaitley announced in the Budget that 150 countries would be offered the visa on arrival facility in phases. This is in addition to 43 countries which received approval last year.

“The focus from our side is tourist arrivals. The 53 countries proposed in the next list include the ones with the highest number of foreign tourist arrivals in the previous years,” a tourism ministry official said.

The list will be finalised after inter-ministerial discussions. It will need approvals from the ministry of home affairs and ministry of external affairs.

No timeframe was set in the budget for the e-visa facility, a scheme first announced by the previous United Progressive Alliance government. Australia, Brazil, Germany, Israel, Japan, and the US are among the 43 countries cleared for visa on arrival last year.

Apart from Pakistan, Sudan, Afghanistan, Iran, Iraq, Nigeria, Sri Lanka and Somalia, all the 180 countries that host India’s diplomatic missions will be eventually included in the e-visa list.

Since the introduction of the e-visa, the number of foreign tourists availing the facility has risen. December 2014 registered a growth of 421.6 per cent with 14,083 e-visas issued as compared to 2,700 in the same month of 2013. Similarly, January saw a growth of 1214.9 per cent with 25,023 tourists availing e-visas as compared to 1,903 during January 2014.

Source: Business Standard
Naidu invites Japan to invest in Andhra capital

Andhra Pradesh Chief Minister N. Chandrababu Naidu has invited Japanese firms to invest in the development of the new state capital and in various sectors which offer huge opportunities.

He promised the investors faster clearances, allotment of any amount of land, round-the-clock electricity supply, water and hassle-free business environment.

Naidu was addressing a seminar on “Expanding technology cooperation for smart community in Andhra Pradesh”, organized by the New Energy and Industrial Technology Development Organization (NEDO) and Ministry of Economy Trade and Industry (METI), government of Japan.

About 100 Japanese delegates from 40 companies attended the seminar organised as a follow-up to Naidu’s visit to Japan.

Naidu made a presentation on the investment opportunities in the capital region and also the special initiatives by his government to ensure ease of doing business.

The chief minister highlighted investment opportunities for Japanese investors in world-class capital city, smart villages, smart wards, renewable energy and energy efficiency.

He said the capital city, whose master plan is being developed by two companies from Singapore, would be a smart city.

He urged the Japanese firms to invest in various elements of smart cities like efficient use of water, clean energy, intelligent transport systems, smart governance and environment.

Naidu said the capital city being developed in Guntur and Vijayawada offers investment opportunities of $30 billion in the next decade.

He said metropolitan region of 7,068 sq km would have world class urban smart infrastructure facilities including world’s largest ring road of 180 km.

Naidu asked the delegates to explore the opportunities for collaboration in urban infrastructure, manufacturing, agriculture, food processing and IT.

He promised dedicated industrial townships and industrial clusters for Japanese investments, single desk for all clearances and tax reforms to boost investment sentiments.

Naidu said Andhra Pradesh with 974 km coastline is strategically positioned to attract investment and become the logistics hub of southeast Asia.

He said the state with rich natural resource base and English speaking human resources offers tremendous investment opportunities. He said Vijayawada and Visakhapatnam would be global cities of the future.

Akio Isomata, Minister, Embassy of Japan in India, said 1,200 Japanese firms had their presence in India. He, however, said they were facing various problems relating to tax, regulations and infrastructure.

He said the Japanese investors were directly dealing with the states to overcome these problems. He was all praise for Naidu’s leadership and vision.

Source: Indo-Asian News Service
105 percent hike in FDI inflows in January 2015

Foreign direct investment (FDI) equity inflows into India rose by 105 percent during January 2015 as compared to the inflows during January 2014, official data showed.

According to the FDI statistics issued by department of industrial policy and promotion (DIPP), the FDI inflows during January 2015 stood at $4.48 billion up from $2.18 billion received in January 2014. Interestingly the FDI inflow in January 2014 grew at a paltry rate of around two percent over the January 2013 inflows of $2.15 billion.

During the current fiscal (April 2014-January 2015) the total FDI flow was at $25.52 billion - up from $18.7 billion logged during corresponding period the previous fiscal.

The top sectors that attracted FDI during the current fiscal are service, construction/real estate development, telecom, computer software and hardware, drugs, automobiles, chemicals, power, metallurgical industries, hotel and tourism. In terms of source of FDI during the current fiscal Mauritius heads the table and is followed by Singapore, Britain, Japan, Netherlands, US, Cyprus, Germany, France and Switzerland.

Source: Business Standard

Robust trade relations encourage Indonesia to invest in Make in India

Robust trade relations between India and Indonesia encourage Indonesian companies to invest in India under the ‘Make in India’ initiative, an Indian official here has said.

Manish, deputy chief of mission at the Indian embassy here reiterated that the Make in India programme represents an attitudinal shift in how India relates to investors: “Not as a permit-issuing authority, but as a true business partner.”

The Indian envoy was speaking at an event organized as part of ‘Sahabat India: Festival of India in Indonesia 2015’ to promote people-to-people contacts through business relationship. The event was attended by a 40-member business delegation from Basic Chemicals, Pharmaceuticals & Cosmetics Export Promotion Council (CHEMEXCIL). The delegation visited Jakarta on March 17 for a business-to-business meeting with Indonesian business, organized in association with the Embassy of India and KADIN Indonesia. CHEMEXCIL was set up by the Indian Ministry of Commerce & Industry to promote exports of dyes and dye intermediates, basic inorganic & organic chemicals, agrochemicals, essential oils, and specialty chemicals, among others.

Emerging countries like Indonesia and India have strong potential to take the industrial challenge forward, especially the chemical industry business, Muhammad Khayam, director in the Indonesian Ministry of Industry said.

One of the pillars in the development of Indonesian national industry is the chemical industry showing a growth performance significantly above 10.17 percent in 2014, together with pharmaceutical and traditional medicine industry, a statement issued by the Embassy of India in Jakarta said.

Indian companies have made investments in infrastructure, power, textiles, steel, automotive, mining machinery, banking and consumer goods sectors in Indonesia. India-Indonesia bilateral trade and investment relations have grown rapidly in the last decade and Indonesia has emerged as the second largest trading partner of India in the ASEAN region with bilateral trade of about $20 billion in 2013-14, which is expected to reach $25 billion by 2015-end.

Source: Business Standard
Japan on March 18 granted around $350,000 for four grassroots projects in India, including for setting up vocational training classes for children with disabilities in Delhi and for setting up a community health clinic in a Mizoram village.

The signing ceremony for the four projects, under the Grant Assistance for Grassroots Projects (GGP), was held at the Japanese embassy here.

Takeshi Yagi, the Japanese envoy to India, signed the contracts with the four recipient organisations.

The Japanese government offers financial assistance under the GGP for development projects designed to meet basic human needs in developing countries, said an embassy press release.

Under the Project for the Expansion of Vocational Training Centre for Persons with Intellectual Disabilities in Delhi, the Japanese government gave $81,664 to NGO Tamanna to support the construction of two vocational training classrooms and a bakery unit for children and youth with disabilities in Vasant Vihar.

Under a second project for construction of an out-patient department for poor patients in Agra, Uttar Pradesh, Japan has given $99,457 to Assisi Sister’s St. Joseph’s Dispensary.

Under a project for construction of a shelter home in Amroha, Uttar Pradesh, for destitutes and helpless aged people picked up from the streets in Delhi, Japan has given $95,991 to the Saint Hardyal Education and Orphans Welfare Society (SHEOWS) for constructing the shelter.

The SHEOWS runs a shelter home in Delhi and one in Amroha.

The fourth project is for the construction of a community health clinic in Khamrang village in Kolasib district of Mizoram, for which the Japanese government is giving $72,307 to the Mission Foundation Movement.

Source: Business Standard
E-commerce market growing rapidly in India: Report

The technology driven e-commerce market in India has come of age and is growing rapidly to cross Rs.1 lakh crore by the year-end, an industry report said on March 18.

“Growing at 33 percent, the digital commerce market is set to cross Rs.1 lakh crore by December 2015 from Rs.81,525 crore in December 2014, with 53 percent growth,” the Internet and Mobile Association of India (IAMAI) said in the report.

The decade-old IAMAI represents digital businesses across the country and address challenges facing the industry, including mobile content and services.

The Indian Market Research Bureau (IMRB) International also associated with the IAMAI in preparing the latest “Digital Commerce” report.

Segments such as travel, e-tailing, financial services, matrimony and classifieds have leveraged upon the technology to drive e-commerce across the country.

“Online travel has emerged as the largest segment in terms of revenue generation, followed by online retail, mainly driven by cash-on-delivery, which accounts for 50 percent of its sales,” the report said.

Though financial services segment is a late entrant in the digital world, it has shown an upward growth due to growing awareness and trust on online transactions.

“Classifieds and other services like online entertainment ticketing and food/grocery ordering were, however, early entrants in the e-commerce space,” the report found.

In transactions too, the travel segment has been a driving force for the growth of the e-commerce industry in the country.

“Online travel by internet users accounted for 61 percent or Rs.50,050 crore of the digital transactions in 2014,” the report said.

Of the non-travel transactions that contributed to the remaining 29 percent or Rs.31,245 crore in value, e-tailing accounted for 76 percent or Rs.24,046 crore, financial services 14 percent (Rs.4,508 crore), matrimony and classified 3 percent (Rs.896 crore) and other services 6 percent (Rs.2,025 crore).

“The non-travel industry segment is expected to touch Rs.50,000-crore mark by December,” it said.

Mobile phones and phone accessories contributed 41 percent (Rs.9,936 crore) to the e-tailing segment, followed by apparel, footwear and personal items, which generated 20 percent (Rs.4,699 crore).

Consumer durables and kitchen appliances contributed 14 percent (Rs.3,404 crore) while laptops/net books/tablets, home furnishings and books generated Rs.2,780 crore, Rs.1,059 crore and Rs.648 crore, respectively.

The report also found that 45 percent of online shoppers prefer cash on delivery as a mode of payment, while 21 percent prefer payment through debit card and 16 percent via credit card.

Source: Business Standard
PGCIL to develop 20K MW green corridor

State-owned Power Grid Corp (PGCIL) has been nominated to develop green transmission corridors for 20,000 MW of upcoming solar and wind power projects.

While PGCIL was earlier selected on a nomination basis for the execution of the Bhuj-Banasthali-Chittor-Ajmer 765 kV green corridor to harness solar energy in Gujarat, officials said that for the next leg of this corridor, PGCIL — a utility with a near monopolistic presence in the transmission sector and having a 35 per cent institutional shareholding — has been asked to extend this corridor from Ajmer (Rajasthan) to Suratgarh and Moga (Punjab).

For this leg of the project, PGCIL is learnt to be negotiating a soft loan through the Manila-based Asian Development Bank.

Under the Tariff Policy, transmission projects are required to be awarded through a competitive bidding process. The only exceptions are those lines that need to be built within a compressed time schedule or under an exigency, where the Central Transmission Utility (POSOCO) can offer these projects on a nomination basis.

The rationale for awarding these contracts to PGCIL on a nomination basis, thereby bypassing the competitive bidding route, is that the gestation period of transmission projects is much longer than building solar plants.

Recently, PGCIL had won three projects through competitive bidding for the Vindhyachal, Gadwara and Feroze Gandhi Thermal Power stations, which will cost more than Rs 10,000 crore. PGCIL was the lowest bidder in all the three cases, with bids that were significantly lower than the next private sector bidder.

The other companies that won five of the other six projects include Reliance Power Transmission, Essel Infra techno Electric, Patel-Simplex joint venture and Sterlite Technologies.

Although the power transmission sector was opened to the private sector in 2010, PGCIL continues to command 99 per cent market share and garners 87 per cent of the total revenue realised from the use of inter-state lines, including state lines used for the purpose.

In contrast, the power generation sector has private producers contributing well over one-third of the capacity after the Electricity Act, 2003, opened up the sector to private participation.

Source: Press Trust of India
NSE plans international exchange at GIFT SEZ

National Stock Exchange of India Ltd (NSE) has announced it is setting up an international exchange in a special economic zone (SEZ) being developed as the country’s first International Financial Services Centre (IFSC) by Gujarat International Finance Tec-City Co. Ltd (GIFT).

The announcement comes ahead of the Union Budget which is expected to detail guidelines for IFSCs, which could facilitate offshore banking, currency convertibility and incentives to insurance and other financial services companies to operate from the SEZ, Mint reported on 12 January.

NSE’s agreement with GIFT, signed on February 26, involves the setting up of an international bourse that will offer trading in equities, interest rates and currencies among other asset classes.

This comes around a month after BSE Ltd signed a similar deal with GIFT, entailing an investment of Rs.150 crore.

The two exchanges will work towards moving the centre of gravity of key trading segments back to India.

“In the absence of an IFSC in India, India has lost roughly 50% market share in the two most important India-related products: with rupee and Index being mostly traded on foreign platforms instead of onshore trading in such products,” a GIFT statement released on 12 January had said.

Chitra Ramkrishna, managing director (MD) and chief executive officer (CEO), NSE, said: “We at NSE would like to be a part of the vision of the government to develop an international financial services centre in India.

This will help the nation compete with other similar destinations. This will allow Indian and international entities to deal in financial products and services from India, making GIFT-India as one of the foremost international financial centres in the world.

Ramkrishna said details like investment amount or the scale of operation will be worked out soon, with the new rules to finance SEZs expected soon.

GIFT, one of Prime Minister Narendra Modi’s pet projects when he was chief minister of Gujarat and now projected as the first of 100 smart cities the government plans to build across India, is seen as India’s reply to the international finance centres of Dubai, Singapore and Hong Kong.

It is estimated that GIFT will provide 500,000 direct, and an equal number of indirect, jobs, which would require 62 million sq. ft of commercial, residential and social facilities, with a total investment of about Rs.78,000 crore over the next 10 years.

GIFT Co. is a 50:50 joint venture (JV) between Infrastructure Leasing and Financial Services Ltd (IL&FS) and the state government-owned Gujarat Urban Development Co. (GUDC). Of the 880 acres allotted to GIFT City, about 250 acres is earmarked for the IFSC.

This will be treated as an SEZ.

Ramakant Jha, MD and group CEO, GIFT City, said, “We welcome NSE at GIFT City to establish an international exchange. With the operating guidelines being issued by the ministry of finance, government of India, for IFSC, our aim is to make GIFT at or above par with other globally benchmarked financial centres.

This MoU (memorandum of understanding) would help in attracting various international services and, thereby, create an eco-system for operation of an international exchange in the country.
The government, in consultation with the Reserve Bank of India, may also have to tweak the Foreign Exchange Management Act (FEMA) to accommodate the special needs of an IFSC.

The National Institute of Public Finance and Policy (NIPFP) submitted a concept note to the ministry of finance on 6 February detailing the objectives and the policy framework for setting up finance SEZs in India.

The 21-page report, titled Policy Framework for Finance SEZ, highlights the steps and short-term actions that may be adopted to start a finance SEZ.

It suggests that till the time the Indian Financial Code (which would provide a comprehensive framework for a world-class financial system) is not enacted, a specialized law for a financial SEZ can be passed.

Another alternative, it says, is to notify new guidelines as per the SEZ Act, 2005, as applicable to a finance SEZ.

The rationale for such a project, the concept note says, is the fact that an estimated Rs.1,334 crore per day, or Rs.2 trillion per year, for trading in rupee derivatives trading, is going to locations outside India.

The report proposes exchanges based in such SEZs can compete for global customers with the DGCX in Dubai or the SGX in Singapore.

The report suggests that taxation inside a finance SEZ has to be rationalized. GIFT’s Jha is also hoping for an alternative dispute resolution system, similar to the special court in Dubai financial service centre.

Pradip Shah, who runs IndAsia, a corporate finance, private equity, and investment advisory, says that IFSCs will give a huge boost to the nation’s gross domestic product.

He said that 12-13% of the UK’s gross domestic product (GDP) comes from financial services, the highest such measure in all G7 economies. Ireland set up an IFSC in 1987 and it employs 32,700 people directly and contributes 7.8% to the Irish GDP, added Shah, who was the founder-managing director of Crisil Ltd, India’s first and largest credit rating agency. He also assisted in the founding of Housing Development Finance Corp. Ltd (HDFC), India’s first retail housing finance company, in 1977.

The US offers Delaware as a convenient location for registering firms—945,000 are registered there, generating revenues of such a scale that Delaware levies no sales tax.

Switzerland, according to Shah, manages $2.1 trillion of offshore money; Britain and its Channel/Caribbean islands manage $1.9 trillion, while Singapore has $1.3 trillion of offshore assets under its care.

Source: Mint
Wipro recognised as world's most ethical firm

Software major Wipro Ltd. on March 9 said it has been recognised as the world’s most ethical company by US-based Ethisphere Institute for the fourth consecutive year.

“We have been named as the world’s most ethical company by the Ethisphere for our commitment to ethical leadership,” the company said in a statement here.

The Institute, which advances standards of ethical business practices, assesses global organisations having material impact on the way business is conducted by fostering a culture of ethics and transparency at every level.

“The recognition underscores our commitment to leading ethical business standards and practices ensuring long-term value to key stakeholders, including customers, employees, suppliers, regulators and investors,” Wipro’s chief sustainability officer Anurag Behar said.

The assessment is based upon the Institute’s ethics quotient (EQ) framework developed over years of research to provide a means to evaluate a company’s performance in an objective and consistent way.

“Ethics, integrity and responsible citizenship are a foundational first principle and at the core of how we think and act. The recognition for the fourth time in succession is a reaffirmation of what we stand for,” Behar said.

The EQ framework and methodology is determined, vetted and refined by the expert advice and insights from Ethisphere’s network of thought leaders.

“Earning this recognition involves collective action of a global workforce from the top down. We congratulate Wipro for this extraordinary achievement,” Ethisphere’s chief executive Timothy Erblich said.

Source: Indo-Asian News Service
The railways ministry has received investment commitments to the tune of Rs 10,000 crore from private sector companies for development of 19 projects under participative models of domestic and foreign direct investment (FDI), minister of state for railways Manoj Sinha told Parliament on March 10.

However, there has been no specific investment proposal since the opening of FDI in rail transport last year, Sinha added. An investors’ meet was organised on December 5 and discussions with potential investors were held to attract private investments, Sinha said.

The ministry had issued sectoral guidelines for domestic and foreign direct investment in November 2014, identifying various areas for private participation. This includes suburban corridors through public private partnership, high-speed rail, dedicated freight lines, rolling stock including train sets and locomotive manufacturing facilities and railway electrification.

The guidelines cover signalling system, freight terminals, passenger terminals, testing facilities and laboratories, non-conventional sources of energy, mechanised laundry, rolling stock procurement and bio-toilets. The ministry had also issued a participative policy for rail connectivity and capacity augmentation in December, which provides five models for building rail connectivity.

According to Sinha, the government has identified the Mumbai-Ahmedabad route as the first corridor to conduct feasibility study for deployment of high-speed rail services. For this sector, two studies have been undertaken - a joint feasibility study co-financed by India and Japan and a business development study by France’s railways.

The government is also undertaking a feasibility study for a diamond quadrilateral network of high-speed trains comprising four lines — Delhi-Mumbai, Mumbai-Chennai, Chennai-Kolkata, and Kolkata-Delhi — and two diagonals —Delhi-Chennai and Mumbai-Kolkata. The total length of the network will be 10,000 km. The Delhi-Chennai section has been identified for a feasibility study in cooperation with the Chinese government.

Source: Business Standard
India's platinum demand to rise 25% in 2015

Platinum demand in India is likely to rise 25 per cent in 2014 on the back of growing consumers’ interest in bridal jewellery and other innovative collections. In its latest quarterly analysis, London-based World Platinum Investment Council (WPIC) has pegged India’s platinum demand at 125,000 ounce (oz) in 2015, compared with 100,000 oz in 2014.

“There has been a growing focus on emission norms in India. With this, there is a great upside in platinum use as a catalyst in diesel cars going forward. We estimate India’s platinum demand from automotive sector to rise to 165,000 oz in 2014,” said Paul Wilson, CEO, WPIC.

Platinum demand is steadily rising in India with the introduction of innovative designs of jewellery and wedding sets. The Gem & Jewellery Export Promotion Council (GJEPC) estimates India’s platinum import during April-October 2014 at $11.99 million against $6.81 million imported in the year-ago period.

WPIC in its analysis reported a 50 per cent decline in above-the-ground stocks to 2.56 million oz in 2014 from 4.14 million oz in 2012. Also, the global platinum market is expected to remain in a deficit with 885,000 oz for 2014 - 27 per cent more than the shortfall of 695,000 oz in 2013.

Meanwhile, reduced supply owing to unprecedented closure of South African mines is likely to keep platinum prices up next year.

Data compiled by Kitco.com showed average platinum price at $1,208.85 an oz in November, a sharp decline from $1,259.78 in October and $1,362.36 an oz in September. In August, however, average platinum price was hovering at $1,492.65 an oz.

“One of our key objectives is to introduce greater transparency to the market. Today’s report shows the fundamentals of the industry have become tighter. Demand has exceeded supply in each of the last three years. As a result, above-ground stocks have declined significantly. The markedly different profile in the 2014 third quarter analysis highlights the value of more frequent scrutiny of actual performance, and reflects seasonality as well as some investment outflows,” said Wilson.

Total global supply of platinum is expected to be 7.1 million oz in 2014, nine per cent lower than the previous year owing to disruption on unprecedented South African mining strike.

Total global annual supply from mining is expected to be 13 per cent below 2013 levels by year-end 2014, largely attributable to the five-month mining strike in South Africa.

Global platinum supply from recycling in 2014 is estimated to be two per cent higher, or 40,000 oz more than in 2013.

Global platinum demand is expected to be six per cent lower this year at eight million oz, as a decline in investment demand offsets growth in automotive and jewellery demand.

The two largest sources of demand are both forecast to grow in 2014. In 2014, demand from the automotive industry is expected to expand by five per cent or 145,000 oz, as platinum is already benefiting from Euro VI-compliant vehicles being manufactured.

Global jewellery demand in 2014 is expected to continue to grow, with an additional 115,000 oz of demand forecast - an increase of four per cent. Overall purchasing in China remains robust and platinum continues to make important inroads into the newer, Indian market.

Source: Business Standard
Coal auction: Allotment order to new operators to include clearances

In what was the first working of the new transparent regime of coal allocations, the central government in a meeting on March 9 with successful auction bidders decided that most clearances required to start mining would be incorporated in the "vesting order" transferring rights to the new owner.

The vesting order, to be issued by March 23, transfers to the successful bidder all the rights, title and interest of the prior allottee and a mining lease that will be granted by the state government.

Among the statutory licences and clearances required to start coal mining are ministry of environment and forest approvals, consent from the local pollution control board, mines safety clearances and an escrow account for dealing with early exit from operations.

"For all the clearances required, our ministry will sit down with officials of all the concerned ministries to see how these can be included in the vesting order as much as possible," Coal Secretary Anil Swarup told representatives of state governments and companies that have won mines in the first two rounds of coal auctions that concludes on Monday.

"For this, I will require you (new allottees) to send in your suggestions by tomorrow (Tuesday) evening," he added.

The central government was keen to facilitate so that operations that were halted by the Supreme Court order, except in 42 producing mines, could begin by April 1, Swarup said.

Coal producing states stand to gain as much as Rs.55,000 crore from Round Two of e-auctions of 12 blocks that have been offered so far after the Supreme Court had declared the original allotments illegal and ordered fresh tendering.

In the first phase of auctions that concluded last month, 19 blocks were on offer and would raise for the state governments of Chhattisgarh, West Bengal, Jharkhand, Odisha and Maharashtra as much as Rs.109,000 crore over 30 years, as per officials.

Swarup told the Chhattisgarh government representative that by Monday Chhattisgarh had gained Rs.67,500 crore through the ongoing auctions.

Under the bidding process approved by the government, the shortlisted participants are required to submit an initial financial bid along with the technical details. On the actual date of the e-auction, the bidder is permitted to anonymously submit as many final price offers as desired.

The auction is on the basis of tariff-based reverse bidding where the end-use is power generation, and forward bidding for production of steel, cement and generation of power for captive use.

While the criteria for calculating the floor price for bidding is based on state miner Coal India's (CIL) price of coal of the same grade, the auction also has a ceiling price for power sector bidders to keep the lid on power tariffs.

Union Finance Minister Arun Jaitley has said the yields of upto Rs.1 lakh crore from the first few rounds of coal block auctions was proof of the improved governance brought in by the NDA coalition.

Source: Indo-Asian News Service
Ola acquires TaxiForSure in $200-mn deal

Ola Cabs has acquired its smaller rival in the taxi aggregator space, TaxiForSure, in a $200-million (Rs 1,200 crore) cash and equity arrangement.

This is the first major acquisition in the taxi-aggregator space in India.

Ola, already a leader in the personal transportation market with a valuation exceeding $1 billion (Rs 6,000 crore) and over 100,000 vehicles on its platform, will become a stronger entity through TaxiForSure’s operator-led model.

The latter operates in 47 cities, with at least 15,000 vehicles on its platform.

Larger rivals Meru Cabs and Uber are on a discounting spree to corner as much market share as possible.

Meru has a fleet size of 15,000 and Uber is present in 11 cities, the second biggest geographical presence for the American giant outside the US.

Meru has been giving out discounts at a cautious pace. The belief among experts in the sector is that only two or three major entities would survive. Meru is already in talks with regional brands to expand its presence in smaller cities. It is aiming to raise $100-150 million from existing and new investors.

After the merger, Ola and TaxiForSure will continue to operate as separate entities.

TaxiForSure’s leadership and 1,700 employees will continue to work with it, under Arvind Singhal (earlier the chief operating officer) as chief executive officer. Aprameya Radhakrishna and Raghunandan G, its founders, will contribute in advisory roles for a certain period.

“There is significant complementary value that this acquisition adds both on the supply and demand sides for Ola and TaxiForSure,” Ola said.

It added, “The latter follows a different model of supply and distribution by working with cab operators, while Ola works with driver-entrepreneurs.

TaxiForSure has in the past also focused heavily on the economy segment of cab consumer, with innovative offerings like Tata Nanos as part of their fleet and Rs 49 as base fares.

For customers, drivers and operators on the TaxiForSure platform, there will be little change. Customers can continue to book a cab through the app, and the call centre and drivers will continue to get access to customers on TaxiForSure’s technology platform.”

Ola, founded in 2011, is one of the most vibrant start-ups from India. In four rounds of fundraising, it has been financed by Tiger Global, Matrix Partners, Sequoia Capital, Steadview Capital and, more recently, SoftBank.

Investors in TaxiForSure are Accel Partners, Bessemer Venture Partners and Helion Venture Partners.

Announcing the merger, Ola’s co-founder & chief executive, Bhavish Aggarwal, said:

“Ola and TaxiForSure share the same vision of revolutionising urban mobility. TaxiForSure has a great team and they have built a very exciting business in a short time. There’s a lot of complementary value in the strategy it follows.”

TaxiForSure’s Raghunandan G said: “Coming together with Ola will provide us with more opportunity to do what we do best.”
Afghan gas pipeline may become a reality: Dharmendra Pradhan

Trans-Afghanistan gas pipeline connecting Turkmenistan, Afghanistan, Pakistan and India may become a reality soon as negotiation for the ambitious project is at the final stage, Oil Minister Dharmendra Pradhan said in Lok Sabha on March 9.

Pradhan said discussions over installing a pipeline to bring gas from Turkmenistan to India through Afghanistan and Pakistan were at the final stage and when the project becomes a reality, the country would be free from being dependant on Gulf countries on natural gas.

Replying to a question, the Minister said government will also take a decision on a project to bring natural gas from Iran through a pipeline passing through Afghanistan and Pakistan.

He said India has been procuring crude oil from 25 countries and it was not correct to say that the country was over-dependent on the Middle-East for crude supplies.

Pradhan said India has imported Rs 5,81,111 crore worth of crude oil, Rs 59,085 crore worth of petroleum products and Rs 46,712 crore liquefied natural gas during 2014-15 (till December 2014).

In 2013-14, India had imported Rs 8,64,875 crore worth crude oil, Rs 74,605 crore petroleum products and Rs 51,699 crore liquefied natural gas.

The Minister said in order to reduce dependence on imports of oil and gas to meet the energy needs of the growing Indian economy, a number of steps have been taken by the government for enhancing domestic production including improved oil recovery, enhanced oil recovery implemented by exploration and production companies for increasing oil recovery from fields.

Source: PTI
Indian Oil, Kolkata firm tie up for five kg gas cylinders

Rural IT services enabler Sahaj e-Village (SEVL) on March 9 said it has signed an agreement with the IOC for selling five kilogramme cooking gas cylinders across Assam, Bihar, Odisha, Tamil Nadu, Uttar Pradesh and West Bengal.

The initial agreement with the state-owned Indian Oil Corporation (IOC) is meant to sell the cylinders through its Common Service Centers (CSC).

"We are extremely pleased to have tied-up with Indane and are sure that this critical service would increase adoption as well as improve conditions in the Rural markets we serve," Sanjay Panigrahi, the chief executive officer of the rural IT enabler, said in a statement.

Part of infrastructure finance company, Sreai, the private firm has more than 27,000 CSCs across the nation which reaches out to 2700,00,000 people in rural India.

According to the Kolkata-based company, 142 million rural Indian households use firewood and other solid fuels, such as animal dung, charcoal, crop waste and coal, as their primary source of household energy.

The soot generated not only results in air pollution caused by fumes from cooking, heating and lighting activities but also shortens life span of people in rural India.

"The only solution to bring about a change in the cooking habits of rural Indians is to introduce clean-burning LPG (Liquefied Petroleum Gas) connections in every rural household by setting up low-cost distribution agencies across rural India," it said.

As per the data revealed by the IT firm, a total of 4,183 agencies had been commissioned as part of the plan to take LPG cylinders to rural India. Nearly 9.5 million of the 17.8 million LPG consumers are settled in rural areas.

Source: Indo-Asian News Service
BHEL completes 1,320 MW project in Bihar for NTPC

State-run power equipment maker Bharat Heavy Electricals Ltd (BHEL) said on Monday it had commissioned a second 660 MW power project for NTPC in Bihar, taking the power generation capacity in the state to 1,320 MW.

“The second 660 MW unit has been commissioned by BHEL at the Barh Supercritical Thermal Power Project (TPP) Stage II of NTPC Ltd in Bihar,” the company said in a statement.

The key equipment for the project was manufactured in its Haridwar, Trichy, Hyderabad and Bengaluru units, while the construction of the plant was undertaken by the company’s eastern region.

“To keep abreast with the latest technologies, BHEL has already taken up the indigenous development of the Advanced Ultra Supercritical (AUSC) technology with NTPC and IGCAR (Indira Gandhi Centre for Atomic Research) which will result in a further reduction of about 11 percent in coal consumption and carbon-dioxide emission,” it said.

In November 2014, the equipment producer had commissioned the first plant of a similar capacity.

“The commissioning of the two 660 MW units at Barh TPP Stage II has been a major breakthrough for the country in achieving self reliance in the field of contemporary, state-of-the-art supercritical technology,” the company said.

The company is presently executing orders for 36 sets of supercritical boilers and 31 sets of supercritical turbine generators, which are in various stages of execution.

“These orders include orders from central (government) and state sectors as well as private sectors,” it said.

According to BHEL, super-critical units are more efficient, consume lesser coal and are eco-friendly.

Source: Indo-Asian News Service
Task forces set up to make three cities smart

Union Urban Development Minister M. Venkaiah Naidu has set up three task forces to develop Ajmer in Rajasthan, Allahabad in Uttar Pradesh and Visakhapatnam in Andhra Pradesh as smart cities in collaboration with the US.

“The task forces will have representatives from the urban development ministry, external affairs ministry, respective state governments and cities and the US Trade Development Agency (USTDA),” the ministry said in a statement on March 4.

The three committees were set up following a meeting between Naidu and US Commerce Secretary Penny Pritzker and an agreement with the state governments here on January 25.

The US had offered to assist in the development of the three cities as smart during Prime Minister Narendra Modi’s September visit to America and his dialogue with its President Barack Obama in Washington.

46 infrastructure projects in 33 cities underway: Venkaiah Naidu

To augment urban infrastructure in 33 cities across India, 46 projects were at various stages of implementation under the public-private partnership, Union Urban Development Minister M. Venkaiah Naidu said on March 4.

Replying to a question from Nimmala Kistappa in the Lok Sabha, Naidu said the total cost of the projects underway was Rs.25,902.84 crore.

“Of the various projects, 19 are related to mass rapid transport systems, 25 to solid waste management, water supply, parking lots, roads, fly-overs and road over bridges,” Naidu said during the question hour, adding that 24 of them with an investment of Rs.1,659.32 crore were completed.

As many as 16 urban projects pertaining to townships and housing attracted a cumulative foreign direct investment of $6,405 million (Rs.34,255 crore) since fiscal 2011-12.
CCEA approves Rs12,646 crore for six highway projects

The cabinet committee on economic affairs (CCEA) on March 5 approved six highway projects totalling 712km with an investment of Rs.12,646 crore.

These projects, to be awarded under the engineering, procurement and construction (EPC) model, are divided into 10 packages under the national highways development project in states such as Uttar Pradesh, Madhya Pradesh, Odisha, Himachal Pradesh and West Bengal, the government said in a statement.

Under the EPC model, the government pays a contractor to build a project awarded through competitive bidding.

This comes in the backdrop of the National Democratic Alliance government trying to revive private investment in the roads sector. The entry of private sector firms is key to the government realizing its target for constructing roads.

It is estimated that the government requires nearly Rs.2 trillion to fund 20,000km of road construction under the national highways development project over the next four to five years.

In another decision, the CCEA extended the subsidy on domestic cooking gas, kerosene distributed through the public distribution system (PDS) and freight for their transport to far-flung areas. While petrol and diesel prices have been deregulated, prices of domestic cooking gas and kerosene are set by the government.

In sync with the government’s strategy of trimming subsidies by using technology and direct cash transfers to plug leakages, finance minister Arun Jaitley on slashed the petroleum subsidy by half.

The petroleum subsidy is estimated at Rs.30,000 crore for 2015-16, a cut of 50.22 percent from the revised estimate of Rs.60,270.00 crore for 2014-15. The Union Budget earmarked Rs.22,000 crore for the subsidy on domestic cooking gas and Rs.8,000 crore for kerosene.

“The government was providing a subsidy of Rs.22.58 per 14.2kg LPG (liquefied petroleum gas) cylinder and Rs.0.82 per litre on PDS kerosene and Domestic LPG Subsidy Scheme, 2002. Besides, freight subsidy was also being provided to PDS kerosene and domestic LPG consumers in far-flung areas under the Freight Subsidy (for far-flung areas) Scheme, 2002. These two schemes ended on 31st March 2014,” the government statement added.

The total cost of selling fuel below cost to be borne by oil marketing firms next fiscal year is estimated at Rs.42,500 crore.

“Subsidies are needed for the poor and those less well-off. What we need is a well targeted system of subsidy delivery. We need to cut subsidy leakages, not subsidies themselves. We are committed to the process of rationalizing subsidies based on this approach,” Jaitley had said in his budget speech on Saturday.

Source: Indo-Asian News Service
India's central bank cuts keys rates, stock indices hit historic highs

In a surprise development that sent stock markets soaring, India's central bank cut its key lending rates by 25 basis points on March 4, expecting inflation to soften in the coming fiscal even as it expressed concern over the postponement of fiscal consolidation by a year.

Getting some positive cues from the national budget tabled last week, and sensing an economic recovery, the repurchase (repo) rate has been cut to 7.5 percent from 7.75 percent, while the reverse repo rate has been adjusted to 6.5 percent from 6.75 percent.

The rate cuts immediately follow a far-reaching agreement between the government and the Reserve Bank on Monday, under which the central bank will aim to bring the country’s retail inflation below the 6-percent mark by January 2016 and to around 4 percent by the end of 2016-17.

The announcement, which came just ahead of the opening bell for stock markets, brought much cheer to sentiments, prompting the sensitive index (Sensex) of the Bombay Stock Exchange to open nearly 345 points higher, over the previous close at 29,593.73 points.

The key index soon breached the 30,000-point mark to touch a historic high of 30,024.74 points, and was ruling at around 29,890 points around 30-minute into trading, with a gain of 300 points or 1 percent.

The situation was similar at the National Stock Exchange, where the Nifty also hit an all-time high.

"To summarise, softer readings on inflation are expected to come in through the first half of 2015-16 before firming up to below 6 percent in the second half," Reserve Bank of Governor Raghuram G. Rajan said in a statement.

"The fiscal consolidation programme, while delayed, may compensate in quality, especially if state governments are cooperative," said the governor who has otherwise been taking a rather conservative approach in dealing with the monetary policy, especially the interest rates.

"Given low capacity utilisation and still-weak indicators of production and credit off-take, it is appropriate for the Reserve Bank to be pre-emptive in its policy action to utilise available space for monetary accommodation."

The repurchase rate is the interest commercial banks pay for borrowing money from the central bank to meet short-term fund requirements. The reverse repurchase rate is the interest central bank pays when surplus short-term funds are parked with it by banks.

In its monetary policy statement of Jan 15, 2015 the Reserve Bank had reduced the repo rate by 25 basis points, and said: "Key to further easing are data that confirm continuing disinflationary pressures."

But it maintained its interest rate stance in its sixth bi-monthly monetary policy statement of Feb 3 in the absence of new developments on inflation or on the fiscal outlook, awaiting signals on that count and from the national budget.

While the next bi-monthly policy statement will be issued April 7, 2015 the still weak state of some sectors and the global trends, prompted the central bank, in its own admission, to become more anticipatory to make changes immediate in its stand.

In his statement on Wednesday, Rajan also lauded the Central Statistics Office (CSO) for the changes it made in the national income accounting, on which is based the country’s gross domestic product estimation, to bring it up to international standards.
"Yet the picture it presents of a robust economy, with growth having picked up significantly over the last three years, is at odds with still-low direct measures of growth of production, credit, imports and capacity utilisation as well as anecdotal evidence on economic cycle," he said.

"Nevertheless, the picture of a steadily recovering economy appears right," he added.

"Going forward, the RBI will seek to bring the inflation rate to the mid-point of the band of 4 percent (plus or minus 2 percentage points) provided for in the agreement, that is to 4 percent by the end of a two-year period starting fiscal year 2016-17."

Source: Indo-Asian News Service

India Inc welcomes cut in key lending rates

India Inc on March 4 welcomed the central bank’s surprise decision to reduce key lending rates by 25 basis points.

"Coming on the back of a growth-oriented budget, the unexpected cut in headline interest rate by the RBI sends a huge positive signal that the central bank and the government are working in tandem to provide a robust scaffolding to growth," said Chandrajit Banerjee, director general, Confederation of Indian Industry (CII). According to Banerjee, even while giving growth a fillip by reducing key lending rates the central bank has not lost the sight of inflation.

"Clearly the government’s intent is asset creation and therefore, a delay in one year in the fiscal consolidation road map should be viewed through the glasses of overall macroeconomic objectives.

"CII also agrees with the RBI on the importance of the states’ fiscal discipline since it is the overall deficit - central plus states, that should be the operating parameter, rather than just that of the centre."

Banerjee concluded that the overall sound macroeconomic management and the clearly spelt out targets for fiscal deficit should allow the international ratings rating agencies to take a positive view of investment climate in India.

Another business body PHD Chamber of Commerce and Industry said that Wednesday’s rate cut will benefit the common man with softening of EMIs on loans and the ripple effect will also improve market sentiment and enable businesses to raise equity.

"Inducing demand scenario would be critical to re-fuel our economic growth trajectory and create jobs for millions of young work force. While containing the inflation, demand in the economy should remain intact," said Alok B. Shriram, president, PHD Chamber of Commerce and Industry. Continuation of rate cut in the coming would be critical to help demand to remain intact and sentiment for investments to strengthen and grow, he said.

Angel Broking’s chairman and managing director Dinesh Thakkar said that the surprise rate cut was in line with its expectations of a sharp rate-cutting cycle over the coming quarters.

"Having got the comfort in the budget of the government’s commitment to high quality fiscal consolidation, in our view, the RBI is likely to embark on an extended monetary easing cycle, with at least another 50-75 basis points more of rate cuts in FY2016," Thakkar said.

"This is also aided by the substantial improvement in the current account balance, which has strengthened the rupee’s fundamentals," he said.

Thakkar added that given the stronger rupee and substantial global monetary easing the RBI is finally in a position to narrow the differential in interest rates in India vis-a-vis global interest rates which are still at historic lows.

On Wednesday, the RBI reduced key lending rates by 25 basis points and said that it was expecting inflation to soften in the coming fiscal. However, it also expressed concerns over the postponement of fiscal consolidation target by a year.

In its monetary policy statement of Jan 15, 2015 the Reserve Bank had reduced the repo rate by 25 basis point. However, it maintained interest rate stance in its sixth bi-monthly monetary policy statement of Feb 3.

The RBI that time said it was awaiting more data on inflation and signals from the national budget.

Source: Indo-Asian News Service
India's billionaire population to double in the next decade

India will have the fastest growth in the number of dollar billionaires, compared to the rest of the world, in the coming decade.

By 2024, the country will have 136 people with a net worth over Rs 6,270 crore, as opposed to 68 at present. This will catapult India among four nations with the largest billionaire population. It currently ranks seventh.

Similarly, ultra high net worth individuals (UHNWIs), those with net assets over $30 million, will reach 3,371 from the current 1,652, according to the ninth edition of Wealth Report, issued by real estate advisory firm Knight Frank.

"India is rising from a low base and that’s why the growth will be faster compared to other regions," said Samantak Das, director-research, Knight Frank India.

China, for example, already has 184 billionaires, 2.7 times India’s. The ultra wealthy population is expected to reach 338 in the next 10 years.

Most of the wealthy in India are concentrated in six cities. Delhi, Mumbai, Bengaluru, Chennai, Hyderabad, and Ahmedabad have 58 per cent of the richest people and this will become 68 per cent in the next decade. Presently, Mumbai tops with 619 UHNWI, followed by Delhi (157) and Bengaluru (75).

Wealthy Indians are in love with real estate as an investment option. Their current residences and second homes make for 33 per cent of their total net worth. On an average, each owns 3.2 homes. A quarter of them are planning to buy more residences in the current year.

While most of them are still bullish on equities and on their own businesses, the love for gold is fading away as a preferable choice of investment. Compared to last year, investment in equity is expected to fall only five per cent; in gold, it will decline by 55 per cent.

A majority of ultra rich Indians are optimistic that their businesses and investments will do well this year, helping them accumulate more wealth. Succession in the business remains their top concern, followed by cyber crime and online privacy.

Source: Business Standard
Gandhi gets most central position in London's Parliament Square

A statue of Mahatma Gandhi has been extended the most central position in London's Parliament Square directly facing Britain's Palace of Westminster or Houses of Parliament.

In a park where there are statues of Sir Winston Churchill and Nelson Mandela in two corners, it is highly significant that arguably the most prestigious location has been given to Gandhi.

The statue was unveiled by Indian Finance Minister Arun Jaitley in the presence of British Prime Minister David Cameron on a glorious sunny, albeit cold morning in London in the presence of a hundreds of members of the public.

Prime Minister Cameron said the sculpture is a "magnificent tribute" to one of the "most towering figures" in history, Sky News reported.

The nine feet high bronze sculpture has been created by leading British sculptor, Philip Jackson, renowned for statues of Queen Elizabeth and Bomber Command. Jackson started work on the statue in July.

The sculpture is inspired by photographs of the civil rights leader outside 10, Downing Street in 1931.

A band played Indian classical music, Indian flags adorned the square, and schoolchildren stood in the crowd to watch.

"This statue is a magnificent tribute to one of the most towering figures in the history of world politics and by putting Mahatma Gandhi in this famous square we are giving him an eternal home in our country," Cameron said.

"Many of his teachings remain as potent today as when he first made them.

"The best way to find yourself is to lose yourself in the service of others' and 'be the change that you want to see in the world' remain timeless, profound and inspiring words of wisdom," he added.

Several other notable personalities attended the ceremony, including Chair of the Gandhi Statue Memorial Trust, Meghnad Desai, and Bollywood superstar Amitabh Bachhan.

Source: Indo-Asian News Service
India’s GDP growth will be 7.5 per cent this year: FM Arun Jaitley

Noting that India is emerging as one of the fastest growing economies, Finance Minister Arun Jaitley has said that this year the GDP growth rate will be 7.5 per cent and next year hopefully it would be higher.

Launching the Union Bank of India (UK), a subsidiary of the Union Bank of India, Jaitley on March 13 night said that since the new government came to power the economy has regained.

“During the last few years we had fallen off the radar, our growth had slowed down, our priorities were blurred and the world was accusing us of policy paralysis. Finally people of India decided to bring about a change,” he said.

Without naming UPA, he said “the I (India) was falling off the BRIC. But today most of others are facing challenge while India is emerging as one of the fastest growth nations. This year we will close at 7.5 per cent GDP growth and next year hopefully higher.”

“Fiscal deficits are on the downside. There is a flurry of activities, we are correcting aberrations in taxation structure, we are concentrating on infrastructure and trying to bring about fairness in our system. The success of the auction of Spectrum and Coal mines have shown how corruption could be avoided and bring higher values. We seem to be favourably placed.”

At the same time, he noted that elimination of poverty is a major challenge and the government is working hard to tackle this great challenge.

Arun Tiwari, Global Chairman and Managing Direction of Union Bank of India, earlier told newsmen that the UK subsidiary has planned to have USD 150 million turnover in the first year and nearly USD 1 billion annual turnover in the next four to five years.

He said the bank would launch its debit card in six to nine months time.

Source: Press Trust of India
Finance Minister Arun Jaitley on March 27 called for more widespread use of cheques and "plastic" currency to tackle the scourge of black money.

"As the economy grows, there is a roadmap, and the roadmap is more and more people start discarding the use of currency and switch over to either cheques or plastic currency," he said at the foundation day celebrations of the Security Printing and Minting Corporation of India (SPMCIL).

Pointing out how countries like Britain and US have highest currency denominations in 50 pound and 100 dollar currency notes respectively to discouraging hoarding and use of unaccounted wealth, Jaitley said that "one of the objectives is to dis-incentivise the use of currency and incentivise the use of plastic currency or any other negotiable instrument which is available".

"Some steps have also been announced which make use of cash little difficult," he added.

In his first full budget presented last month, Jaitley has announced steps to deal with black money by disincentivising cash dealings in real estate and similar transactions.

He also proposed to amend the Income Tax Act to prohibit "acceptance or payment" of an advance of Rs.20,000 or more in cash for purchase of immovable property.

This is the fourth year in succession that state-run SPMCIL has paid 20 percent dividend, the finance ministry said in a statement here. The company’s turnover now stands at Rs.3,798 crore.

SPMCIL produces bank notes, coins, medals and medallions, weights and measures as well as various security products like passports, travel documents, non-judicial stamp papers and postal stationery.

Source: Indo-Asian News Service
Resurgent India driving Asian growth story: US official

With India-US relations stronger than ever since the election of Prime Minister Narendra Modi, the two countries have become drivers of growth across the region and around the world, according to a senior US official. "If there is one overarching positive trend that is driving the energy and optimism across South Asia, it is the resurgence of India," Nisha Desai Biswal, Assistant Secretary of State for South and Central Asian Affairs, told a Congressional panel on March 24. This was "evidenced by their vibrant election last year, which was the largest such democratic exercise in history," she said testifying on "The US Rebalance in South Asia: Foreign Aid and Development Priorities." Asserting that less than one year after Modi’s election as Prime Minister US "relations with India are stronger than ever," Biswal said President Barack Obama’s historic Republic Day visit was critical beyond its symbolism.

She listed "important outcomes in four key areas - advancing our strategic partnership, deepening our security cooperation, revitalizing the economic partnership, and advancing critical clean energy and environmental goals." "As we have energised bilateral relations with the new Indian government, there can be no doubt about the strength of our joint strategic vision," Biswal said.

"Our two countries are indispensable partners in promoting peace, prosperity, and stability across the Indo-Pacific region," she said.

"We are drivers of growth across the region and around the world. And we are net providers of security, together ensuring freedom of navigation and safeguarding the maritime domain," Biswal said.

The US, she said, supported "India’s economic rise, including its domestic economic transformation" because for "India to be a strong partner in the region and around the world, it must be strong at home."

So Obama and Modi had agreed to "elevate our commercial and economic partnership as part of the Strategic and Commercial Dialogue to advance our shared prosperity." Biswal said the US was optimistic that the many challenges to creating the investment climate and innovation economy that will power India’s growth in the 21st century can be overcome. Modi and Obama, she noted had agreed that the two "countries will continue to work together on our ambitious energy and environment goals by renewing and expanding a five-year MOU on Energy Security, Clean Energy, and Climate Change." They also committed to work together towards a successful climate agreement in Paris and pledged to work toward the goal of phasing down hydrofluorocarbons under the Montreal Protocol, Biswal said.

US assistance programmes in India are a model for making "a little go a long way," she said noting "by leveraging the private sector and Indian resources, we are getting sizable outcomes out of small inputs."

"Our programmes connect to India’s public and private sectors to jointly achieve development gains in a cost-effective manner in India and in third countries, where India’s achievements stand to jump-start development results," Biswal said.

"This model of assistance - which positions India as a development lab with global reach - combines US and Indian innovation and best practices, which can be road-tested and refined in India and then exported to developing countries in Africa and Asia," she said.

In keeping with both US and Indian priorities, the USAID programme focuses on four key areas: health, energy and environment, education, and food security, Biswal said.

"With nearly 2 billion people, a growing middle class, an entrepreneurial culture, and a resurgent Indian economy, South Asia will play an increasingly important role in the Asian growth story," she said.

Source: Indo-Asian News Service
India’s economic momentum could unlock corporate growth: Standard & Poor’s

India’s reform drive and economic momentum could give plenty of growth opportunities to India’s top corporates, according to three articles that Standard & Poor’s Ratings Services published as part of a special report, titled “India Credit Spotlight.”

But many corporates are waiting for the government to put policy into action before investing further.

“The key to corporate growth will be whether the government can deliver on its reform promises. If it does, we believe the top players will be ready to capitalise,” said Standard & Poor’s credit analyst Mehul Sukkawala. “In the meantime, we believe the Indian corporate sector will maintain its conservative stance toward growth rather than throw caution to the wind.”

In the article titled “Myth Busted: India’s Top Corporates Are Hardly Regional Weaklings,” Standard & Poor’s analysed the operating, cash flow, and leverage data of India’s top 100 corporates, whose members are based mostly on market capitalisation. The article suggests that on these parameters, the Indian corporate sector is by no means a laggard to its Chinese and ASEAN neighbours.

“The issues identified with Indian corporates—overindebted and underperforming companies—are concentrated in just a handful of Indian sectors, albeit critical ones: utilities and infrastructure, and metals and mining,” said Mr. Sukkawala.

“Fixing the well-known problems within these sectors will predominantly require government decision-making and execution of regulations; the companies can’t do it themselves.”

Overall, we believe the view of India as a global bright spot for investing appears fully justified from a credit risk perspective. However, in the article titled “India’s Private Sector Companies Adopt A Wait-And-See Approach To Capital Spending,” Standard & Poor’s forecasts that capital spending will take 12 more months to start recovering.

“Companies are likely to consider new projects only after they can sense the operating environment in India is improving at the ground level. They would also need to be confident that current investments are likely to generate good cash flows before committing fresh investments. This is positive from a credit assessment perspective over the next 12 months, especially for companies with weak financial ratios and liquidity,” said Mr. Sukkawala.

The new Indian government has promised to tackle some of India’s longest-festering problems that have kept the country’s enormous economic potential in check.

The country’s favorable economic conditions and a strong central government give it the flexibility to pursue reforms. Initiatives include auctions of energy resources, such as coal, simplified tax regimes, and accelerated approval procedures to speed up the ease of doing business.

In the article titled “India’s Reform Push Is An Encouraging Start For Corporates,” Standard & Poor’s suggests the government will need to turn its plans into actions, coordinate better with states, and remove bottlenecks across sectors to implement reforms. The government may have to dilute some of its reforms because of differing views of opposition parties and the hesitancy of some of its allies.

“Overall, we are optimistic that the impact of government reforms will be positive in the next few years. The cumulative effect is likely to result in an improved economic and business environment for India’s corporates,” said Standard & Poor’s credit analyst Abhishek Dangra.

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This commentary and its subject matter have not been the subject of Rating Committee action and should not be interpreted as a change to, or affirmation of, a Credit Rating or Rating Outlook.

Source: The Financial Express
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