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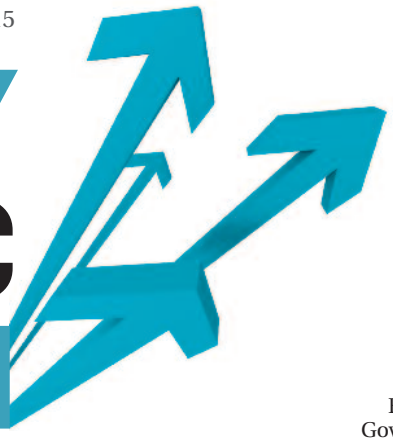
MONTHLY ECONOMIC BULLETIN



ITP Divison
Ministry of
External Affairs
Government of India

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Domestic Economy and Markets

India's economy has turned the corner: Challenges galore

The government has announced an ambitious development agenda supported by a three-pronged strategy – promoting fast and durable economic growth, especially in manufacturing, together with a stable macroeconomic environment; involving states as active development partners; and improving the delivery of social benefits and extending social safety to the elderly and the underprivileged. The World Bank's India Development Update, April 2015, says that if this agenda is successfully implemented, it carries great promise of an acceleration in economic growth that is also inclusive and sustainable.

The report points out that India's government has begun to implement reforms to unlock the country's investment potential - to improve the business environment; liberalize FDI; boost both public and private investment in infrastructure; quickly resolve corporate disputes; simplify taxation, and lower corporate taxes. States are set to receive more resources and spending power, and the government has reiterated its resolve to implement the GST by April, 2016, a move that is widely expected to meaningfully increase India's tax to GDP ratio. New models of delivering benefits through direct transfers to bank accounts, together with the biometric identification of beneficiaries, are expected to reduce leakages.

The report adds that a favorable external environment, particularly the sharp decline in the international prices of oil, metals and food, has helped to improve the economic outlook significantly. Growth has accelerated, inflation has declined, the current account deficit has narrowed, and external reserves have increased. GDP growth (at market prices) is projected to accelerate to 7.2 percent in FY2015, compared to 6.9 percent in the previous year and further to 7.5 percent in FY 2015-16.

External and domestic risks

Nevertheless, the economic outlook is subject to both external and domestic risks, the report says. A rapid increase in oil prices is a key risk, and global growth remains constrained, particularly in several of India's trading partners.

A tightening of US monetary policy can have a disruptive impact on India's exchange rate and financial markets. While the Reserve Bank of India has built reserves to reduce India's external vulnerability, the risk remains, warranting vigilance.

On the domestic front, the report points out that boosting private investment will be crucial to bridge the yawning infrastructure deficit and support the favorable growth outlook. With India's tax-to-GDP ratio remaining stubbornly low, the country will need to explore alternative channels of long term investment, and revive PPP model of financing. Additional fiscal space can be generated by increasing the tax-to-GDP ratio, and improving tax administration and compliance.

Importantly, the outlook for new investments continues to be dented by the debt overhang in the corporate balance sheets, which has extended to the Public Sector Banks (PSB). The banks' balance sheets are currently marred by high non-performing loans, low profitability, and subdued credit growth, and may not be able to support higher demand for credit in a robust turn–around of the investment cycle. While some measures have been announced to strengthen the balance sheets of PSBs and to improve their operational efficiency, the report says that more decisive measures will be needed given the magnitude of recapitalization required.

The report adds that the potential for rapid export growth in the near term remains constrained by both supply and demand conditions. On the supply side, Indian merchandise exports have not been able to keep pace with the growth in world exports. On the demand side, the global export market seems to have peaked. India will need to increase its manufacturing competitiveness significantly to carve a space for itself among the world's large exporters. For this, the country will require an infrastructural boost to bring it at par with the world's manufacturing hubs, in addition to the competitive supply of labor, land, finance, and skills, as well as a friendly business environment.

In sum, the report says, the pace of reforms will need to be maintained or even stepped up to meet the country's development goals. Devolving more policy space to the states may produce enclaves of competitiveness and help garner further support for wider reforms among India's people and political classes.

MGNREGS – creating assets of lasting value is key to the program's success

The report adds that MGNREGS – amongst the world's largest anti-poverty programs with over 50 million beneficiary households at its peak and expenditures between 0.5 and 1% of GDP – is an important pillar of India's social protection system.

The programme has an in-built self-targeting mechanism as it is structured in such a way that poorer households will be more willing to participate. Aside from supporting wage incomes, it can be used to create assets for the poor that are durable and productive; for example, it can help regenerate the natural resource base, and rehabilitate roads to expand rural connectivity. A guarantee of employment can also provide crucial insurance benefits from shocks.

The programme's performance record is mixed. Paradoxically, the scheme has worked less well in poorer states, where it is needed the most. Program outcomes can be improved by enhanced public information and a more responsive supply side. A second, and complementary, direction for reforms it to ensure that the assets created are productive and support private enterprise.

These spillover effects to the private labor market and agricultural productivity are essential to maximizing the benefits from the scheme, over and above its impacts as an income transfer.

Indian economy to grow at 7.5% in 2015: Moody's

Indian economy is expected to grow marginally higher at 7.5 per cent during the year compared with 7.2 per cent in 2014 and interest rate cuts will buttress private sector spending, said a group company of global rating agency Moody's.

"Our tracking model suggests that first quarter GDP growth is tracking around 7.3 per cent, a slowdown from prior quarters. But we expect this softness will prove temporary with improving domestic demand to help India's GDP grow 7.5 per cent for all of 2015," Moody's Analytics said in a study.

Earlier in the day, Moody's Analytics had put its growth estimate for the year 2015 at 7.3 per cent, which it later "amended" to 7.5 per cent.

Earlier this week, International Monetary Fund projected that India will overtake China as the fastest growing emerging economy in 2015-16 by clocking a growth rate of 7.5 per cent, helped by its recent policy initiatives, pick-up in investments and lower oil prices.

World Bank too has similar GDP growth forecast for India for the current fiscal year.

Moody's Analytics said, India's economy is on a cyclical upswing and forward-looking indicators suggest domestic demand is gathering momentum.

"Low inflation has enabled the Reserve Bank of India to cut interest rates by 50 basis points easing pressure on the private sector. Lower rates as well as the government's infrastructure and disinvestment programs should provide a boost to domestic-oriented industries," it said.

It further said that the government also wants more foreign businesses to invest in India, with a focus on public and private partnerships.

"Foreign investment in India has been weak because of significant red tape and taxes. The government is taking encouraging steps to reduce these burdensome regulations to entice more foreign investment," it said.

On the disinvestment front, it said the government has begun selling public sets as it plans to raise Rs 70,000 crore in fiscal 2015-2016.

"Approximately 5 per cent of the Rural Electrification Corp, a state-owned power company, was sold in early April. Strong investor demand for the electricity company suggests that the government should have few problems selling its other assets," it said.

Moody's Analytics is of the view that "India's state-owned companies are notoriously inefficient, with significant bureaucracy and endemic corruption. Asset sales can make companies more productive and should ease the supply bottlenecks choking the economy."

Funds raised from disinvestments will be spent on developing India's ailing infrastructure.

"If revenues fall short, we expect the government to cut expenditure to meet its 3.9 per cent deficit target for 2015-2016. Lower government spending is a downside risk to our forecast over the coming year," it added.

India's Foreign Trade (Merchandise)

EXPORTS (including re-exports)

Exports during April, 2015 were valued at US $ 22054.72 million (Rs. 138400.44 crore) which was 13.96 per cent lower in Dollar terms (10.55 per cent lower in Rupee terms) than the level of US $ 25634.08 million (Rs. 154718.60 crore) during April, 2014

IMPORTS

Imports during April, 2015 were valued at US $ 33047.02 (Rs.207380.63 crore) which was 7.48 per cent lower in Dollar terms and 3.81 per cent lower in Rupee terms over the level of imports valued at US $ 35720.03 million (Rs. 215593.93 crore) in April, 2014.

CRUDE OIL AND NON-OIL IMPORTS:

Oil imports during April, 2015 were valued at US $ 7442.92 million which was 42.65 per cent lower than oil imports valued at US $ 12977.83 million in the corresponding period last year.
Non-oil imports during April, 2015 were estimated at US $ 25604.10 million which was 12.58 per cent higher than non-oil imports of US $ 22742.20 million in April, 2014.

TRADE BALANCE

The trade deficit for April 2015 was estimated at US $ 10992.30 million which was higher than the deficit of US $ 10085.95 million during April 2014.

INDIA'S FOREIGN TRADE (SERVICES):
MARCH, 2015 (As per the RBI Press Release dated 15th May, 2015)

A. EXPORTS (Receipts)

Exports during March, 2015 were valued at US $ 14049 Million (Rs. 87735.72 Crore).

B. IMPORTS (Payments)

Imports during March, 2015 were valued at US $ 7866 Million (Rs. 49123.01 Crore).

C. TRADE BALANCE

The trade balance in Services (i.e. net export of Services) for March, 2015 was estimated at US $ 6183 Million.

EXPORTS & IMPORTS : (US $ Million)	
(PROVISIONAL)	
	APRIL
EXPORTS(including re-exports)	
2014-15	25634.08
2015-16	22054.72
%Growth2015-16/ 2014-15	-13.96
IMPORTS	
2014-15	35720.03
2015-16	33047.02
%Growth2015-16/ 2014-15	-7.48
TRADE BALANCE	
2014-15	-10085.95
2015-16	-10992.30
EXPORTS & IMPORTS : (Rs. Crore)	
(PROVISIONAL)	APRIL
EXPORTS(including re-exports)	
2014-15	154718.60
2015-16	138400.44
%Growth2015-16/ 2014-15	-10.55
IMPORTS	
2014-15	215593.93
2015-16	207380.63
%Growth2015-16/ 2014-15	-3.81
TRADE BALANCE	
2014-15	-60875.33
2015-16	-68980.19

EXPORTS & IMPORTS (SERVICES) : (US $ Million)	
(PROVISIONAL)	
	March 2014-15
EXPORTS (Receipts)	14049.00
IMPORTS (Payments)	7866.00
TRADE BALANCE	6183.00
EXPORTS & IMPORTS (SERVICES): (Rs. Crore)	
(PROVISIONAL)	March 2014-15
EXPORTS (Receipts)	87735.72
IMPORTS (Payments)	49123.01
TRADE BALANCE	38612.71
Source: RBI Press Release dated 15th May 2015	

Agriculture

Third advance estimates of production of Major Crops for 2014-15

The 3rd Advance Estimates of production of major crops for 2014-15 have been released by the Department of Agriculture & Cooperation on 13th May 2015. Due to minor changes in the estimated production of other rabi pulses, the production estimates of rabi pulses and foodgrains for 2013-14 have also undergone minor revisions.

As per 3rd Advance Estimates, the production of major crops during 2014-15 is as under:

- Foodgrains – 251.12 million tonnes
- Rice – 102.54 million tonnes
- Wheat – 90.78 million tonnes
- Coarse Cereals – 40.42 million tonnes
- Maize – 22.74 million tonnes
- Pulses – 17.38 million tonnes
- Tur – 2.71 million tonnes
- Gram – 7.59 million tonnes
- Oilseeds – 27.38 million tonnes
- Soyabean – 10.70 million tonnes
- Groundnut – 6.64 million tonnes
- Rapeseed & Mustard – 6.75 million tonnes
- Cotton – 35.32 million bales (of 170 kg each)
- Sugarcane – 356.56 million tonnes

It may be noted that production of kharif crops during 2014-15 suffered due to bad monsoon. Unseasonal rains/hailstorm during Feb-March 2015 had significant impact on production of rabi crops. As a result of setback in kharif as well as rabi seasons, the production of most of the crops in the country has declined during 2014-15.

As per 3rd Advance Estimates for 2014-15, total foodgrains production in the country is estimated at 251.12 million tonnes which is lower by 13.92 million tonnes than the last year's record foodgrains production of 265.04 million tonnes. Total production of rice is estimated at 102.54 million tonnes which is lower by 4.11 million tonnes than the last year's record production of 106.65 million tonnes. Production of wheat estimated at 90.78 million tonnes is lower by 5.07 million tonnes than the record production of 95.85 million tonnes achieved during 2013-14. Total production of Coarse Cereals estimated at 40.42 million tonnes is also lower by 2.87 million tonnes than their production during 2013-14.

Production of pulses estimated at 17.38 million tonnes is lower by 1.87 million tonnes than their production during the last year. With a decrease of 5.37 million tonnes over the last year, total production of oilseeds in the country is estimated at 27.38 million tonnes.

Production of sugarcane is estimated at 356.56 million tonnes which is higher by 4.42 million tonnes as compared to last year. Total production of cotton estimated at 35.32 million bales (of 170 kgs each) is marginally lower than last year but higher by 2.85 million bales than the average production of last 5 years. Production of jute & mesta is estimated at 11.49 million bales (of 180 kg each) which is marginally lower than their production during the last year.

Enhancement in Productivity and Production can only be Achieved through Research"- Shri Radha Mohan Singh

Agriculture Minister Addresses G-20 Agriculture Ministers meet at Istanbul

Union Agriculture Minister, Shri Radha Mohan Singh addressed the G-20 Agriculture Ministers Meeting at Istanbul, Turkey. Addressing the meet Shri Singh said that there is need to direct itself more towards the accountability and monitoring of the ongoing initiatives rather adding more. Minister emphasized the need of research in agriculture sector to enhance the production and productivity which also address to contain the price volatility. Minister also focused on the various issues like food security, price volatility, reducing food waste and losses. Shri Singh apprised of the initiatives of the Government for the benefit of the farmers.

Text of Agriculture Minister speech is as follows:

"I first take the opportunity to congratulate Turkey on assuming the Presidency of G-20 Countries. I express my gratitude to the host country for extending a warm welcome and hospitality to all the delegates attending the meeting.

In the recent past, the contribution and role of G-20 countries has assumed vital significance to combat the problem of food insecurity and malnutrition globally. The responsibility on our countries has increased to support progress towards achievement of sustainable food systems.

The great recession faced by the World Community in 2008-09 drove a point that solution to Global problems and challenges lies in united action globally. Our leaders during the Seoul Summit under the Multi Year Action Plan on Development emphasized the need for increased investment and financial support for Agricultural Development and welcomed commitments made through the Global Agriculture and Food Security Programme (GAFSP) and other bilateral and multilateral channels. During the French Presidency, an Action Plan on Food Price Volatility and Agriculture was formulated to address the impact of increasing World Food Demand and accompanying Price Volatility. A lot of progress has been made since these initiatives were launched especially the Agricultural Market Information System (AMIS), Rapid Response Forum (RRF) and Emergency Humanitarian Food Reserves. The Food Security and Nutrition Framework endorsed by G-20 leaders at the Brisbane Summit identified three outcomes for long term priority objectives to address the challenge. The Turkish Presidency is also prioritising redressal of these global concerns.

India is of the view that our group direct itself more towards accountability and monitoring of ongoing initiatives rather adding more. It has always been the position of India that promoting agricultural production is central to addressing the problem of excessive food price volatility. It would not be possible to contain inflationary tendency in food prices without ensuring enhanced agricultural production. With reduction in the size of land for agriculture due to rapid urbanisation, India firmly believes that with shrinking resources, enhancement in productivity and production can only be achieved through research in this sector.

The concept of food security has now undergone considerable changes as food availability and stability were earlier considered good measures for ensuring food security and accorded high priority by developing countries. However, the same has not solved the problem of chronic household food insecurity. Now food energy intake at household level is given importance in assessing food security though the norms set for the same have also been questioned by Nutritionists. While formulating policy in the matter, a distinction need to be made between transient and chronic food security. The strategy to overcome this problem lies in intervention to raise the purchasing power of the poor to improve and ensure food availability to the poor.

Enhancement in production and productivity of Agriculture commodities is not the only area of concern, initiatives must be undertaken for reducing food waste and losses. An implementation plan for reducing food waste needs to be in place for which the concerns of the low income and developing countries and not alone of G-20 countries should be kept in view. We should strive for research on produce storage and handling protocols, scale up investment in agriculture linked industry and jointly develop a Centre of Excellence in post –harvest and market linked supply chain. For increasing agricultural productivity, building infrastructure for agriculture, enhancing productivity and human capital in small holder agriculture and to curb food losses and wastages we have taken up comprehensive schemes for increasing general and cold storage capacities as well as well as set up Integrated value chains. This has resulted in reduction of wastages and food losses to some extent. India is of the view that technologies developed for minimising food losses and wastages should be commensurate to the needs of Low Income Countries.

Excellencies, agriculture and allied sectors in India account for 17.2% of the country's GDP and 14% of overall exports. Almost half of the population of the country is dependent on agriculture as the prime source of its income and it is also a principal source of raw material for a large number of industries. India, therefore, has to keep the momentum of growth of agriculture to achieve targeted growth of its economy and meeting the increasing and diverse demand of food. We have made rapid strides in our agriculture sector, which is manifested by the fact that our food grain production has increased from 197 million tonnes in 2000-2001 to 266 million tonnes in 2014-15, which not only meets our domestic requirement but also contributes towards global food security.

We believe that this strategy to spur growth in the agriculture sector by way of increasing public investment and by creating a conducive atmosphere for enhanced private sector participation will yield positive results. We are encouraging provincial Governments to increase investment in agriculture and allied sectors taking into account agro-climatic conditions, natural resources issues and technology, and integrating livestock, poultry and fisheries while providing more autonomy and flexibility to the states in planning and execution of schemes.

Many of our farmers are not able to get the optimal yields from their fields, as they are not aware of the soil conditions. Our goal is to communicate benefits of Soil Health to the farmers so that they can apply appropriate dosages of fertilisers to increase productivity and profitability. Our Government has launched a new scheme to provide every farmer with a soil health card which will be updated after regular intervals.

Government is committed to promote Organic Farming that improves soil health and leads to better quality crops. From the current financial year, 'Parampragat Krishi Vikas Yojna', a new scheme to develop organic clusters and make available chemical free inputs to farmers will be implemented. We have also launched a Gokul Mission, a dedicated intervention to improve cattle progeny so as to improve milk yields and farmers income. For achieving food and nutrition security and for increasing incomes of fish farmers our country has embarked on the path of bringing about a Blue revolution.

With a view to increase agricultural production and productivity and bring about an increase in the incomes of farmers as well as more output per drop of water, a new scheme ''Pradhan Mantri Krishi Sinchai Yojana , is being implemented in our country for providing assured irrigation to every farm.

In our quest for achieving sustainable food systems, which will respond equally well to enhancing the purchasing power of the poor farmers and checking price vitality, we are now in the process of initiating a barrier free National Agricultural Market. Along with bringing down provincial tariff and non-tariff barriers, we plan to integrate the entire country on a national level e-platform that will provide the farmer access to markets across the country and consumers the best choice for sourcing for his consumption basket.

Almost 85% of farmers in India have small agricultural holdings. As the agriculture is being mechanised to enhance productivity, it has become more important and necessary to protect the interest of these small farmers. Many of them lack access to the resources and are critically dependent on government for support. Therefore, the family farming needs to be strengthened to save them from the grip of poverty and malnutrition and thus making them an asset instead of liability in the country. It may not be out of context to mention that we have introduced a pension programme for the elderly farmers in honour of our former Prime Minister Mr. Atal Bihari Vajpayee under the Atal Pension Yojana.

Before concluding my address, I would again like to thank our host, Government of Turkey for successfully organising this event and hospitality extended to all delegates. I look forward to fruitful deliberations today with our focus on food security needs of the global community and keeping interest of our farmers foremost in our approach.

Review of Foreign Direct Investment (FDI) Policy on investments by Non-Resident Indians (NRIs), Persons of Indian Origin (PIOs) and Overseas Citizens of India (OCIs)

The Union Cabinet, chaired by the Prime Minister Shri Narendra Modi, has given its approval to review of Foreign Direct Investment (FDI) Policy on investments by Non-Resident Indians (NRIs), Persons of Indian Origin (PIOs) and Overseas Citizens of India (OCIs). Following are the amendments approved by the Cabinet to incorporated in FDI policy:

(i) By amending relevant para, definition of NRI will be as under:

'Non-Resident Indian' (NRI) means an individual resident outside India who is citizen of India or is an 'Overseas Citizen of India' cardholder within the meaning of section 7 (A) of the Citizenship Act, 1955. 'Persons of Indian Origin' cardholders registered as such under Notification No. 26011/4/98 F.I. dated 19.8.2002 issued by the Central Government are deemed to be "Overseas Citizen of India' cardholders".

(ii) To provide that investment by NRIs on non-repatriable basis is domestic. Following new para is approved to be added:

Inflation

The annual rate of inflation, based on monthly WPI, stood at -2.65% (provisional) for the month of April, 2015 (over April, 2014) as compared to -2.33% (provisional) for the previous month and 5.55% during the corresponding month of the previous year. Build up inflation rate in the financial year so far was -0.06% compared to a build up rate of 0.28% 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 rose by 0.9 percent to 241.8 (provisional) from 239.6 (provisional) for the previous month. The groups and items which showed variations during the month are as follows:-

The index for 'Food Articles' group rose by 1.3 percent to 252.7 (provisional) from 249.4 (provisional) for the previous month due to higher price of fruits & vegetables, gram and tea (4% each), poultry chicken and urad (3% each), arhar, ragi and fish-marine (2% each) and bajra and jowar (1% each). However, the price of barley (5%), egg, mutton and beef & buffalo meat (3% each) and pork, masur, coffee and maize (1% each) declined.

The index for 'Non-Food Articles' group rose by 0.6 percent to 203.5 (provisional) from 202.2 (provisional) for the previous month due to higher price of guar seed and raw cotton (7% each), groundnut seed (5%), cotton seed, safflower (kardi seed) and niger seed (4% each), raw silk (3%), mesta and soyabean (2% each) and castor seed, coir fibre and rape & mustard seed (1% each). However, the price of flowers (15%), gingelly seed (7%), raw rubber (5%), fodder (3%) and linseed and copra (coconut) (1% each) declined.

The index for 'Minerals' group declined by 2.2 percent to 246.6 (provisional) from 252.1 (provisional) for the previous month due to lower price of manganese ore (19%), iron ore (9%), copper ore (5%), barytes (3%) and magnesite and chromite (2% each). However, the price of zinc concentrate (11%), crude petroleum (4%), sillimanite and phosphorite (2% each) moved up.

FUEL & POWER (Weight 14.91%)

The index for this major group declined by 1.7 percent to 184.2 (provisional) from 187.3 (provisional) for the previous month due to lower price of furnace oil (9%), petrol and high speed diesel (3% each), aviation turbine fuel (2%) and electricity (1%).

MANUFACTURED PRODUCTS (WEIGHT 64.97%)

The index for this major group declined by 0.1 percent to 153.8 (provisional) from 153.9 (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 0.2 percent to 169.8 (provisional) from 170.1 (provisional) for the previous month due to lower price of processed prawn (6%), vanaspati and tea leaf (unblended) (4% each), wheat flour (atta) (2%) and sugar, sooji (rawa), gingelly oil, maida, oil cakes and ghee (1% each). However, the price of tea dust (unblended)

(11%), salt (7%), tea leaf (blended) (6%), canned fish, bakery products and sugar confectionary (2% each) and groundnut oil, copra oil and mixed spices (1% each) moved up.

The index for 'Beverages, Tobacco & Tobacco Products' group rose by 0.1 percent to 203.5 (provisional) from 203.2 (provisional) for the previous month due to higher price of dried tobacco (4%). However, the price of rectified spirit (1%) declined.

The index for 'Textiles' group rose by 0.3 percent to 140.3 (provisional) from 139.9 (provisional) for the previous month due to higher price of man made fibre (3%), jute sacking cloth (2%) and jute sacking bag and jute yarn (1% each). However, the price of tyre cord fabric (2%) and cotton yarn and cotton fabric (1% each) declined.

The index for 'Wood & Wood Products' group rose by 1.6 percent to 192.0 (provisional) from 189.0 (provisional) for the previous month due to higher price of plywood & fibre board (2%) and timber / wooden planks and processed wood (1% each).

The index for 'Paper & Paper Products' group rose by 0.3 percent to 153.1 (provisional) from 152.6 (provisional) for the previous month due to higher price of newspaper (3%) and books/ periodicals/ journals (1%). However, the price of kraft paper & bags, laminated paper and newsprint (1% each) declined.

The index for 'Leather & Leather Products' group declined by 0.1 percent to 141.8 (provisional) from 142.0 (provisional) for the previous month due to lower price of leather chappals/sandals (3%) and leather gloves (1%).

The index for 'rubber & Plastic Products' group declined by 0.2 percent to 148.1(provisional) from 148.4 (provisional) for the previous month due to lower price of tubes (2%).

The index for 'Chemicals & Chemical Products' group declined by 0.1 percent to 150.7 (provisional) from 150.8 (provisional) for the previous month due to lower price of synthetic resin (3%), hair / body oils and polymers (2% each) and castor oil, adhesive & gum, turpentine oil and pesticides (1% each). However, the price of rubber chemicals (3%) and photographic goods, vitamins, pigment & pigment intermediates, explosives and non-cyclic compound (1% each) moved up.

The index for 'Non-Metallic Mineral Products' group declined by 0.2 percent to 177.6 (provisional) from 177.9 (provisional) for the previous month due to lower price of grey cement and polished granite (1% each). However, the price of marbles (7%) and bricks & tiles and railway sleeper (1% each) moved up.

The index for 'Basic Metals, Alloys & Metal Products' group declined by 0.2 percent to 162.0 (provisional) from 162.4 (provisional) for the previous month due to lower price of ferro manganese (5%), steel rods and sheets (3% each), ferro silicon, copper/copper ingots and CRC (2% each) and ferro chrome, steel: pipes & tubes, brass, rebars, gp/gc sheets, HRC, joist & beams and silver (1% each). However, the price of zinc (3%), melting scrap and steel structures (2% each) and pencil ingots, rounds, wire rods, plates and billets (1% each) moved up.

The index for 'Machinery & Machine Tools' group declined by 0.3 percent to 134.9 (provisional) from 135.3 (provisional) for the previous month due to lower price of PVC insulated cable (3%), electrical pumps (2%) and transformer and communication equipments (1% each). However, the price of sprinkler (5%), capacitors (4%), engines (2%) and battery dry cells and industrial furnaces (1% each) moved up.

The index for 'Transport, Equipment & Parts' group rose by 0.4 percent to 137.4 (provisional) from 136.8 (provisional) for the previous month due to higher price of motor cycle/scooter/moped (2%).

FINAL INDEX FOR THE MONTH OF FEBRUARY, 2015 (BASE YEAR: 2004-05=100)

For the month of February, 2015, the final Wholesale Price Index for 'All Commodities'(Base: 2004-05=100) stood at 175.6 as compared to 175.8 (provisional) and annual rate of inflation based on final index stood at -2.17 percent as compared to -2.06 percent respectively as reported on 16.03.2015.

Wholesale Price Index and Rates of Inflation (Base Year: 2004-05=100)

Month of April, 2015

Commodities/Major Groups/Groups/Sub-Groups	Weight	WPI Apr, 2015	Latest month over month		Build up from March		Year on year	
			2013-14	2014-15	2013-14	2014-15	2013-14	2014-15
ALL COMMODITIES	100.00000	176.0	0.28	-0.06	0.28	-0.06	5.55	-2.65
PRIMARY ARTICLES	20.11815	241.8	1.25	0.92	1.25	0.92	7.02	-0.25
Food Articles	14.33709	252.7	1.88	1.32	1.88	1.32	8.74	5.73
Cereals	3.37323	231.4	-0.26	0.22	-0.26	0.22	8.27	0.39
Rice	1.79348	234.0	0.86	0.17	0.86	0.17	12.76	-0.04
Wheat	1.11595	216.4	-2.52	0.42	-2.52	0.42	4.42	1.79
Pulses	0.71662	264.1	0.53	2.44	0.53	2.44	-1.84	15.38
Vegetables	1.73553	217.1	10.89	-0.23	10.89	-0.23	1.62	-1.32
Potato	0.20150	135.2	19.26	-11.52	19.26	-11.52	33.01	-41.14
Onion	0.17794	309.6	-2.22	-6.89	-2.22	-6.89	-10.59	29.97
Fruits	2.10717	262.6	6.14	7.67	6.14	7.67	16.05	14.22
Milk	3.23818	247.6	0.17	0.12	0.17	0.12	9.19	7.42
Egg, Meat & Fish	2.41384	290.8	-1.10	0.24	-1.10	0.24	10.17	4.01
Non-Food Articles	4.25756	203.5	-0.37	0.64	-0.37	0.64	3.43	-6.18
Fibres	0.87737	202.8	-1.34	5.35	-1.34	5.35	7.59	-13.81
Oil Seeds	1.78051	207.0	1.84	1.37	1.84	1.37	0.19	-1.80
Minerals	1.52350	246.6	0.03	-2.18	0.03	-2.18	2.86	-28.65
FUEL & POWER	14.91021	184.2	-1.12	-1.66	-1.12	-1.66	9.34	-13.03
Liquefied petroleum gas	0.91468	162.9	-1.87	0.12	-1.87	0.12	7.50	-6.06
Petrol	1.09015	160.6	-1.84	-2.73	-1.84	-2.73	7.77	-18.44
High speed diesel	4.67020	197.0	-0.48	-3.05	-0.48	-3.05	13.74	-14.39
MANUFACTURED PRODUCTS	64.97164	153.8	0.26	-0.06	0.26	-0.06	3.69	-0.52
Food Products	9.97396	169.8	1.48	-0.18	1.48	-0.18	2.88	-1.05
Sugar	1.73731	172.8	3.38	-1.43	3.38	-1.43	-1.15	-8.86
Edible Oils	3.04293	144.6	-0.27	-0.55	-0.27	-0.55	-0.68	-1.03
Beverages, Tobacco & Tobacco Product	1.76247	203.5	0.87	0.15	0.87	0.15	8.58	3.09
Cotton Textiles	2.60526	156.8	0.36	-0.70	0.36	-0.70	8.81	-5.26
Man Made Textiles	2.20573	133.1	-0.22	1.91	-0.22	1.91	5.98	-1.19
Wood & Wood Products	0.58744	192.0	0.85	1.59	0.85	1.59	8.68	1.59
Paper & Paper Products	2.03350	153.1	1.22	0.33	1.22	0.33	6.49	2.48
Leather & Leather Products	0.83509	141.8	-0.75	-0.14	-0.75	-0.14	6.86	-2.14
Rubber & Plastic Products	2.98697	148.1	0.13	-0.20	0.13	-0.20	6.68	-1.33
Chemicals & Chemical Products	12.01770	150.7	0.39	-0.07	0.39	-0.07	4.79	-1.63
Non-Metallic Mineral Products	2.55597	177.6	-0.48	-0.17	-0.48	-0.17	0.30	6.54
Cement & Lime	1.38646	175.5	-0.85	-1.24	-0.85	-1.24	-5.02	7.87
Basic Metals Alloys & Metal Product	10.74785	162.0	-0.66	-0.25	-0.66	-0.25	1.34	-2.70
Iron & Semis	1.56301	150.3	0.06	0.60	0.06	0.60	2.38	-5.47
Machinery & Machine Tools	8.93148	134.9	0.15	-0.30	0.15	-0.30	2.62	1.12
Transport Equipment & Parts	5.21282	137.4	-0.07	0.44	-0.07	0.44	2.73	1.25

Trend of Rate of Inflation for some important items during last six months

Commodities/Major Groups/Groups/Sub-Groups	Weight (%)	Rate of Inflation for the last six months					
		Apr-15	Mar-15	Feb-15	Jan-15	Dec-14	Nov-14
ALL COMMODITIES	100.00	-2.65	-2.33	-2.17	-0.95	-0.50	-0.17
PRIMARY ARTICLES	20.12	-0.25	0.08	1.01	1.38	0.29	-1.61
Food Articles	14.34	5.73	6.31	7.83	8.00	4.95	0.66
Cereals	3.37	0.39	-0.09	1.13	1.70	1.35	2.17
Rice	1.79	-0.04	0.65	3.28	4.00	4.43	5.55
Wheat	1.12	1.79	-1.19	-2.40	-1.63	-2.36	-2.22
Pulses	0.72	15.38	13.22	14.50	12.56	5.93	4.43
Vegetables	1.74	-1.32	9.68	15.28	18.63	-6.41	-28.38
Potato	0.20	-41.14	-20.66	-5.20	-8.01	0.52	34.16
Onion	0.18	29.97	36.49	25.96	-3.34	-19.70	-55.29
Fruits	2.11	14.22	12.60	16.84	16.95	17.77	14.68
Milk	3.24	7.42	7.48	7.99	9.57	9.41	10.22
Egg, Meat & Fish	2.41	4.01	2.62	1.59	-1.26	1.15	3.89
Non-Food Articles	4.26	-6.18	-7.12	-5.64	-4.16	-3.62	-3.65
Fibres	0.88	-13.81	-19.29	-22.69	-19.06	-13.86	-17.27
Oil Seeds	1.78	-1.80	-1.35	-0.20	0.54	-0.88	-0.68
Minerals	1.52	-28.65	-27.03	-29.55	-30.42	-22.73	-13.22
FUEL & POWER	14.91	-13.03	-12.56	-14.77	-11.02	-7.82	-4.53
Liquefied petroleum gas	0.91	-6.06	-7.92	-8.86	-7.65	-3.19	0.12
Petrol	1.09	-18.44	-17.70	-21.80	-17.43	-11.96	-9.55
High speed diesel	4.67	-14.39	-12.11	-17.59	-11.43	-6.31	-1.93
MANUFACTURED PRODUCTS	64.97	-0.52	-0.19	0.26	1.05	1.44	1.90
Food Products	9.97	-1.05	0.59	1.25	2.02	1.30	1.58
Sugar	1.74	-8.86	-4.42	-2.20	-1.63	-1.33	0.21
Edible Oils	3.04	-1.03	-0.75	-0.82	-0.41	-3.44	-3.29
Beverages, Tobacco & Tobacco Product	1.76	3.09	3.83	4.06	3.91	8.37	9.08
Cotton Textiles	2.61	-5.26	-4.24	-2.47	-0.63	0.00	0.63
Man Made Textiles	2.21	-1.19	-3.26	-1.71	-1.49	0.90	1.64
Wood & Wood Products	0.59	1.59	0.85	2.99	4.24	5.29	4.58
Paper & Paper Products	2.03	2.48	3.39	3.56	3.70	4.14	5.37
Leather & Leather Products	0.84	-2.14	-2.74	-2.34	-1.25	-0.55	0.34
Rubber & Plastic Products	2.99	-1.33	-1.00	-0.74	0.13	0.88	1.56
Chemicals & Chemical Products	12.02	-1.63	-1.18	-0.79	0.46	1.67	2.68
Non-Metallic Mineral Products	2.56	6.54	6.21	5.26	5.23	4.26	5.86
Cement & Lime	1.39	7.87	8.29	5.20	4.44	2.73	4.21
Basic Metals Alloys & Metal Product	10.75	-2.70	-3.10	-2.21	-0.96	-0.24	0.06
Iron & Semis	1.56	-5.47	-5.98	-5.02	-2.42	0.13	2.76
Machinery & Machine Tools	8.93	1.12	1.58	1.81	2.19	1.51	1.74
Transport Equipment & Parts	5.21	1.25	0.74	0.96	0.81	0.07	0.07

Industrial Production

March industrial growth at 5-month low of 2.1%

Industrial growth in volume terms again saw a subdued growth in March, after registering a sudden jump in February.The growth fell to a five-month low of 2.1 per cent in March against 4.9 per cent in the previous month. None of the broad sectors registered contraction. However, growth was largely concentrated on the highly volatile capital goods sector, which rose 7.6 per cent in March, against a fall of 11.5 per cent a year ago.Industrial output had, in fact, fallen 0.5 per cent in March, 2014 and even that could not push up industrial growth much in March, 2015.

This resulted in the cumulative growth of the Index of Industrial Production (IIP) standing at 2.8 per cent in 2014-15, from a contraction of 0.1 per cent in 2013-14, an official release showed here on Tuesday. The malaise in the industrial sector could be gauged from the fact that the expansion in 2014-15 was the same as in 2012-13 and 0.1 percentage less than in 2011-12, which had seen a major slowdown in economic growth. In 2011-12, economic growth stood at just 5.1 per cent, but rose to 6.9 per cent the next year and was estimated to have reached 7.4 per cent in 2014-15.Mining and manufacturing exhibited better performance in March than in the year-ago period, though it was only a shade better. Mining output rose 0.9 per cent against 0.5 per cent a year ago, while manufacturing rose 2.2 per cent versus a contraction of 1.3 per cent.Manufacturing has been the main focus of the new government. But the sector's growth remained sub-three per cent in 2014-15 (2.3 per cent, versus a contraction of 0.8 per cent in the year-ago period).

Electricity was the only sector that showed some semblance of reasonable growth in March 2014, at 5.4 per cent. Growth fell to two per cent in March 2015. This could impact other segments of industrial growth. Industrial growth in March was highly concentrated on the capital goods sector. Given the highly fluctuating nature of this sector, it was now clear if it would continue to show an expansion. Of the 2.1 per cent growth in IIP recorded in March, almost half can be attributed to just capital goods.

Aditi Nayar, senior economist with ICRA, said,"Although the healthy growth displayed by capital goods since November 2014 appears to suggest that an investment recovery is imminent, this optimistic outlook is tempered by the sharply disparate growth trends displayed by the various components of this sub-index." For instance, turbines and accessories led to 0.14 per cent decline in IIP in March.

Growth in intermediate goods and decline in consumer goods more or less nullify each other.

Intermediate goods expanded 1.9 per cent, slightly better than 1.3 per cent in March 2014.Bearing the brunt of its durable and fast-moving segment, the overall consumer goods segment continued to contract, though at 0.7 per cent against 2.2 per cent in March 2014.Durables declined 4.7 per cent in March; the corresponding year-ago number was 11.8 per cent.

P.S. Easwaran,Senior Director, Deloitte Touche Tohmatsu India, said,"An area of concern is the negative growth of consumer durables which is a reflection of weak end-use sentiment. If this continues, would an impact on the sector profitability in Q1." The fast-moving consumer goods segment grew just 1.9 per cent, against 5 per cent, probably a reflection of a slowing down in the rural economy and the base effect.

"Although growth of consumer non-durables output declined sharply in March 2015 as compared to the previous month, this partly reflects an unfavourable base effect," Nayar said. The slow down in rural economy could be gauged from the fact that tractors led to 0.17 per cent decline in the industrial output in March.

STATEMENT I: INDEX OF INDUSTRIAL PRODUCTION - SECTORAL
(Base : 2004-05=100)

Month	Mining (141.57)		Manufacturing (755.27)		Electricity (103.16)		General (1000.00)	
	2013-2014	2014-2015	2013-2014	2014-2015	2013-2014	2014-2015	2013-2014	2014-2015
Apr	120.5	122.6	176.1	181.4	159.1	178.1	166.5	172.7
May	122.3	125.3	173.3	183.5	172.4	183.9	166.0	175.3
Jun	116.5	122.1	175.0	180.1	157.0	181.6	164.9	172.0
Jul	116.1	116.2	182.7	182.2	164.5	183.8	171.4	173.0
Aug	113.6	115.0	175.4	173.4	163.1	184.1	165.4	166.2
Sep	115.2	115.3	177.1	181.9	169.0	175.6	167.5	171.8
Oct	118.8	124.2	180.1	170.0	162.6	184.9	169.6	165.1
Nov	123.7	128.6	171.8	179.9	158.5	174.3	163.6	172.1
Dec	135.9	133.6	189.0	196.8	169.4	177.6	179.5	185.9
Jan	139.2	136.4	194.1	200.7	171.1	176.7	184.0	189.1
Feb	127.5	129.9	183.3	192.8	156.7	166.0	172.7	181.1
Mar*	147.2	148.5	204.7	209.3	173.0	176.4	193.3	197.3
Average								
Apr-Mar	124.7	126.5	181.9	186.0	164.7	178.6	172.0	176.8
Growth over the corresponding period of previous year								
Mar	0.5	0.9	-1.3	2.2	5.4	2.0	-0.5	2.1
Apr-Mar	-0.6	1.4	-0.8	2.3	6.1	8.4	-0.1	2.8

*** Indices for Mar 2015 are Quick Estimates.**
NOTE : Indices for the months of Dec'14 and Feb'15 incorporate updated production data.

STATEMENT II: INDEX OF INDUSTRIAL PRODUCTION - (2-DIGIT LEVEL)
(Base: 2004-05=100)

Industry code*	Description	Weight	Index		Cumulative Index Apr-Mar		Percentage growth	
			Mar'14	Mar'15	2013-14	2014-15	Mar'15	Apr- Mar 2014-15
15	Food products and beverages	72.76	232.4	224.2	167.7	175.3	-3.5	4.5
16	Tobacco products	15.70	122.7	107.8	110.2	111.2	-12.1	0.9
17	Textiles	61.64	149.5	159.6	148.3	152.2	6.8	2.6
18	Wearing apparel; dressing and dyeing of fur	27.82	189.7	206.7	171.6	180.9	9.0	5.4
19	Luggage, handbags, saddlery, harness & footwear; tanning and dressing of leather products	5.82	144.2	151.7	133.7	146.5	5.2	9.6
20	Wood and products of wood & cork except furniture; articles of straw & plating materials	10.51	143.6	161.5	144.6	151.1	12.5	4.5
21	Paper and paper products	9.99	144.5	147.6	138.6	142.4	2.1	2.7
22	Publishing, printing & reproduction of recorded media	10.78	178.1	175.2	183.4	175.8	-1.6	-4.1
23	Coke, refined petroleum products & nuclear fuel	67.15	156.3	155.7	143.5	144.5	-0.4	0.7
24	Chemicals and chemical products	100.59	134.2	146.4	138.6	138.4	9.1	-0.1
25	Rubber and plastics products	20.25	208.1	207.8	181.1	189.4	-0.1	4.6
26	Other non-metallic mineral products	43.14	187.1	173.1	163.3	167.5	-7.5	2.6
27	Basic metals	113.35	223.3	236.1	196.4	221.4	5.7	12.7
28	Fabricated metal products, except machinery & equipment	30.85	233.6	226.2	180.2	178.8	-3.2	-0.8
29	Machinery and equipment n.e.c.	37.63	318.6	342.4	219.2	227.2	7.5	3.6
30	Office, accounting & computing machinery	3.05	145.1	87.9	108.0	67.0	-39.4	-38.0
31	Electrical machinery & apparatus n.e.c.	19.80	477.5	564.4	422.6	511.4	18.2	21.0
32	Radio, TV and communication equipment & apparatus	9.89	586.7	218.2	730.1	333.4	-62.8	-54.3
33	Medical, precision & optical instruments, watches and clocks	5.67	136.8	136.9	111.1	108.7	0.1	-2.2
34	Motor vehicles, trailers & semi-trailers	40.64	236.4	252.6	221.3	226.7	6.9	2.4
35	Other transport equipment	18.25	270.5	294.5	249.5	265.6	8.9	6.5
36	Furniture; manufacturing n.e.c.	29.97	124.8	167.2	113.3	121.7	34.0	7.4
10	Mining & Quarrying	141.57	147.2	148.5	124.7	126.5	0.9	1.4
15-36	Manufacturing	755.27	204.7	209.3	181.9	186.0	2.2	2.3
40	Electricity	103.16	173.0	176.4	164.7	178.6	2.0	8.4
	General Index	1000	193.3	197.3	172.0	176.8	2.1	2.8

*Industry codes are as per National Industrial Classification 2004

STATEMENT III: INDEX OF INDUSTRIAL PRODUCTION - USE-BASED
(Base : 2004-05=100)

Month	Basic goods (456.82)		Capital goods (88.25)		Intermediate goods (156.86)	
	2013-2014	2014-2015	2013-2014	2014-2015	2013-2014	2014-2015
Apr	150.1	163.0	207.3	235.0	145.3	149.7
May	155.5	167.1	218.8	228.0	150.2	155.5
Jun	148.4	163.5	219.6	270.7	147.3	151.2
Jul	152.1	162.8	271.3	263.2	151.0	155.4
Aug	150.4	164.0	245.0	220.6	152.0	151.9
Sep	153.6	161.3	232.4	260.9	148.3	151.3
Oct	153.1	167.9	247.2	239.2	150.6	145.5
Nov	153.6	168.2	235.6	252.1	144.6	151.4
Dec	164.9	174.6	254.3	269.7	157.2	159.0
Jan	167.3	175.2	240.7	270.9	158.2	158.1
Feb	156.9	164.7	235.3	255.4	150.0	151.4
Mar*	176.3	180.4	303.8	326.9	160.3	163.4
Average						
Apr-Mar	156.9	167.7	242.6	257.7	151.3	153.7
Growth over the corresponding period of previous year						
Mar	4.6	2.3	-11.5	7.6	1.3	1.9
Apr-Mar	2.1	6.9	-3.6	6.2	3.1	1.6

*** Indices for Mar 2015 are Quick Estimates.**
NOTE : Indices for the months of Dec'14 and Feb'15 incorporate updated production data.

STATEMENT III: INDEX OF INDUSTRIAL PRODUCTION - USE-BASED
(Base : 2004-05=100)

Month	Consumer goods (298.08)		Consumer durables (84.60)		Consumer non-durables (213.47)	
	2013-2014	2014-2015	2013-2014	2014-2015	2013-2014	2014-2015
Apr	190.6	181.5	276.8	255.4	156.4	152.2
May	174.7	182.7	253.5	262.7	143.5	151.0
Jun	183.1	166.9	276.1	211.9	146.2	149.0
Jul	182.1	171.3	277.6	220.9	144.2	151.7
Aug	171.7	161.1	257.4	218.8	137.8	138.3
Sep	179.6	172.4	271.6	241.5	143.1	145.0
Oct	182.1	149.0	295.8	191.8	137.0	132.0
Nov	167.8	165.1	235.8	201.6	140.8	150.6
Dec	191.3	192.4	229.1	208.0	176.3	186.2
Jan	206.2	202.4	261.6	247.2	184.2	184.7
Feb	190.2	199.9	261.2	252.3	162.1	179.2
Mar*	203.9	202.5	274.4	261.4	175.9	179.2
Average						
Apr-Mar	185.3	178.9	264.2	231.1	154.0	158.3
Growth over the corresponding period of previous year						
Mar	-2.2	-0.7	-11.8	-4.7	5.0	1.9
Apr-Mar	-2.8	-3.5	-12.3	-12.5	4.8	2.8

*** Indices for Mar 2015 are Quick Estimates.**
NOTE : Indices for the months of Dec'14 and Feb'15 incorporate updated production data.

Index of Eight Core Industries (Base: 2004-05=100), March, 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 177.8 in March, 2015, which was 0.1 % lower compared to the index of March, 2014. Its cumulative growth during April to March, 2014-15 was 3.5 %.

Coal

Coal production (weight: 4.38 %) increased by 6.0 % in March, 2015 over March, 2014. Its cumulative index during April to March, 2014-15 increased by 8.2 % over corresponding period of previous year.

Crude Oil

Crude Oil production (weight: 5.22 %) increased by 1.7 % in March, 2015 over March, 2014. Its cumulative index during April to March, 2014-15 declined by 0.9 % over the corresponding period of previous year.

Natural Gas

The Natural Gas production (weight: 1.71 %) declined by 1.5 % in March, 2015. Its cumulative index during April to March, 2014-15 declined by 5.2 % over the corresponding period of previous year.

Refinery Products (0.93% of Crude Throughput)

Petroleum Refinery production (weight: 5.94%) declined by 1.3 % in March, 2015. Its cumulative index during April to March, 2014-15 increased by 0.4 % over the corresponding period of previous year.

Fertilizers

Fertilizer production (weight: 1.25%) increased by 5.2 % in March, 2015. Its cumulative index during April to March, 2014-15 declined by 0.1 % over the corresponding period of previous year.

Steel (Alloy + Non-Alloy)

Steel production (weight: 6.68%) declined by 4.4 % in March, 2015. Its cumulative index during April to March, 2014-15 increased by 0.5 % over the corresponding period of previous year.

Cement

Cement production (weight: 2.41%) declined by 4.2 % in March, 2015. Its cumulative index during April to March, 2014-15 increased by 5.6 % over the corresponding period of previous year.

Electricity

Electricity generation (weight: 10.32%) increased by 1.7 % in March, 2015. Its cumulative index during April to March, 2014-15 increased by 8.0 % over the corresponding period of previous year.

Performance of Eight Core Industries
Yearly Index & Growth Rate
Base Year: 2004-05=100

INDEX

Sector	Weight	2009-10	2010-11	2011-12	2012-13	2013-14	Apr-Mar 2014-15
Coal	4.379	140.0	139.7	141.5	148.1	150.0	162.3
Crude Oil	5.216	99.1	111.0	112.1	111.4	111.2	110.3
Natural Gas	1.708	149.5	164.4	149.7	128.1	111.5	105.7
Refinery Products	5.939	125.9	129.7	133.7	172.5	175.0	175.7
Fertilizers	1.254	103.4	103.4	103.8	100.2	101.8	101.7
Steel	6.684	139.3	157.7	174.0	181.1	201.9	203.0
Cement	2.406	157.1	164.2	175.2	188.7	194.5	205.4
Electricity	10.316	130.8	138.1	149.3	155.3	164.6	177.8
Overall Index	**37.903**	**129.9**	**138.4**	**145.3**	**154.7**	**161.2**	**166.8**

GROWTH RATES (in %)

Sector	Weight	2009-10	2010-11	2011-12	2012-13	2013-14	Apr-Mar 2014-15
Coal	4.379	8.1	-0.2	1.3	4.6	1.3	8.2
Crude Oil	5.216	0.5	11.9	1.0	-0.6	-0.2	-0.9
Natural Gas	1.708	44.6	10.0	-8.9	-14.5	-13.0	-5.2
Refinery Products	5.939	-0.4	3.0	3.1	29.0#	1.5	0.4
Fertilizers	1.254	12.7	0.0	0.4	-3.4	1.5	-0.1
Steel	6.684	6.0	13.2	10.3	4.1	11.5	0.5
Cement	2.406	10.5	4.5	6.7	7.7	3.1	5.6
Electricity	10.316	6.2	5.6	8.1	4.0	6.0	8.0
Overall Index	**37.903**	**6.6**	**6.6**	**5.0**	**6.5**	**4.2**	**3.5**

#Refinery Products' yearly growth rate of 2012-13 is not comparable with other years on account of inclusion of RIL (SEZ) production data since April, 2012.

Performance of Eight Core Industries
Monthly Index & Growth Rate
Base Year: 2004-05=100

INDEX

Sector	Coal	Crude Oil	Natural Gas	Refinery Products	Fertilizers	Steel	Cement	Electricity	Overall Index
Weight	**4.379**	**5.216**	**1.708**	**5.939**	**1.254**	**6.684**	**2.406**	**10.316**	**37.903**
Mar-14	208.0	112.1	108.8	184.9	92.1	227.3	227.0	172.9	**177.9**
Apr-14	140.5	109.6	104.7	165.8	87.4	192.8	217.5	176.9	**160.9**
May-14	145.2	111.6	111.2	171.6	100.5	214.3	216.4	183.2	**168.7**
Jun-14	139.2	110.4	109.4	173.3	99.5	196.1	209.7	181.5	**163.9**
Jul-14	134.9	111.1	103.5	170.8	102.5	200.4	206.9	182.8	**163.9**
Aug-14	138.6	106.8	103.1	175.1	105.7	209.3	187.7	183.6	**165.1**
Sep-14	140.1	107.5	102.6	169.7	101.1	197.4	198.0	175.3	**160.6**
Oct-14	158.2	113.6	107.2	180.5	105.1	189.8	185.9	184.1	**165.9**
Nov-14	174.0	111.0	106.2	181.3	104.4	195.8	190.8	174.6	**166.2**
Dec-14	186.0	113.4	109.4	186.2	108.5	207.9	211.2	175.7	**172.7**
Jan-15	185.0	112.6	108.5	185.7	111.6	218.9	217.2	175.7	**174.8**
Feb-15	185.9	101.5	95.8	166.0	97.5	195.9	205.7	164.8	**161.5**
Mar-15	220.4	113.9	107.2	182.5	96.9	217.3	217.4	175.9	**177.8**

GROWTH RATES (in %)

Sector	Coal	Crude Oil	Natural Gas	Refinery Products	Fertilizers	Steel	Cement	Electricity	Overall Index
Weight	**4.379**	**5.216**	**1.708**	**5.939**	**1.254**	**6.684**	**2.406**	**10.316**	**37.903**
Mar-14	0.6	-1.6	-9.3	3.4	-6.1	11.8	0.4	5.4	**4.0**
Apr-14	3.3	-0.1	-7.7	-2.2	11.1	3.1	6.7	11.2	**4.2**
May-14	5.5	-0.3	-2.2	-2.3	17.6	-2.0	8.7	6.3	**2.3**
Jun-14	8.1	0.1	-1.7	1.2	-1.0	4.2	13.6	15.7	**7.3**
Jul-14	6.2	-1.0	-9.0	-5.5	-4.2	-3.4	16.5	11.2	**2.7**
Aug-14	13.4	-4.9	-8.3	-4.3	-4.3	9.1	10.3	12.6	**5.8**
Sep-14	7.2	-1.1	-6.2	-2.5	-11.6	4.0	3.2	3.8	**1.9**
Oct-14	16.2	1.0	-4.2	4.2	-7.0	2.3	-1.0	13.2	**6.3**
Nov-14	14.5	-0.1	-2.9	8.1	-2.8	1.3	11.3	10.2	**6.7**
Dec-14	7.5	-1.4	-3.5	6.1	-1.6	-2.4	3.8	3.7	**2.4**
Jan-15	1.7	-2.3	-6.6	4.7	7.1	1.6	0.5	2.7	**1.8**
Feb-15	11.6	-1.9	-8.1	-1.0	-0.4	-4.4	2.7	5.2	**1.4**
Mar-15	6.0	1.7	-1.5	-1.3	5.2	-4.4	-4.2	1.7	**-0.1**

Foreign Direct Investment

Review of Foreign Direct Investment (FDI) Policy on investments by NRIs, PIOs and OCIs

The Union Cabinet, chaired by the Prime Minister Shri Narendra Modi, has given its approval to review of Foreign Direct Investment (FDI) Policy on investments by Non-Resident Indians (NRIs), Persons of Indian Origin (PIOs) and Overseas Citizens of India (OCIs). Following are the amendments approved by the Cabinet to incorporated in FDI policy:

(i) By amending relevant para, definition of NRI will be as under:

'Non-Resident Indian' (NRI) means an individual resident outside India who is citizen of India or is an 'Overseas Citizen of India' cardholder within the meaning of section 7 (A) of the Citizenship Act, 1955. 'Persons of Indian Origin' cardholders registered as such under Notification No. 26011/4/98 F.I. dated 19.8.2002 issued by the Central Government are deemed to be "Overseas Citizen of India' cardholders".

(ii) To provide that investment by NRIs on non-repatriable basis is domestic. Following new para is approved to be added:

'Investment by NRIs under Schedule 4 of FEMA (Transfer or Issue of Security by Persons Resident Outside India) Regulations will be deemed to be domestic investment at par with the investment made by residents.'

The decision that NRI includes OCI cardholders as well as PIO cardholders is meant to align the FDI policy with the stated policy of the Government to provide PIOs and OCIs parity with Non Resident Indians (NRIs) in respect of economic, financial and educational fields. Further the decision that NRIs investment under Schedule 4 of FEMA (Transfer or Issue of Security by Persons Resident Outside India) Regulations will be deemed to be domestic investment made by residents, is meant to provide clarity in the FDI policy as such investment is not included in the category of foreign investment. The measure is expected to result in increased investments across sectors and greater inflow of foreign exchange remittance leading to economic growth of the country.

BACKGROUND

In the last one year, the Government has taken a number of reform measures ranging from policy corrections to bold economic reforms. On FDI policy, measures taken by the Government are historic and far reaching. To begin with, the Government first reviewed the FDI policy in defence and railways sectors. Entire range of rail infrastructure was opened to 100% FDI under automatic route, and in defence, sectoral cap was raised to 49%. To boost infrastructure creation and to bring pragmatism in the policy, the Government reviewed FDI policy in construction development sector also by creating easy exit norms, rationalizing area restrictions and providing due emphasis to affordable housing. To give impetus to medical devices sector, a carve out was created in FDI policy on pharmaceutical sector and now 100% FDI under automatic route is permitted. Bold reforms were needed in the services sector also. The Government, in order to expand insurance cover to its large population and to provide required capital to insurance companies, raised the FDI limit in the sector to 49%. Pension sector has also been opened to foreign direct investment up to the same limit.

India has a large available skilled and unskilled workforce. However unless the manufacturing sector grows we will not be able to take advantage of this demographic dividend. The Prime Minister launched 'Make in India' on 25 September 2014 to provide boost to manufacturing sector in the country. Subsequently, Government embarked upon a number of initiatives on ease of doing business. A number of regulations and procedures were either done away with or eased. Foreign investors have now shown unprecedented interest for investment in the manufacturing sector. Measures taken on this front have shown highly encouraging results and foreign investment on a series of manufacturing sectors has shown increased growth from October onwards. See the chart below:

Above are some of the main measures which have been taken by the government in the first year of its term. These measures are historic and will have highly positive impact on the economy. Though gestation period of any reform ranges from 12 to 18 months, the results of these reforms are visible even in a short period of time. Foreign direct investment has shown substantial increase across the sectors. During the period October, 2014 to March, 2015, FDI inflow recorded

a growth of 38% from US $ 18.13 billion in US $ 24.95 billion. More than 50 percent of the FDI was received from October, 2014 to March 2015. FDI equity inflows also increased from US $ 11.7 billion to US $ 16.24 billion, recording an increase of 39 percent. See the chart below:

Cardinal principle of the FDI policy of the country has been to keep maximum of the sectors under automatic rule and regulating only those sectors which are strategic in nature or have security concerns. It is not surprising that more than 90% of the FDI received in the country comes under automatic route. However the last year saw significant jump in the approval route though no new sector was placed under the government approval. In fact more sectors were liberalised during this period. As against US$ 1.19 billion received under the approval route in financial year 2013-14, during the financial year 2014-15 recorded FDI inflow of US $ 2.22 billion with a growth of 87%. This is a result of fast pace of approvals being accorded by the government and confidence of investors in the foreign investment climate of the country. See chart below:

The Government of India has the stated policy to provide Overseas Citizens of India (OCIs)/ Persons of Indian Origin (PIOs) parity with Non Resident Indians (NRIs). NRIs can make investment under schedules 1, 3 and 4 of FEMA 20/2000 issued by the Reserve Bank of India. Under Schedule 4 of FEMA, NRI investments are made on non-repatriation basis though it has not been provided that these are domestic investments. As per the FDI policy, definition of NRIs includes PIOs, and OCIs are not specifically mentioned.

Facility of investment on non-repatriable basis under Schedule 4 of FEMA 20/2000 was introduced primarily with the intention of providing NRIs an investment option for utilization of their domestic resources, which were not freely repatriable. The scheme was intended to provide NRIs an incentive to bring funds into India without repatriation rights, at a time when foreign exchange reserves were limited and capital inflows were modest. The provision should continue to incentivise investments by NRIs, including OCIs and PIOs, resulting in increased investments in the country. Since the investment made under Schedule 4 are on non-repatriable basis, it needs to be clearly provided that such investments, for the purposes of FDI policy, are domestic investments. This will enable investments by NRIs, OCI cardholders and PIO cardholders under Schedule 4 on non-repatriation basis, across sectors without being subjected to any of the conditions associated to foreign investment.

India a land of peace, asking for UNSC seat as its right: Modi

Prime Minister Narendra Modi made a strong pitch for India to be given a seat in the UN Security Council, saying that India, the land of the Buddha and Mahatma Gandhi — a land of peace — is asking for its rights to be given a permanent seat in the UN Security Council.

Addressing an enthusiastic civic reception by the Indian community on April 11 evening, Modi also reached out to the diaspora, including to those living in the French territories of Guadeloupe, Reunion Islands and St Martin.

"India is a country that is for peace, and helps bring peace to the world, and yet we are struggling to get a seat in the UNSC," he said, to loud cheers from the packed audience at the Carrousel du Louvre here.

Modi said that this is the centenary year of World War I, and India gave 14 lakh jawans to fight in a war that was not its, and lost 75,000 men. He said 11 of them won the Victoria Cross for their valour.

"I went to get blessings from them," he said, referring to his visit to the Neuve Chapelle earlier in the day to pay tribute to the thousands of Indians who were killed in the WWI. "I want to give the message to world, that they should view India differently; that this is a country that gives sacrifice not just for itself but for others," he said.

He said India is the largest contributor to the UN peacekeeping force and the Indian soldiers are known for their discipline, valour, intelligence.

"I appeal to the world, that in the year that the world is observing the centenary of WWI, it is the time to give the haq (right) to the land of Mahatma Gandhi and Buddha.

The time is over when India would ask for a favour; today India is asking for its rights," he said to loud cheers.

Addressing the Indian diaspora in the French territories, Modi said: "I am so far away, I give my salute to all of you. I know you feel pride in being Indian."He said his speech was being simultaneously translated into French for the benefit of those living in French territories of Guadeloupe, Reunion Islands and St. Martin.

He said though the colour of their passports would have changed over the many decades they have been living outside India, "but the colour of our blood cannot change in all these years".

"Bharat thinks about you, not from the colour of the passport but our DNA," he said, reinforcing the close links with their country of origin. He said the government had launched a special session at the Pravasi Bharatiya Divas diaspora conclave to understand the problems of the Francophone countries.

Modi said the government will help the diaspora to reconnect with their roots. "We should maintain the connection."

Referring to formation of the BJP government last May, he said that his government will live up to the promises that it has made to the people.

He also said :"I can say with experience, that there is no reason for India to remain poor."

Referring to the close friendship with France, Modi said that both France and India feel for each other whenever there is a terror attack on the other. "There is close relationship between us."

Referring to the Make in India initiative, Modi said that in the two days that he has been in France "I would have said Make in India about 10 times, but every leader here said it 25 times; even President Hollande. The meaning is that our message has reached the proper target."

He said France can participate in the railway sector in India in a major way by way of upgradation, modernization, expansion, with its technology and expertise.

He referred to the good reviews about India's economic growth, by the World Bank, IMF, and "Moody, not Modi", he said evoking laughter.

"All financial parameters say that India's economy is to grow the fastest".

"The opportunity is there in India, we are striving to create the opportunity, and telling the world," he said.

Referring to the youthful demography of India, Modi said that the government is trying to inculcate skills in the youth so that they can comprise the workforce for the world.

Source: Indo-Asian News Service

India to buy 36 Rafale jets in fly-away condition: Modi

A breakthrough in the much delayed process of buying Rafale jets was reached on April 10 as Prime Minister Narendra Modi announced India will buy 36 Rafale jets from France in fly-away condition soon, citing "critical operational necessity". The decision is among the several agreements reached between the two countries after his meeting with French President Francois Hollande in Paris.

"Keeping in view the critical operational necessity of fighter aircrafts in India, I have spoken with the (French) president for buying 36 Rafale jets in fly-away condition as soon as possible," Modi said while addressing the media jointly with the French president.

Modi said these jets will be bought under an agreement between the two governments.

He added that officials from both sides will discuss terms and conditions of the deal in details and take it forward.

Modi also said defence cooperation with France has been enhanced and the two countries would work together in manufacturing defence equipment and developing technology.

"President Hollande has extended full cooperation for our 'Make In India' campaign in the defence sector which is not just a programme but an ambition we have. India and France will together make defence equipment and also develop technology," Modi said.

The Indian prime minister added that he had a detailed talk with French defence companies.

"Today we have taken strategic cooperation with France to a new level," Modi said in an address in Hindi.

Dassault Aviation in a statement has welcomed the development.

The Indian Air Force (IAF) had short listed Rafale for induction into its frontline combat fleet, replacing the ageing Soviet-era MiG-21 squadron but the deal did not materialise for long.

The original deal, with an estimated cost of $20 billion, was for delivery of 126 fighters, including 18 off-the-shelf by Dassault, and 108 to be manufactured in India under licensed production by the state-run Hindustan Aeronautics Ltd (HAL) over time, with 50 percent offset obligations to benefit the domestic aerospace industry.

The IAF opted for the twin-engined Rafale in January 2012 over Eurofighter Typhoon of the European consortium EADS Cassidian after outsmarting F-16 of American Lockheed Martin, F/A-18 of Boeing, MiG-35 of Russian United Aircraft Corp and Swedish SAAB's Gripen in a global competitive bid floated in August 2007.

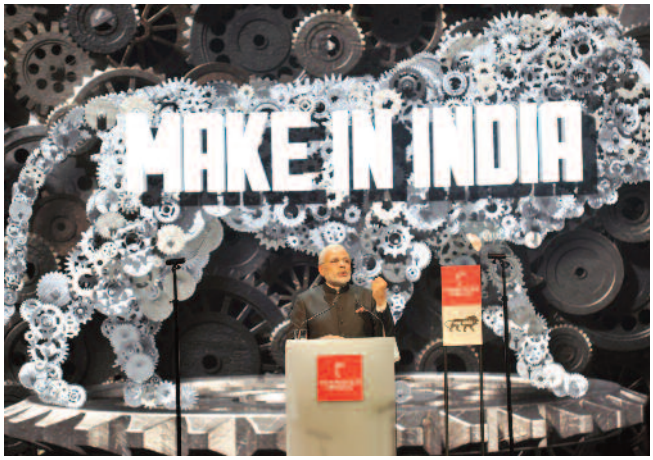
Source: Indo-Asian News Service

Moved with speed, boldness to create stable economic environment

Saying that the Make in India lion was a "symbol of new India" and a "national movement", Prime Minister Narendra Modi on April 12 told the Hannover Messe audience that his government has moved "with speed, resolve and boldness" to create a stable economic environment, including by opening up FDI in insurance, defence and railways, building a stable tax regime and assured protection of Intellectual Property.

In his inaugural address at the Hannover Messe, the world's largest trade fair in which India is the partner country, Modi said, with German Chancellor Angela Merkel listening keenly that all the credit rating agencies have spoken "in one voice of optimism about India. We know that the wind is blowing in the right direction, and it has made us the fastest growing economy in the world."

He said that in this time of political instability and economic challenges and with threats of violence, "India will do its part as an anchor of economic stability, an engine for growth, and, as a force of peace and stability in the world."



Touching on key elements, Modi said that investors seek not just an attractive destination but also an environment that is stable where rules won't change frequently, and "there would be no surprises".

"So, we have moved with speed, resolve and boldness to fulfill our pledge".

He said his government is creating a "stable economic environment that inspires confidence at home and abroad", for which it is pursuing strong fiscal discipline. "I know how much Chancellor Merkel will appreciate that point!", in reference to Merkel's insistence that the Eurozone countries abide by fiscal discipline.

Enumerating the "sweeping steps" taken by his government, including opening up more FDI in insurance, construction, defence and railways, Modi said: "We are removing unnecessary regulations and simplifying our procedures" and using digital technology to eliminate multiple approvals and endless wait.

Modi said the government has set up Invest India and country desks that will be networked to the states. "We will nurture innovation and protect your intellectual property...We are reforming institutions in ways that has not happened in decades. We are building a tax regime that is predictable, stable and competitive. We will now address the remaining uncertainties. The Goods and Services Tax is a long needed revolution that is becoming a reality."

He said the Railways will now be a fast track to India's transformation and open to 100 percent Foreign Direct Investments. He said the government has set up a National Infrastructure and Investment Fund and a new institution for integrated development of the infrastructure sector. He said the government has set a target of 175 Giga Watts of new capacity for renewable and clean energy in the next seven years.

Modi said his government has moved with transparency and speed and resumed long stalled projects and allocation of resources. The government is "instituting a rational framework for acquisition of land without causing distress to farmers and other landowners", he said referring to the land acquisition bill.

"We are creating a predictable and transparent environment approval process that will protect our natural heritage", he said and added that his government is moving in tandem with the states.

"But, I am also aware that it is easier to change policies and write new laws than it is to change attitudes, culture and systems. Every CEO who has tried a turnaround knows that. Our task is huge, it won't be completed overnight. But, I am confident that it will. And, we are moving firmly and clearly in that direction. The wind of change is there. and, it is gathering speed," Modi said in a speech that was loudly applauded.

Earlier, in his speech, Modi thanked the Hannover Messe authorities for their generosity in "allowing us to unleash our lions in this city". He said the lions "are a symbol of a new India. They roar, but with a message of friendship and promise of partnership, from 25 billion people of India.

This is also the message of 15 states, 20 CEOs and 350 companies from India participating in this Fair."

Merkel, speaking in German, said that a forum would help both countries chart a new course in the future.

She said Germans have "shown they are flexible to accept a lion's presence in our midst and allowing it to move". She said Germany "very warmly welcomes" the Indian delegation, "including a lion", evoking smiles.

Merkel said India and Germany would hold inter governmental consultations later in the year when they can go over their problems.

"India and Germany should also change the way we do business," she said.

She said Germany has cooperative federalism and can learn from India's example.

Referring to the trade volume, she said it stands at $16 billion and Germany is the most important trading partner in the EU "and we wish to remain that way".

Referring to Modi's France visit, she said that she was aware that he is coming from the neighbouring country "and we know we have huge competition" and the more the competition the better it will get.

She said Germany will also have a Make in Germany and also a platform for the SMEs in the fair.

India building predictable tax regime, Modi tells German investors

Prime Minister Narendra Modi said on April 12 that India was building a predictable, stable and competitive tax regime and the policies have been reformed towards more foreign direct investment.

In his addresss at the inauguration of Hannover Messe industrial fair, in which India is the partner country, he said India will play its role as an anchor of stability and a force for peace and stability in the world.

"We are building a tax regime that is predictable, stable and competitive. We will now address the remaining uncertainties," Modi said.

The prime minister said that his government was creating a stable economic environment that inspires confidence at home and abroad and German investors will find environment in India not only open but also welcoming.

"We have taken sweeping steps to reform our policies and open up more to foreign direct investments...We will make it easy to do business in India...The Goods and Services Tax is a long needed revolution that is becoming a reality," he said.

Modi said his government had resumed long stalled projects and it was adding new momentum to the country's economy.

"Our decision to be here in the first year of my government reflects our priority. (We) want to accelerate economic growth and create jobs," he said.

"India will do its part- as an anchor of economic stability; an engine for growth and as a force of peace and stability in the world," he added.

Modi also said India will endeavour to fuel its growth with "the cleanest and most efficient use of energy".

Earlier, Modi was welcomed by German Chancellor Angela Merkel at the Hannover Messe industrial fair, which is the world's largest industrial trade fair.

Source: Indo-Asian News Service

India, Canada ink uranium deal

Turning a new chapter in its relationship with Canada, India on April 15 clinched a multi-million-dollar deal for uranium to power its civilian nuclear programme for five years and also inked 13 agreements on skill development as Prime Minister Narendra Modi after talks with Prime Minister Stephen Harper sought Canada's "cooperation and investment in every area of India's national development priority".

Modi said the bilateral "relationship had drifted in the past".

Modi said Canada has the potential to be a partner in India's economic transformation and assured a "new environment in India, which is open, predictable, stable and easy to do business in". The highlight of the agreements was the $350-million uranium deal that was signed by Cameco and the Atomic Energy Commission of India in the presence of Modi and Harper. It marked a new chapter in India's ties with Canada, which had imposed sanctions on India after its nuclear tests.

Under the deal which runs through 2020, Cameco will supply 7.1 million pounds of uranium concentrate to India.

Welcoming the deal which has been reached after protracted talks, Modi said at a joint press conference with Harper: "The agreement on procurement of uranium from Canada for our civilian nuclear power plants launches a new era of bilateral nuclear cooperation. It also reflects a new level of mutual trust and confidence." Announcing visa on arrival for Canadians, Modi said his government wants to promote people-to-people contacts between the two countries. Canadians can apply online and will be eligible for visas for 10 years. Modi said India and Canada have complementary interests. "India offers immense opportunities for Canada. Canada has the potential to be India's key partner in many sectors, including energy, manufacturing, skills development, research, education, and his smart city project," Modi said.

In his remarks, Harper said: "Your visit indicates the strong friendship between Canada and India. This is a growing relationship. Trade potential between our countries is enormous."

Lauding Modi for undertaking economic reforms and his "minimum government, maximum governance" mantra, Harper said: "The historic visit by Prime Minister Modi to Canada combined with the number and scope of agreements signed between our governments clearly demonstrate the commitment of both countries to taking bilateral relations to new heights." Modi said both leaders were "absolutely committed to establish a new framework for economic partnership" and that both have "made rapid progress on long pending agreements".

"I believe that Canada is a major Asia Pacific power and should play a more active role, including in regional institutions, in promoting a stable and prosperous future for the region," he said.

Earlier, Modi in an oped in The Globe and Mail said he hoped to make the visit "a springboard" to take the bilateral partnership in trade, investment and innovation to a new level and also that both sides would resume commercial cooperation in civil nuclear energy.

In the morning, he was accorded a ceremonial welcome with full military honours. He arrived in the Canadian capital on Tuesday evening on the final leg of his three-nation tour from Germany and earlier France.

The prime minister, welcomed by his Canadian counterpart Harper, was given a gun salute and also inspected a guard of honour. Modi also met Canadian Governor General David Johnston at the latter's official residence, Rideau Hall.

Source: Indo-Asian News Service

Modi seeks strong partnership between Indian Lion, German Eagle

Prime Minister Narendra Modi on April 14 wooed German business, assuring an open and stable environment in India to give a fillip to his 'Make in India' initiative, and said there could be a strong partnership between India's Lion and Germany's Eagle. Modi also pushed for UNSC permanent membership for both countries, saying they have "earned the right". Addressing the media after talks with German Chancellor Angela Merkel, he said "I believe that there will be a strong partnership between the King of the Earth, Lion and the King of the Skies, the Eagle."

Referring to his last visit to Berlin, when Air India One had stopped at Berlin enroute to Brazil for the BRICS summit in July, Modi said: "When I last came to Berlin, Germany was successful in winning the World Cup Final. This time in Berlin, I feel that we will also be successful in taking the strategic partnership between India and Germany to new heights."

Modi's stopover at Berlin clashed with the FIFA World Cup final. Merkel chose to watch the final, which Germany won after many years, over a meeting with Modi. "My objective of coming to Germany was not only to invite the German industry to India, but to assure them that they would find an open and stable environment, which would be easy to do business in; and that they will have my full support to invest and work in India," he said.

Referring to the India-EU Free Trade Agreement, Modi said he has requested Merkel that India and EU "should resume the negotiations quickly and conclude a balanced and mutually beneficial agreement at the earliest".

He also proposed that both sides should increase cooperation in advanced technology and defence manufacturing.

On terrorism, Modi said: "We need a comprehensive global strategy to deal with this global challenge, in which India and Germany can work together." He also proposed that both cooperate in the areas of maritime, cyber and space security. "Earlier when we used to talk about terrorism, people used to say it is a law and order problem. Now they have realized how big a threat it is," he said.

In an apparent reference to Pakistan, Modi said: "Pressure should be created on governments who give shelter to terrorists. If we can make this effort and isolate terrorists and people supporting terrorists..."

He also pitched for the United Nations to pass a resolution defining terrorism.

"There is a proposal pending for a long time where there is a need to define terror. I would request the United Nations to pass the resolution and define terror. Only then we can unite people opposing terrorism," he said.

On permanent membership in the UN Security Council, Modi said: "It is my belief that India and Germany are two countries that have earned the right to be permanent members of the UNSC. Our membership will also be beneficial to the world. We both would like to see tangible progress in the United Nations Security Council reforms during the 70th Anniversary year of the United Nations." Answering a query later about UNSC reforms, Modi regretted that India was yet not a member of the council though the United Nations will complete 70 years of its formation.

Noting India had never attacked any other country and was the land where Gautam Buddha and Mahatma Gandhi were born, he said that "after formation of the UN, India is among the countries that has contributed the most to peacekeeping efforts and its contribution has been lauded".

The joint statement referred to cooperation in the field of skill development, urban development, including in smart cities, railways, Ganga cleaning, renewable energy, education and science and technology.

"We agree that we strengthen our efforts towards carrying on negotiations for an ambitious EU India Free Trade Agreement with a view to its early conclusion. "Our discussions in Germany have established a robust road-map for expanding our multi-faceted and mutually beneficial ties. We are confident that this will receive a further boost during the visit of the German Chancellor to India for the 3rd Inter-Governmental Consultations," it said.

Earlier, Modi was accorded a ceremonial welcome at the Federal Chancellery where the chancellor was also present.

Later, Modi attended a working lunch hosted by her after which the two leaders held bilateral talks.

Modi later visited the Berlin Hauptbahnhof, the main railway station in Berlin. He later left for Canada on the final leg of his three-nation tour which began in France.

Source: Indo-Asian News Service

India is better country today for foreign investors: PM Narendra Modi

Prime Minister Narendra Modi, who has invited global companies to invest in India, continued his pitch at the grand industrial fair here on April 13, this time listing what exactly makes the country an attractive destination.

Inaugurating the India Pavilion and a business summit at Hannover Messe with German Chancellor Angela Merkel, Modi said the 10 months of his government has put an end to the retrospective tax regime, eased the regulatory environment, fast-tracked approvals and encouraged innovation and entrepreneurship.

"All this is a historic opportunity for German companies. You would already be knowing the direction of my government and the steps we are taking. We have committed ourselves for creating and improving the business environment.

"I can assure you that once you decide to be in India, we are confident to make you comfortable.

"You will be able to see for yourself the winds of change in India. We are very keen to develop the sectors where you are strong. We need your involvement. The scope and potential, the breadth and length of infrastructure and related developments is very huge in India."

India is the partner country this year at the world's largest industrial fair here.

"Indo-German partnership should and will flourish. Participation at Hannover Messe will be beneficial for both sides," the prime minister said.

Hannover Messe, which exists since 1947, normally has around 6,000 exhibitors and about 200,000 visitors over a one-week period.

At the inaugural, India showcased its 'Make In India' prowess, which left the German chancellor rather impressed.

"I've never seen a vibrant show like this. It brought alive India's civilization, culture and technology," Merkel told Modi as they walked around the India Pavilion.

India was last partner country in 2006, while the Indian business participation this year has 350 companies taking part. Heads of several leading companies will be present, including Tata Group chairman Cyrus Mistry and Infosys' Vishal Sikka.

Modi's entourage to the fair comprises five union ministers and three chief ministers. Eighteen Indian states are taking part in Hannover Messe.

India is very much present in Germany these days through the lion logo representing the 'Make in India' campaign unfurled all over the country, at airports and other public places.

"The symbol of the lion has been carefully chosen. The lion cannot be stopped, like our journey cannot be stopped, that too by our own rules," Modi said.

"There is more potential in Indo-German economic collaboration. Our economic partnership is not as much as what both nations would like to have," he added.

Germany is the eighth-largest foreign direct investor in India. German FDI in India during the period 1991-2014 was valued at $7.57 billion.

Germany is also India's largest trading partner in the European Union, with bilateral trade amounting to some 16 billion euros in 2014.

In an Op-Ed piece in German newspaper Frankfurter Allgemeine Zeitung on Monday, Modi said that through "our 'Act East' and 'Link West' policy, India has the potential of becoming the middle ground for East and West as a manufacturing hub that serves both our vast domestic market and becomes a base for global exports and general well-being".

"I visualize India as a key engine of global growth. Our democratic principles and practices are guarantors of stability. We have a free media and an independent judiciary that allows all opinions to be aired without fear."

Source: Indo-Asian News Service

Clarks to double India sourcing to 15 m shoes

UK's largest shoemaker Clarks plans to double the number of footwear sourced from India from 8 million to 15 million pairs. The company sources shoes worth $700 million (Rs4,364 crore), which it plans to take to Rs10,000 crore in next three years. "In next 3-5 years, the target is to take it to 15 million pairs," said S Ramprasad, CEO, Clarks Future Footwork.

Clarks sources shoes from Tamil Nadu factories. "These are large factories where there are Clarks' sourcing lines," said Ramprasad.

Clarks is not the only company to source products from here. India is a major sourcing destination for Adidas, Reebok, Nike and Puma, both for domestic and international operations. Despite a preference for the Indian product, it's China, however, that continues to be the largest hub for these companies. For Clarks, too, China remains the largest sourcing destination. But things are changing now. Clarks works closely with India suppliers to make premium shoes. The average price for a pair of Clarks shoes is $60, or Rs 3,742. Every piece of leather that goes into the shoe is treated, making it more expensive.

Analysts say in the past five years, Indian vendors have invested significantly in technology and are building capacity to cater to the global demand. Last year, Clarks sold 65 million pair of shoes. And India produced one-eighth of that. "Labour in India is skilled and low-cost. Job creation in this area is huge," said Ramprasad.

India is good at making shoes for men, as far as Clarks is concerned. In India, Clarks has a 50:50 joint venture with Kishore Biyani's Future Group. Though it entered India through a distributor, Lifestyle Asia, in 2005, its first major foray was in 2010 via a JV.

Clarks has 56 stores in the country. It also sells through other multi-brand retailers such as Metro and Shoe Tree. However, its plan to open 100 stores in two years has become a challenge because of high rentals, and low footfalls in high-street stores. "Rents are high and we don't see the kind of productivity we need," said Ramprasad.

So, the company has decided to look at the franchisee model, especially for expansion in non-metro tier-I and tier-II cities. It already has 12 franchisee stores. Of the 25 new stores Clarks plans to open in the next one year, 15 will be franchisees.

It is also working on a new online platform, as e-commerce forms 10% of Clarks overall sales.

Source: The Financial Express

Nestle-India to launch 145 new water, sanitation projects

Global food, nutrition and wellness giant Nestle will launch 145 new projects for better water and sanitation across various locations in the country this year.

Having spent around Rs.300 million last year under its 'Nestle in Society Initiatives' campaign, Nestle India plans to execute 145 new projects related to water and sanitation in 2015.

"The new projects will be in addition to the already ongoing projects under the Nestle in Society Initiatives. The current fiscal will witness almost a 50 percent increase in new projects compared to last year. In 2014, Nestle India added 100 new projects," Sanjay Khajuria, senior vice president-corporate affairs, told IANS.

Nestle's clean drinking water projects (223 projects since 1999) have benefitted nearly 95,000 people. The water awareness programme has reached out to nearly 52,000 students since 1999, while its sanitation projects (106), launched in 2007, have reached out to over 36,500 girl students.

Having been in India for over 100 years (commercial activities started in 1912), Nestle set up its first plant in Punjab's Moga town in 1961 with major focus on milk products.

The company, with leading popular products like Maggi noodles, ketch-ups, infant milk products (Cerelac, Lactogen), Everyday dairy products and chocolates, now has eight manufacturing plants across the country.

"The company has been actively focusing on nutrition, water, sanitation and rural development. The company has helped improve the lives of millions of people - through the products and services we provide and through employment, our supplier networks and the contribution we make to economies around the world," Khajuria said, highlighting Nestle's 'Creating Shared Value' (CSV) approach to doing business.

In Punjab, Nestle has been working with farmers and the community for nearly 54 years to improve water, sanitation and nutrition conditions under its CSV campaign.

"Nestle was instrumental in bring about a mindset change among farmers to take to dairy farming. Starting from small farmers having just 2-3 cows, we are now engaging medium (15-20 animals) and large farmers (50 to 100 animals) in dairy farming," Kamalbir Singh Deol, Nestle's regional manager for fresh milk procurement and dairy development, told IANS here.

Being the largest private player in the region, Nestle collects nearly 1.4 million litres of milk daily from over 100,000 farmers in Punjab and parts of neighbouring Haryana and Rajasthan.

"Farmers and other people in Punjab and other areas have been associated with Nestle for decades. This reflects the trust that the company reposes in them," Nestle's Moga plant factory manager Satish Srinivasan told IANS.

Source: Indo-Asian News Service

Samsung likely to set up $100 mn facility in Hyderabad

Global electronics major Samsung is expected to set up a manufacturing unit in Hyderabad with an investment of $100 million, Telangana Chief Minister K. Chandrasekhar Rao said on April 22.

He said the ministers for industry and information technology would meet a delegation from Samsung in this regard on April 23.

Speaking at the inauguration of an extended facility at Mahindra & Mahindra's automotive plant here, the chief minister said Samsung was one of the many major industries showing interest in investing in the state.

"Hyderabad has a very large scope for electronic hardware industry," he said.

Claiming that the newly formed state has overcome its electricity shortage, he assured the industry that his government will shortly ensure round the clock quality power supply.

"Expand your industries. There are not going to be power cuts in Telangana," he told industrialists.

The chief minister said many companies were coming forward to invest in Telangana, including a Rs.980-crore expansion by tyre major MRF.

He said the government would shortly launch a programme under which investors will get all approvals and clearances within two weeks of making an application to set up an industry. The state has already enacted a law, providing this right to the investors.

"It will be a real single window with a chasing cell in my office. The hassle-free and corruption- free environment will boost industrialisation and attract investment," he said.

Source: Indo-Asian News Service

MobiKwik gets $25 million from Tree Line Asia

Mobile wallet company One MobiKwik Systems Pvt Ltd has raised $25 million in fresh funds from investors led by Tree Line Asia, the company said on April 8.

Cisco Investments, American Express Co. and existing investor Sequoia Capital also participated in the funding round.

The company is looking to raise $100 million more in 2015, said Upasana Taku, co-founder and director of MobiKwik.

The company, which has over 15 million users and 25,000 merchants, will use the $25 million towards building its brand, enhancing technology and data analytics, and expanding the network of users and retailers it works with,said Taku. The company is looking to add 100 people to its team in six months.

It currently has 130 employees across India.

MobiKwik, run by One MobiKwik Systems Pvt. Ltd, applied for a payments bank permit in February.

The company raised close to $2.5 million from Sequoia Capital more than a year ago.

"With 90% of Indians being unbanked, simplified payments via a mobile wallet make perfect sense.

Taking millions of Indians from cash to digital transactions and building a rich user profile to meet all their financial services' needs, is our ultimate mission at MobiKwik," said Bipin Preet Singh, a co-founder and chief executive, of Mobikwik.

In 2015, MobiKwik will focus on creating a physical retail network of more than 100,000 stores across India, which will serve as points for loading cash into the wallet and for acceptance of wallet payments.

"With a potential payments bank licence, we plan to disrupt the delivery of financial services in India by using mobile technology to reach people that the existing banking networks have been unable to reach," said Taku.

MobiKwik recently tied up with coffee chain Caf Coffee Day, where customers can pay via their MobiKwik wallet.

Some of the other retailers that use MobiKwik wallet are PVR, Domino's Pizza, Pizza Hut, online food ordering portal JustEat and online retailers such as eBay, Jabong and Snapdeal.

Digital or virtual wallets act as a holder of cash that resides in a mobile device or personal computer and can be used to purchase goods and services online. These can be loaded with cash through a mobile payment provider, online banking or through telecom operators.

Digital wallets can be closed, semi-closed or open. Closed wallets allow consumers to purchase goods and services from only one seller.Semi-closed wallets allow shopping at multiple merchants in a marketplace.

"MobiKwik has been impressive with its focus on a mobile-based product that customers love to use. American Express is a firm believer in the untapped potential of the mobile to make financial transactions easy and yet safe," said Sanjay Rishi, president, American Express South Asia.

Cisco's MobiKwik investment is a part of the company's focus on connected mobility, said Alok Bardiya, country director, Cisco Corporate Development.

"Financial inclusion is a key pillar for the Digital India initiative and MobiKwik's product innovation across the spectrum of mobile phones and platforms will help support the new government's vision by offering a more dependable and low cost solution that provides financial access to many," he said in a statement.

Source: Mint

India seeks first cut in LNG imports under Qatar deal

India is in talks with Qatar to import at least 10% less liquefied natural gas (LNG) under a long-term deal after a slide in spot prices has cut demand by local buyers, an Indian government source with knowledge of the negotiations said.

New Delhi would for the first time use a 10% reduction permissible under a 25-year contract with Qatar's RasGas to import up to 7.5 million tonne a year of the super cooled fuel, said the source.

"We want to lift as little volume as possible under the contract," the source told Reuters, adding that India intended to use a tolerance limit of 10% in 2015.

"But we are negotiating for cuts deeper than 10%. All LNG terminals are running at lower capacity as customers are not lifting volumes," said the source, who declined to be identified due to the sensitivity of the issue.

Telephone calls to Qatar's LNG producer RasGas seeking comment were not immediately answered.

India's biggest importer Petronet LNG received its first cargo from RasGas under the current deal in 2004 with pricing linked to the oil.

India's LNG import costs under the deal are currently around $13 per million British thermal units (mmBtu), versus spot prices of $6-$7 per mmBtu, according to R K Garg, head of finance at Petronet LNG.

Asian spot LNG prices rose as high as $20 per mmBtu last year, buoyed by soaring demand from emerging markets such as China and India as well as extra Japanese imports due to the Fukushima nuclear meltdown.

But spot prices have come off by two-thirds since February 2014 as Asia's economies slow and new production, especially in Australia, comes online.

Petronet's Garg said that Indian LNG demand had been lower than anticipated in the first quarter, although he added that orders from the fertilizer sector were expected to rise by June.

Pricing under the deal is linked to the previous 12-month Japan Crude Cocktail (JCC), including caps and floors based on average JCC prices of the past 60 months.

While this formula reduces volatility, it does not reflect price falls as much as spot pricing.

Prior to 2009, the long-term deal included a rebate in order to stimulate India's gas demand, but with the discount now gone the spot market has become more attractive.

Gas accounts for almost 8% of India's energy demand and the government wants to lift its use versus coal to cut pollution.

Source: Reuters

Indian seafood exports to the EU on the rise

Indian seafood exports to the European Union (EU) have been steadily growing from $227 million in 2000-01 to $805 million in 2011-12 and is expected to reach $1.06 billion in 2014-15 , according to Leena Nair, chairperson of Marine Products Export Development Authority of India (MPEDA).

Speaking at a luncheon event organised by the MPEDA on the sidelines of the Brussels seafood fair on April 22, she noted that among EU countries, Spain tops the list of importing Indian seafood products with $188 million, followed by Belgium with $187 million, Britain and Italy with $128 million each and France with $106 million.

"These are the four major buyers in the EU and trade with the EU has also been climbing up," said Nair.

India exports today over 75,000 metric tonnes of shrimp to the EU and is the largest supplier of shrimp from non-European countries to the EU. Apart from shrimp, India is also one of the largest supplier of squid and cuttle fish to Europe, especially to Spain and Italy.

EU imported close to 44,000 MT of cuttle fish and 30,000 MT of squid from India this year.

India has one of the highest number of EU-approved processing plants -- 300 -- and 46 EU-approved cold storages,.

Nair said that Indian seafood exports around the world have been going up.

"We have been doing very well in exports. Our exports have doubled and tripled. From 2008 to 2009 where we were at $1,9 billion and now we hope to reach $5.7 billion."

Marketwise, the US has been the most favoured destination followed by South East Asia, EU, an the Middle East. All in all, India exports seafood to 101 countries. Majority of the exports are made up of frozen shrimp, frozen fish, cuttle fish, dried items and squid.

India's Ambassador to the EU and Belgium Manjeev Singh Puri also spoke at the event and said: "It is of great pride to me to see the graph is going upwards not only in terms of Indian export of seafood but also Indian exports of seafood to the EU."

About 20 seafood companies from India are among the 1,700 exhibiting companies from over 75 countries participating in the three-day Brussels seafood fair that closes its gates on Thursday.

Source: Indo-Asian News Service

Exporters' body calls for boosting domestic manufacturing

Describing as "disappointing" the data on March exports, the association of exporters on April 22 called for ushering in a robust and competitive manufacturing in India to enable exports to bounce back.

"The recent exports figure has been quite disappointing. The declining trend which started in the latter part of 2014 has further aggravated in 2015," the Federation of Indian Export Organisations' new president S.C. Ralhan told reporters here.

"Negative growth in manufacturing in 2013-14 followed by a modest growth expected in 2014-15 did impact exports," he added.

India's merchandise exports in March at $23.95 billion took a major hit and were down 21 percent from the same month of last year. Goods exports fell in March for the fourth month running.

In the process, the country's trade deficit for March stood at its highest since November last at $11.87 billion, as against $10.95 billion for the corresponding month of the previous fiscal.

"Most of our factories are working for eight hours against 24 hours earlier as orders from Europe have dried up," Ralhan said.

Lamenting that the cost of credit in the country continues to be high, Ralhan said: "The drop in key rates marginally by RBI has not lowered the borrowing rates and thus government has to re-introduce interest subvention (for exporters) of 3 percent immediately with effect from April 1, 2014."

In its blueprint for enhancing exports set out in the new Foreign Trade Policy 2015-20 unveiled earlier this month, the government has merged all the earlier export promotion projects under two plans - the Merchandise Exports from India Scheme (MEIS) and the Served from India scheme (SFIS) for services exporters.

"While the new foreign trade policy has come, the reduction of rates in MEIS and SEIS have hit exporters badly. The MEIS benefit should be restored at the same level as it existed under the earlier scheme at least for 2015-16," Ralhan added.

Further, as a way to increase India's visibility in overseas markets, the government should grant 100 percent reimbursement of stall charges to exporters for participation in trade fairs and exhibitions abroad, he said.

Source: Indo-Asian News Service

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

Union cabinet gives go ahead for shipping agreement with Jordon

The union cabinet on April 22 approved signing of a shipping agreement with Jordan.

"Recognising the significant mutual benefit that can be derived from cooperation in the area of shipping between India and Jordan, it has been decided to sign the agreement with a view to strengthening cooperation and to provide sustained mutual assistance and advice on merchant shipping and other related maritime matters," a release issued here said.

Signing of the agreement will help both countries in encouraging and facilitating development of their maritime relationship and cooperation in the task of enhancing and stimulating steady growth of maritime traffic.

The agreement will also help in exchange and training of staff and students from various maritime establishments, exchange of information necessary for accelerating and facilitating flow of commercial goods at sea and at ports, establishment of joint ventures in maritime transportation, shipbuilding and repairs, maritime training, information technology, including development of simulators, port facilities and related activities, it added.

The meeting was chaired by Prime Minister Narendra Modi.

Source: Indo-Asian News Service

Godrej eyes sixfold increase in Africa business by 2020

The $2.25-billion (Rs 13,500-crore) Godrej Group has prepared a blueprint to place itself among the top consumer goods companies in Africa, one of three markets it has identified as a growth driver.

The group's flagship company Godrej Consumer Products Limited proposes to increase its African turnover six times in five years from around Rs 1,200 crore now through aggressive acquisition of local brands. The endeavour is to increase its presence in personal and home care, segments where Godrej Consumer is strong in India.

"Unlike multinational companies, which believe in having one brand across markets, our approach is to invest in local brands and let them be the face of the company. The back-end can be supported by our technology and category learnings," Vivek Gambhir, managing director of Godrej Consumer, said in a conversation with the Business Standard.

"There is a greater chance of us succeeding because consumers in Africa will be familiar with local brands rather than products transported from India," he added.

Good Knight from Godrej Consumer's India portfolio is the only product to have been taken to Africa in the last few years. "Good Knight enjoys a strong equity in India and something the African (management) team felt would be accepted by people there. Which is why we took it there, beginning with pilot projects and then launching it. It is 12 months that Good Knight has been present in Africa in the aerosol format. It is the dominant product category in household insecticides there," Gambhir added.

Household insecticides and hair care are categories Godrej Consumer is expected to devote attention for acquisitions. So far, Godrej Consumer has wrapped up five purchases in Africa, including Rapidol, Kinky and Frika hair care brands in South Africa; Tura, a personal care brand in Nigeria; and the Darling Group, a hair care company that has a presence in 14 countries on the continent.

Analysts said the company had spent close to Rs 2,000 crore in making these acquisitions and was expected to spend a similar amount in the next few years. Godrej Consumer has made most of its purchases in the last decade in Africa, followed by Latin America (Issue, Argencos and Cosmetica Nacional) and Asia (Megasari Makmur in Indonesia).

Africa business, Gambhir said, was expected to see double-digit growth - top line growth has been close to 20 per cent - in the coming years, ensuring it remained among Godrej Consumer's key contributors to international revenue. Godrej Consumer derives half of its consolidated top line of Rs 7,583 crore from international operations.

To ensure the momentum is sustained, the African market has been divided into three clusters, South-Africa-Mozambique in the south, Nigeria-Ghana in the west, and Kenya-Uganda-Tanzania in the east. "These clusters will operate as hubs, allowing us to expand into nearby territories. Manufacturing will be located in these clusters. We could focus on expanding distribution in neighbouring territories," Gambhir said.

Source: Business Standard

Steel imports hit record high, surge 71% in FY15

Steel imports by India surged by a whopping 71% to touch a record high of 9.31 million tonne in 2014-15, putting pressure on the already squeezed margins of domestic firms.

Steelmakers in India, which remained a net importer of steel for the year, have been on the wrong foot for quite some time now, mainly due to dearer raw materials while their counterparts in China, Japan and and Russia took advantage of lower iron ore prices and in some cases, sops offered by the government.

India had imported 7.38 mt of steel in 2009-10, 6.66 mt in 2010-11, 6.86 mt in 2011-12, 7.93 mt in 2012-13 and 5.45 mt in 2013-14.

Exports, however, have been at slower pace than imports, especially in more recent years. Shipments of steel stood at 3.25 mt in 2009-10 and 5.98 mt in 2013-14, only to plunge 8 % to 5.5 mt last fiscal. "Due to rising imports from countries like China, Japan and Russia, domestic steel industry is struggling to retain margins. Cost structure in these countries have significantly come down because of fall in the prices of iron ore and depreciation of their currencies against dollar. So in dollar terms, their cost of production has come down," said Anjani Agrawal, national leader (mining and metals), E&Y.

"The government should act by initiating protectionist measures by increasing import duty. Many countries in the world have taken such measures and India should also do this. The rise in imports will impact the Indian steel industry, particularly the smaller ones because their cash flow would be squeezed," he added.

Stating that the long-term future for the steel sector was still exciting, he, however, said because of significant jump in imports even the bigger companies will find it difficult to service their debt.

The problem of the domestic steel industry got compounded with the subdued demand. Though the last fiscal was better compared to the previous one, it still remains below potential. Real consumption of the alloy grew by 3.1% to stand at 76.35 mt in the last fiscal compared to 59.34 mt in 2009-10, 66.42 mt in 2010-11, 71.02 mt in 2011-12, 73.48 mt in 2012-13, 74.09 mt in 2013-14.

However, pinning hopes of a better demand days ahead, they continue to raise their output. Production for sale saw a steady rise to 88.12 mt in 2014-15 from 60.62 mt in 2009-10, 68.62 mt in 2010-11, 75.69 mt in 2011-12, 81.68 mt in 2012-13 and 87.67 mt in 2013-14.

Steel imports to India attract duties between 5% and 7.5%. Domestic industry has been clamouring for raising the duty to at least 10%. The steel ministry has also written to its finance counterpart to raise the duty.

Source: The Financial Express

India to sign international agreement on dry ports

The union cabinet on March 31 gave the nod to the signing and ratifying of an inter-governmental agreement on dry ports that will facilitate and expand international goods transport.

The decision was taken by the union cabinet under the chairmanship of Prime Minister Narendra Modi.

The approval was given for "signing and ratifying of the inter-governmental agreement on dry ports of international importance", an official statement said.

To be signed at the UN headquarters in New York, the agreement is a follow up of the resolution of the UN Economic and Social Commission for Asia and the Pacific (UNESCAP) regarding development of dry ports within its member countries, including India.

"This current agreement promotes international recognition of dry ports, facilitates investment in infrastructure, improves operational efficiency of inter modal transport services, establishes guiding principles for development and operation of dry ports and enhances the environmental sustainability of freight transport," the statement said.

The agreement will help in connectivity and integration of the Asian highway network, the trans-Asian railways network and other modes by working towards development of dry ports.

"There is need to promote and develop an international integrated intermodal transport and logistics system in Asia with its neighbouring regions. The agreement will facilitate and expand international goods transport as a consequence of growing international trade in the region," the statement said.

The agreement will also strengthen connectivity and seamless international movement of goods, facilitate increased efficiency and reduce cost of transport and logistics as well as extend reach to inland areas and wider hinterlands.

Source: Indo-Asian News Service

Time to conclude free trade agreement, India tells EU

The Indian government on April 2 urged the European Union to conclude negotiations on a bilateral free trade agreement, saying the parties have arrived at the point of compromise that could be upset if EU became over-ambitious.

"What is the point at which EU will feel satisfied? In our perspective, we have already arrived at that point and EU should feel satisfied. If EU has more ambitions, which it believes should be satisfied now, we might have some reservations," Commerce Secretary Rajeev Kher said at a seminar here on the Foreign Trade Policy organised by industry chamber FICCI.

"We have not spoken for some time now in a formal sense. Informally, we have been getting messages through public announcements that EU is interested in taking up the process forward. This has been said on our side that we find it very interesting to pursue India-EU BTIA," he added.

Negotiations on the FTA, officially dubbed the Broad-based Trade and Investment Agreement (BTIA), between India and the 28-nation EU, were launched in June 2007 but have been facing hurdles with differences between both sides on crucial issues.

Besides demanding major duty cuts for exporting automobiles to India, the EU wants tax reduction in wines, spirits and dairy products as well as a strong intellectual property rights (IPR)regime in the country.

However, the Indian automobiles industry has raised an alarm over the sector being included in the FTA, claiming it will kill investments and technology flow into the country, resulting in under-achievement of the government's automotive mission plan.

In May 2013, the parties failed to bridge differences over crucial issues, including data security and visa liberalisation related matters. No formal round of talks have been held since then.

Speaking a day after the government unveiled the Foreign Trade Policy 2015-20, Kher also said exporters from select labour intensive sectors will be able to access cheaper credit soon as the government hopes to restart its interest subvention scheme that was discontinued last year due to resource constraints.

"The finance ministry has given us the sanction for extending the interest subvention scheme for exports for three years. We are working out the details of the scheme and hope to be ready with it in two-three months," he said.

Source: Indo-Asian News Service

Daiichi exits Sun Pharma in India's largest bulk deal

In the largest bulk deal on Dalal Street, Japanese pharmaceuticals giant Daiichi Sankyo on April 22 sold its entire 8.9 per cent stake in Sun Pharmaceutical Industries for $3.2 billion (about Rs 20,000 crore), at an average price of Rs 931.60 a share to a clutch of foreign institutional investors (FIIs) led by Goldman Sachs, the government of Singapore and Aranda Investments.

Daiichi sold 215 million shares at the lower end of the band of Rs 932 a share (the upper end was Rs 1,043 a share) of the book building issue, which opened Monday evening. As a result, Sun Pharma shares dropped nine per cent, their steepest fall in six years, to close at Rs 951.60 apiece on Tuesday. The shares were sold at an 11 per cent discount to Monday's closing price, which explains the fall in the stock. Daiichi's stock, on the other hand, closed 4.4 per cent higher on the Tokyo stock exchange.

Goldman Sachs, the banker for the transaction, was also one of the top buyers, with Rs 4,765 crore of investment from its Singapore subsidiary, stock exchange data showed. Aranda Investments Mauritius, a Temasek subsidiary, invested Rs 1,875 crore in the issue, while the government of Singapore (Government Investment Company) invested Rs 1,173 crore.

Sun Pharma said its promoter Dilip Shanghvi did not buy any shares in Tuesday's transaction. Till the time of going to print, the stock exchange did not give data on all the buyers.

The deal beat many records on Dalal Street. A look at exchange statistics for Tuesday showed the size of the transaction was more than twice that of the previous biggest bulk deal. It also marked the highest single-day foreign portfolio investment into the equity market, as well as higher cash market volumes than the day the National Democratic Alliance government came to power last year.

The Rs 20,000-crore deal is more than twice a 2012 deal in which Citigroup sold Rs 9,393 crore worth of HDFC shares in a bulk deal.

On April 21, FIIs were net buyers by Rs 17,488.73 crore, with most of the funds allocated to the Daiichi deal. This was 95.28 per cent higher than the previous single-day record (February 2012, when FIIs were net buyers by Rs 8,955.3 crore).

The daily cash market volumes for Tuesday stood at Rs 44,970.51 crore, against Rs 43,036.50 crore in May 2014, when the results of the general elections were declared. The only other time cash market volumes have been higher was in May 2009 (Rs 51,903.46 crore).

Daiichi's exit from the Indian market roiled the rupee, which fell to an intra-day low of 63.15 a dollar. However, it recovered later in the day, following intervention by the Reserve Bank of India. The BSE Sensex was down 0.75 per cent.

In 2008, Daiichi had bought Ranbaxy from Malvinder and Shivinder Singh for $4.6 billion.

The acquisition did not go well for the Japanese company, as Ranbaxy was found guilty of numerous violations of US Food and Drug Administration (FDA) rules. The company paid a penalty of $500 million to the FDA to settle the matter and the value of Daiichi's stake fell about half.

In April last year, Daiichi agreed to merge Ranbaxy with Sun Pharmaceuticals in an all-stock deal worth $4 billion, which included Ranbaxy's debt of $800 million. The merger made Sun Pharmaceuticals the world's fifth-largest speciality generic drugs company and the biggest Indian drug company, with a significant lead in market share.

Analysts said the Sun Pharma management would now focus on addressing Ranbaxy's issues with the US FDA, as four out of five US-centric facilities remained under a US FDA embargo. "Post offloading, the stock has corrected 10 per cent and is down about 20 per cent from its all-time high. This has provided an ideal opportunity to re-enter the stock. We will revisit our target price after the fourth-quarter results, as we will have the financials of the combined entity," said an analyst with ICICI Securities. The analyst had a 'buy' rating on the Sun Pharmaceuticals stock.

Sun Pharmaceutical will continue to see rapid growth in the coming years, analysts say. The company's promoters, Dilip Shanghvi and his family, now own 54.7 per cent stake in Sun Pharma. Shanghvi's stake had fallen from 64 per cent, following the all-stock deal to merge Ranbaxy with itself, announced in April last year. Daiichi had received 8.9 per cent stake in Sun Pharma in lieu of its ownership of Ranbaxy.

Source: Business Standard

De Beers mulls retail expansion in India

Global diamond miner and trader De Beers plans to expand its retail presence in India through its jeweller partners, a top company official said on April 2.

"We plan to increase our presence in 27 cities through 200 jewellers from 24 cities and 162 partners across the country, as India is a high growth market for us," De Beers group chief executive Philipe Mellie told reporters here.

The Luxembourg-based company has also opened an international institute of diamond grading and research at Surat in Gujarat.

The facility, set up at a cost of Rs.60 crore (about $10 million), will grade diamonds and mark them for Forevermark certification.

The institute is the group's second facility outside Antwerp in Belgium and will process diamonds valued at $500 million per annum.

"We have set up the facility at Surat, as 50 percent of our raw diamonds are polished there. It will also serve our retail partners and drastically reduce grading and certifying duration to six days from six weeks," Mellier said.

Eyeing a three percent growth worldwide in 2015, the group company plans to process 100,000 diamonds this year.

Source: Indo-Asian News service

Alibaba close to buying strategic stake in Meru

Mumbai-based Meru Cabs is in talks with Chinese e-commerce giant Alibaba for a strategic investment.

Alibaba executives have held discussions with Meru and talks are likely to progress in the coming weeks for a possible stake buy in Meru by the Jack Ma-led Alibaba. The development comes at a time when Ma is expected to visit India by the end of this month, his third trip to India in less than six months.

Meru Cabs CEO Siddhartha Pahwa confirmed that the cab aggregator is in talks with Alibaba without divulging further details.

According to sources, for Alibaba to check in at Meru, IVF (India Value Fund) would sell its stake in one of the pioneers in the cab aggregator space in India. IVF at present has over 80 per cent stake in Meru Cabs and it recently infused $50 million (over Rs 300 crore).

It is learnt that Meru is looking at a valuation of around $400 million.

Alibaba is already an active player in China's cab aggregation space. China's largest taxi booking app, the Tencent Holdings-backed Didi Dache, merged with its biggest competitor Kuaidi Dache, which is backed by Alibaba, Softbank and Tiger Global, making the $6-billion Chinese transportation giant the biggest globally after Uber. Interestingly, Alibaba seeking a stake in Meru Cabs comes after Softbank became a strategic investor in domestic cab aggregator Ola last year. Softbank is a key investor in Alibaba.

Japan's Softbank infused fresh funds worth $210 million last year into Ola, valued at over a billion dollars.

According to sources close to the development, both the parties are approaching the closure of the deal at a handsome pace in the coming weeks but the closure timeline of the deal being discussed could not be independently verified. Pahwa did not comment on the timeline.

Meru is also looking to raise about $100 million to feed its inorganic growth needs as it is facing intense competition from Ola and Uber. Ola already has the largest network in India and after the acquisition of TaxiForSure for $200 million, Ola is looking to cement its leadership position in the market. Uber, which has been facing some trouble of late, has reduced fares significantly to corner as much market share as possible.

Meru has a fleet size of over 15,000 cabs in the country and is eyeing a presence in 40 cities by the end of the year. The company reported its first profit in 2013-14, of Rs 3.6 crore. In 2012-13, it had a loss of Rs 31.1 crore. As of March-end last year, the company's accumulated loss stood at Rs 215.24 crore.

Goliaths such as Alibaba keen to invest in the sector does not come as a surprise as cab services is a hyper local model where building the supply chain takes a lot of time and investment. Hence, investors with very deep pockets and a long-term horizon will be able to sustain, see through the cash burn and create a profitable business.

Lately, India's taxi services market, despite its financial stress, has received increased attention from global investors, primarily because of the fact that the 'radio taxi' model has emerged as the fastest-growing and most reliable form of public transport for the world's second-largest population. There are about 600,000 taxis in India, generating combined annual revenue of about Rs 11,000 crore.

At present, there are 19 radio taxi operators in the country, including Mega Cabs, Easy Cabs, Meru Cabs, and Tab Cabs, according to the Association of Radio Taxis. These operators run over 25,000 cabs across India.

Source: Business Standard

Centre considering new urea policy in 2015

With no Greenfield or Brownfield investment happening on the fertiliser production segment since 1999, the central government is considering framing a new urea policy, a union minister told the Lok Sabha on April 21.

According to Minister of State for Chemicals and Fertilizers H.G. Ahir, the availability of gas has been one of the major limiting factors to the growth of urea industry in the country. The domestic availability of natural gas is insufficient to meet the demand of existing gas-based urea units in the country.

"Due to shortage of domestic gas, many urea plants which have converted to gas recently are meeting their requirement of gas by using Regasified Liquefied Natural Gas (RLNG)," a statement from the ministry said.

According to the statement, there is also no proposal to increase the retail price of urea, which has been fixed by the Centre at the present level of Rs.5,360 per tonne.

The dry-land farmers will not be receiving free supply of fertilizers as per government policy.

The minister added that although there was no additional "requirement of fund" for phosphatic and potassic fertilizers during 2014-15, the carried-over liability of Rs.17,628 crore on urea subsidy and a subsequent increase in financial assistance on indigenous urea resulted in an estimated shortage of funds for payment of subsidy on indigenous urea to the tune of Rs.27,477 crore.

In order to meet the outstanding urea subsidy claims, a request was also made for allowing the department to avail loans of up to Rs.27,477 crore from nationalised banks under a Special Banking Arrangement. However, the request was not considered.

Source: Indo-Asian News Service

India among top five markets for Japanese auto majors

There's something about India as a market that's enticing the behemoths of automobiles. And they're coming in hordes.

The country now ranks among the top markets for Japanese automobile companies like Suzuki, Yamaha, Honda and Toyota among others.

Although thanks to Maruti Suzuki's market leadership in the car segment, India has been topping Suzuki's global markets both in terms of volumes as well as revenues, now the situation is being replicated by other Japanese biggies like Yamaha, Honda and Toyota as India moves up the global pecking order. The Indian market now ranks among the top five markets globally for almost all the top Japanese automobile brands.

Take Honda Cars India, the four-wheeler local subsidiary of Honda Motor Corp.

Thanks to some top-gear growth in the last two years, India now ranks as Honda's fourth biggest market by volumes. Said Jnaneswar Sen, senior vice-president, marketing & sales, Honda Cars India: "India ranks after the top three markets of U.S., China and Japan globally thanks to our good growth run for the past two years. HCI clocked 41% growth 2014-15 selling 1.89 lakh units up from 1.34 lakh units the year before. In 2013-14, we clocked a growth of 83% year-on-year Leaving out the luxury cars Honda is the fastest growing car brand in India. Our cur rent market share in India is over 7%."

Honda's top-gear run has prompted the Japa nese car maker to expand ca pacity at its second plant in Ra asthan from 1.2 lakh units to 1.8 lakh units. "Our target is to sell 3 lakh units in India by 2016-17."

Ditto for fellow Japanese brand Yamaha which now pegs India just after its globa op market Indonesia. Said Roy Kurian, VP-marketing and sales, Yamaha Motor India: "India will become Yama ha's second largest volume market after Indonesia by year-end though there will be quite a large gap between the No1 and No2 markets. Earlier Vietnam used to be our second largest market but that is now expected to slide to No3 in the pecking order."

Yamaha is already adding another 1.8 million units (in phases) thanks to its new plant in Chennai.Along with its existing plant in Surajpur, the fresh capacity will take Yamaha's total two-wheeler production in India to nearly 3 million units.

For Toyota Kirloskar Motor, Thailand, Indonesia and India comprise the troika of "significant markets" in the Asia Pacific region. "India stands pretty tall in Toyota's gameplan and is the third mar ket after China and US in terms of importance," said Shekar Viswanathan, vicechairman and whole-time director, Toyota Kirloskar Motor.

Even relative newcomers like Nissan are stepping on the gas for some India action. Said Arun Malhotra, MD, Nissan Motor India: "India is one of the largest hubs for the investment that the Renault-Nissan Alliance has envisaged for a very competitive market like India. Our manufacturing facility is the largest that the Alliance has developed so far across the world with a production capacity 480,000 units. India is the first, among other growth markets across the world where Datsun made a world debut."

Source: The Times of India

Success in 21st century will depend on innovation: President Pranab Mukherjee

President Pranab Mukherjee said on April 17 that success in the 21st century will increasingly depend on innovation and competitive use of knowledge, and the IIMs should assume greater responsibility to mitigate problems concerning the society. Speaking at the fourth annual convocation of Indian Institute of Management (IIMs), Raipur, the president said that education enriches lives, advances thinking, propagates new thought and enhances human capacity.

Given that knowledge will spur growth in the future, he said, "it is essential that we prepare a large pool of skilled and capable manpower who can drive rapid economic growth of our country and enable us to deal with poverty, deprivation and backwardness".

He said that most prosperous nations and societies have built their economic success on "the foundation of a sound education system and rich culture of research".

The president said success in the 21st century "will be increasingly dependent on innovation and the competitive use of knowledge".

He said the government plans to start SWAYAM or (Smart Webs of Active Learning for Young Aspiring Minds) courses in (Online Platform for Education) mode from 2015-16 for all learners interested in acquiring additional skills.

"This will enable our students and teachers (to) obtain quality education at a fraction of the cost while solving the issue of access to higher education in remotest areas of our country.

"It will also help overcome the faculty shortage which is constantly a constraint in almost all our institutions," he said.

The president said that the academic institutes have to be dynamic and hands-on in facing emerging challenges.

"Institutions of higher education have to promote a culture of excellence and develop core competencies. They have to expand capacity to cater to more students and at the same time uphold the quality of instruction," he said.

Terming research and innovation as the cornerstone of any academic endeavour, Mukherjee said: "It is innovation due to which industrial enterprises show high growth momentum and keep themselves ahead of their competitors.

As per a 2014 international survey, there are only five Indian firms amongst the world's hundred most innovative companies, the president said: "We have to strive harder."

The faculty in IIMs, Mukherjee said, should provide consultancy for policy and project implementation challenges that both union and state governments face.

He said the education students had received at the institute was a contribution of the nation, state and community.

"The nation invests in its institutions and universities because students are our future. Students, in turn, have an important responsibility not just to themselves and their families but also to this country and the community as whole."

"I am confident that the students who have earned their degrees today will take part in nation-building of this great country in a meaningful way."

Stating that the youths were the future stewards of the nation and inheritors of a glorious civilisation, the president said, "if targets such as eradication of poverty and health to all are to be achieved in the near future, it is the youth who have rise to the challenge".

Source: Indo-Asian News Service

Uniform rule for all players key to net neutrality: Industry

On the last day fixed to submit suggestions on net neutrality to telecom regulator, the industry stakeholders supported free and fair access to internet but called for "same services, same rule" regime for all categories of players.

"We're pro-consumers. We don't believe in blocking any site. We are committed to net neutrality," Gopal Vittal, chief executive officer of Bharti Airtel, said at a media briefing by the chief executives of telecom companies, organised by the Cellular Operators' Association of India (COAI) on April 24.

The chief executives said the "same services, same rule" must apply for all players and not just the telecom operators.

They said the levies they pay to the government, such as licence fee, should also be applicable to over-the-top players who offer, among other services, voice and text telephony.

In March, the Telecom Regulatory Authority of India (TRAI) released a paper inviting comments from stakeholders on how over-the-top services should be regulated in the country. It wanted the suggestions to be sent by April 24 and counter-arguments by May 8.

The National Internet Exchange of India (NIXI), as an impartial entity, said that it strongly supports net neutrality and feels that is the only way forward to make the internet open, free and innovative.

"Any move by telcos to bundle application or content selectively will hamper the very basic concept of internet," Govind, NIXI chief executive officer, said in a statement on Friday.

The leadership team of COAI, present in Friday's interaction, included the representatives from Aircel, Airtel, Idea Cellular, Telenor, Videocon and Vodafone India.

Emphasising that the industry did not want "net for few" and that it believes in "net for all", Himanshu Kapania of Idea Cellular said the industry was not seeking new licences for new apps and OTT services, but warned that a free hand to them will impact future investments in the industry.

The telecom industry contributes 3.5 percent to India's gross domestic product. It has cumulative investments of over Rs.750,000 crore made in the past 20 years.

To make internet available, the industry needs to invest over Rs.500,000 crore in five years, the stakeholders said.

Network neutrality, or open inter-working, means that in accessing the World Wide Web, one is in full control over how to go online, where to go and what to do, as long as these are lawful. It calls for all lawful content on the internet to be treated in a neutral manner.

"Let the government decide the rules of the game," said Vodafone's Sunil Sood.

The COAI, which is essentially the GSM body in India, on April 24 announced "Sabka Internet, Sabka Vikas" with a dedicated portal www.sabkainternet.in — an initiative to connect one billion unconnected citizens of India.

The country has 86 million broadband customers.

Source: Indo-Asian News Service

New aviation policy to connect India with 'Bharat': Civil Aviation Minister Raju

A new civil aviation policy, which is on the anvil, will facilitate more airlines to connect metros and state capitals with more cities and towns across the country, Civil Aviation Minister Ashok Gajapathi Raju said on April 12.

"We want more airlines to operate across the country, connecting more cities and towns, as air connectivity is crucial for rapid economic growth. Our new aviation policy will accelerate the sector's growth and connect as many cities and towns in Bharat," Raju told reporters at a function here.

Admitting that running an airline was a tricky business and the aviation sector has gone through turbulent times, the minister said the new policy would encourage more investment in the sector, attract new players and enable the existing airlines expand their operations in the domestic and international routes.

"Our new policy will ensure sustainable growth benefiting all stakeholders, especially passengers and cargo operators. We have about 30 airports without aviation activity, which is non-productive. We need a long-term strategy to turn them around into assets," Raju said at the launch of Air Pegasus, a new low-cost regional airline, at the city airport.

The new policy, whose draft has been circulated among all the stakeholders, aims at enhancing air connectivity, developing six metro airports as international hubs, developing more airports through public-private partnership mode, rationonalising jet fuel cost, promoting air cargo, maintenance, repair and operations (MRO), helicopter operations and improving passenger facilitation.

"Taxation is a major issue in the sector. We have asked the finance ministry to exempt service tax on MROs for 5-10 years so that airlines can maintain, repair or service their aircraft within the country than sending them to Sri Lanka, Singapore and Dubai and save costs," Raju said.

In this context, he mentioned the inordinate delay in the setting up an MRO facility at Nagpur by national carrier Air India with the global aerospace major Boeing since 2006 due to tax and regulatory issues.

Similarly, Raju said he has written to all chief ministers to slash VAT on aviation turbine fuel, as 40-45 percent of the operational cost is incurred on this.

"Some (CMs) have responded, but not many of them. The tax on jet fuel ranges from four to 30 percent across states. To tax them (airlines) to death is not good. The tax on jet fuel needs to be rationalised," he stressed.

The policy also will address the issue of route dispersal guidelines (5/20 rule) and inter-connectivity, as the prevailing rule does not allow an airline to fly overseas without five-year operational experience and a fleet of 20 aircraft.

The ministry has identified six airports in Delhi, Mumbai, Chennai, Kolkata, Bengaluru and Hyderabad for developing them as major international hubs for aircraft, passenger and cargo movement.

Source: Indo-Asian News Service

Jaitley promises better as Moody's turns positive on India

Sixteen months after it warned of a downgrade, ratings agency Moody's on April 9 raised its outlook on India to positive, hoping for further steps from the Narendra Modi government to push growth. The finance ministry said this was significant and promised more.

"India has grown faster than similarly-rated peers over the last decade due to favourable demographics, economic diversity, as well as high savings and investment rates," Moody's Investors Service said, adding this will keep the country's economic expansion on track.

"Moody's decision to revise the ratings outlook to positive from stable is based on its view that 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."

The agency, however, did not raise the sovereign credit rating from Baa3, awaiting more signs from the Indian economy. In December 2013, during the tenure of the United Progressive Alliance (UPA), it had warned of a downgrade that would have potentially hurt India's global standing. But Moody's specified what could lead to an upgrade. "Evidence over the coming months that policymakers are likely to be successful in their efforts to introduce growth-enhancing and growth-stabilising economic and institutional reforms would lead to the rating being considered for an upgrade."

Reacting to the development, Finance Minister Arun Jaitley said: "Moody's has changed the rating outlook to positive from stable and affirms Baa3 rating. The upgrade in outlook is significant, but we've got to do more."

The markets reacted positively. The sensitive index (Sensex) of the Bombay Stock Exchange (BSE) rose 177.46 points or 0.62 percent, to close at 28,885.21 percent.

Moody's said its Baa3 rating reflects the fact that higher levels of growth and infrastructure development will be accompanied by better prospects, adding credit improvements over the next 12-18 months will depend on the extent to which growth, policies and buffers can contain risks.

"India's Baa3 government bond rating incorporates the credit strengths, such as its diversified economy, robust growth prospects, relatively high domestic savings rate and a high international reserve buffers," it said.

"It also reflects India's weaker performance, relative to peers, on fiscal, inflation and infrastructure-related metrics. And while policies are beginning to address each of these factors, the extent of likely improvements is as yet unclear," it said.

"Moreover, India's banking system's asset quality, loan loss coverage and capital ratios are relatively weak," it said, and added this posed credit risks because of the financial sector's role in financing growth and the government's deficits.

"In the absence of any improvement in banking-system metrics over the coming months, India's sovereign credit profile will remain constrained."

Source: Indo-Asian News Service

World Bank pegs India's growth at 8 percent next fiscal

The World Bank has forecast India's growth accelerating to 8 percent in the next fiscal and said the country is well-placed in a region that has not only logged the highest economic expansion but would benefit the most from cheaper oil bill.

According to the bank's South Asia Economic Focus report, which is released twice a year, the exports sector in the region remains a cause for worry, even as the lower oil import bill should trigger a complete revamp of fuel subsidy regime.

The new projections come soon after host of agencies and organisations expressing renewed confidence on the Indian economy. International credit rating major Moody's revised India's sovereign ratings outlook to positive from stable, while Fitch reaffirmed its stable outlook on India.

The think-tank of rich nations, the Organisation for Economic Cooperation and Development (OECD), also endorsed high growth prospects for India. Similarly, the Asian Development Bank (ADB) has also projected the country's growth at 7.8 percent in 2015-16 and at 8.2 percent in 2016-17.

World Bank South Asia Chief Economist Martin Rama said the biggest oil price dividend to be cashed in by South Asia is one yet to be earned. But it is not one that will automatically transit through government or consumer accounts, he said, commenting on the latest findings of the report.

"Cheap oil gives the opportunity to rationalize energy prices, reducing the fiscal burden from subsidies and contributing to environmental sustainability," he added, even as India's oil import bill for February this year, the latest period for which data is available, shrank by more than 55 percent over the corresponding month of last year.

The World Bank said India's GDP (gross domestic product) growth is expected to accelerate to 7.5 percent in fiscal 2015-16. "It could reach 8 percent in fiscal 2017-18, on the back of significant acceleration of investment growth to 12 percent during (FY2016-FY2018)," the economic focus report said.

"The country is attempting to shift from consumption - to investment-led growth, at a time when China is undergoing the opposite transition."

Since the fall in crude oil prices from mid-2014, the finance ministry has estimated that the subsidy burden on account of oil for the year 2014-15 will be around Rs.80,000 crore.

With the steep fall in oil prices the subsidy burden has been projected to come down from a high of Rs.1.39 lakh crore for 2013-14 to around Rs.80,000 crore in 2014-15.

The steep fall in the oil prices has also allowed the three-state owned petroleum products retailers to pass on the benefit of cheaper prices to consumers. The retailers have been allowed by the government to fix the prices of petrol and diesel prices as per international prices.

The three oil marketing companies (OMCs) have been revising rates on the 1st and 16th of every month based on the fortnightly average of international oil prices and the rupee-dollar exchange rate.

The country's oil imports during April-February, 2014-15, totalled $130.84 billion, down 12.24 percent from the corresponding period of the previous fiscal.

Source: Indo-Asian News Service

India's wholesale inflation decelerates for 5th month

Even as onion prices continued to bring tears to consumers, India's annual rate of wholesale inflation decelerated for the fifth successive month to (-)2.33 percent (March 2015 over March 2014) from (-)2.06 percent for the previous month on lower fuel prices, official data showed on April 15.

As per commerce ministry data on wholesale price index (WPI), prices of onions in March this year were still higher by as much as 36.49 percent, while pulses, vegetables and fruits were dearer by 13.22 percent, 9.68 percent and 7.48 percent, respectively.

Among the three major groups which form the general index, that for primary articles rose marginally to 0.8 percent for the period under review, while those for manufactured goods and fuels dropped to (-) 0.19 percent and (-) 12.56 percent, respectively.

Within the fuel and power segment, diesel was cheaper by 12.11 percent and petrol by 17.7 percent due to a dip in global crude oil prices, while LPG prices also declined by 7.9 percent, the data showed.

In the manufactured products segment, it was a mixed bag. While cement and lime prices increased by 8.29 percent, that for sugar, leather products and iron products declined by 4.24 percent, 2.74 percent and 5.98 percent, respectively.

The official data showed that the month-on-month annual inflation has successively decelerated in the past six months -- from 1.66 percent in October 2014 to (-)0.17 percent in November to (-)0.5 percent, (-)0.95 percent, (-)2.06 percent and (-)2.33 percent, respectively, in the next four months.

As per data on consumer price index released on Monday, inflation for March had eased to a three-month low of 5.17 percent, due mainly to a drop in the prices of food articles.

The Reserve Bank of India (RBI), which has been urged by India Inc to lower interest rates, had observed in its monetary policy update that the favourable effects of a low base year, which had led to a drop in retail inflation, had now dissipated.

"The still elevated levels of prices of protein-rich items such as pulses, meat, fish and milk kept food inflation from following the seasonal decline in prices of vegetables and fruits," the central bank said on April 7.

Source: Indo-Asian News Service

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