Domestic Economy and Markets

Since the fourth bi-monthly monetary policy statement of September 2014, the global economy has slowed, though the recent sharp fall in crude prices will have a net positive impact on global growth. The recovery in the United States is broadening on the back of stronger domestic consumption, rising investment and industrial activity. In the Euro area, headwinds from recessionary forces continue to weaken industrial production and investment sentiment. In Japan, growth may be picking up again on the back of stronger exports, helped in part by further quantitative and qualitative easing that has led to a depreciation of the yen. In China, disappointing activity and still-low inflation have prompted rate cuts by the People’s Bank of China. In other major emerging market economies (EMEs), downside risks to growth from elevated inflation, low commodity prices, deteriorating labour market conditions and stalling domestic demand have become accentuated.

Notwithstanding the cessation of asset purchases by the US Fed, financial markets have remained generally buoyant on abundant liquidity stemming from accommodative monetary policies in the advanced economies (AEs). The search for yield has driven global equity markets to new highs, with investors shunning gold and commodities. Capital flows to EMEs recovered from market turbulence in the first half of October, although some discrimination on the basis of fundamentals is becoming discernible.

ASSESSMENT OF THE INDIAN ECONOMY

Domestic activity weakened in Q2 of 2014-15, and activity is likely to be muted in Q3 also because of a moderate kharif harvest. The deficiency in the north-east monsoon rainfall has constrained the pace of rabi sowing, except in the southern States. Despite reasonable levels of water storage in major reservoirs, the rabi crop is unlikely to compensate for the decline in kharif production earlier in the year and consequently, agricultural growth in 2014-15 is likely to be muted. This, along with a slowdown in rural wage growth, is weighing on rural consumption demand.

Despite the uptick in September, the growth of industrial production slumped to 1.1 per cent in Q2 with negative momentum in September, unable to sustain the improvement recorded in the preceding quarter. The persisting contraction in the production of both capital goods and consumer goods in Q2 reflected weak aggregate domestic demand. However, more recent readings of core sector activity, automobile sales and purchasing managers’ indices suggest improvement in likely activity. Exports have buffered the slowdown in industrial activity in Q2 but, going forward, require support from partner country growth.

In the services sector, the October’s purchasing managers’ survey indicates deceleration in new business. In contrast, tourist arrivals and domestic and international cargo movements have shown improvement. Thus, various constituents of the services sector are emitting mixed signals.

A rise in investment is critical for a sustained pick-up in overall economic activity. While low capacity utilisation in some sectors is a dampener, the recent strong improvement in business confidence and in investment intentions should help. In this context, the still slow pace of reviving stalled projects, despite government efforts, warrants policy priority, even
as ongoing efforts to ease stress in the financial system unlock resources for financing the envisaged investment push.

The fiscal outlook should brighten because of the fall in crude prices, but weak tax revenue growth and the slow pace of disinvestment suggest some uncertainty about the likely achievement of fiscal targets, and the quality of eventual fiscal adjustment. The government, however, appears determined to stay on course.

Retail inflation, as measured by the consumer price index (CPI), has decelerated sharply since the fourth bi-monthly statement of September. This reflects, to some extent, transitory factors such as favourable base effects and the usual softening of fruits and vegetable prices that occurs at this time of the year. On the other hand, protein-rich items such as milk and pulses continue to experience upside pressures, reflecting structural mismatches in supply and demand. The absence of adequate administered price revisions in inputs like electricity has contributed to the easing of inflation in the fuel group.

In the non-food non-fuel category, inflation eased broadly in September. Further softening of international crude prices in October eased price pressures in transport and communication. However, upside pressures persist in respect of prices of clothing and bedding, housing and other miscellaneous services, resulting in non-food non-fuel inflation for October remaining flat at its level in the previous month, and above headline inflation. Survey-based inflationary expectations have been coming down with the fall in prices of commonly-bought items such as vegetables, but are still in the low double digits. Administered price corrections, as and when they are effected, weaker-than-anticipated agricultural production, and a possible rise in energy prices on the back of geo-political risks could alter the currently benign inflation outlook significantly.

Liquidity conditions have eased considerably in Q3 of 2014-15 due to structural and frictional factors, as well as the fine tuning of the liquidity adjustment framework. With deposit mobilisation outpacing credit growth and currency demand remaining subdued in relation to past trends, banks are flush with funds, leading a number of banks to reduce deposit rates. The main frictional source of liquidity has been the large release of expenditure/transfers by the government. In view of abundant liquidity, banks’ recourse to the Reserve Bank for liquidity through net fixed and variable rate term and overnight repos and MSF declined from ₹03 billion, on average, in Q1 to ₹706 billion in Q2 and further to ₹476 billion in October-November. The use of export credit refinance also declined from 52.6 percent of the limit in Q2 to 32.6 per cent in October-November. The revised liquidity management framework introduced in September, has helped the weighted average cut-off rates in the 14-day term repo auctions as well as in the overnight variable rate repo auctions to remain close to the repo rate, and the volatility of the weighted average call rate has fallen, apart from episodes of cash build-up ahead of Diwali holidays.

The Reserve Bank determines the need for open market operations (OMO) based on its assessment of monetary conditions rather than on a specific view on long term yields. On an assessment of the permanent liquidity conditions, the Reserve Bank conducted OMO sales worth ₹401 billion during October to December so far.

Merchandise exports declined in October, mainly reflecting sluggish external demand conditions, but also the softening of international prices resulting in lower realisations. For the period April-October as a whole, however, export growth remained positive although the deceleration since July requires vigilance. With import growth remaining modest on account of the decline in POL imports due to falling crude prices, the trade deficit narrowed from its level a year ago. Gold imports have surged since September in volume terms, largely reflecting seasonal demand. Barring month-to-month variations, non-oil non-gold import growth has remained moderate, with anecdotal evidence of imports substituting for shortfalls in domestic production. Even as external financing requirements stay moderate, all categories of capital flows, except non-resident deposits, have been buoyant. The consequent accretion to reserves denominated in US dollars has been moderated by valuation effects resulting from the strength of the US dollar.
Policy Stance and Rationale
Consistent with the balance of risks set out in the fourth bi-monthly monetary policy statement of September, headline inflation has been receding steadily and current readings are below the January 2015 target of 8 per cent as well as the January 2016 target of 6 per cent. The inflation reading for November – which will become available by mid-December – is expected to show a further softening. Thereafter, however, the favourable base effect that is driving down headline inflation will likely dissipate and inflation for December (data release in mid-January) may well rise above current levels.

The key uncertainty is the durability of this upturn. The full outcome of the north-east monsoon will determine the intensity of price pressures relating to cereals, oilseeds and pulses, but it is reasonable to expect some firming up of these prices in view of the monsoon’s performance so far and the shortfall estimated for kharif production. Risks from imported inflation appear to be retreating, given the softening of international commodity prices, especially crude, and reasonable stability in the foreign exchange market. Accordingly, the central forecast for CPI inflation is revised down to 6 per cent for March 2015.

Turning to the outlook for inflation in the medium-term, projections at this stage will be contingent upon expectations of a normal south-west monsoon in 2015, international crude prices broadly around current levels and no change in administered prices in the fuel group, barring electricity. Over the next 12-month period, inflation is expected to retain some momentum and hover around 6 per cent, except for seasonal movements, as the disinflation momentum works through. Accordingly, the risks to the January 2016 target of 6 per cent appear evenly balanced under the current policy stance.

Some easing of monetary conditions has already taken place. The weighted average call rates as well as long term yields for government and high-quality corporate issuances have moderated substantially since end-August. However, these interest rate impulses have yet to be transmitted by banks into lower lending rates. Indeed, slow bank credit growth is mirrored by increasing reliance of large corporations on commercial paper and domestic as well as external public issuances.

Still weak demand and the rapid pace of recent disinflation are factors supporting monetary accommodation. However, the weak transmission by banks of the recent fall in money market rates into lending rates suggests monetary policy shifts will primarily have signaling effects for a while. Nevertheless, these signaling effects are likely to be large because the Reserve Bank has repeatedly indicated that once the monetary policy stance shifts, subsequent policy actions will be consistent with the changed stance. There is still some uncertainty about the evolution of base effects in inflation, the strength of the ongoing disinflationary impulses, the pace of change of the public’s inflationary expectations, as well as the success of the government’s efforts to hit deficit targets. A change in the monetary policy stance at the current juncture is premature. However, if the current inflation momentum and changes in inflationary expectations continue, and fiscal developments are encouraging, a change in the monetary policy stance is likely early next year, including outside the policy review cycle.

While activity appears to have lost some momentum in Q2, probably extending into Q3, conditions congenial for a turnaround – the softening of inflation; easing of commodity prices and input costs; comfortable liquidity conditions; and rising business confidence as well as purchasing activity – are gathering. These conditions could enable a pick-up in Q4 if coordinated policy efforts fructify in dispelling the drag on the economy emanating from structural constraints. A durable revival of investment demand continues to be held back by infrastructural constraints and lack of assured supply of key inputs, in particular coal, power, land and minerals. The success of ongoing government actions in these areas will be key to reviving growth and offsetting downside risks emanating from agriculture – in view of weaker-than-expected rabi sowing – and exports – given the sluggishness in external demand. Anticipating such success, the central estimate of projected growth for 2014-15 has been retained at 5.5 per cent, with a gradual pick-up in momentum through 2015-16 on the assumption of a normal monsoon and no adverse supply/financial shocks.

Source: RBI
India's Foreign Trade (Merchandise)

**EXPORTS (including re-exports)**
Exports during December, 2014 were valued at US $ 25397.74 million (Rs.159378.46 crore) which was 3.77 per cent lower in Dollar terms (2.46 per cent lower in Rupee terms) than the level of US $ 26383.06 million (Rs. 163400.22 crore) during December, 2013. Cumulative value of exports for the period April-December 2014-15 was US $ 241153.78 million (Rs 1465171.42 crore) as against US $ 231829.87 million (Rs 1395186.97 crore) registering a growth of 4.02 per cent in Dollar terms and growth of 5.02 per cent in Rupee terms over the same period last year.

**IMPORTS**
Imports during December, 2014 were valued at US $ 34832.56 million (Rs.218584.77 crore) which was 4.78 per cent lower in Dollar terms and 3.48 per cent lower in Rupee terms over the level of imports valued at US $ 36580.09 million (Rs. 226468.46 crore) in December, 2013. Cumulative value of imports for the period April-December 2014-15 was US $ 351205.70 million (Rs 2134282.62 crore) as against US $ 338907.35 million (Rs 2028361.39 crore) registering a growth of 3.63 per cent in Dollar terms and growth of 5.22 per cent in Rupee terms over the same period last year.

**CRUDE OIL AND NON-OIL IMPORTS:**
Oil imports during December, 2014 were valued at US $ 9941.54 million which was 28.6 per cent lower than oil imports valued at US $ 13923.48 million in the corresponding period last year. Oil imports during April-December, 2014-15 were valued at US $ 116499.48 million which was 4.7 per cent lower than the oil imports of US $ 122208.56 million in the corresponding period last year.

Non-oil imports during December, 2014 were estimated at US $ 24891.02 million which was 9.9 per cent higher than non-oil imports of US $ 22658.61 million in December, 2013. Non-oil imports during April-December, 2014-15 were valued at US $ 234706.22 million which was 8.3 per cent higher than the level of such imports valued at US $ 216698.79 million in April-December, 2013-14.

**TRADE BALANCE**
The trade deficit for April-December, 2014-15 was estimated at US $ 110051.92 million which was higher than the deficit of US $ 107077.48 million during April-December, 2013-14.

**INDIAS FOREIGN TRADE (SERVICES)**
As per the RBI Press Release dated 15th January, 2015

A. **EXPORTS (Receipts)**
Exports during November, 2014 were valued at US $ 12473 Million (Rs. 76963.65 Crore).

B. **IMPORTS (Payments)**
Imports during November, 2014 were valued at US $ 6155 Million (Rs. 37978.94 Crore).

C. **TRADE BALANCE**
The trade balance in Services (i.e. net exports of Services) for November, 2014 was estimated at US $ 6318 Million.
## EXPORTS & IMPORTS (MERCHANDISE): (US $ Million)

### (PROVISIONAL)

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

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### EXPORTS & IMPORTS (SERVICES): (US $ Million)

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

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Source: RBI Press Release dated 15th January 2015
Radha Mohan Singh emphasises on Enhancing Agriculture Production and Productivity

Union Agriculture Minister Radha Mohan Singh emphasised on Government’s priority on Enhancing Agriculture Production and Productivity, while addressing the journalist in a Press Conference organised in National Academy of Agriculture Science, Pusa in New Delhi on December 30. He further mentioned that the new Government has a very clear perception about holistic and sustainable growth of agriculture.

Addressing on this occasion, Sh Radha Mohan Singh mentioned the various initiatives and achievements of the Government during last seven months, to make the farmer-oriented policy aimed at lessening the distance between lab-to-land and infuse a new confidence among farmers:

- Government have taken an initiative to ensure Integrated Soil Management. During 2007-08 to April 2014, an amount of Rs.112 crore was released for Soil Testing Laboratories whereas Rs.86 crore have been released after May 2014. The Government have sanctioned Rs.568.54 crore for the next three years to provide Soil Health Card to 14.5 crore farmers. Earlier, there was no separate scheme for Soil Health Card under Mission mode.

- The Government has started National e-governance Scheme in agriculture sector with an allocation of Rs.886 crore.

- At block level, the number of agriculture extension workers has been increased by 8000. Now, their number has increased to 26,000 from 18,000.

- Technical support to farmers in agriculture sector has been a problem area. To tackle this problem, we have set up 913 Farm Machinery Banks. Farmers will be able to take equipments on hire basis from these banks.

- In addition, we have distributed 72627 farm machinery equipments during last six months. An amount of Rs.1345 crore has been sanctioned to states for machinery banks and equipments/instruments whereas during 2013-14 figure for farm mechanization was Rs.1213 crore only.

- An allocation of 50% under National Food Security Mission (NFSM) had been made for growth of pulses so as to encourage cultivation of pulses. Also, a decision has been taken to start the cultivation of pulses in the states of Jammu & Kashmir, Himachal Pradesh, Uttarakhand and the North-Eastern States including Sikkim.

- The Government have increased the subsidy amount to Rs.300/ha from Rs.100/ha to promote bio-fertilizers.

- The Government have established a special fund of Rs.500 crore as an important initiative. With the setting up of this Price Stabilization Fund, farmers will be able to get fair price of their products. We have called upon the State Governments to amend the APMC Act so that farmers may sell their fruits and vegetables direct to consumers. So far, 12 States have agreed to our suggestion. States have been requested to set up Kisan Mandis and a kisan mandi is being established in Delhi. The entire country being connected through e-marketing under Agri Tech Infrastructure Fund.

- The Government have given in-principle approval to a scheme of traditional agricultural development. The Prime Minister’s Krishi Sichai Yojana is under finalization. We also have a plan to make comprehensive amendments in the Coopera-
The Government have made several initiatives for development of Animal Husbandry, Dairy and Fisheries sector under the National Gokul Mission. An allocation of Rs.500 crore has been made to protect and promote the breed of Desi Cows. So far, projects of Rs.378 crore have been sanctioned and Rs.123 crore have been released during the current financial year.

Under National Dairy Plan Phase-I from June to November 2014, 87 SP Projects has been sanctioned as compared to 41 SP Projects during the same period last year.

During June-November, 2014, Rs.133.56 crore subsidy has been released under Dairy Entrepreneurship Development Scheme. National Livestock Mission has been made effective in the entire country.

The Fisheries Guidelines have been simplified further. Fishing boats of 15 mtr. Size or more can enter Exclusive Economic Zone to catch fish. In case of death of fishermen, insurance amount has been increased from Rs.1.00 lakh to Rs.2.00 lakhs. Sanction for housing for 830 fishermen under Fishermen Welfare Scheme has been issued. Government will adopt latest technologies to promote Blue Revolution in the country.

Under Mission Blue Revolution and RKVY, Government plans to establish new breeding centres cages, manufacturing of marine cages and cold water fishing with a provision of Rs.157 crore.

We aim to increase milk production to 150 million tonnes by 2016-17 and also organized dairy market will be extended.

During the conference, Radha Mohan Singh mentioned that there will be definite results of all these initiatives taken by the Government in the time to come and there will be growth in agricultural sector and welfare of farmers will be promoted. He hoped that agriculture’s contribution in GDP will touch newer heights with these initiatives.
Inflation

The official Wholesale Price Index for ‘All Commodities’ (Base: 2004-05 = 100) for the month of November, 2014 declined by 1.3 percent to 181.5 (provisional) from 183.9 (provisional) for the previous month.

The annual rate of inflation, based on monthly WPI, declined to 0.0% (provisionally) for the month of November, 2014 (over November,2013) as compared to 1.77% (provisional) for the previous month and 7.52% during the corresponding month of the previous year. Build up inflation rate in the financial year so far was 0.67% compared to a build up rate of 6.70% in the corresponding period of the previous year.

Inflation for important commodities / commodity groups is indicated in Annex-1 and Annex-II.

The movement of the index for the various commodity groups is summarized below:-

**PRIMARY ARTICLES (Weight 20.12%)**

The index for this major group declined by 1.0 percent to 252.4 (provisional) from 255.0 (provisional) for the previous month. The groups and items which showed variations during the month are as follows:-

The index for ‘Food Articles’ group declined by 0.4 percent to 257.5 (provisional) from 258.5 (provisional) for the previous month due to lower price of bajra and tea (4% each), ragi and fruits & vegetables (3% each), maize (2%) and barley, poultry chicken, jowar, rice and gram (1% each). However, the price of moong (6%), fish-inland (5%), egg (4%), coffee and mutton (3% each), fish-marine (2%) and wheat, arhar and condiments & spices (1% each) moved up.

The index for ‘Non-Food Articles’ group declined by 0.7 percent to 208.5 (provisional) from 210.0 (provisional) for the previous month due to lower price of guar seed and niger seed (6% each), sunflower (5%), copra (coconut) (4%), cotton seed, raw rubber and safflower (kardi seed) (3% each), groundnut seed, raw cotton and gingelly seed (sesamum) (2% each) and flowers and raw wool (1% each). However, the price of raw jute (5%), soyabean and castor seed (4% each), fodder (2%) and mesta and logs & timber (1% each) moved up.

The index for ‘Minerals’ group declined by 5.9 percent to 327.4 (provisional) from 348.1 (provisional) for the previous month due to lower price of crude petroleum (12%), sillimanite (4%), barytes (3%) and chromium and steatite (2% each). However, the price of zinc concentrate (35%), copper ore (5%) and iron ore and magnesite (2% each) moved up.

**FUEL & POWER (Weight 14.91%)**

The index for this major group declined by 5.4 percent to 199.3 (provisional) from 210.7 (provisional) for the previous month due to lower price of furnace oil (13%), high speed diesel oil (10%), aviation turbine fuel (8%), petrol (5%) and kerosene (3%).

**MANUFACTURED PRODUCTS (Weight 64.97%)**

The index for this major group declined by 0.3 percent to 155.4 (provisional) from 155.8 (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 0.9 percent to 172.6 (provisional) from 174.2 (provisional) for the previous month due to lower price of tea leaf (blended) (7%), gur (5%), bakery products, sugar confectionary and soyabean oil (4% each), oil cakes (3%), cotton seed oil, tea dust (blended), processed prawn and wheat flour (atta) (2% each) and gingelly oil, tea leaf (unblended), palm oil, gola (cattle feed), sugar, maida and powder milk (1% each). However, the price of sooji (rawa) (6%), copra oil and khandasari (3% each), mixed spices and tea dust (unblended) (2% each) and mustard & rapeseed oil, vanaspati, ghee, groundnut oil, sunflower oil and canned fish (1% each) moved up.

The index for ‘Beverages, Tobacco & Tobacco Products’ group rose by 0.1 percent to 201.8 (provisional) from 201.6 (provisional) for the previous month due to higher price of zarda (13%), beer (2%) and soft drinks & carbonated water (1%). However, the price of dried tobacco (9%) and imfl -blended (1%) declined.

The index for ‘Textiles’ group declined by 0.3 percent to 142.8 (provisional) from 143.3 (provisional) for the previous month due to lower price of jute sacking bag (2%) and cotton yarn, tyre cord fabric and man made fibre (1% each). However, the price of woollen textiles (2%) and cotton fabric, jute sacking cloth and man made fabric (1% each) moved up.
The index for ‘Wood & Wood Products’ group rose by 0.1 percent to 186.5 (provisional) from 186.3 (provisional) for the previous month due to higher price of timber/wooden planks (1%).

The index for ‘Paper & Paper Products’ group rose by 0.5 percent to 151.3 (provisional) from 150.5 (provisional) for the previous month due to higher price of laminated paper (6%), newsprint (4%) and corrugated sheet boxes and books/news periodicals/journals (1% each). However, the price of paper pulp and maplitho paper (1% each) declined.

The index for ‘Leather & Leather Products’ group rose by 1.2 percent to 147.4 (provisional) from 145.6 (provisional) for the previous month due to higher price of leathers (4%) and leather footwear (1%).

The index for ‘Rubber & Plastic Products’ group declined by 0.1 percent to 150.9 (provisional) from 151.1 (provisional) for the previous month due to lower price of rubber products (1%). However, the price of tubes (1%) moved up.

The index for ‘Chemicals & Chemical Products’ group declined by 0.3 percent to 153.2 (provisional) from 153.7 (provisional) for the previous month due to lower price of non-cyclic compound (3%), dye & dye intermediates, toilet soap and basic organic chemicals (2% each) and turpentine oil and rubber chemicals (1% each). However, the price of ammonium sulphate (4%), vitamins (2%) and vaccines, di ammonium phosphate, paints, pesticides, washing powder, organic manure and ayurvedic medicines (1% each) moved up.

The index for ‘Non-Metallic Mineral Products’ group rose by 1.0 percent to 174.9 (provisional) from 173.2 (provisional) for the previous month due to higher price of lime and marbles (2% each) and bricks & tiles, grey cement and glass bottles & bottleware (1% each). However, the price of white cement (1%) declined.

The index for ‘Basic Metals, Alloys & Metal Products’ group declined by 0.5 percent to 165.5 (provisional) from 166.4 (provisional) for the previous month due to lower price of silver (6%), rounds, gold & gold ornaments and billets (3% each), sponge iron, wire rods, HRC, CRC and pencil ingots (2% each) and angles, gp/gc sheets, rebars, joist & beams and pig iron (1% each). However, the price of steel castings (4%), nuts/bolts/screw/washers (3%), iron & steel wire, pipes/tubes/rods/stripes and aluminum (2% each) and ferro silicon, steel: pipes & tubes and steel structures (1% each) moved up.

The index for ‘Transport, Equipment & Parts’ group declined by 0.1 percent to 135.9 (provisional) from 136.1 (provisional) for the previous month due to lower price of motor cycle / scooter / moped (1%). However, the price of railway brake gear (2%) and auto parts (1%) moved up.

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

For the month of September, 2014, the final Wholesale Price Index for ‘All Commodities’ (Base: 2004-05=100) and annual rate of inflation remained unchanged at its provisional level of 185.0 and 2.38 percent respectively as reported on 14.10.2014.
## Wholesale Price Index and Rates of Inflation (Base Year: 2004-05=100)

### Month of December, 2014

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

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<th>Weight (%)</th>
<th>Rate of Inflation for the last six months</th>
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<td>1.26</td>
</tr>
<tr>
<td>Rice</td>
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<tr>
<td>Onion</td>
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<tr>
<td>Milk</td>
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<td>Non-Food Articles</td>
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<td>-2.83</td>
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<td>Transport Equipment &amp; Parts</td>
<td>5.21</td>
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Industrial Production

Index of Industrial Production up by 3.8% in Nov 2014

Index of Industrial Production (IIP) that measures industrial activity has shown a better than expected growth of 3.8 per cent in November 2014 when compared to the corresponding month last year.

The cumulative growth for the period April-November 2014-15 over the corresponding period of the previous year stands at 2.2 per cent, an official release said.

The Quick Estimates of Index of Industrial Production (IIP) with base 2004-05 for the month of November 2014 were released by the Central Statistics Office of the Ministry of Statistics and Programme Implementation on Monday.

The improvement in November can be attributed to higher output in the sectors of mining (3.4 per cent from 1.6 per cent in November 2013), manufacturing (3 per cent from 2.6 per cent) and electricity (10 per cent from 6.3 per cent).

In terms of industries, 16 out of the twenty two 22 industry groups in the manufacturing sector have shown positive growth during the month of November 2014 as compared to the corresponding month of the previous year.

The industry group ‘Wearing apparel; dressing and dyeing of fur’ has shown the highest positive growth of 19.8 per cent, followed by 17.5 per cent in ‘Motor vehicles, trailers and semi-trailers’ and 12.8 per cent in ‘Fabricated metal products, except machinery and equipment’.

On the other hand, the industry group ‘Radio, TV and communication equipment and apparatus’ has shown the highest negative growth of (-) 60.0 per cent, followed by (-) 26.3 per cent in ‘Office, accounting and computing machinery’ and (-) 17.4 per cent in ‘Tobacco products’.

Manufacturing of basic, capital and intermediate goods also showed healthy growth in November 2014 over November 2013, with 7 per cent growth in basic goods; 6.5 per cent growth in capital goods and 4.3 per cent growth in intermediate goods.

As far as Consumer durables and Consumer non-durables are concerned, they have recorded growth of (-) 14.5 per cent and 6.0 per cent respectively, with the overall growth in Consumer goods being (-) 2.2 per cent.

Some of the important items showing high positive growth during the current month over the same month in previous year include ‘H R Sheets’ (240.8 per cent), ‘Conductor, Aluminium’ (115.0 per cent), ‘Air Conditioner (Room)’ (53.8 per cent), ‘Sugar’ (49.5 per cent), ‘Three-Wheelers (Including passenger and goods carrier)’ (42.5 per cent), ‘Leather Garments’ (40.3 per cent), ‘Ayurvedic Medicaments’ (35.3 per cent), ‘Stampings and Forgings’ (34.1 per cent), ‘Scooter and Mopeds’ (30.7 per cent), ‘Stainless/ alloy steel’ (26.5 per cent), ‘Cotton cloth’ (23.8 per cent), ‘Rice’ (23.0 per cent) and ‘Commercial Vehicles’ (20.0 per cent).

On the other hand, items showing high negative growth are: ‘Telephone Instruments (incl. Mobile Phones and Accessories)’ (-) 67.3 per cent, ‘Ship Building and Repairs’ (-) 41.1 per cent, ‘Wood Furniture’ (-) 41.1 per cent, ‘Sugar Machinery’ (-) 40.9 per cent, ‘Cement Machinery’ (-) 38.9 per cent, ‘Glass Sheet’ (-) 30.1 per cent, ‘Generator/ Alternator’ (-) 28.6 per cent, ‘Lubricating oil’ (-) 27.1 per cent, ‘Cigarettes’ (-) 23.3 per cent and ‘Antibiotics and Its Preparations’ (-) 20.7 per cent.

IIP is compiled using data received from 16 source agencies namely Department of Industrial Policy and Promotion (DIPP); Indian Bureau of Mines; Central Electricity Authority; Joint Plant Committee; Ministry of Petroleum and Natural Gas; Office of Textile Commissioner; Department of Chemicals and Petrochemicals; Directorate of Sugar; Department of Fertilizers; Directorate of Vanaspati, Vegetable Oils and Fats; Tea Board; Office of Jute Commissioner; Office of Coal Controller; Railway Board; Office of Salt Commissioner and Coffee Board.
## STATEMENT I: INDEX OF INDUSTRIAL PRODUCTION - SECTORAL

(Base : 2004-05=100)

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<th>Electricity (103.16)</th>
<th>General (1000.00)</th>
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<td>122.6</td>
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<td>122.3</td>
<td>125.3</td>
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<td>122.1</td>
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<td>173.4</td>
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<td>115.6</td>
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<td>118.8</td>
<td>124.6</td>
<td>180.1</td>
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<tr>
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<td>123.7</td>
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<td>Dec</td>
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<td>169.0</td>
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<td>169.4</td>
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<td>Jan</td>
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<td>194.1</td>
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<td>171.1</td>
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<tr>
<td>Feb</td>
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<td>183.3</td>
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<td>156.7</td>
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<tr>
<td>Mar</td>
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<td>204.7</td>
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<td>Average</td>
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<td></td>
<td></td>
<td></td>
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<tr>
<td>Apr-Nov</td>
<td>118.3</td>
<td>121.2</td>
<td>176.4</td>
<td>178.3</td>
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</table>

Growth over the corresponding period of previous year:

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<td>-0.4</td>
<td>1.1</td>
<td>5.4</td>
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* Indices for Nov 2014 are Quick Estimates.

NOTE: Indices for the months of Aug’14 and Oct’14 incorporate updated production data.
## Recent Trends in Indian Economy

### Statement II: Index of Industrial Production - (2-Digit Level)

(Base: 2004-05=100)

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<td>Wearing apparel; dressing and dyeing of fur</td>
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<td>141.2</td>
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*Industry codes are as per National Industrial Classification 2004*
### Statement III: Index of Industrial Production - Use-Based

(Base: 2004-05=100)

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<th>Intermediate goods (156.86)</th>
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<td>Mar</td>
<td>176.3</td>
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Average

| Apr-Nov | 152.1 | 163.5 | 234.7 | 246.1 | 148.7 | 151.4 |

**Growth over the corresponding period of previous year**

| Nov    | 2.7   | 7.0   | 0.1   | 6.5   | 3.7   | 4.3   |
| Apr-Nov| 1.2   | 7.5   | -0.1  | 4.9   | 2.8   | 1.8   |

*Indices for Nov 2014 are Quick Estimates.

Note: Indices for the months of Aug'14 and Oct'14 incorporate updated production data.
Index of Eight Core Industries (Base: 2004-05=100)

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 165.9 in October, 2014, which was 6.3% higher compared to the index of October, 2013. Its cumulative growth during April to October, 2014-15 was 4.3%.

Coal
Coal production (weight: 4.38%) increased by 16.2% in October, 2014 over October, 2013. Its cumulative index during April to October, 2014-15 increased by 8.5% over the corresponding period of previous year.

Crude Oil
Crude Oil production (weight: 5.22%) increased by 1.0% in October, 2014 over October, 2013. The cumulative index of Crude Oil during April to October, 2014-15 declined by 0.9% over the corresponding period of previous year.

Natural Gas
The Natural Gas production (weight: 1.71%) declined by 4.2% in October, 2014 over October, 2013. Its cumulative index during April to October, 2014-15 declined by 5.6% over the corresponding period of previous year.

Petroleum Refinery Products (0.93% of Crude Throughput)
Petroleum refinery production (weight: 5.94%) increased by 4.2% in October, 2014 over October, 2013. Its cumulative index during April to October, 2014-15 declined by 1.7% over the corresponding period of previous year.

Fertilizers
Fertilizer production (weight: 1.25%) declined by 7.0% in October, 2014 over October, 2013. Its cumulative index during April to October, 2014-15 declined by 1.1% over the corresponding period of previous year.

Steel (Alloy + Non-Alloy)
Steel production (weight: 6.68%) increased by 2.3% in October, 2014 over October, 2013. Its cumulative index during April to October, 2014-15 also increased by 2.3% over the corresponding period of previous year.

Cement
Cement production (weight: 2.41%) declined by 1.0% in October, 2014 over October, 2013. Its cumulative growth during April to October, 2014-15 was 8.1% over the corresponding period of previous year.

Electricity
Electricity generation (weight: 10.32%) increased by 13.2% in October, 2014 over the period of October, 2013 and it registered a cumulative growth of 10.5% during April to October, 2014-15 over the corresponding period of previous year.
Performance of Eight Core Industries

Yearly Index & Growth Rate
Base Year: 2004-05=100

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GROWTH RATE (in %)

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*R* Refinery Products’ yearly growth rates of 2012-13 are not comparable with other years on account of inclusion of RIL (SEZ) production data since April, 2012.
## Performance of Eight Core Industries

### Monthly Index & Growth Rate

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

### Index

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<th>Sector</th>
<th>Coal</th>
<th>Crude Oil</th>
<th>Natural Gas</th>
<th>Refinery Products</th>
<th>Fertilizers</th>
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### Growth rates (in %)

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<td>5.8</td>
</tr>
<tr>
<td>Sep-14</td>
<td>7.2</td>
<td>-1.1</td>
<td>-6.2</td>
<td>-2.5</td>
<td>-11.6</td>
<td>4.0</td>
<td>3.2</td>
<td>3.8</td>
<td>1.9</td>
</tr>
<tr>
<td>Oct-14</td>
<td>16.2</td>
<td>1.0</td>
<td>-4.2</td>
<td>4.2</td>
<td>-7.0</td>
<td>2.3</td>
<td>-1.0</td>
<td>13.2</td>
<td>6.3</td>
</tr>
<tr>
<td>Nov-14</td>
<td>14.5</td>
<td>-0.1</td>
<td>-2.9</td>
<td>8.1</td>
<td>-2.8</td>
<td>1.3</td>
<td>11.3</td>
<td>10.2</td>
<td>6.7</td>
</tr>
<tr>
<td>Dec-14</td>
<td>7.5</td>
<td>-1.4</td>
<td>-3.5</td>
<td>6.1</td>
<td>-1.6</td>
<td>-2.4</td>
<td>3.8</td>
<td>3.7</td>
<td>2.4</td>
</tr>
</tbody>
</table>
Foreign Direct Investment

Outward FDI rises sharply in December 2014

Outward FDI from India increased sharply in December 2014 after declining in each of the last two months. It shot up by 84.1 per cent to USD 2.47 billion as compared to the preceding month. However, this was lower than the average monthly level of outward FDI that was seen during April-November 2014. Outward FDI from India had averaged at USD 2.7 billion during April-November 2014.

The rise in outward FDI in December was entirely due to a sharp in guarantees issued. Outward FDI in the form of guarantees issued more-than-doubled to USD 2.04 billion from USD 0.84 billion in the preceding month. While outward FDI in the form of equity increased by 33.9 per cent to USD 0.27 billion, outward FDI in the form of loans tanked by 48.7 per cent to USD 2.2 billion on a m-o-m basis.

The agriculture & mining, manufacturing, construction and transport, storage & communication services sectors accounted for 80.3 per cent of the total outward FDI in December 2014. Singapore, the Netherlands and Mauritius were the top recipients of FDI from India in December 2014. Together, they accounted for 62.1 per cent of the FDI from India in the month.

Outward FDI from India increased by 5.9 per cent to USD 24.08 billion during April-December 2014 as compared to the same period last year. This was entirely on the back of a sharp rise in guarantees issued. Outward FDI in the form of guarantees issued increased by 21 per cent to USD 18.97 billion. While outward FDI in the form of loans tanked by 27.1 per cent to USD 2.2 billion, outward FDI in the form of equity declined by 27.8 per cent to USD 2.92 billion.

Netherlands, Singapore and Mauritius were the top recipients of FDI from India during the first nine months of 2014-15. They accounted for 73.1 per cent of total outward FDI from India during this period. The transport, storage & communication services, manufacturing, financial, insurance & business services and agriculture & mining sectors saw the highest outward FDI during April-December 2014. Together, they accounted for 84.8 per cent of the total outward FDI during the period.

FACT SHEET ON FOREIGN DIRECT INVESTMENT (FDI)
From APRIL, 2000 to NOVEMBER, 2014

<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>A. TOTAL FDI INFLOWS (from April, 2000 to November, 2014):</td>
<td>US$ 350,963 Million</td>
</tr>
<tr>
<td>1. CUMULATIVE AMOUNT OF FDI INFLOWS (Equity inflows + ‘Re-invested earnings’ +‘Other capital’)</td>
<td>-</td>
</tr>
<tr>
<td>2. CUMULATIVE AMOUNT OF FDI EQUITY INFLOWS (excluding, amount remitted through RBI’s+NRI Schemes)</td>
<td>Rs. 1,157,944 crore</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1. TOTAL FDI INFLOWS INTO INDIA (Equity inflows + ‘Re-invested earnings’ + ‘Other capital’) (as per RBI’s Monthly bulletin dated: 09.01.2015).</td>
<td>US$ 27,401 million</td>
</tr>
<tr>
<td>2. FDI EQUITY INFLOWS</td>
<td>Rs. 114,047 crore</td>
</tr>
</tbody>
</table>
c. **FDI EQUITY INFLOWS (MONTH-WISE) DURING THE FINANCIAL YEAR 2014-15:**

<table>
<thead>
<tr>
<th>Financial Year 2014-15 (April-March)</th>
<th>Amount of FDI Equity inflows</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(In Rs. Crore)</td>
</tr>
<tr>
<td>1. April, 2014</td>
<td>10,290</td>
</tr>
<tr>
<td>2. May, 2014</td>
<td>21,373</td>
</tr>
<tr>
<td>3. June, 2014</td>
<td>11,608</td>
</tr>
<tr>
<td>4. July, 2014</td>
<td>21,022</td>
</tr>
<tr>
<td>5. August, 2014</td>
<td>7,783</td>
</tr>
<tr>
<td>6. September, 2014</td>
<td>16,297</td>
</tr>
<tr>
<td>7. October, 2014</td>
<td>16,288</td>
</tr>
<tr>
<td>8. November, 2014</td>
<td>9,486</td>
</tr>
<tr>
<td>2014-15 (from April, 2014 to November, 2014) #</td>
<td>114,047</td>
</tr>
<tr>
<td>2013-14 (from April, 2013 to November, 2013) #</td>
<td>92,994</td>
</tr>
<tr>
<td>%age growth over last year</td>
<td>(+) 23 %</td>
</tr>
</tbody>
</table>

D. **FDI EQUITY INFLOWS (MONTH-WISE) DURING THE CALENDAR YEAR 2014:**

<table>
<thead>
<tr>
<th>Calendar Year 2014 (Jan.-Dec.)</th>
<th>Amount of FDI Equity inflows</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(In Rs. Crore)</td>
</tr>
<tr>
<td>1. January, 2014</td>
<td>13,589</td>
</tr>
<tr>
<td>2. February, 2014</td>
<td>12,557</td>
</tr>
<tr>
<td>3. March, 2014</td>
<td>21,558</td>
</tr>
<tr>
<td>4. April, 2014</td>
<td>10,290</td>
</tr>
<tr>
<td>5. May, 2014</td>
<td>21,373</td>
</tr>
<tr>
<td>6. June, 2014</td>
<td>11,508</td>
</tr>
<tr>
<td>7. July, 2014</td>
<td>21,022</td>
</tr>
<tr>
<td>8. August, 2014</td>
<td>7,783</td>
</tr>
<tr>
<td>9. September, 2014</td>
<td>16,297</td>
</tr>
<tr>
<td>10. October, 2014</td>
<td>16,288</td>
</tr>
<tr>
<td>11. November, 2014</td>
<td>9,486</td>
</tr>
<tr>
<td>Year 2014 (up to November, 2014) #</td>
<td>161,751</td>
</tr>
<tr>
<td>Year 2013 (up to November, 2013) #</td>
<td>122,664</td>
</tr>
<tr>
<td>%age growth over last year</td>
<td>(+) 32 %</td>
</tr>
</tbody>
</table>

**Note:**

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

# Figures are provisional, subject to reconciliation with RBI, Mumbai.
E. SHARE OF TOP INVESTING COUNTRIES FDI EQUITY INFLOWS (Financial years):

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>MAURITIUS</td>
<td>51,654 (9,497)</td>
<td>29,390 (4,899)</td>
<td>31,336 (5,205)</td>
<td>401,821 (83,730)</td>
<td>35 %</td>
</tr>
<tr>
<td>2.</td>
<td>SINGAPORE</td>
<td>12,594 (2,308)</td>
<td>35,625 (5,985)</td>
<td>22,698 (3,747)</td>
<td>148,504 (29,193)</td>
<td>12 %</td>
</tr>
<tr>
<td>3.</td>
<td>U.K.</td>
<td>5,797 (1,080)</td>
<td>20,426 (3,215)</td>
<td>5,971 (998)</td>
<td>106,856 (21,761)</td>
<td>9 %</td>
</tr>
<tr>
<td>4.</td>
<td>JAPAN</td>
<td>12,243 (2,237)</td>
<td>10,550 (1,718)</td>
<td>7,789 (1,289)</td>
<td>88,433 (17,557)</td>
<td>7 %</td>
</tr>
<tr>
<td>5.</td>
<td>NETHERLANDS</td>
<td>10,054 (1,856)</td>
<td>13,920 (2,270)</td>
<td>14,690 (2,423)</td>
<td>70,988 (13,665)</td>
<td>6 %</td>
</tr>
<tr>
<td>6.</td>
<td>U.S.A.</td>
<td>3,033 (557)</td>
<td>4,807 (806)</td>
<td>8,248 (1,358)</td>
<td>63,978 (13,268)</td>
<td>6 %</td>
</tr>
<tr>
<td>7.</td>
<td>CYPRUS</td>
<td>2,658 (490)</td>
<td>3,401 (557)</td>
<td>2,837 (470)</td>
<td>38,567 (7,916)</td>
<td>3 %</td>
</tr>
<tr>
<td>8.</td>
<td>GERMANY</td>
<td>4,884 (860)</td>
<td>6,693 (1,038)</td>
<td>3,725 (615)</td>
<td>35,331 (7,134)</td>
<td>3 %</td>
</tr>
<tr>
<td>9.</td>
<td>FRANCE</td>
<td>3,487 (546)</td>
<td>1,842 (305)</td>
<td>3,229 (530)</td>
<td>21,935 (4,409)</td>
<td>2 %</td>
</tr>
<tr>
<td>10.</td>
<td>SWITZERLAND</td>
<td>987 (180)</td>
<td>2,084 (341)</td>
<td>1,116 (184)</td>
<td>14,264 (2,892)</td>
<td>1 %</td>
</tr>
</tbody>
</table>

TOTAL FDI INFLOWS FROM ALL COUNTRIES * 121,907 (22,423) 147,518 (24,299) 114,047 (18,884) 1,158,477 (236,586) -

*Includes inflows under NRI Schemes of RBI.

Note: (i) Cumulative country-wise FDI equity inflows (from April, 2000 to November, 2014) are at – Annex-‘A’.

(ii) %age worked out in US$ terms & FDI inflows received through FIPB/SIA+ RBI’s Automatic Route + acquisition of existing shares only.
## SECTORS ATTRACTING HIGHEST FDI EQUITY INFLows:

<table>
<thead>
<tr>
<th>Ranks</th>
<th>Sector</th>
<th>2012-13 (April-March)</th>
<th>2013-14 (April-March)</th>
<th>2014-15 (April-November, 2014)</th>
<th>Cumulative Inflows (April '00 - November '14)</th>
<th>% age to total inflows (in terms of US$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>SERVICES SECTOR **</td>
<td>26,306 (4,833)</td>
<td>13,294 (2,225)</td>
<td>11,189 (1,847)</td>
<td>196,759 (41,307)</td>
<td>18%</td>
</tr>
<tr>
<td>2.</td>
<td>CONSTRUCTION DEVELOPMENT: TOWNSHIPS, HOUSING, BUILT-UP INFRASTRUCTURE</td>
<td>7,248 (1,332)</td>
<td>7,508 (1,226)</td>
<td>4,240 (703)</td>
<td>112,797 (24,009)</td>
<td>10%</td>
</tr>
<tr>
<td>3.</td>
<td>TELECOMMUNICATIONS (radio paging, cellular mobile, basic telephone services)</td>
<td>1,654 (304)</td>
<td>7,887 (1,307)</td>
<td>14,726 (2,472)</td>
<td>81,446 (16,635)</td>
<td>7%</td>
</tr>
<tr>
<td>4.</td>
<td>COMPUTER SOFTWARE &amp; HARDWARE</td>
<td>2,556 (486)</td>
<td>6,896 (1,126)</td>
<td>5,241 (862)</td>
<td>64,911 (13,679)</td>
<td>6%</td>
</tr>
<tr>
<td>5.</td>
<td>DRUGS &amp; PHARMACEUTICALS</td>
<td>6,011 (1,123)</td>
<td>7,191 (1,279)</td>
<td>6,903 (1,154)</td>
<td>62,974 (12,751)</td>
<td>5%</td>
</tr>
<tr>
<td>6.</td>
<td>AUTOMOBILE INDUSTRY</td>
<td>8,384 (1,537)</td>
<td>9,027 (1,517)</td>
<td>9,379 (1,539)</td>
<td>57,575 (11,351)</td>
<td>5%</td>
</tr>
<tr>
<td>7.</td>
<td>CHEMICALS (OTHER THAN FERTILIZERS)</td>
<td>1,596 (292)</td>
<td>4,738 (878)</td>
<td>2,830 (470)</td>
<td>48,063 (10,137)</td>
<td>4%</td>
</tr>
<tr>
<td>8.</td>
<td>POWER</td>
<td>2,923 (536)</td>
<td>6,519 (1,066)</td>
<td>3,317 (550)</td>
<td>45,972 (9,450)</td>
<td>4%</td>
</tr>
<tr>
<td>9.</td>
<td>METALLURGICAL INDUSTRIES</td>
<td>7,878 (1,466)</td>
<td>3,436 (568)</td>
<td>1,323 (219)</td>
<td>39,572 (8,294)</td>
<td>4%</td>
</tr>
<tr>
<td>10.</td>
<td>HOTEL &amp; TOURISM</td>
<td>17,777 (3,259)</td>
<td>2,949 (486)</td>
<td>3,268 (644)</td>
<td>39,496 (7,662)</td>
<td>3%</td>
</tr>
</tbody>
</table>

### Note:
1. **Services sector includes Financial, Banking, insurance, Non-Financial / Business, Outsourcing, R&D, Courier, Tech. Testing and Analysis**
2. Cumulative Sector-wise FDI equity inflows (from April, 2000 to November, 2014) are at - Annex-B.
3. FDI Sectoral data has been revalidated / reconciled in line with the RBI, which reflects minor changes in the FDI figures (increase/decrease) as compared to the earlier published sectoral data.
SAARC summit: Energy pact sealed, road and rail pacts on anvil

The 18th Saarc Summit concluded on November 27 in the scenic Nepalese capital Kathmandu with the eight South Asian nations signing a pact on energy cooperation and adoption of the Kathmandu Declaration that called for deeper regional cooperation in core areas of trade, investment, finance, energy, infrastructure and connectivity.

The two-day South Asian Association for Regional Cooperation summit started on a discordant note Wednesday with Pakistan blocking three proposed agreements.

But it ended on a bright and positive note on November 27 with the eight countries signing the Saarc Framework Agreement on Energy Cooperation and promising to sign two other deals -- the Saarc Motor Vehicles Agreement for the Regulation of Passenger and Cargo Vehicular Traffic, and the Saarc Regional Agreement on Railways -- within three months.

The energy agreement will enable greater cooperation in the power sector among South Asian countries. It is expected to improve power availability in the entire Saarc region and would facilitate integrated operation of the regional power grid.

According to the Kathmandu Declaration adopted at the closing ceremony Thursday, the summit decided to accelerate the process of creating free trade in the region and formulation and implementation of projects, programmes and activities of Saarc in a prioritised, focused and result-oriented manner.

Similarly, the summit also agreed to launch regional and sub-regional projects in the agreed areas of cooperation, especially in the area of poverty alleviation, infrastructure building, connectivity and energy.

Strengthening the SAARC Development Fund, effective implementation of the SAARC Action Plan on Poverty Alleviation with a view to making South Asian free from poverty and hunger and enhancing regional connectivity through building and upgrading roads, railways, waterways infrastructure, energy grids, communications and air links, was also agreed on.

The declaration called for combating terrorism in all its forms and manifestations and having effective cooperation among the member states for preventing the trafficking of people, arms and drugs and exploitation of children for forced labour.

Increasing agricultural productivity and ensuring food and nutritional security is also the part of the Kathmandu Declaration.

Providing quality education, eliminating illiteracy, providing vocational education and training, and making South Asia an attractive common tourist destination by promoting public-private partnership, are also mentioned in the declaration.

In the opening ceremony Wednesday, Indian Prime Minister Narendra Modi, who was the cynosure of all eyes, exhorted the eight Saarc member states nations to "walk in step" as he proposed a slew of measures, including ease for business travel, a level playing field in trade, and initiatives in healthcare and tourism.

He referred to terrorism, especially the 26/11 Mumbai terror attack, in which 10 Pakistani terrorists unleashed mayhem in India’s commercial capital in 2008.

"Today, as we remember the horror of the terror attack in Mumbai in 2008, we feel the endless pain of lost lives. Let
us work together to fulfill the pledge we have taken to combat terrorism and trans-national crimes,” he said, without naming Pakistan.

Urging for seamless connectivity in the region, Modi said “for India, our vision for the region rests on five pillars -- trade, investment, assistance, cooperation in every area, and contacts between our people”.

“There is a new awakening in South Asia; a new recognition of inter-linked destinies; and a new belief in shared opportunities,” he said.

Host of the summit, Nepal Prime Minister Sushil Koirala, said that Saarc would focus on connectivity, security and eradicating extreme poverty.

While Bangladesh Prime Minister Sheikh Hasina sought implementation of the Saarc free trade agreement (FTA) that was signed nearly a decade ago, Pakistan’s Nawaz Sharif called for a dispute-free South Asia.

Afghan President Ashraf Ghani asserted that his country would not endanger regional security.

While Maldivian President Abdulla Yameen sought a common Saarc platform on climate change, Bhutan’s Prime Minister Tshering Tobgay called for greater integration among South Asian countries to bolster growth.

Sri Lanka President Mahinda Rajapaksa called for a common voice among South Asian nations on international issues and cooperation on eradicating terrorism.

The heads of state and government also held bilateral meetings on the sidelines of the summit.

After having met Nepal Prime Minister Koirala soon after his arrival here Tuesday, Prime Minister Modi met his Bangladeshi and Bhutanese counterparts Hasina and Tobgay, and later the presidents of Afghanistan, Sri Lanka and Maldives -- Ghani, Rajapaksa and Yameen.

Though there was no meeting scheduled between the Indian prime minister and Pakistan's Sharif, the two eventually greeted and informally spoke with each other at the retreat organised for the delegates at the Dhulikhel hill resort near Kathmandu Thursday.

Modi and Sharif shaking hands on the podium in the closing ceremony was the lasting image of the summit.

*Source: Indo-Asian News Service*
India will overtake China in 2016: Goldman Sachs

Goldman Sachs sees India embarking on a new growth cycle, aided by healthier macroeconomic numbers, structural reforms by the government and higher investments.

This might help make India the fastest growing major economy in calendar year 2016, overtaking China for the first time, the investment bank said.

Goldman Sachs expects India to grow at 6.3% in calendar 2015, 6.8% in 2016 and at 7% or more till 2018. China’s growth rate in 2016 is expected to slow to 6.7% from 7% in 2015. According to Goldman Sachs’ chief India economist Tushar Poddar, lower fiscal and current account deficits and falling inflation, helped by lower commodity prices, and structural reforms being implemented by the new government will help boost the investment cycle in India.

“We expect potential growth to rise from 6% in 2014 to 7% by 2018 due to rising productivity growth, in part due to increases in technology penetration, and acceleration in capital spending,” Goldman Sachs’ Asia Economics Analyst report, published on December 1, said.

Incidentally, India’s potential growth rate was 7% a few years ago, but has come down due to lack of capex expansion and policy reforms, Poddar said on December 4 in an interaction with the media to discuss the contents of the report.

Poddar said signs of economic recovery are evident from rising demand, higher commercial vehicle sales, shrinking credit spreads, long end bond yields coming down and equities markets that are at a record high. Once the states and the central government start awarding big projects to private contractors, revival in the investment cycle will gather pace.

For now, the governments are awarding such big contracts to government-owned firms, Poddar said.

The Telangana government in September awarded two big engineering, procurement and construction contracts to Bharat Heavy Electricals Ltd (Bhel). Goldman Sachs expects medium to high probability of some structural reforms taking place in the next few years and that should address macroeconomic impediments and reverse the lost economic momentum. It expects labour reforms to happen slowly. Indian firms will soon see better cash flow and balance sheet stress will reduce, the investment bank said.

Goldman Sachs is bullish on Indian equities for calendar 2015, but does not expect foreign investors to be able to put as much money in Indian debt as they did in 2014.

On a net investment basis, foreign investors have year-to-date bought $25.32 billion in Indian bonds; their equity investment for the same period has been $16.43 billion.

This is the first year when foreign investors put more money in Indian debt than in equities.

According to Goldman Sachs, the energy sector has a low valuation but will likely grow at a high rate in the next few years. The bank is also bullish on banks even as there could be some valuation risk, said Goldman Sach’s co-head of macro research in Asia, Timothy Moe. Goldman Sachs expects the rupee to significantly appreciate against the euro but remain in a tight range against the US dollar.

That is because the dollar has been gaining strength against all currencies, led by US economic recovery. “Against the dollar, the best the rupee can do is remain flat,” Poddar said.

Source: Mint
India, Russia expand engagement

India and Russia signed several agreements, some worth billions of dollars, in areas spanning civil nuclear cooperation, defence, energy and diamonds as the two nations strengthened their ties during Russian President Vladimir Putin’s one-day visit to the country.

New Delhi and Moscow also pledged to increase the bilateral trade between them.

The visit, and the deals, come against the backdrop of Western sanctions on Moscow for its support of pro-separatist Ukrainian rebels and a little over a month before US president Barack Obama will visit India to be the chief guest at the Republic Day Parade on 26 January.

Russia also expressed support for Prime Minister Narendra Modi’s “Make In India” programme aimed at reviving the manufacturing sector—agreeing to build helicopters in India for exports, locate manufacturing facilities in India for spares and parts used in Russian defence equipment that were part of the Indian inventory, and source components from the country for the construction of at least 10 nuclear plants in India.

The two countries will also “explore opportunities for sourcing materials, equipment and services from Indian industry for the construction of the Russian-designed nuclear power plants in third countries,” an Indian government statement said.

Key deals signed on December 11 included those between Russian energy major OAO Rosneft with India’s Essar Oil Ltd for importing crude oil over a 10-year period and Russia’s diamond mining group Alrosa signing a pact worth $2.1 billion for the direct sale of rough diamonds to Indian companies.

Currently, these diamonds come to India, where 90% of the world’s stones are cut and polished, through Belgium and Dubai.

Modi described his guest as a “leader of a great nation with which we have a friendship of unmatched mutual confidence, trust and goodwill”.

“We have a strategic partnership that is incomparable in content... The character of global politics and international relations is changing. However, the importance of this relationship and its unique place in India’s foreign policy will not change,” he added.

Referring to India diversifying its sources of procurement of defence hardware in recent years, Modi said: “Even if India’s options have increased, Russia remains our most important defence partner.

Modi’s words of support drew appreciation from Putin, who welcomed “the friendship, trust and mutual understanding with Indian partners”.

The comments come against the backdrop of Putin being cold-shouldered by the US and European nations over Moscow’s support to Ukrainian separatists and Russia’s annexation of the Russian-speaking region of Ukraine, Crimea, earlier this year. Falling oil prices and a weak economy have deepened the impact of Western sanctions on the Russian economy.

“This is an opportune moment for India and Russia. Putin is looking for international legitimacy and the relationship with India is critical,” said Anuradha Chenoy, a professor of Russian and Central Asian studies at New Delhi-based Jawaharlal Nehru University.
“With Western sanctions in place, Russia is looking at Asia to mitigate them. India does not support the sanctions imposed on Russia by the US and European countries. Russia on its part has banned imports of some commodities from Europe. So this is the opportune moment for India to step in and fill the gap,” she said.

The other pacts signed between the two sides included one between Acron of Russia and India’s NMDC Ltd to acquire stake in a potash mine in Russia, another between Tata Power Co. Ltd and Russia’s sovereign wealth fund, the Russian Direct Investment Fund (RDIF), to explore investment opportunities in the Russian energy sector, and a third between India’s IDFC Ltd and RDIF on a co-investment opportunity of as much as $1 billion.

Both countries also signed a “Strategic Vision for Strengthening Cooperation in Peaceful Uses of Atomic Energy” and a “programme of cooperation under Framework of Inter-governmental Agreement for Enhancement of Cooperation in Oil and Gas”, according to the ministry of external affairs.

A joint statement issued by both sides encouraged Indian companies to “strongly participate in projects related to new oil and gas fields in the territory of the Russian Federation”.

On defence, the two sides will seek to move ahead with long-delayed projects to develop a joint fifth-generation fighter jet and a multi-role transport aircraft, in addition to the advanced helicopter.

“What the outcomes show is that there is no cooling of ardour in the India-Russia relationship; it is as strong as before,” said a government official who asked not to be identified.

“There is a definite economic content and outcome” to the visit, the person added. Bilateral trade between the two countries has stagnated at $10 billion for the past two years and Indian officials are hoping that Putin’s visit would act as a catalyst in that area.

Former Indian ambassador to Turkey and Russia specialist M.K. Bhadrakumar said that Putin’s visit had resulted in “specific projects” being identified for action between the two countries.

“Russia is going to calibrate its projects in India in such a way that it fits in with the Make In India campaign. This is the major difference in this visit. The relationship has become more business-like, that is good. It puts India in a stronger position so that when President Obama comes visiting in January, India will be in a better position to bargain and wrest a better deal.

In effect, Putin’s visit is an indication that India’s foreign policy isn’t becoming US-centric.

Chenoy said that India’s reiteration of support for Russia and the pacts signed on December 11 “asserts India’s independence in foreign policy and shows that India is capable of developing independent bilateral relations with the US and Russia”.

Source: Mint
Mumbai to get world's third largest metro rail network

In a move that could revolutionise transportation in India’s business capital, the Mumbai Metropolitan Region Development Authority has planned a 450 km long network of metro rail corridors for the city and surroundings - the third largest in the world, a top official said.

The Mumbai Metropolitan Region (MMR), which comprises Mumbai and parts of adjacent Thane, Palghar and Raigad districts, is aimed to get metro rail connectivity which will be next only to Shanghai and Beijing.

“The MMRDA has proposed to build 450 kms of metro rail and another network of monorail corridors which would offer efficient, convenient and environment friendly transportation system over the next 8-10 years,” said MMRDA Metropolitan Commissioner U.P.S. Madan at the Third Regional Dialogue, Mumbai, leading to the upcoming 15th Delhi Sustainable Development Summit scheduled in February.

Madan said that the government is working towards designing a transportation system that would ensure sustainable and smart mobility in the MMR.

He pointed out that given the changing income levels of the citizens, nearly 75 percent of the MMR population relies on public transportation against 80 percent population which was dependent on it earlier.

“Trains are cheap, eco-friendly and fast mode of transport - the people of Mumbai must be encouraged to use this mode by enabling better quality of services,” Madan said.

Mumbai Rail Vikas Corporation Ltd chairman Rakesh Saksena said that Mumbai and surroundings with a population of 22 million pose a major mobility challenge.

“Over 53 percent of the population relies on the railways for modal transporation. It is densely occupied with nearly 7.6 million commuters commuting daily. The city has to focus on continuous capacity creation to met the demand-supply gap,” he said.

For achieving this, a comprehensive rollout of metro rail, monorail and suburban trains is required, for which political and bureaucratic ownership of the projects and sustained government funding is the need of the hour, he said.

Mumbai Metro One Pvt Ltd CEO Abhay Mishra said that an efficient public transit system should save time, be financially viable and environment-friendly.

The much awaited metro rail project intends to positively impact lives of Mumbaikars by meeting these criteria, but the government must adopt a transit-oriented planning by redesigning roads, consider pedestrian walking aspects, stricter parking norms, eliminating roadside hawkers and illegal wayside constructions, Mishra urged.

The Regional Dialogues, organised by think tank TERI, came in the wake of the government’s recent announcements on Swachh Bharat Abhiyan and 100 Smart Cities in India.

Source: Indo-Asian News Service
Russian minister proposes abolishing visas for Indian citizens

Russian authorities are discussing abolition of visas for Indian businessmen and tourists, Russian Industry and Trade Minister Denis Manturov told TASS news agency on December 12.

Abolition of visas mainly for entrepreneurs and also for tourists was discussed, he said after a meeting here with the leadership of the Federation of Indian Chambers of Commerce and Industry.

“The next step is abolition of visas for tourists and entrepreneurs. We constantly discuss it, and I think the process to settle it will not be long,” Manturov said.

The minister did not say when the visa regime would be abolished, saying it was under the jurisdiction of the foreign ministry and migration services.

“We are interested to have progress in this and will provide possible assistance for the colleagues,” he said.

Manturov did not say whether India would also abolish visas for Russians, but traditionally such steps are made on a mutual basis.

Earlier, India introduced electronic visas for citizens of more than 40 countries, including Russia. A person is not required to apply to the Indian embassy, a consulate or a special centre to receive a visa.

A traveller must fill a form on the special website and pay a fee by a bank card no later than four days before the trip.

An electronic visa may be granted for up to 30 days no more than twice a year for tourist and business trips, medical treatment or visiting friends and relatives in India.

Source: Indo-Asian News Service
India can grow at 9%, become $10 tn economy in 20 yrs: PwC

India has the potential to achieve nine percent growth rate and become a $10 trillion economy by 2034 on the back of concerted efforts by the corporate sector and a constructive role played by the government, a PwC report said.

“India is on the cusp of major change... For India to take the winning leap and grow its GDP by 9 per cent per annum to become a USD 10 trillion economy, a concerted effort from corporate India, supported by a vibrant entrepreneurial ecosystem and a constructive partnership with the government will play a critical role,” said the PwC report, ‘Future of India – The Winning Leap’.

Up to 40 per cent of India’s USD 10 trillion economy of 2034 could be derived from new solutions, it said.

The report added however that the Winning Leap should not be limited to a new approach of solutions but rather needs to be seen as a play-top-win mind set.

“The world economic picture is pretty challenging in the next 12-18 months. Having said that we are talking about all the opportunities that are here in India and they are significant,” PricewaterhouseCoopers (PwC) International Ltd Chairman Dennis Nally said after releasing the report. “I think with the right type of collaboration between government and private sector, the potential of this economy is much bigger than 5 per cent that is currently forecasting,” he added.

The report said that each of the key areas — education, healthcare, agriculture, retail, power, manufacturing, financial services, urbanisation and the enabling sectors such as India’s digital and physical connectivity — face challenges and their resolution will need new and scalable solutions that are resource efficient and environmentally sustainable.

It emphasised upon the need to tap into the vast human resource capital available in the country and the Human Development Index (HDI) needs radical improvements over the next two decades.

“A young demographic, paired with a burgeoning middle-class that is digitally enabled, is a once in a lifetime opportunity for India to develop economically and socially. India can only build shared prosperity for its 1.25 billion people by transforming the way the economy creates value,” Nally said.

For the shorter term, Nally expects Indian economy to grow at about 5.5-6 per cent.

However he added that 9 per cent is most definitely achievable if the things suggested by PWC report are put in place. The report categorically suggests that anything less than USD 10 trillion would not secure India’s future.

“The nation needs to create 10-12 million jobs every year in the coming decades to provide quality of life for its growing population... The recent electoral mandate for development is a more immediate signal for Indians’ desire for growth and for the benefits of growth to be extended to all members of the society,” it said.

A 9 per cent GDP growth rate with a per capita income rising from USD 1,500 to just under USD 7,000 per year will boost quality of life for more than 1.25 billion citizen, it added.

About organisations, it said they should focus on serving informed and empowered customers, create flexible and adaptive operating models, draw on non-traditional resources and partnership as well as adapt a growth and innovation mindset. They should also focus on accountability, integrity and sustainability to form basis of their capability building measures and investment, it added.

PwC Chairman Deepak Kapoor said: “Corporations alone can’t fuel growth and innovation needed to power India’s Winning Leap. Hence, the entrepreneurial sector must also play a major role and they possess qualities critical for developing innovative solutions, the willingness to take risks and aptitude for fast decision-making, and bold leadership.”

Source: Press Trust of India
More Indians to head global cos: top headhunter

Microsoft CEO Satya Nadella, PepsiCo CEO Indira Nooyi, MasterCard president and CEO Ajay Banga and their ilk will have more Indians to give them company at top positions.

Global companies are set to dip into India’s talent pool to fill the mid and top level executive posts globally, according to Karen Fifer, global managing partner, consumer market practice, Heidrick & Struggles, worldwide executive search firm, specialising in CEOs and senior-level assignments.

“Recruiting agencies are scouting for candidates globally to fill in local positions and Indians stack up amongst the top,” Fifer said.

Fifer is an expert in conducting cross-border searches for local, regional and multinational corporations. As per her assessment, the talent pool in India will go beyond business process outsourcing (BPO) and software developers to global business leaders.

According to Fifer, there is shortage of local leaders in most of the Asian countries. But India offers a huge talent resource.

“The Indian talent has no inhibitions in travelling outside the country and working in an alien environment, this will prove to be of great advantage for them.” Fifer cautions that executives need to have global experiences for the leadership roles.

For someone who has worked only in their own country are less likely to be considered by executive search agents or clients in future.

“Recently one of my clients in South East Asia was looking for a candidate, who knew the region, had worked in China, in US and Europe, that is what our clients are demanding...we did find one.”

Commenting on the challenges faced, Fifer admits that there is a limitation, despite her teams combing every detail, some do manage to hide their past.

“We evaluate the candidates on their background, which we can get access to and extend it to our client only if it is squeakiest clean.”

Source: Hindustan Times
FDI inflows into India to remain buoyant in coming quarters: Moody’s

According to the global credit rating agency, FDI inflows are likely to remain buoyant in the coming months of the current financial year and beyond. According to the global credit rating agency, FDI inflows are likely to remain buoyant in the coming months of the current financial year and beyond.

Inflows of foreign direct investment (FDI) into India have increased significantly in the current fiscal and the trend will continue in the coming quarters on account the country’s pro-growth policy agenda, says a Moody’s report.

According to the global credit rating agency, FDI inflows are likely to remain buoyant in the coming months of the current financial year and beyond.

“We believe that FDI will continue to perform well for the remainder of fiscal 2015 and beyond,” the report said.

Firstly, the government’s pro-growth policies are likely to support direct capital inflows. Moreover, India’s sanguine growth outlook is likely to encourage inbound FDI.

“We expect India’s economic growth to pick up materially next year. In contrast, China’s economic slowdown is set to continue, while the growth outlooks for Brazil and Russia remain precarious,” Moody’s said.

Rising FDI inflows will therefore help to plug India’s current account shortfall, and such inflows are typically less volatile than portfolio capital.

This in turn should help to reinforce the economy’s resilience to external headwinds, such as monetary policy normalisation in the US and deflationary risks in the euro area.

“Greater FDI inflows will, in turn, provide more stable funding for India’s current account deficit, thereby improving the economy’s exposure to external headwinds,” Moody’s said in a research note.

Net FDI inflows into India totalled USD 14.1 billion in the first five months of 2014-15, representing a 33.5 per cent year-on-year increase from the same period in the last fiscal.

A sector wise analysis shows that of the top 10 sectors in 2014-15 to date, telecom accounted for almost one fifth of total inflows.

Services and pharmaceuticals have also been major beneficiaries of FDI during the fiscal year.

Source: Press Trust of India
Amazon joins India startup story, backs gift cards co

E-commerce giant Amazon has led a $10-million (over Rs 60-crore) funding round in QwikCilver Solutions for a stake believed to be just under 15%. The investment marks Amazon’s maiden investment in India’s startup ecosystem, having invested in over two dozen companies globally over the past decade.

Existing investors Helion Venture Partners and Accel Partners also participated in the fund raise of Bengaluru-based QwikCilver, which provides end-to-end gift card solutions for retailers and corporate customers.

In June, TOI had reported how the Seattle-based Amazon had begun identifying startups in the tech and internet space in India.

Confirming the fundraise, Kumar Sudarsan, founder and director of QwikCilver, said: “The motivation to get Amazon on board was that they will be able to bring in best practices and global strategies to help us scale the sector to the next level.” He declined to comment on the quantum of funds raised and the stake that Amazon has picked up.

A spokesperson from Amazon India clarified that the Amazon Asia Pacific, an entity based out of Singapore, has picked up a minority stake in QwikCilver. With a current annualized sales run-rate of Rs 1,000 crore, QwikCilver claims to have about 90% share of the giftcard market in the country.

The average per-person spend on gift cards is pegged at Rs 2,000, with the gift-card market being dominated by physical cards used in offline retail. Estimates shared by QwikCilver, though, suggest intense interest in digital gift cards, a corollary to the country’s boom in e-commerce. The company reports a 500% growth in this category in the past two years.

Sudarsan said that some of the funds raised would be directed towards providing mobile solutions for gifting. The company is also considering bringing out a single company branded gift card which could be used by consumers across its client base “We, in fact, have RBI approval to be a prepaid issuer, and very soon we will announce some unique solutions around this.”

The six-year-old company has a client base of over 100 retailers, including Shoppers Stop, Titan, Raymond, Hidesign, and Westside. Indian ecommerce poster boy Flipkart is among QwikCilver’s top clients. It also has a 300-strong corporate customer base in India offering customized multi-purpose corporate card programs, employee incentives, and benefit card programs, says the company’s chief marketing officer, Pratap T P.

Source: The Times of India
Govt eases FDI rules for construction sector

The government on December 3 notified easier FDI rules for construction sector, where 100% overseas investment is permitted, which will allow overseas investors to exit a project even before its completion.

It also said that 100% FDI will be permitted under automatic route in completed projects for operation and management of townships, malls and business centres.

A press note issued by the department of industrial policy and promotion has clarified that the three-year lock-in will no longer apply and under normal circumstances, an investor can exit on completion of the project or even after the development of trunk infrastructure, such as construction of roads, water supply and drainage.

The exit clause was seen as one of the key deterrents for overseas investors to invest in the Indian construction market.

The government was keen to ease the rules for building townships, housing, built-up infrastructure and construction development projects as these are sectors with huge employment potential and boost demand for steel and cement.

As a result, it has done away with the minimum area requirement for development of serviced plots, as against 10 hectares earlier.

Similarly, in case of construction development projects, the minimum built-up area requirement has been cut from 50,000 square metres to 20,000 square metres moves that real estate consultants say will result in development in central Delhi and South Mumbai where land is scarce and expensive.

Given the large area requirement, FDI was largely limited to the sub-urban areas.

Further, to boost low-cost housing, joint ventures and investors committing at least 30% for such projects will be exempted from minimum area as well as capitalisation requirements.

The press note, based on a cabinet decision, has also reduced the minimum capital requirement to $5 million, which has to be brought in within six months of commencement of the project.

Source: The Times of India
Dubai-based group to invest Rs.200 crore in Kerala

As part of its expansion plans, the Dubai-based Bronet Group will invest Rs.200 crore across various sectors in Kerala in the next three-four years, a top company official said on December 17.

“We have built up successful businesses in the Middle East, Singapore and Hong Kong over the past 15 years. But our roots are here, particularly in Kozhikode, so we are investing in Kerala,” Bronet Group chairman K.P. Haris said in a statement.

The group, which is into retail, trading, information technology, telecom and healthcare in the Middle East, Singapore and Hong Kong, will launch a state-of-the-art international furniture and home accessories showroom under the brand name “Stories” in Kozhikode in January.

The Group plans to open similar showrooms in Kochi and in due course expand to Bengaluru, Chennai, Pune and Hyderabad.

Bronet will widen its network of medical shops operating under the brand name “Open Medicines” from the existing 10 to 350 in the next three years in Kerala.

“Currently, only 15 percent of the furniture market in the country is organised. By establishing our unique brand ‘Stories’, we target increasing our market share in the organised furniture retail space in the next five years,” said Bronet Group managing director K.P. Abdul Nazeer.

Source: Indo-Asian News Service
China's HNA eyeing to invest $200 mn in Indian aviation sector

Chinese aviation firm HNA Group is eyeing to invest around USD 200 million in Indian aviation industry, said its president Tan Xiangdong.

"We are looking forward to an investment of between USD 150 to 200 million in the Indian aviation sector only if we get a viable domestic partner," Xiangdong told PTI.

HNA Group is one of the biggest aviation conglomerates of China owning 16 airline companies with 528 aircrafts operating across the world. The group's flagship Hainan Airlines is one of the seven airlines awarded five-star rating by Skytrax.

HNA also have interests in shipping, logistics, financial services and hotel business.

With troubles hitting the Indian aviation industries and companies like Kingfisher and Spicejet facing crisis, Xiangdong said the group is very cautious about making investments in this sector of the country.

He said, "We are keeping a regular tab on the Indian aviation business and are stepping cautiously about making any investments.

"On the other side, we are taking note of the progress made by recently setup Vistara and Air Asia India."

HNA is also planning to enter travel agency business in India with an investment USD 50 million.

"We have huge plans for investments in India. We are planning to invest a sum of USD 50 million in travel agency business and is looking for some good domestic partners," he added.

He added, "We are in preliminary talks with some companies about this but nothing concrete has happened till now."

Apart from aviation and travel agency, the group is also mulling options to invest in mid-size hotel business in India.

"We are planning to put our money into developing three star and four star hotels in India. We see a lot of opportunities in this segment here," he said.

HNA Group is the biggest stake holder of NH Hotels which owns 400 hotels in 28 countries of Europe, America and Africa. The group also owns more than 70 hotels in China.

Xiandong added, "Our target is to build a feasible business enterprise in the country involving local partners."

Earlier in 2012, HNA Group bidded to buy luxury hotel chain Amanresorts International from DLF for around Rs 2,400 crore, but the sale fell out as HNA said it did not receive any information for the bid result within the period of validity.

Source: Press Trust of India
100% FDI likely in medical devices

The department of industrial policy and promotion (DIPP) has moved a Cabinet note to allow 100% foreign direct investment in medical devices as part of a strategy to not only reduce imports but also promote local manufacturing for the global market, which will be worth over $400 billion next year.

Over the past few months, the government has eased FDI rules in defence and construction to promote domestic manufacturing as PM Narendra Modi made a pitch for ‘Make in India’ and boost investment and economic activity. The proposal on medical devices will be a carve-out of the FDI policy in pharmaceuticals, said an official, adding that there will be no need for government approval in this segment. Currently, India imports over 70% of medical devices used here.

At present, medical devices come under the purview of the Drugs and Cosmetics Act and FDI in the sector is governed by the same rules as that for pharmaceuticals or medicines.

Though the government allows 100% FDI in pharmaceuticals, companies are required to comply with certain conditions. For instance, in case of pharmaceuticals, ‘non-compete’ clause would not be allowed except in special circumstances with the approval of the Foreign Investment Promotion Board (FIPB). Similarly, in case of FDI in existing pharma manufacturing units, the government may incorporate the conditions while granting approval.

Now, the proposal, moved by DIPP, suggests medical devices are different from medicines and, therefore, FDI for manufacturing of medical devices can be allowed under the automatic route without any such conditions as are applicable for pharmaceuticals.

The FDI norms, in case of drugs, are also stringent because there were concerns due to increasing presence of multinationals through acquisitions of domestic pharma companies, which may adversely impact prices of medicines in India. This was the reason the government differentiated between the FDI policy for setting up a new drug facility and the acquisition of an existing one.

FDI is allowed through the automatic route for setting up a new drug facility while for FDI in existing facilities approvals are need by the FIPB and Competition Commission of India.

The latest proposal, which has received consent during inter-ministerial consultation, is expected to be tabled in the Cabinet this month, official sources said. The healthcare and diagnostic segment is growing rapidly, creating a major market for manufacturing of medical equipment and devices in India.

The medical technology sector in India was estimated at $6.3 billion in 2013, growing 1012% per annum, according to a recent report from The Boston Consulting Group. The report says the sector is highly underpenetrated, contributing merely 7-8% of the spending on healthcare, compared to 18% on pharmaceuticals. It says the medical technology sector has the potential to touch $50 billion by 2025, if it gets ample government support and clarity, in terms of policy and regulation.

Source: The Times of India
Mercedes-Benz opens second R&D facility in Bengaluru

German automobile major Mercedes-Benz on December 9 opened its second research and development facility here to expand R&D and IT activities in India for its parent firm Daimler AG.

“The India R&D centre plays a crucial role in our global R&D organisation, with 200 patents filed for innovation in automotive development since our entry into India 18 years ago,” Mercedes-Benz R&D India officiating chairman Thomas Merker said in a statement here.

Spread over 266,000 square feet, the sprawling facility at Embassy Crest in the city’s eastern suburb, has capacity to house about 2,400 employees, 400 more than its present strength.

“As India is a high potential market for us, the centre will ensure that development initiatives are in accordance to customer needs,” Merker said.

Being in proximity to its first R&D centre at Whitefield Palms, the new facility has functional collaboration for shorter development cycles and robust growth.

“As India’s Silicon Valley, since Bengaluru has strong IT footprint, we are here to take advantage of its bright talent pool for our R&D centre, which is in line with our global IT-strategy to further expand and have diverse skills, know-how and foreign cultures,” Daimler chief information officer Michael Gorriz said on the occasion.

The new facility also has a shared service centre for SAP applications and developments for mobility services, computer simulations and augmented reality.

Daimler uses Mercedes-Benz as its brand for luxury automobiles, buses coaches and trucks.

Source: Indo-Asian News Service
India inviting Samsung, LG for manufacturing: Prasad

India is inviting technology majors like Samsung and LG to set up manufacturing facilities in the country under ‘make in India’ programme, said Communications and Information Technology Minister Ravi Shankar Prasad.

“We are promoting all the big guns like Samsung and LG to come to India in a big way under ‘make in India’ programme,” the minister said in his address at golden jubilee celebrations of Computer Society of India (CSI) in New Delhi on December 13.

“Come to India, establish premises, use human resources, technology and talent of young people to make in India for India and also for exports,” he told the global electronic manufacturers.

He said the central government plans to promote 20 electronic manufacturing clusters. Under the cluster scheme, states will get Rs.50 crore each if they give 50 acres of land for the clusters.

Prasad, who met chief ministers of both Telangana and Andhra Pradesh, promised to consider sanctioning a third cluster each for both the states.

He said the central government has already approved one cluster each while one additional cluster is in process.

Calling upon industry to come out with innovations, the minister said funding would not be a problem and the electronic development fund has just been established for the purpose - to propel ICT, nano technology and electronic manufacturing in a big way.

Stating that the government aims to build technology empowered India, the minister said digital India programme would create a big space of digital infrastructure for citizens and also a big platform for digital delivery of services.

Noting the government plans to install seven lakh km of optical fibre network in three years against 10 lakh km installed in last 30 years, Prasad hoped this will lead to explosion of e-commerce and give a big push to e-health and e-education.

He noted that the Indian IT sector is estimated to be $108 billion in 2013 while the computers use is growing with about 2.55 million units were sold from January to June this year against 2.03 million last year.

The minister said the country also had 900 million mobile phones while Internet connection are likely to touch 30 crore by end of this year.

“Some of the service providers say by this year end, we will surpass America to become number two after China in Internet penetration.”

Prasad said the country would have to be digitally connected. "We are happy with mobile success but we have to go further. Through optical fibre network, we want to connect 2.5 lakh gram panchayats in two and half to three years,” he added.

Source: Indo-Asian News Service
Qatar prince ready to invest Rs 1 lakh crore in 10 smart cities

The government may be inviting the Americans, Chinese and Japanese to invest in India, but just one person is ready to put in Rs 1 lakh crore over the next five years.

Enthused with the new government’s spirited approach towards new investment, a prince of Qatar, Hamad Bin Nasser A A Al-Thani, member of the ruling family, is looking at investing the sum in at least 10 smart cities.

The 51-year-old Qatari prince has already tied up with a 31-year-old Delhi-based businessman, Mitesh Sharma, for taking the investment forward through projects in real estate, seaports and airports, besides smart cities. According to a person working for Hamad, the two recently registered a company, NRS Enterprise Pvt Ltd, in India through which the investment would be routed.

“Prime Minister Narendra Modi’s ambitious ‘smart cities’ project has caught the attention of the prince. The investment will be made over the next five years,” said the person.

The investment announcement came after the two partners met Uttar Pradesh chief minister Akhilesh Yadav on November 20 and his Andhra Pradesh counterpart, Chandrababu Naidu.

The focus of this huge investment is on 10 smart-city projects in a first phase, besides power, solar energy, infrastructure development, health care and education. They are aiming for the first project to take off by February-March 2015.

The Union government has decided to support the development of 100 smart cities in the country. According to the high power expert committee (HPEC) on investment estimates in urban infrastructure has assessed a per capita investment cost of Rs 43,386 for a 20-year period. Their estimates cover water supply, sewerage, sanitation and transportation.

Hamad, through his Qatari outfit, Nargis Arts recently formed a joint venture — Kings Kraft Frames 24 Pvt Ltd — with Sharma for producing five Bollywood films. Sharma, with interests in granite mining and real estate, is also a partner with Hamad in Qatari construction business.

The two partners have already signed a memorandum of understanding with the Andhra Pradesh government for a smart city project. Investments worth Rs 12,000 crore and Rs 60,000 crore would be made in Uttar Pradesh and Andhra Pradesh, respectively. Besides, Rs 38,000 crore would be diversified in sectors like power and natural gas, said a statement on behalf of the two partners.

Source: Business Standard
Domestic consumption, political stability position India as top investment destination

After foreign portfolio managers pumped more than $40 billion into Indian stocks and debt on hopes of an economic revival with the new Narendra Modi government at the helm, investors are now turning toward Indian private equity funds. After two years of muted fund raising by India-focused PE funds, marquee investors are now loosening their purse strings.

Renuka Ramnath’s Multiples Alternative Investment has raised $350 million toward the first close of its second fund. Global institutional investors such as Ontario Teacher’s Pension Fund, Canadian Pension fund CPPIB, Sofina, PGGM, BlackRock and CDC have invested in the first round of the $550 million fund. Last week, Rabo India’s agri business fund raised $200 million toward the first close.

“Growing domestic consumption, results of the recently concluded general elections that gave stability at the Centre and declining global commodity prices have created a trifecta to position India once again as one of the top investment destinations in the world,” said Kalpana Jain, senior director, Deloitte India, in a recently released report.

The fund raising by Multiples is significant considering that limited partners or LPs, investors in such funds, have been disappointed with India investments.

Ramnath declined to comment when asked about the fund raising on the sidelines of a recently concluded conference on private equity. Most investors have been worried about their return on investments as a slowdown and macroeconomic factors, currency depreciation and corporate governance issues have been hampering investments. According to industry experts, India has returned only three cents for every dollar invested by overseas investors.

“As business sentiment improves, the stock market too has seen a gain of over 25% (January 1-September 30). This would be beneficial in creating conditions for exits in the coming years,” Jain of Deloitte said. After successfully deploying most of its first fund of $405 million raised in 2010 in more than 10 companies such as Arvind, Cholamandalam Investment and Finance, DelhiVery, Indian Energy Exchange, PVR, South India Bank, Sara Sae and Vikram Hospital, Multiples is now targeting a $500 million fund.

Ramnath’s team started soft marketing the new fund after the avowedly pro-business Modi government came to power. “Multiples is bracing towards the first close of its second fund. They have raised around $350 million already,” a senior private equity professional said on condition of anonymity.

Nupur Garg, regional lead, private equity funds, South Asia, at IFC, said, “LPs want to now see the track record and concrete investment plans before parting with their money to new funds. Until the time they see some money coming back, new investments are going to be tough.” She was speaking at the PE conference mentioned above.

Global investors such as Ontario Teacher’s Pension Fund, CDC, Dutch cooperative pension fund manager PGGM, Belgium based investment firm Sofina, Canadian Pension Fund (CPPIB) and Black-Rock have committed capital to the new fund. Multiples has already started looking for investment opportunities from its second fund.

“The final fund raise is expected to close by next year. The first investment will be announced as early as January 2015,” the managing director of a private equity fund said.

Source: The Economic Times
Alibaba founder Jack Ma, China’s wealthiest man, on November 26 said he is keen to invest more funds in India and will work with Indian technology entrepreneurs as he believes internet can transform the country’s future.

On his first visit to India, the founder of world’s biggest e-Commerce firm said Alibaba is already working with many businesses in India.

The Hangzhou-based firm will “invest more in India, work with Indian entrepreneurs and technology companies,” he said.

Alibaba, which in September raised $25 billion in a record initial public share offering, already has on its site a large number of small Indian businesses selling goods ranging from spices to chocolates to tea.

“I myself commit that we will invest more in India, work with Indian entrepreneurs, India technologists to improve the relationship of the two nations and to improve the great lives of human beings,” Ma said at a FICCI event here.

Ma, 50, is likely to meet a number of local businesses to possibly get more Indian products on Alibaba as well as look at expanding into India’s e-commerce market, possibly through online marketplace Snapdeal.

Praising Prime Minister Narendra Modi’s leadership, Ma, 50, said it is the best time for both nations to work together.

“I have heard the Prime Minister’s speech and it is very passionate and inspiring. As a businessman, I was inspired and moved by it. Both China and India can achieve a lot working together,” he added.

Terming India a nation of mobile phones, he said, this is a nation with which China can work together and it is a great opportunity for entrepreneurs of the two countries.

“There are a large number of Indian businesses on our websites. We have over 4 lakh Chinese consumers buying Indian chocolates, spices and tea. I think India has more great products that can be sold to China,” said Ma, who has a net worth of nearly $30 billion.

Globally, Alibaba will continue to work with small businesses, he said.

“Over the next three years, one of the key strategies for Alibaba is to globalise and to make sure that we can help more small businesses around the globe, use our services to do businesses,” he added.

Ma said internet is a young business and India has a lot of young people.

Source: Press Trust of India
Projects worth billions of dollars, notably in energy, railways and finance were discussed at the two-day India-Arab Partnership Conference that concluded in New Delhi on November 28 in what was the first engagement on this scale for Prime Minister Narendra Modi’s government with the 22-member Arab League.

More than 150 delegates from nearly 20 countries deliberated over two days on ways to boost trade between India and the Arab world that today stands at nearly $200 billion, besides securing India’s growing appetite for energy and inputs for plant nutrients.

“The Indian growth story will be incomplete without the participation of friends like the Arab League,” said Commerce Minister Nirmala Sitharaman, setting the tone for the two-day deliberations. She was seconded by her Saudi counterpart, Tawfiq Fawzan Al Rabiah, who also laid emphasis on the historical ties that the Arab countries enjoyed with India, which has today grown into a strategic partnership - the theme of the conclave. “Relations between India and the Arab world have a long history. The Indian rupee was a currency in the Gulf till not very long ago. Geographical closeness has given a new dimension to our relations. Urdu and Indian culture are very popular in the Arab world,” he said.

On the sidelines of the event, Mazin Al Masoudi, in-charge of the League of State Missions here, told IANS that in a major initiative, the foreign ministers of all the Arab League member countries will engage with their Indian counterpart next year to chart the next steps forward in pushing ties.

“The previous three editions of the conference played a pivotal role in laying the foundations of a strategic roadmap and synergizing cooperation between India and Arab League member states”, Al Masoudi said.

The two-day event also took stock of projects worth $30 billion in infrastructure, real estate, small and medium enterprises, healthcare, education and food processing, both from India and the League of Arab States, that were discussed at the previous conclave. The import of two-way ties was further emphasised by the fact that member countries of the Arab League are home to over seven million Indians, with a collective GDP of some $3 trillion, besides being a major destination for India’s exports. Their investments in India have crossed $3.5 billion since April 2000. This apart, Arab countries today account for more than 70 percent of India crude oil needs, even as much of the inputs for fertilisers, notably phosphates and potash, comes from the region.

The two-day conference also came against the backdrop of the first senior officials’ meeting between India and the League here earlier this month, where emphasis was laid on expanding business ties, especially in energy and information technology. Some of the specific areas discussed at the conclave included pharmaceuticals, food and energy security, notably from renewable sources, healthcare, tourism, banking, human resource development, education, research and technology development.

Among the major projects discussed include Arab companies’ participation in the $90 billion Delhi-Mumbai Industrial Corridor. “There are opportunities available in other industrial corridors including the Chennai-Bengaluru, Amritsar-Kolkata, North East-Myanmar and East Coast Industrial Corridors”, Sitharaman said.

Addressing the concluding session Thursday, Anil Wadhwa, Secretary (West) in the external affairs ministry, said: “The Delhi Declaration adopted by the two sides would act as a blueprint for India-Arab cooperation.” The conclave came at a time of crisis and conflict in Iraq and Syria, while oil prices have plummeted to levels below $80 per barrel.

The India-Arab Partnership Conference takes place under the mechanism of the Arab India Cooperation Forum established by an MoU in 2008, that also provides for annual consultations at the political level.

In the previous such event in Abu Dhabi in May 2012, more than 400 businesses from 15 nations participated, including 50 Indian corporate chiefs.

Source: Indo-Asian News Service
Sushma calls for India, South Korea to enhance bilateral trade

External Affairs Minister Sushma Swaraj, during her official two-day trip to Seoul, on December 29 called for India and South Korea to work together to realise the full potential of the trade ties between the two nations.

“We need to work together to realize the fuller potential of bilateral trade. We had set a target of USD 40 billion by 2015. To achieve this target, our companies need to take full advantage of our economic complementarities and leverage the Comprehensive Economic Partnership Agreement,” Swaraj said during the eighth India-South Korea Joint Commission Meeting.

Setting a bilateral trade target of USD 40 billion dollars by 2015 between the two countries, Swaraj also asserted that South Korea and its companies occupy a strategic place in India’s ‘Act East’ initiative.

“My Government attaches importance to relations with Republic of Korea. We see you as an important partner for our economic growth. Korea and Korean companies occupy a strategic place in India’s ‘Act East’ initiative,” she said.

Pointing about the presence of South Korean companies which have had success in India, the minister further invited Seoul to build on its success and make bold investments to make use of ‘Make in India’ initiative started by the Prime Minister Narendra Modi-led government.

“We are happy at the success that the Korean companies have enjoyed in India. Today Hyundai, Samsung and LG have become household names in India. We invite Korean companies to build on their success in India and make bold investments to benefit from my government’s focus on ‘Make in India’ which is aimed at providing necessary policy and other incentives to encourage manufacturing in India,” she stated.

Expressing her gladness about the gracious hospitality extended to her during her visit, Swaraj recalled about the meetings exchanged between the South Korean and the Indian leadership in Myanmar.

“I recall our meeting in Nay Pyi Taw on August 10, 2014. We had very good discussions. Subsequently, our Prime Minister met President Park again in Nay Pyi Taw on 12 November, 2014. This was the first meeting between the two leaders. They covered wide ranging issues and reached a common understanding to further strengthen our Strategic Partnership,” she said.

Swaraj further said that India would like to see a new form of connectivity between the two countries through cross-border production networks.

“Our relations are age old. Since ancient times, Buddhism has been an unbroken link connecting our two peoples. In modern times, our relations are further strengthened by our common commitment to peace, democracy, rule of law and pursuit of better living conditions for our peoples.”

“We are inheritors of the pioneering spirit of the Queen from Ayodhya who travelled to marry King Kim Suro in 48 AD. Today, I look forward to exchanging ideas with you in diverse fields with the objective to further strengthen that pioneering spirit and explore ways to further enrich our bilateral Strategic Partnership,” she added.

The External Affairs Minister, who is on a two-day trip to South Korea, had earlier in the day called on South Korea President Park Geun-hye as well besides other leaders of that country.

Swaraj is accompanied by senior officials from the Defence, Shipping, Commerce and Industry and External Affairs ministries.

Source: Asian News International
Amul to be first dairy firm to export to Russia

Amul, the country’s largest dairy brand, is likely to benefit the most from Russia’s decision to lift restrictions on the import of milk, cheese and other dairy products from India.

Russia had to open its market to countries like India as it had imposed a one-year ban, in August, on a wide range of food products, including beef, pork, poultry, fish, fruit, vegetables, cheese, milk and other dairy products, from the US, Canada, the European Union, Norway and Australia. The move came in a response to penalties imposed on Russia over the crisis in Ukraine.

Amul, a dairy brand owned by Gujarat Cooperative Milk Marketing Federation (GCMMF), is in talks with Galactika Group of Russia for exporting milk, cheese and other dairy products.

“A team from Russia has also inspected our facilities earlier this month. We expect this to be sealed within the next couple of months,” R S Sodhi, managing director, GCMMF, told Business Standard. Beside milk, Amul might export cheese, dried milk and other dairy products to Russia.

However, Sodhi said the price of milk in the international market was a concern, and export at the moment might not be beneficial for Indian companies. “We are looking into certain things, including the prices, before taking a final call,” he added.

“The talks are still on. There has been no movement during the visit as commercial terms have not been finalised,” a senior government official told Business Standard.

At present, Amul exports milk and other dairy products to about 20 countries, including the US, West Asian countries, Philippines, Thailand, Malaysia, Hong Kong, Australia, New Zealand, Japan, Afghanistan, neighbouring Bangladesh, Sri Lanka and Nepal, among others. According to media reports, Galactika, part of FoodLine Holding, has about three per cent share in Russia’s milk market.

According to data with the Russian Federal Customs Service, import of milk and products made from Western countries to Russia rose 10.4 per cent in the first quarter of 2014 to 1,423 million tonnes on a year-on-year basis. Import of milk and dairy products rose in Russia because of shortage of raw milk and cheaper import prices.

India’s exports to Russia stood at about $2.15 billion in financial year ended March. This was a fraction of Russia’s total import of $318 billion. Of this, about $40 billion was spent to import food items from Western countries.

Experts have estimated India could export about $400 million worth of dairy products to Russia in the first year itself.

Source: Business Standard

India emerges as Dubai's second largest foreign trading partner

India has emerged as the second largest foreign trading partner of Dubai after China in the first nine months of 2014.

As per the figures released by the Dubai Customs, China was Dubai’s top foreign trade partner during this period, with a trade value of 34 billion dollars, up 27 percent over the previous year. India followed next with the trade worth 21.78 billion dollars. Among the Arab nations, was at the top with trade volume worth 10 billion dollars.

Dubai’s non-oil foreign trade in the first nine months of 2014 was around 269 billion dollars, with imports having the biggest share at 169 billion dollars, exports at 23.41 billion and re-exports 76.23 billion dollars.

Source: Asian News International
WTO approves first worldwide trade deal

The World Trade Organization (WTO) approved the first worldwide trade deal in its history on November 27, ending a four-month impasse that had put a question mark on the future of the multilateral body, after India and the US resolved their differences over public stockholding of food.

The deal incorporates India’s stand that an interim solution on public stockholding for food security reached at Bali last year will continue indefinitely and not just for four years as agreed earlier if a permanent solution is not reached within the four-year period.

The deal also raises the possibility of a permanent solution for the public stockholding of food by the end of next year after the WTO’s 160 members agreed to make all efforts to find a permanent solution to the issue.

WTO director general Roberto Azevedo told the general council that by agreeing to these decisions, members have put the WTO back in the game.

Azevedo said that since members have committed to start work on the post-Bali work programme immediately, they must “get to work straight away”.

“We should aim, by the time of the general council on the 10th of December, to have a clear sense of what lies ahead and a plan for taking our work forward in the new year,” he added.

“Members shall engage constructively to negotiate and make all concerted efforts to agree and adopt a permanent solution on the issue of public stockholding for food security purposes by 31 December 2015,” a statement prepared to be delivered at the WTO general council by its chairman Jonathan Fried said.

Immediately, the deal will open the door for early implementation of the Trade Facilitation Agreement (TFA) that will lead to easier customs rules across the globe.

The agreement is expected to add as much as $1 trillion to the global economy and create more than 20 million jobs, according to a study by the Washington-based Peterson Institute for International Economics.

The members agreed to finalize a post-Bali work programme by July that may include part or whole of the remaining issues of the Doha Development Agenda negotiations that started in 2001.

While a deal at Bali in December last year on the least-contentious issues of the Doha negotiations such as trade facilitation and public stockholding seemed to have ended the deadlock at multilateral trade negotiations, Prime Minister Narendra Modi’s government opposed the deal, calling it “unbalanced”, because it failed to take care of the concerns of developing nations on food security.

Developing countries oppose a WTO rule that caps subsidies to farmers at 10% of the total value of agricultural production based on 1986-88 prices.

They point out that the base year is now outdated and they need to be given leeway to stock enough foodgrains to ensure food security for millions of their poor.

The Modi government wanted a permanent solution on the matter in place of a four-year peace clause and blocked the adoption of the TFA by 31 July.

Threats from developed countries that this would doom the future of the WTO failed to pressurize India to change its stand. What broke the ice was direct talks between prime minister Modi and the US President Barack Obama in Washington.

India took a risk by blocking the TFA and it paid off at the end, said Abhijit Das, professor and head of the Centre for WTO Studies at the Indian Institute of Foreign Trade. “Given the enormity of the cause, WTO members had no option but to accept India’s stand,” he said.

The end of the impasse at the WTO provides the last opportunity for concluding a balanced Doha deal and one has to be prepared to seize that opportunity, Das said.

US trade representative Michael Froman, who was in India earlier this week for the ministerial-level trade policy forum meeting between the two countries, said the breakthrough at the WTO would not have been possible without the personal engagement of Obama and Modi.
They gave our partnership a mantra: Chalein Saath Saath: Forward together we go. That’s what we’re doing at the WTO. And that’s what we’re doing in our bilateral trade and investment relationship as well,” he said.

The deal at Geneva will create a great deal of optimism about multilateralism, said Biswajit Dhar, a professor of economics at New Delhi-based Jawaharlal Nehru University.

Dhar, however, said that one has to wait and watch how the members define the post-Bali work programme and whether it helps in unlocking the long-pending Doha negotiations.

Cecilia Malmström, European Union trade commissioner, said in a statement that “today’s (November 27) decisions not only implement the landmark Bali agreements, they confirm the WTO’s role at the centre of international trade policy”.

“In short: the WTO is back in business,” she added.

Malmström said all members now need to turn their attention to the rest of the Doha Development Agenda negotiations and preparing a work programme by July.

“It’s 13 years since the launch of the negotiations and it’s high time that the international community came together to agree on a work programme to put us on a clear, realistic and credible path towards the conclusion of the Doha Development Round,” she added.

Source: Mint

Trade with ASEAN to reach $100 billion by 2015

The government on December 11 said it expects trade between India and the Association of Southeast Asian Nations (ASEAN) region to reach $100 billion by 2015 and get doubled by 2022. “Because of that (FTA), trade between ASEAN and India has reached about $80 billion level. We hope by 2015 it will touch $100 billion and get doubled by 2022. So, there is lot of work, there is a lot of scope,” Minister of State for Commerce and Industry Nirmala Sitharaman said.

The government signed a free trade agreement (FTA) on goods with ASEAN in 2009.

Sitharaman was speaking at the second edition of India-CLMV (Cambodia, Laos, Myanmar and Vietnam) business conclave being held here.

She pointed-out that skill development, agricultural products, manufacturing, project exports, energy among others were key sectors which hold potential for trade and investment between the two sides. According to the minister, current trade is concentrated in only a few items and there was tremendous scope to deepen and widen the basket.

“Currently, 70-80 percent of India-CLMV trade is centred around only a few products. I think there is a scope to expand the basket and bring in more commodities and manufactured goods into it,” Sitharaman said.

Sitharaman said that India’s ‘Look East’ policy has now transformed into ‘Act East’.

Source: Indo-Asian News Service
Trade portal launched to better utilise free trade pacts

To facilitate exports and ensure better use of free trade agreements by exporters, Commerce Minister Nirmala Sitharaman on December 8 launched an Indian Trade Portal providing information on preferential tariffs, rules of origin and technical barriers to trade faced by Indian exporters in such markets.

"Exporters should make best use of the portal, give continuous feedback for further improvement and additional details that they may need," Sitharaman said while inaugurating the portal here.

India has signed a number of FTAs with various countries and blocs over the last few years, but exporters have not been able to utilise them well because of lack of knowledge about what such agreements offered.

The portal developed by the Federation of Indian Export Organisations (FIEO), which will also maintain it, will provide important data for use of exporters and importers in a user friendly manner and this will contribute to ease of doing business, the commerce ministry said in a release.

"The portal will also facilitate exports and will help Indian exporters to utilise the free trade agreements (FTAs)," it added.

India has signed FTAs with about 20 countries while it is negotiating such agreements with Australia, Canada, New Zealand and the EU.

As an instance, the ministry’s recent impact analysis found that of Japan’s total trade with India, only 22 percent could be ascribed to the FTA.

Source: Indo-Asian News Service
East Africa looks to more trade with India

East African businesses are set to trade more with India by learning how to take advantage of the country’s duty-free market access scheme, facilitated by the Supporting India’s Trade Preferences for Africa (SITA) project of the International Trade Centre (ITC). The ITC, a joint agency of the World Trade Organisation and the UN, aims for businesses in developing countries to become more competitive in global markets, speeding up economic development and contributing to the achievement of the UN’s Millennium Development Goals.

The participants of the third SITA held in Ethiopia’s capital city of Addis Ababa Dec 4-5 analysed trade trends under the scheme for each of the SITA partner-country beneficiaries.

It also analysed key issues surrounding complying with the scheme like rules of origin, export requirements in the Indian market, issues impacting on export from SITA partner-countries to India, and the value chain from factory gate to the destination market in India, among others.

"Building productive capacities, market linkages and enhancing investment attractiveness in the selected sectors will be a key way to ensure that SITA delivers impact and provides a sustainable template for similar South-South trade and investment projects," SITA coordinator Govind Venuprasad told IANS.

"It will also allow companies working in these sectors to become export ready to supply other markets".

Following an amendment made two years ago in India’s Duty-Free Trade Preference (DFTP) scheme, least developed countries (LDCs) will receive preferential zero-duty access on 98 percent of the Indian tariff lines. It means goods exported from LDCs should have a competitive edge when entering the Indian market.

The stakeholders, representing business, government and civil society, worked together to finalise SITA’s intervention plan, focusing on specific activities in the selected sectors in each of the five East African countries.

The sectors, selected through a series of consultative meetings, reflect demands in international markets as well as the capacity of African suppliers, and are selected in line with national and regional trade development goals.

"Further investments from India would certainly help Tanzania make better use of the scheme," Adam Zuku, director of industry development in the Tanzanian Chamber of Commerce, Industry and Agriculture, said.

"It would help address the country’s limited capacity to meet export demands, and Indian investors would be better placed to source the right products and access the right buyers.”

The SITA project is a new opportunity through which the Ugandan National Chamber of Commerce and Industry (UNCCI) shall market it because this is an opportunity to actually export to India though DFTP, according to Martin Okumu, head of communication department at the UNCCI.

"We have been exporting to India although our export volume is small but we believe, under SITA, we shall create more awareness, partner, and network Ugandan business community with Indian businesses and in that way we will cultivate more relations and even may be decide to do joint ventures, investments and so on," he said.

This project will also be a generator of other support systems such as South-South cooperation and it could be the gateway to other trading opportunities in the world through which India already have, he said.

SITA is a project by Britain and Northern Ireland’s Department for International Development (DFID) and mandated by the ITC to design and implement it. On March 9, 2014, a memorandum of understanding (MoU) was signed between DFID and ITC marking the start of the project.

This project responds to the challenges of the selected East African countries -- Ethiopia, Kenya, Rwanda, Uganda and Tanzania -- face in increasing and diversifying exports. It also addresses trade priorities of the beneficiary countries so they can achieve sustainable development.

The goal of SITA (2014-2020) is to enable East African enterprises to enhance their competitiveness to produce high-quality goods that match overseas market requirements. Indian businesses will partner by providing technology, skills knowhow and investment to build capacities in SITA African countries for value-added production in sectors such as cotton, coffee, pulses and beans, oilseeds, and information and communications technology.

Source: Indo-Asian News Service
Indian, Chinese companies sign $1.5bn MoU

The world’s largest wholesale market may soon be set up in Ahmedabad. China’s Jiaxing Kunlun Chuangyuan Investment Company Ltd (JKCICL) is partnering with city-based Kiri Infrastructure to set up the India International Trade Centre (IITC) project in Ahmedabad. The companies signed an MoU worth $1.5 billion on November 27. The project will be built under a joint venture, Indochin Development Pvt Ltd.

"The largest wholesale market will represent manufacturers and wholesalers of consumer and industrial goods of India as well as foreign countries," said Manish Kiri, CEO, Kiri Infrastructure.

JKCIC will invest money while KIPL will manage and operate the proposed centre. "$750 million will be invested in the first three years and the rest over the next two years," said Shankerbhai R Patel, founder, Kiri Infrastructure.

Kiri Group’s subsidiary, Kiri Dyes and Chemicals, has set up a JV with China-based Zhejiang Lonsen called Lonsen Kiri Chemical Industries in 2007. "We have chosen Gujarat for this project as the state has attracted a lot of investors from China," said Yin Jian, vice-chairman, Zhejiang Federation of Industry and Commerce.

The project will create 2.5 lakh jobs and will come up on 500 acres of land. "We are in talks with the state government for land near Ahmedabad," added Patel. More than 4,000 flats will be constructed for employees.

Source: The Times of India

India, Mozambique ink MoU for oil, gas cooperation

India and Mozambique on November 28 signed a memorandum of understanding (MoU) for cooperation in the oil and gas sector for a period of five years, the petroleum ministry said in a statement.

The MoU was signed in New Delhi at a meeting between Petroleum Minister Dharmendra Pradhan and Mozambique’s Minister of Foreign Affairs Oldemiro Julio Marques Baloi.

Indian public sector companies have participating interest in Mozambique’s gas fields. "Both the countries have traditional links which have grown from strength to strength over the years," Pradhan told the visiting foreign dignitary, the statement said.

The union cabinet had on Oct 29 approved the MoU between both countries. It seeks cooperation in oil and gas in both upstream and downstream sectors in the areas of enhancing capacity-building, forging closer cooperation between research and training centres and intensifying technology transfer, among others. "Mozambique is strategically located near India and is ideally suited for bringing natural gas to India at market-determined price. Participation of Indian energy companies in the project will facilitate access to LNG for the growing Indian gas market," the cabinet approval read. Mozambique plans to produce 34 million tonnes of liquefied natural gas annually from its biggest gas field - the Rovuma Area 1 offshore block - where state-run ONGC Videsh Ltd, Oil India and Bharat Petroleum Corp have bought 30 percent stake and will also participate in the LNG project. Ten LNG terminals are likely to be set up, each with a yearly capacity of five million tonnes of gas.

US-based Anadarko Petroleum Corp is the Rovuma 1 project operator. Other partners include Empresa Nacional de Hidrocarbonetos EP of Mozambique, Mitsui of Japan and PTT Exploration and Production of Thailand.

India currently has 18,000 MW of power capacity lying idle due to gas shortage, with another 10,000 MW in the pipeline awaiting commissioning.

Source: Indo-Asian News Service
Infrastructure projects worth Rs 5 trillion can be taken up in the next five years, Union Road Transport and Highways Minister Nitin Gadkari said on December 13 as the NDA Government moves to tackle land and environment clearance issues that have stymied such ventures.

“Nearly Rs 2.8 trillion worth projects were stuck before I took charge. We must do a lot in the infrastructure sector. We believe projects worth Rs 5 trillion can be taken up in the next five years,” he said at an event in Mumbai.

Projects worth Rs 1.8 trillion have already kick-started after the BJP-led Government took charge in May-end, he said this evening.

The Minister said projects have been delayed due to various issues, including land acquisition, environment clearance and public protests, among others.

“There are various issues that needed to be addressed to ensure speedy approvals. Besides, each project has its own set of issues. We are now seeking information about each project and trying to address them individually,” Gadkari said the Government will take measures to ensure projects become cost effective so that they can be undertaken on PPP (public-private partnership) model.

“We need to make projects cost and quality effective. If measures can be taken to reduce the cost of construction and the States and the Centre give some relaxation on taxation at certain levels, projects can become viable and we can do them on PPP model. We want to do ports and water transport projects under the PPP model.”

Development of inland water transport and ports will itself help increase GDP grow by an additional 2 per cent, he said, adding it will also generate employment.

During the previous Manmohan Singh administration as many as Rs 28 trillion worth infra plans were stuck due to policy inaction and land acquisition issues, among others.

In June 2013, the UPA Government set up a monitoring cell under PMO which cleared projects worth Rs 8 trillion. But banks still say there is no demand for project loans.

Gadkari said his Ministry’s focus will be to give priority to water-ways followed by rail and roads.

“Inland water transport is the cheapest and pollution-free among all the other means of transport. We want to encourage water transport system.”

He hinted at forming a national waterways authority on the lines of the one existing for highways.

Source: Press Trust of India
Zomato buys Italy’s Cibando, to enter 15 more countries in 2015

Restaurant search portal Zomato, which raised $60 million in November, has acquired Cibando, one of Italy’s largest restaurant search services, as it rapidly expands its presence beyond India.

Gurgaon-based Zomato Media Pvt. Ltd said it will invest $6 million in Italy over the next two years to grow the team and the business in the country.

The company did not disclose the value of the deal.

With the acquisition of Cibando, Zomato’s fifth buy this year, the company has a presence in 20 countries.

It acquired MenuMania in New Zealand, Lunchtime in Czech Republic, Obedovat in Slovakia and Gastronauci in Poland this year.

It further aims to widen its international presence by entering 15 more countries in 2015. The company has so far steered clear of the US, a market dominated by larger competitors such as Yelp Inc., GrubHub Inc. and OpenTable.

“Our acquisition strategy is to either acquire a market leader or to make sure that the acquisition will help us be a market leader in a very short span,” said Pankaj Chaddah, co-founder of Zomato.

Apart from Italy, Zomato competes with Yelp in markets such as the UK, Canada, New Zealand and Chile.

And 2015 could see its US entry too. “We have been considering the US market for some time now and it could happen in the second half of 2015,” said Chaddah. Founded in 2008 by Chaddah and Deepinder Goyal, Zomato has received investor backing from Info Edge (India) Ltd, Vy Capital and Sequoia Capital. In total, the company has raised $113 million and is currently valued at $660 million. It currently employs over 900 people in around 100 cities across 20 countries.

The company currently gets about 35 million visits per month across its website and mobile applications. It gets more than half of its traffic from its mobile application. Cibando, founded by Guk Kim in 2010, is an online and mobile restaurant search service based in Italy that offers about 7,000 professionally generated reviews and 150,000 photographs taken by food photographers. About 82,000 restaurants are listed on Cibando. According to Zomato, the entire Cibando team will join Zomato and the integration will happen over the next few months, making Zomato available in all major cities in Italy. “Cibando is one of the largest restaurant search services in Italy. Their existing traffic and user base will give us a great start as we launch Zomato in the country,” said Zomato’s Goyal.

“Zomato has been expanding at a rapid pace, and we’re excited about being part of that journey. Together, we will be able to offer detailed information for even more restaurants to our users in Italy and beyond, while also helping restaurant businesses connect and engage with customers effectively,” said Kim, founder and chief executive officer of Cibando. “Zomato is an aggressive company which is growing more inorganically than organically, and the company is quite active in adapting itself to changes in the environment. It recently introduced advertisements within its app, adding a new revenue model,” said Sandeep Ladda, leader, technology, at PricewaterhouseCoopers India.

Zomato’s larger vision is to be the one-stop shop for everything from restaurant discovery to restaurant payments, said Chaddah. The company will soon be introducing a payment option in the app in some markets, including Dubai.

It will take some time for this to happen in India, “given the strict regulatory environment when it comes to online payments”, Chaddah added. Zomato provides detailed restaurant information such as menus, contact details, pictures, geocoded maps and user reviews on over 310,000 restaurants.

Source: Mint
IT industry creates more jobs than public sector

The burgeoning Indian IT industry had over taken the state-run public sector in job creation, Infosys co-founder N.R. Narayana Murthy said on November 26.

"The IT industry, especially its software sector, has over taken public sector undertakings (PSUs) as the biggest job creator in the country, with 3.2 million employees and adding 200,000 new jobs every year," Murthy said at a special session of the Commonwealth Science Conference in Bengaluru.

Noting IT bellwethers such as Tata Consultancy Services, Infosys, Cognizant and Wipro provided not only high quality jobs, but also higher disposable incomes than other companies in the country, Murthy told about 800 delegates that the Indian IT industry had emerged in the services sector as China had in the manufacturing sector as the factory of the world.

"Huge employment in the software sector has fuelled the economy in many ways, as our techies are able to buy a car, build a home, go shopping in malls or eat in a restaurant and even go on vacation more often," Murthy said while sharing his vision on "Entrepreneurship and Innovation in India" at a special session on the second day of the four-day summit.

Asserting that the IT industry ecosystem created three indirect jobs for every direct job with spin-offs in the secondary and tertiary sectors of the economy, the former Infosys chairman said the software sector had put India on the global map and boosted its image in the world over.

The industry’s representative body Nasscom has projected 14-15 percent growth in IT exports to $99 billion this fiscal (2014-15) from $86 billion last fiscal.

Murthy, however, projected that the Indian software industry would grow 12-14 percent per annum over the next five years.

"The IT industry has brought a new confidence, a new mindset and a new paradigm in Indian business," he noted.

Source: Indo-Asian News Service
Indian chemicals industry set to grow at 15 percent a year

The government on November 26 said that the chemical industry is expected to grow at 15 percent per annum over the next few years.

“The chemical industry is expected to grow at a rate of 15 percent per annum over the next few years,” said A.J.V Prasad, joint secretary, department of chemicals and petrochemicals, at a industry summit organised here by Confederation of Indian Industry (CII).

“The current government is working on the national chemical policy and will be coming up with the document soon,” he added.

Currently, the chemicals industry accounts for 2.51 percent of overall GDP (gross domestic product) and 15.95 percent of the country’s total manufacturing output.

The size of the industry, which also includes fertilizers and petrochemicals, is estimated at $144 billion, which is about four percent of the global market of $3.6 trillion.

Prasad was speaking at CII’s conference on “Doing Chemistry with a Purpose: Innovative, green and safe solutions for life”.

CII said that the aim of the conference was to deliberate on the campaigns introduced by the Modi government - ‘Make in India’ and ‘Swachh Bharat’ with special focus on chemicals supply chain.

“We would appeal to various industries to reduce imports by encouraging indigenous production, which will help us grow on the back of buoying campaigns like Make in India and Swachh Bharat. Chemistry is the solution to the society,” said Nadir Godrej, chairman, CII national committee on chemicals and managing director of Godrej Industries.

Source: Indo-Asian News Service
Ericsson bags over $1 billion deal to manage network of Reliance Communications

Ericsson has bagged a seven-year deal, likely worth more than $1 billion, to manage the network of Reliance Communications across 11 service areas, making the Swedish telecom gear maker the only service provider to manage the pan-India network of a mobile phone operator. The latest deal - covering circles in east and south which was till now being managed by French rival Alcatel-Lucent — is an extension of a similar one signed in 2013.

That deal was worth $1 billion, and covered the other 11 circles, in northern and western India. “We have full responsibility for Reliance (Communications) networks.

We are going to manage about a 150,000 km of fibres, multivendor and multi-technology networks - CDMA, GSM (both 2G and 3G), and wireline,” Magnus Mandersson, executive vice president and head of business unit global services at Ericsson, told ET in an interview. Mandersson didn’t disclose any financial terms, while RCom declined to comment on the deal, which typically includes activities such as designing, building, operating and managing day-to-day operations for the entire network of the customer.

The latest contract is bigger in scope than the previous one, which was worth $1 billion but was for eight years and 100,000 km of fibre and related mobile infrastructure.

Moreover, while Ericsson had deployed about 6,000 employees on the previous RCom deal, it will deploy about 7,000-8,000 under the new one, including the 3,000 who will be added to Ericsson’s rosters from Alcatel-Lucent and its contractors. The market for managing telecom networks in India is estimated to be worth some Rs 1,800-2,000 crore a year, say analysts. “We are committing to improved network quality, and bringing in operational efficiencies. The deal has slight adjustments over the previous one to suit both sides better,” Mandersson said. Reliance Communications, India’s fourth largest carrier, will benefit from the efficiencies of scale and ease of doing business with a single vendor across all circles, another top official said.

The person added that while current scope of the contract doesn’t cover 4G, the fact that Ericsson “makes the most advanced 4G equipment globally” means RCom can leverage that if and when the Anil Ambani company decides to get into next generation technology. Ericsson, the biggest managed services provider globally, manages about 400 million subscribers in India and more than one billion globally.

Around 20% of the staff which manages telecom networks globally and in the country is based out of India.

The company employs some 20,000 people in India. India has been a test market for Ericsson. Its network management partnership with Bharti Airtel, India’s largest carrier, over the years has helped it attain the scale which has helped the company grab customers globally, Mandersson said.

“When you get the Indian cost structure right, you are competitive globally as well,” he said, underlining criticality of company operations in India for global success. Mandersson said the telecom market has changed significantly since 2009, in terms of becoming a data-centric one from voice-centric.

Also, while there are fewer operators in the sector compared with, say 2009, “it’s also more healthy business at the moment. After meeting the customers, I felt that while price is a factor, it’s not as aggressive as it was in 2009-2010, where people were slashing prices every month. Finances have stabilised.”

Ericsson has won several equipment supply deals in a stabilising Indian telecom market, which has seen a return of pricing power amid reduced competition, leading to increasing capex by operators.

Source: The Economic Times
The central government has cleared a major hurdle in the development of the country's largest greenfield airport coming up in Navi Mumbai, an official said on December 8.

The ministry of civil aviation has approved the regulatory regime of "Shared Till" for the upcoming Rs.15,000-crore Navi Mumbai International Airport (NMIA), in adjoining Raigad district.

This followed intervention by Chief Minister Devendra Fadnavis who was in New Delhi on December 7.

"Under the 'Shared Till' approach, the operator will retain a percentage of non-aeronautical revenues generated from commercial activities like shops, concessions in terminal building, renting out parking lot, which enhances long-term project viability with attractive private participation through the PPP mode," Mohan Ninave, chief spokesperson for CIDCO, which is implementing the airport project, told IANS.

In airports worldwide, Single Till, Double Till and Shared Till mechanisms exist with the trends moving towards the 'Shared Till' which ensures project viability, protects investors' interests and ultimately facilitates world-class facilities to flyers at the airport.

In 'Single Till', all revenues from aeronautical and non-aeronautical are used to cross-subsidise the expenditures incurred. In 'Double Till', the non-aeronautical revenues are totally separated, while in 'Shared Till' some percentage of revenues is used to cross-subsidise expenditure as in Mumbai and Delhi airports (30 percent) currently.

"NMIA, which will be operated in a highly competitive environment with the existing Chhatrapati Shivaji International Airport (CSIA) across the harbour, would not be able to sustain unless a similar regulatory regime is permitted to ensure a level playing field," the spokesperson said.

"As CSIA and the proposed NMIA would exist as the first-ever multi-airport system in India freely competing among each other in a free-market environment without any traffic allocation, the key concern expressed by the prospective bidders was the confusion on the regulatory framework, which has now been clarified," explained the spokesperson.

This was a prerequisite demand from prospective bidders making NMIA's regulatory framework at par with CSIA Mumbai and ensure successful implementation of the project, planned on Design, Build, Finance, Operate Transfer Basis (DBFOT) through PPP mode.

CIDCO commenced the bidding process in February 2014, followed by a pre-qualification conference in April which was attended by Tata Realty, GMR, GVK, IL&FS, Essel Infra, Ferrovial, Zurich Airport and Vinci.

With this biggest stumbling block removed, the bidding process will continue and the next date for tenders is fixed at Jan 28, 2015.

Source: Indo-Asian News Service
India will overtake the US as the second largest market for smartphones in the world by 2016 as smart mobile devices become affordable, global research firm eMarketer said on December 22.

“India will exceed 200 million smartphone users, topping the US as the world’s second largest smartphone market by 2016 due to increasing penetration of affordable smart mobile devices in the country,” the US-based research firm said in a report.

By this year-end, China will have 519.7 million smartphone users, followed by the US at 165.3 million, India with 123.3 million, Japan with 50.8 million and Russia with 49 million.

Russia will, however, surpass Japan as the fourth largest smartphone user population in 2015 and the US will surpass 200 million smartphone users by 2017, accounting for 65 percent of its population.

“China will continue to lead the world rankings in 2016 with 624.7 million smartphone, followed by India (204.1 million), the US (198.5 million), Russia (65.1 million) and Japan (61.2 million),” the report said.

Globally, there will be 1.91 billion smartphone users in 2015 and increase by 12.6 percent the following year to touch 2.16 billion in 2016.

The number of active smartphone users globally touched the one billion-mark (1.31 billion) in 2013 for the first time, with China in the lead at 436.1 million, followed by the US (143.9 million), India (76 million), Japan (40.5 million) and Russia (35.8 million).

“Over a quarter of the global population will use smartphones in 2015 and by 2018 one-third of consumers worldwide (2.56 billion people) will do so,” the report noted.

Indonesia will pass 100 million smartphone users in 2018 to become the world’s fourth largest user country of smart mobile handsets.

“While smartphones are shifting the paradigm for consumer media usage in mature markets, cheaper handsets are creating opportunities in emerging markets where many users of smart devices had no access to the internet,” the report added.

Source: Indo-Asian News Service
India became the fastest-growing market for smartphones in Asia-Pacific in the three months ended 30 September, following festive demand, said a report by research firm International Data Corporation (IDC) released on November 26.

The Indian smartphone market grew 82% from a year ago and 27% over the preceding quarter, making it the second consecutive quarter of more than 80% year-on-year shipment growth for smartphones.

There were 23.3 million smartphone handsets shipped in the reporting quarter, comprising 32.1% of the overall mobile phone market that touched 72.5 million units in the September quarter of 2014, recording a 9% growth from a year ago and 15% rise from the preceding quarter.

Samsung Electronics Co. Ltd continued to be the market leader in the Asia-Pacific region with a 24% market share in the smartphone segment, even though its shipment growth was lower than the industry average, implying a contraction in the market share.

The company has been trying to maintain its No. 1 position in the India market as it faces a “real possibility” of losing its position to home-grown brands, according to industry analysts.

Micromax Informatics Ltd, which on November 26 announced a strategic partnership with Intel Corp. for mobile devices, came second in the smartphone market witnessing another strong quarter. Its market share rose to 20% in the September quarter from 18% in the preceding quarter.

While Lava International Ltd remained one of the fastest-growing handset vendors grabbing the third spot with its two brands-Lava and Xolo, Karbonn Mobiles India Pvt. Ltd saw consistent growth with more than 85% of its shipment volume falling under sub $100.

Motorola Inc. also managed to retain its position among the top five vendors with its fresh line-up of second generation handsets that fared well for the company, the IDC report said.

In the overall mobile phone market, feature phone shipments recorded quarter on quarter growth of 10% in the September quarter.

However, contribution of feature phones in in the overall mobile market saw a fall in growth by 9% as compared with the same period last year as a large number of users migrated to smartphones.

While Samsung and Micromax remained the largest and second-largest vendors in the overall mobile market respectively, Nokia Oyj, Lava International Ltd and Karbonn Mobiles India Pvt. Ltd filled the other three spots in the top five handset vendor list.

IDC anticipates moderate sequential growth quarter-on-quarter in 2015.

“With positive consumer sentiments and low levels of inflation, consumers will have more money to spend. Majority of the smartphone users change their phones within 12-24 months,” said Karan Thakkar, senior market analyst at IDC India.

“With 44 million units shipped in CY (calender year) 2013 and the current market scenario hinting at 80 million plus shipment in CY 2014, we have a big chunk of end-user market which is awaiting refresh.”

Phablets, the smartphones with 5.5-6.99 inches screen size, contributed 6% to the overall smartphone market.

On the other hand, smartphones with screen sizes between 4.5 and 5.5 inches are seen as the sweet spot for consumer preference, the report noted.

Kiran Kumar, research manager, client devices at IDC India, said the research firm expects the phablet segment to pick up again in 2015 with the expected 4G (fourth generation) roll out.

Source: Mint
Auto sales pick up steam, see 10% growth

Following a muted festive season, demand in India’s automobile sector has picked up pace, with eight of the country’s leading manufacturers on Monday reporting combined passenger vehicle sales of 198,427 in November, a 10 per cent annual rise.

Sales of passenger vehicles had dropped 7.52 per cent to 221,151 units in October, the first fall since April this year, when sales had declined 9.5 per cent to 188,541 units.

The rise in sales in November was led by Maruti Suzuki, whose sales increased 17 per cent to 100,024 units in the domestic market, primarily owing to launches of the Celerio and Ciaz models.

Though the company’s sales in the mini car segment (Alto, WagonR) declined 0.8 per cent to 37,746 units, strong demand for mid-sized cars boosted overall sales. Maruti sold 37,339 compact cars (Swift, Celerio, Dzire and Ritz) in November, growth of 13.8 per cent compared with the 32,804 units sold in the corresponding month last year.

The newly launched Ciaz recorded good demand, with 5,232 units of the model being sold.

For Hyundai, too, a revamped product portfolio boosted sales. The Korean automobile major sold 35,511 units in the domestic market, six per cent more than the 33,501 units sold in the year-ago period.

Rakesh Srivastava, senior vice-president (sales and marketing), Hyundai Motor India Ltd, said, “The strong investment of launching four new products in a year’s time has resulted in this growth. Today, Hyundai has one of the youngest product portfolios, led by the Elite i20, which has reached a landmark number of 10,500 units, making it a top seller among the strong Hyundai brands.”

Honda Cars India maintained its upward surge, driven by the success of the new City.

The company started a second shift at its facility in Tapukara, Rajasthan, which helped it meet the rise in the demand for its flagship sedan. In November, as much as 48 per cent of Honda’s sales were accounted for the City, at 7,252 units. A combined 6,899 units of the Amaze and Mobilio models were sold during the month.

Jnaneswar Sen, senior vice-president (marketing & sales), Honda Cars India, said, “We continue to witness strong demand for all our products, across markets. We are aggressively expanding our dealer network to reach out to more customers and recently, reached the milestone of 200 dealers in the country.”

Tata Motors saw its sales soar 16 per cent to 12,021 units, driven by demand for the Nano and Zest models. Consequently, the company’s sales in the passenger car segment rose 30 per cent to 10,286 units. Demand for utility vehicles such as the Sumo, Aria and Safari, however, took a hit, falling 30 per cent in November.

Meanwhile, General Motors, Mahindra & Mahindra (M&M) and Ford saw a decline in sales. With no new launches, M&M continued to see sluggish demand in November, with its sales falling 18 per cent to 13,765 units. Pravin Shah, chief executive (automotive division and international operations), M&M, said, “The automobile industry continues to its sluggish demand on the back of factors such as low consumer sentiment and high interest rates. Falling international crude oil prices and the subsequent cut in fuel prices should help revive demand in the coming months."

General Motors saw sales slide a whopping 36 per cent to 4,007 units. “Though the lower fuel prices are encouraging, interest rates remain sticky and inflation continues to be high. The outlook remains grim and it is very unlikely that passenger cars will post positive growth this financial year, under the current economic conditions,” said P Balendran, vice-president, General Motors India.
"Discounts are at their peak and sales of diesel vehicles are tapering, as the price differential between the two fuels is dropping sharply. Going by the market scenario, we expect the challenging times to continue till some major announcements take place in the Budget to improve customer sentiment," he added.

Anurag Mehrotra, executive-director (marketing, sales and service), Ford India, agreed. "The perceived improvement in consumer sentiment is yet to translate into better sales for the automotive industry. A lacklustre festive season was certainly not what the industry had expected. While we are confident of the long-term growth potential of the Indian market, we continue to be cautiously optimistic in the near term."

In November, Ford India registered a 28.4 per cent decline in domestic sales at 5,661 units.

Source: Business Standard

Indian software market grows 10.7% in H1 2014, says IDC

The Indian software market grew 10.7% in the first half of 2014, due to political stability and economic revival, research firm International Data Corp. (IDC) said in a report on on December 1.

After the Bharatiya Janata Party (BJP)-led National Democratic Alliance government came to power, a few big software vendors closed some major deals in the banking, financial services and insurance space (BFSI), manufacturing, retail and e-commerce, which have been in the pipeline since early 2013, the report said.

"Large as well as SMB (small and medium business) customers are looking at ways to curb their capital expenditure and are keen to embark on the cloud journey. This has led the vendors to make their licensing policies more flexible and easier so that existing customers could smoothly transition to a cloud environment," said Shweta Baidya, senior market analyst, software, IDC India.

"Some vendors are offering exchange schemes to their customers to buy back their hardware in exchange of a cloud setup which is resonating very well with the small and medium business (SMB) market," added Baidya.

The IDC report further said that firms offering virtualization and cloud services, such as VMware Inc., Salesforce Inc. and Red Hat Inc., generated good business owing to greater market awareness, while database and analytics companies such as Teradata Corp., Informatica Corp., Oracle Corp., Qlik Technologies Inc. and others registered strong double digit-growth due to widespread demand for customer insights and analytics.

Going forward, IDC expects the software market to grow at a stable pace in the next five years (2014-2018) with a compound annual growth rate (CAGR) of 10.5%.

Some of the areas which are expected to witness software uptake are mobile application development and mobile device management, security software, system software, analytics and engineering applications.

Some of the sectors to watch out for in the future, according to IDC, include entertainment, retail and e-commerce, education, and hospitality.

Government initiatives such as Mobile Seva, Digital India, Pradhan Mantri Jan Dhan Yojana will also trigger adoption of software solutions in the coming years, the IDC report said.

Microsoft Corp. led the Indian software market with a 31.8% market share, followed by Oracle Corp. (12 percent market share), SAP SE (6.5%) and International Business Machines Corp. (5.5%).

Source: Mint
Government draws up plan to raise power generation

The ministers of the key energy portfolios of power and petroleum met on November 26 to finalise a plan to increase power generation in the country that would also involve operating 16,000 MW of gas-based plants lying stranded for lack of fuel.

Power Minister Piyush Goyal met Petroleum Minister Dharmendra Pradhan to craft a rescue package, although no specific details were forthcoming.

“We are drawing up plans to increase the generation of power, to put national assets to good use and keep the energy cost affordable with a sustained policy framework,” Goyal told reporters after the meeting.

“Today’s meeting was a precursor to final decisions which will be taken very fast,” he added.

Informed sources told IANS that the plan could involve both rescheduling of loans to power companies as well as making available gas at an affordable price by pooling the price of cheaper domestic gas with the more expensive imported LNG.

The petroleum minister said the government is taking an overall view of the myriad problems plaguing the power sector for a long time.

“We looked at all options including problems of gas-based plants. We have decided to resolve all the problems, from bankers issues to fuel issues,” Goyal said.

The national context overall is one of precarious financial health of state-run distribution companies. These had a debt burden by end-March 2012, of a staggering Rs.246,000 crore, for which the government approved a restructuring package in September 2012.

Source: Indo-Asian News Service
India launches e-visa facility for 43 nations

With the launch of electronic visa (e-visa) facility on November 27, tourists from 43 countries can apply for Indian visa in four simple steps.

The step is aimed at boosting tourism sector and offer hassle-free travel to foreign nationals.

Union Home Minister Rajnath Singh, along with Union Minister of Culture and Tourism Mahesh Sharma launched the Tourist Visa on Arrival (TVOA) service enabled with electronic travel authorisation (ETA) scheme here.

Tourists from countries like Brazil, Cambodia, Kenya, Oman, Singapore, Norway, Thailand, among others can avail this facility.

"India has a unique advantage in tourism sector owing to its geographical location and that no other country offers such abundance of diversity in weather conditions," said Singh.

This visa will allow entry of the tourists into India within 30 days from the date of approval of ETA and will be valid for 30 days stay in India from the date of arrival in India.

The facility will be extended to other nations in a phased manner.

The tourists will be allowed to enter and depart from nine international airports - Bengaluru, Chennai, Kochi, Delhi, Goa, Hyderabad, Kolkata, Mumbai and Thiruvananthapuram.

Tourists availing this facility would be able to go for usual sightseeing and recreational activities. The tourism ministry has included facilities like short duration medical visit and casual business visit with e-visa.

Source: Indo-Asian News Service
High EMIs on loans to remain as RBI keeps lending rates intact

High interest rates on automobile and house loans will continue as the Reserve Bank of India (RBI) on December 2 decided to keep key interest rates unchanged in its fifth bi-monthly policy review of the current fiscal.

RBI Governor Raghuram Rajan said that a change in the monetary policy at the current juncture will be premature and that he will wait for the decrease in inflation to continue.

RBI had kept a target for bringing down inflation by six percent in 2015. Current data has shown that the country’s annual retail inflation eased to a record low of 5.52 percent in October. The wholesale inflation has also dipped. It was down to 1.77 percent from 2.38 percent. At the same time, factory output, measured by the Index of Industrial Production (IIP), grew by just 2.5 percent during September pointing towards the persistent weakness in spurring manufacturing activity.

"The policy is lead by the data we are receiving and we need to be relatively sure that there is a moderation in inflation. We don’t want any flip-flop in the future. Inflation is not a one way street," Rajan said.

"After 4-5 years of very high inflation. We want the lowering in inflation to be for real and we don’t want any flip-flop going forward if there is some dramatic change tomorrow. There should be change and change should be for good," the RBI added. In his monetary policy statement Rajan admitted that weak demand and the rapid pace of recent disinflation are factors supporting monetary accommodation, by the way of interest rate cut.

The apex bank kept the repo rate, or the interest that banks pay when they borrow money from the RBI to meet their short-term fund requirements, unchanged at 8 percent. The reverse repo rate, or the interest that the RBI pays to commercial banks when they park their surplus short-term funds with the central bank, has been adjusted to 7 percent. The Cash Reserve Ratio (CRR) is left unchanged at 4 percent. The marginal standing facility rate and the bank rate is also kept unchanged at 9 percent. The statutory liquidity ratio (SLR), the mandatory amount of bonds lenders must keep with the RBI, has been maintained to 22 percent of their net demand and time liabilities (NDTL).

The central bank’s action is on expected lines as most analysts had predicted a status quo, considering the macroeconomic situation and current data. Geojit BNP Paribas’ head - fundamental research, Vinod Nair said the RBI’s commentary has given a clear statement about the framework on ‘when and why’ will there be a possibility for a cut rate arise. “RBI has given a clear statement on by when it expects to carry out a rate cut. The Governor wants to be sure about the inflationary pressure before going in for a rate cut,” Nair told IANS.

"Continuous increase in rupee may tend RBI to wait and understand the trajectory post Nov 2014 due to base impact as mentioned in Sep 14 policy."

The markets were disappointed as they were hoping against hope for a rate.

The benchmark index of Indian equities markets was trading 165 points or 0.58 percent down, as interest sensitive stocks like automobile, bank, consumer goods and realty sectors declined.

The 30-scrip Sensitive Index (Sensex) of the S&P Bombay Stock Exchange (BSE), which opened at 28,522.46 points, was trading at 28,394.64 points (at 12.00 p.m.), down 164.98 points or 0.58 percent from the previous day’s close at 28,559.62 points. The wider 50-scrip Nifty of the National Stock Exchange (NSE) was also trading in the red. It was down 37.55 points or 0.44 percent at 8,518.35 points.

Source: Indo-Asian News Service
India-US partnership poised for the next level: India envoy nominee

Richard Rahul Verma, the first Indian-American to be nominated as the US Ambassador to India, believes there is renewed enthusiasm on both sides to take a reenergized India-US partnership to the next level. “There is no question that this is a defining and exciting time in the US-India relationship,” he told the Senate Foreign Relations committee on December 2 at his confirmation hearing.

Verma, 45, a former key aide to then secretary of state Hillary Clinton, noted that President Barack Obama “will make a historic visit to India in January, becoming the first US head of state to attend India’s Republic Day and the only sitting US president to visit India twice.”

“His trip will build on Prime Minister Modi’s highly successful visit to the United States this past September,” he said.

“There’s little doubt the relationship has been reenergized, with renewed enthusiasm to take our partnership to the next level,” said Verma, who was named as the US envoy to India just ahead of Modi’s visit.

If, as widely expected, Verma is confirmed by the full Senate, two Indian-Americans will be dealing with matters relating to India in both Washington and New Delhi. Nisha Desai Biswal, hailing from Prime Minister Narendra Modi’s home state of Gujarat, became the first Indian American to head State Department’s South Asia bureau last November.

Recalling his past association with the panel, Verma said “If confirmed, I am committed to partnering with you again in shaping our relationship to India - a country so important that President Obama called it the defining relationship for the United States in the 21st Century.” “The US and India share a wide-range of critical national interests,” he said. “Our partnership is deep, it touches nearly every endeavor of human pursuit, and it has produced important gains for each of our countries.” “Across Asia, US and Indian interests are converging. India has been called the linchpin of our Asia rebalance,” Verma said.

“With India’s Look East, and now Act East policies, our two countries can play a critically important role together in bolstering peace and security and promoting a rules-based, liberal, democratic order in the Indo-Pacific region,” he said.

“The ripple effects of our partnership need not be limited to Asia,” Verma said.

He cited Modi as noting, “the true power and potential in this relationship is that when the oldest and largest democracies come together, the world will benefit.” Verma acknowledged that India and US “will have our differences from time to time - close friends often do - but when we do have differences, it is imperative that we maintain a healthy dialogue.”

Expressing deep appreciation of all those who have worked so hard on cultivating this relationship over many decades,” he also acknowledged the contribution of immigrants from the Indian subcontinent. They “took a chance like my parents, who worked hard, who continue to pursue their dreams, and along the way have helped ensure India and the United States become the closest of friends and partners,” Verma said vowing to “strive to live up to the high standards they have set.” The New Delhi post has been vacant since the previous ambassador Nancy Powell quit in May after India-US ties hit a low after a major diplomatic spat over the December arrest and strip search of Indian diplomat Devyani Khobragade in New York.

Kathleen Stephens, a career foreign service official has served as chargé d’affaires in New Delhi since July.

Source: Indo-Asian News Service
IMF says lower oil prices positive for global economy

Falling oil prices are positive for the global economy as a whole, though they may hurt individual commodity exporters, IMF Managing Director Christine Lagarde said on December 1.

"Assuming we have a 30% decline (in oil prices), it’s likely to be an additional 0.8% (in economic growth) for most advanced economies, because all of them are importers of oil," Lagarde said, mentioning the United States, Europe, Japan and China in particular.

World oil prices are down 40% since June, largely on abundant supply. OPEC also declined last week to cut production to bolster prices, sending Brent crude prices to a five-year low this week.

But Lagarde warned falling crude prices were hitting some oil exporters particularly hard, especially Russia, Iran, Venezuela and Nigeria, leaving their economies vulnerable.

"All countries that will be affected significantly by the decline in the oil price, which are producers of oil, I think should be under watch," Lagarde said at a Wall Street Journal conference. "Venezuela is clearly one ... where it could be difficult." The South American member of OPEC derives 96% of its export revenues from oil, so the drop in prices has hit exacerbated a national economic decline, a foreign currency shortage and a scarcity of basic goods.

Source: Reuters

Moody's projects GDP growth between 5-6 percent in 2015

India’s gross domestic product (GDP) is estimated to grow next year in the range of 5-6 percent on the back of stronger domestic demand, ratings agency Moody’s said on December 10.

"India will have stronger GDP growth in 2015, which we forecast at 5-6 percent, up from around 5 percent in 2014," Moody’s said in their report titled 2015 Outlook - Global Credit Conditions.

The American agency said the country has benefited from a strong domestic demand base and diversified export markets that cushion it from the effects of a slowing Chinese economy and sluggish growth in Europe and Japan.

"Employment and consumption are likely to rise in India, and the fall in global commodity prices will help to lower high inflation in the country," it added.

Growth in the earlier two consecutive fiscals has fallen below the 5 percent level.

Moody’s also said its outlook on the banking system remains negative as it expects poor asset quality to require continued provisioning and strengthened capital buffers. "Our outlook for the Indian banking system remains negative, reflecting high leverage in the corporate sector that will inhibit any meaningful recovery in asset quality, notwithstanding a moderate rebound in economic growth," the report said.

The percentage of gross non-performing assets (GNPAs) for the banking sector is expected to worsen from 3.9 percent of advances in fiscal 2013-14 to about 4-4.2 percent in 2014-15, ICRA has said in a report earlier.

"Overall, the Gross NPAs of the banking sector (public sector banks + private banks) could be at 4-4.2 percent as in March 2015, as against 3.9 percent as in March 2014 and 4.0 percent as in June 2014," the report said, analyzing the performance of the 26 state-run and 15 private banks for the first quarter ended-June.

Source: Indo-Asian News Service
Declining prices of vegetables and fuel items pulled down the inflation to zero level in November, the lowest in about five and half years, exerting pressure on RBI to cut rates to boost growth.

The Wholesale Price Index (WPI) based inflation was at 1.77 per cent in October and 7.52 per cent in November 2013. As per data released by the government on December 15, the WPI inflation remained flat mainly on account of falling prices of vegetables, especially onion, edible oil, petrol and diesel.

In view of the moderation in WPI inflation, which has been on declining trajectory for six months, the industry has stepped up its demand for a rate cut.

The Reserve Bank has maintained a status quo in interest rate since January. The RBI factors in retail inflation while formulating its monetary policy.

In its policy earlier this month, RBI Governor Raghuram Rajan had hinted at a rate cut early next year if inflation continued to decline and government took steps to contain fiscal deficit.

Food inflation, which is on decline since May, fell to nearly three year low of 0.63 per cent.

Inflation in fuel and power segment fell 4.91 per cent, the lowest level since 2009.

This is probably the first time when WPI inflation has hit the exact zero level. The last time WPI was lower than this was (-)0.3 per cent in July 2009.

Onion price contracted 56.28 per cent as compared to a contraction of 59.77 per cent in October. In case of vegetables, the contraction was 28.57 per cent.

Industry chamber Assocham in its reaction to WPI numbers made a strong pitch for an interest rate cut to boost demand for industrial goods and push economic growth.

As per the data, prices of protein rich items of egg, meat and fish rose 4.36 per cent during November, while inflation in potato stood at 34.10 per cent. Inflation in manufactured products, like sugar, edible oils, beverages and cement, fell to 2.04 per cent in November as against 2.43 per cent in the previous month.

Retail inflation data for November showed a record fall to 4.38 per cent.

Meanwhile, ICRA Senior Economist Aditi Nayar said: “With monetary policy focused on the medium term trajectory of CPI inflation, lower than expected WPI print is unlikely to hasten rate cuts”.

The decline in both retail and WPI inflation for November coupled with contraction of industrial production to 4.2 per cent in October, will put pressure on RBI to lower interest rates to boost growth.

Finance Minister Arun Jaitley too on many occasions had nudged the RBI to cut rates. The issue also figured during a debate in the Lok Sabha last week.

RBI Governor Raghuram Rajan has emphasised that interest rate cut by itself would not lift the economy.

Industry has been demanding easing of interest rates to boost growth, which has slumped to 4.7 per cent in 2013-14. The economy is estimated to grow in the range of 5.4-5.9 per cent this fiscal.

India’s rapidly cooling inflation supports case for RBI rate cut
India’s wholesale price index showed no increase in November for the first time in near 5-1/2 years as oil prices tumbled, building a case for the central bank to start lowering interest rates early next year to help prop up economic growth.

Asia’s third-largest economy is recovering from the slowest phase of growth since the 1980s, having lost momentum in the last quarter which has raised calls from industry for more support.

Prime Minister Narendra Modi swept to power six months ago on a ticket to oversee a revival in an economy suffering a dearth of investment and slack consumer demand.

He has pinned his hopes on rate cuts to help translate his election promise into a reality.

The wholesale price index (WPI) was flat in November against a year earlier, its lowest since July 2009, government data showed on Monday. That compared with a 1.41 percent rise forecast by economists in a Reuters poll.

Inflation dropped to zero mainly driven by a sharp decline in fuel prices, which fell an annual 4.91 percent last month – their first year-on-year fall since November 2009.

The data comes days after India reported consumer price inflation in November had dropped to 4.38 percent, its lowest level since the government started releasing the data in 2012 and well below the Reserve Bank of India’s (RBI) 6 percent target for January 2016.

“This number is definitely surprising,” said A Prasanna, economist, ICICI Securities Primary Dealership in Mumbai.

“This will augur well for inflation outlook...and strengthen the case for a rate cut at the time of February monetary policy.”

Indian businesses have been pleading for a cut in interest rates, which are among the highest in Asia, to stimulate consumption in a domestic demand-driven economy.

Consumer goods output has grown in just two of the last 22 months. It fell an annual 18.6 percent in October, leading to the sharpest contraction in industrial output in three years.

Encouragingly, RBI Governor Raghuram Rajan held out prospects for a cut in the policy interest rate – set at 8.0 percent – early next year if inflation trends remained favourable and the government controlled its fiscal deficit.

Bolstering the rate cut prospect is a nearly 40 percent fall in global crude prices since July which has brought inflation down, lowered the import bill and reduced government spending on fuel subsidies.

Economic growth slowed to 5.3 percent in the July-September quarter from a 2-1/2-year high of 5.7 percent in the quarter ago, signalling it would be some time before the economy recaptures the 8 percent growth levels needed to create enough jobs for a rapidly expanding workforce.

Source: Press Trust of India
Retail in India to become $1 trillion in value by 2020: PwC

Retail sector in India is expected to grow by 10 per cent to become USD 1 trillion by 2020, PricewaterhouseCoopers (PwC) said.

In a report titled ‘The Future of India: The Winning Leap’ PwC said India’s retail industry (both organised and unorganised) could see a CAGR (compounded annual growth rate) of 10 per cent over 2012-2020, growing from USD 500 million to $ 1 trillion in that time frame.

However, report pointed out that 92 per cent of India’s total retail market remains unorganised, dominated by local shops owned by independent private individuals.

“Though India is one of the fastest growing retail markets in the world, share of organised retail at per cent is discouraging compared to other countries (US 85 per cent, UK 80 per cent, Thailand 40 per cent, China 20 per cent and South Korea 15 per cent), PwC said.

PwC said organised retail is expected to grow 24 per cent year-on-year but it will still account for less than a third of the total retail market by 2024.

“We envision India boosting the share of organised retail from 8 per cent of total retail in 2012 to 30 per cent in 2024 and 50 per cent in 2034,” the report by the consultancy firm said.

Domestic organised players operating in the retail segment include Future Group, Aditya Birla Group, Bharti Group. Foreign players including Walmart have been advocating for relaxations of norms for FDI in multi-brand retail. At present, FDI in multi-brand retail is capped at 51 per cent.

Source: Press Trust of India

Finance ministry releases good governance e-book

The union finance ministry on December 25 released an e-book about its various initiatives including those under the government’s good governance programme, an official statement said.

“This provides an easy access to various initiatives including good governance initiatives taken under the ministry of finance and an IT enabled platform. The ministry hopes this will be useful to the citizens and an important step in bringing the governance closer to the public,” the statement said.

It said the government gives utmost importance to the need for improving governance and service delivery to the common man.

“One of the important tenets in this direction is the effective use of IT based applications under e-Governance initiatives,” it added.

Source: Indo-Asian News Service