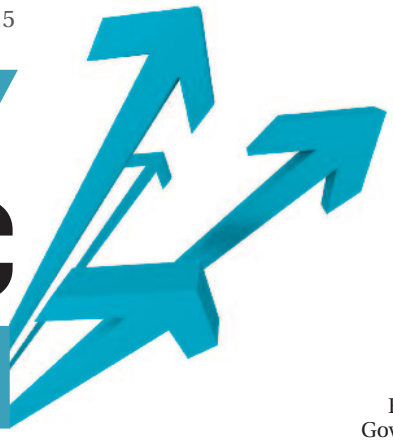
January, 2015

MONTHLY ECONOMIC BULLETIN



ITP Divison
Ministry of
External Affairs
Government of India

In this issue...

Domestic Economy and Markets

Year End Review- Major FDI Policy Changes

Government has put in place an investor-friendly policy on FDI, under which FDI, up to 100% is permitted, under the automatic route, in most sectors/activities. FDI policy is reviewed on an ongoing basis, with a view to making it more investor friendly. FDI helps in the economic growth of the country by supplementing the domestic capital, bringing technology transfers, global best practices leading to increased manufacturing and productive capacity. Overall growth in different sectors of economy results in job creation.

Following are the major FDI policy changes made during the year:

DEFENCE:

The Government vide Press Note 7 /2014 dated 26th August, 2014 has allowed FDI upto 49% on approval route in Defence sector with certain conditions e.g., the applicant company seeking FIPB approval be an Indian company owned and controlled by resident Indian citizens. Above 49% the proposal will be routed to Cabinet Committee on Security on a case to case basis, wherever it is likely to result in access to modern and state-of-art technology in the country. FPI investment has been allowed to be made in the Defence sector upto 24% on automatic route. A number of conditions have been relaxed /removed making the sector more investor friendly.

The proposal is expected to result in technology transfer which would help in increasing the production base and providing an impetus to manufacturing sector and job creation in India. The measure is expected to not only reduce the heavy burden of imports and conserve foreign exchange reserves but also make domestic manufacturing an integral part of GDP growth of the country.

RAILWAYS:

The Govt. (vide PN 8/2014 dated 26th August, 2014) has allowed 100% private and FDI investment under automatic route in Rail infrastructure (other than construction, operation and maintenance of (i) Suburban corridor projects through PPP, (ii) High speed train projects, (iii) Dedicated freight lines, (iv) Rolling stock including train sets, and locomotives/coaches manufacturing and maintenance facilities, (v) Railway Electrification, (vi) Signaling systems, (vii) Freight terminals, (viii) Passenger terminals, (ix) Infrastructure in industrial park pertaining to railway line/sidings including electrified railway lines and connectivities to main railway line and (x) Mass Rapid Transport Systems) subject to meeting sectoral laws and with the condition that FDI beyond 49% in sensitive areas from security point of view will be approved by the Cabinet Committee on Security on a case to case basis.

The proposal for amendments will facilitate private investment including FDI inflows into infrastructure projects including elevated rail corridor project in Mumbai, High Speed Train project, port connectivity projects, dedicated freight corridors, logistic parks, station development, locomotive manufacturing units and power plants, through public-private partnerships which would not only bring in the much needed capital but also technology and global best practices.

CONSTRUCTION DEVELOPMENT:

The Government has issued the Press Note No. 10 on 3rd December, 2014 amending the FDI policy regarding Construction Development Sector. Amended policy includes easing of area restriction norms, reduction of minimum capitalization and easy exit from project. Further, in order to give boost to low cost affordable housing, it has been provided that conditions of area restriction and minimum capitalization will not apply to cases committing 30% of the project cost towards affordable housing.

FDI INFLOWS

Total FDI into India, since April, 2000, including equity inflows, reinvested earnings and other capital, is US $ 345.29 billion (April, 2000-September, 2014). During the calendar year 2014 (i.e. during January- September, 2014), FDI equity inflows of US $ 22.43 billion have been received. This represents increase of 24% over the FDI equity inflows of US $ 18.07 Billion received during the corresponding period (January- September 2013) of the previous calendar year (2013).
During the financial year 2014-15 (i.e. April- September, 2014), FDI equity inflows of US $ 14.69 billion have been received. This represents an increase of 17% over the FDI equity inflows of US$ 12.59 billion received during the corresponding period (April 2013- September, 2013) of the previous financial year (2013-14).

'MAKE IN INDIA' PROGRAMME

The Government has launched the 'Make in India' Programme to promote manufacturing in the country;
The "Make in India" initiative is based on four pillars, which have been identified to give boost to entrepreneurship in India, not only in manufacturing but also other sectors. The four pillars are:

(i) New Processes: `Make in India` recognizes `ease of doing business` as the single most important factor to promote entrepreneurship. A number of initiatives have already been undertaken to ease business environment.
(ii) New Infrastructure: Government intends to develop industrial corridors and smart cities, create world class infrastructure with state-of-the-art technology and high-speed communication. Innovation and research activities are supported through a fast paced registration system and improved infrastructure for IPR registration. The requirement of skills for industry are to be identified and accordingly development of workforce to be taken up.
(iii)New Sectors: FDI has been opened up in Defence Production, Insurance, Medical Devices, Construction and Railway infrastructure in a big way. Similarly FDI has been allowed in Insurance and Medical Devices.
(iv) New Mindset: In order to partner with industry in economic development of the country Government shall act as a facilitator and not a regulator.

Components of the initiative are equally available to all regions of the country.

The following sectors have been included in the 'Make in India' programme:
(i) Auto Components
(ii) Automobiles
(iii) Aviation
(iv) Biotechnology
(v) Chemicals
(vi) Construction
(vii) Defence Manufacturing
(viii) Electrical Machinery
(ix) Electronic System Design and Manufacturing

(x) Food Processing
(xi) IT and BPM
(xii) Leather
(xiii) Media and Entertainment
(xiv) Mining
(xv) Oil and Gas
(xvi) Pharmaceuticals
(xvii) Ports
(xviii) Railways
(xix) Roads and Highways
(xx) Renewable Energy
(xxi) Space
(xxii) Textiles
(xxiii) Thermal Power
(xxiv) Tourism and Hospitality
(xxv) Wellness

An investor facilitation cell has been created under 'Make in India' Programme. So far this cell has handled 7100 queries from the investor and about 250 meetings have been convened by the cell with potential investors.

Other measures taken by the Government to boost manufacturing sector in the country as follows;
1. 14 Government of India services has been integrated with online single window under e-Biz portal.
2. Creation of Investor Facilitation Cell in `Invest India` to assist, guide and handhold investors during the various phases of business life cycle.
3. Information on 25 sectors has been put up on `Make in India`s web portal (http://www.makeinindia.com) along with details of FDI Policy, National Manufacturing Policy, Intellectual Property Rights and Delhi Mumbai Industrial Corridor and other National Industrial Corridors.
4. Ordinance has been issued to make land acquisition easier for important projects.
5. A number of items have been taken off the licensing requirement from Defence products` list. Similarly, items of dual use have also been taken off the licensing requirement.
6. The Ministry of Labour and Employment has developed a unified Web Portal 'Shram Suvidha`. This portal facilitates:
a. Allotment of Unique Labour Identification Number (UN) to units;
b. Filing of single self-certified online return for 16 labour laws;
c. Random computerized inspections based on objective criteria;
d. Reports to be uploaded by inspectors within 72 hours of inspection;

This information was given by the Minister of State (Independent Charge) in the Ministry of Commerce & Industry Smt. Nirmala Sitharaman in a written reply in Lok Sabha on January 15.

India's Foreign Trade (Merchandise)

EXPORTS (including re-exports)

Exports during January, 2015 were valued at US $ 23883.60 million (Rs.148617.82 crore) which was 11.19 per cent lower in Dollar terms (10.97 per cent lower in Rupee terms) than the level of US $ 26891.58 million (Rs. 166932.15 crore) during January, 2014. Cumulative value of exports for the period April-January 2014-15 was US $ 265037.38 million (Rs 1613789.24 crore) as against US $ 258721.45 million (Rs 1562119.12 crore) registering a growth of 2.44 per cent in Dollar terms and growth of 3.31 per cent in Rupee terms over the same period last year.

IMPORTS

Imports during January, 2015 were valued at US $ 32205.63 million (Rs.200402.44 crore) which was 11.39 per cent lower in Dollar terms and 11.18 per cent lower in Rupee terms over the level of imports valued at US $ 36346.32 million (Rs. 225623.44 crore) in January, 2014. Cumulative value of imports for the period April-January 2014-15 was US $ 383411.33 million (Rs 2334685.06 crore) as against US $ 375253.67 million (Rs 2253984.83 crore) registering a growth of 2.17 per cent in Dollar terms and growth of 3.58 per cent in Rupee terms over the same period last year.

CRUDE OIL AND NON-OIL IMPORTS:

Oil imports during January, 2015 were valued at US $ 8247.65 million which was 37.46 per cent lower than oil imports valued at US $ 13187.76 million in the corresponding period last year. Oil imports during April-January, 2014-15 were valued at US $ 124747.13 million which was 7.87 per cent lower than the oil imports of US $ 135396.32 million in the corresponding period last year.

Non-oil imports during January, 2015 were estimated at US $ 23957.98 million which was 3.45 per cent higher than non-oil imports of US $ 23158.56 million in January, 2014. Non-oil imports during April-January, 2014-15 were valued at US $ 258664.20 million which was 7.84 per cent higher than the level of such imports valued at US $ 239857.35 million in April-January, 2013-14.

TRADE BALANCE

The trade deficit for April-January, 2014-15 was estimated at US $ 118373.95 million which was higher than the deficit of US $ 116532.22 million during April-January, 2013-14.

INDIA'S FOREIGN TRADE (SERVICES): DECEMBER, 2014

(As per the RBI Press Release dated 13th February, 2015)

A. EXPORTS (Receipts)

Exports during December, 2014 were valued at US $ 14303 Million (Rs. 89755.62 Crore).

B. IMPORTS (Payments)

Imports during December, 2014 were valued at US $ 7240 Million (Rs. 45433.17 Crore).

C. TRADE BALANCE

The trade balance in Services (i.e. net exports of Services) for December, 2014 was estimated at US $ 7063 Million.

EXPORTS & IMPORTS (MERCHANDISE): (US $ Million)		
(PROVISIONAL)		
	JANUARY	APRIL-JANUARY
EXPORTS(including re-exports)		
2013-14	26891.58	258721.45
2014-15	23883.60	265037.38
%Growth2014-15/ 2013-14	-11.19	2.44
IMPORTS		
2013-14	36346.32	375253.67
2014-15	32205.63	383411.33
%Growth 2014-15/ 2013-14	-11.39	2.17
TRADE BALANCE		
2013-14	-9454.74	-116532.22
2014-15	-8322.03	-118373.95
EXPORTS & IMPORTS (MERCHANDISE): (Rs. Crore)		
(PROVISIONAL)	JANUARY	APRIL-JANUARY
EXPORTS(including re-exports)		
2013-14	166932.15	1562119.12
2014-15	148617.82	1613789.24
%Growth 2014-15/ 2013-14	-10.97	3.31
IMPORTS		
2013-14	225623.44	2253984.83
2014-15	200402.44	2334685.06
%Growth 2014-15/ 2013-14	-11.18	3.58
TRADE BALANCE		
2013-14	-58691.29	-691865.71
2014-15	-51784.62	-720895.82

EXPORTS & IMPORTS (SERVICES) : (US $ Million)	
(PROVISIONAL)	
	December 2014-15
EXPORTS (Receipts)	14303.00
IMPORTS (Payments)	7240.00
TRADE BALANCE	7063.00
EXPORTS & IMPORTS (SERVICES): (Rs. Crore)	
(PROVISIONAL)	December 2014-15
EXPORTS (Receipts)	89755.62
IMPORTS (Payments)	45433.17
TRADE BALANCE	44322.45
Source: RBI Press Release dated 13th February 2015	

Agriculture

Agriculture minister urges students and scientists to adopt one village

Union Agriculture Minister, Radha Mohan Singh underlined the importance of fundamentals of agricultural growth for the development of country as he mentioned improved soil health, high productive seeds, modern agriculture practces and best practices, effective irrigation facilities, water to every agricultural land, apt marketing facility for agricultural produce are essential points for development of agriculture as a whole.

Union Agriculture Minister, Radha Mohan Singh was presenting his views on the occasion of a function titled "Agri@8%- Challanges and Way out" in New Delhi last month.

Various discussion points during the programme included Efficient system of Agricultural production and agricultural productivity, Storage and distributon of food products, Soil Mapping, Efficient water management, increasing yield and variety of crops, tradiitional farming, awareness building among farmers, balanced use of fertilisers, organic farming among a number of prespectives presented by the presenters.

Union Agriculture Minister, Shri Singh complimented ASSOCHAM for organising this function. Union Agriculture Minister, Shri Singh emphasised the need to create awareness among farmers about best practices in the agriculture sector. He urged students and scientist faternity from agriculture to create awareness among farmers of atleast one village of their hometown about various inititives in agriculture with the theme of "Mera Gaon, Mera Gaurav". He also mentioned that there are approximately 20,000 scientist and 50,000 students from agriculture,who are graduate or PhD's of agriculture.

The function was jointly organised by Ministry of Agriculture, Ministry of Food processing industries, Government of India, Department of Science & Techonlogy, Government of India, Department of Biotechnology, Government of Bihar and NABARD.

Mentioning about Pradhan Mantri Krishi Sinchai Yojana, Shri Singh said that the programme will play a vital roile in bringing water to every agricultural land in the country. He added that Soil Health Card provided to farmers will be a tool to identify the nutritional requirement of the soil and apt laboratory analysis for increasing the agriculture production and productivity. He emphasised about organic fertiliser and traditional farming practices during his discussion.

He said that with the setting up of the Price stabilisation fund, farmers will be able to get renumerative prices for their agriculture products.

Shri Singh spoke about e-Marketing of agriculture products especially horticulture produce like lichi, mango, gauva and emphasised that horticulture, dairy and fishery has potential to generate huge employment for farmers, especially youth.

He mentioned that Government has made inititives for development of Animal Husbandary, Dairy and Fisheries sector. He said the indigenous cows have a high tolerance towards the climate change and breeding of indigenous cows is essential for long term prespective of growth and productivity in agriculture output. He also mentioned that there is a need for adopting scientific attitude towards agriculture production to achieve the goal of higher growth in agriculture as a whole.

Present on the occasion were Union Minister of State for Agriculture, Shri Mohanbhai Kalyanjibhai Kundariya, Agriculture Minister of Bihar, Shri Narendra Singh, Shri Anil Jain, Shri Babulal Jain, Shri Tripurari Sharan among others.

European Commission Lifts Ban on Import of Mangoes from India

The European Commission having paid due cognizance to the audit findings in its meeting in Brussels on 20.01.2015 decided to lift the ban on import of mangoes from India. This news has been widely welcomed by farmers and exporters in the country as well as mango lovers in Europe, particularly in U.K.

Specifying the efforts of senior officials of Ministry of Agriculture, Union Agriculture Minister, Shri Radha Mohan Singh said that the system of inspection and certification of fresh fruits and vegetables destined for the EU market was subjected to a complete overhaul. The phytosanitary inspectors, exporters, pack house operators, etc. were given intensive training by officials of the Ministry of Agriculture.

Senior officials visited pack houses located in all parts of the country to enforce necessary changes in infrastructure and in the procedures adopted for preparation of export consignments. State Governments, APEDA, exporters and perishable cargo handling facilities at international airports provided full support to the initiative lead by the Ministry of Agriculture.

The Union Agriculture Minister raised India's concern over the ban with representatives from Germany, EU, the Netherlands and UK.

All deficiencies pointed out by the EU were removed by August, 2014. An Audit Team of the EU visited India on Government's invitation in September, 2014. The EU auditors were briefed about the steps taken by India by a team led by Joint Secretary in the Ministry of Agriculture. This technical Audit Team spent 10 days in the country to carry out a detailed evaluation of the entire phytosanitary control chain. The audit report submitted by this team has recognized the significant improvements carried out in India in the phytosanitary control system.

India has been exporting various fresh fruits and vegetables, prominent among them being mangoes, to countries of the European Union. In May, 2014 a ban was imposed by the European Commission on imports of mangoes, bitter gourd, egg plant, snake gourd and taro leaves from India on grounds of interceptions of harmful organisms leading to fears on account of biosecurity of the region.

This decision of the European Commission led to adverse impact on farmers and exporters in India. The Ministry of Agriculture therefore initiated purposeful steps to address the concern of farmers.

Inflation

The annual rate of inflation, based on monthly WPI, stood at -0.39% (provisional) for the month of January, 2015 (over January, 2014) as compared to 0.11% (provisional) for the previous month and 5.11% during the corresponding month of the previous year. Build up inflation rate in the financial year so far was -1.11% compared to a build up rate of 5.23% 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 246.6 (provisional) from 249.0 (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 0.1 percent to 252.4 (provisional) from 252.7 (provisional) for the previous month due to lower price of egg (4%), jowar (3%), beef & buffalo meat and mutton (2% each) and fruits & vegetables and fish-inland (1% each). However, the price of urad (7%), masur and gram (5% each), arhar, moong and barley (4% each), maize (3%), fish-marine and bajra (2% each) and ragi, wheat, pork and condiments & spices (1% each) moved up.

The index for 'Non-Food Articles' group declined by 0.7 percent to 207.6 (provisional) from 209.1 (provisional) for the previous month due to lower price of flowers (9%), cotton seed (7%), raw silk (5%), raw cotton (3%), sunflower, gingelly seed and castor seed (2% each) and fodder (1%). However, the price of niger seed (6%), raw rubber (5%), copra (coconut) (4%), soyabean (3%), rape & mustard seed and mesta (2% each) and gaur seed and groundnut seed (1% each) moved up.

The index for `Minerals' group declined by 7.6 percent to 301.1 (provisional) from 325.7 (provisional) for the previous month due to lower price of barytes (19%), copper ore (16%), crude petroleum (11%), magnesite (5%) and manganese ore (1%). However, the price of zinc concentrate (16%), steatite (3%) and limestone, phosphorite and sillimanite (1% each) moved up.

FUEL & POWER (Weight 14.91%)

The index for this major group declined by 2.5 percent to 189.7 (provisional) from 194.6 (provisional) for the previous month due to lower price of aviation turbine fuel (14%), furnace oil (6%) and petrol and high speed diesel (4% each).

MANUFACTURED PRODUCTS (Weight 64.97%)

The index for this major group declined by 0.3 percent to 154.5 (provisional) from 154.9 (provisional) for the previous month. The groups and items for which the index showed variations during the month are as follows:-

The index for 'Food Products' group declined by 0.6 percent to 171.6 (provisional) from 172.7 (provisional) for the previous month due to lower price of tea leaf (blended) (8%), tea leaf (unblended) (7%), oil cakes (4%), sugar and khandsari (2% each) and sunflower oil (1%). However, the price of groundnut oil and sugar confectionary (5% each), copra oil (3%), mustard & rapeseed oil and wheat flour (atta) (2% each) and sooji (rawa), mixed spices, rice bran oil, maida, tea dust (unblended), palm oil and soyabean oil (1% each) moved up.

The index for 'Beverages, Tobacco & Tobacco Products' group rose by 0.1 percent to 202.0 (provisional) from 201.8

(provisional) for the previous month due to higher price of dried tobacco and soft drinks & carbonated water (1% each). However, the price of rectified spirit (1%) declined.

The index for 'Textiles' group declined by 1.2 percent to 140.5 (provisional) from 142.2 (provisional) for the previous month due to lower price of cotton yarn (3%), man made fabric and man made fibre (2% each) and cotton fabric (1%). However, the price of tyre cord fabric (4%), gunny and hessian cloth and jute sacking cloth (3% each), jute sacking bag (2%) and jute yarn (1%) moved up.

The index for 'Paper & Paper Products' group rose by 0.1 percent to 151.4 (provisional) from 151.2 (provisional) for the previous month due to higher price of books/ periodicals/ journals and corrugated sheet boxes (1% each). However, the price of paper pulp (2%) and printing and writing paper (1%) declined.

The index for 'Leather & Leather Products' group declined by 1.8 percent to 143.8 (provisional) from 146.4 (provisional) for the previous month due to lower price of leathers (5%) and leather footwear (1%).

The index for 'Rubber & Plastic Products' group declined by 0.2 percent to 149.4 (provisional) from 149.7 (provisional) for the previous month due to lower price of rubber transmission belt (6%), plastic/pvc shoes (4%), plastic/pvc pipe (3%), rubber footwear (2%) and plastic/ldpe/polythene bag, plastic films & sheets, plastic bottles, polyester film, plastic/pvc chappals and hdpe bag (1% each).

The index for 'Chemicals & Chemical Products' group declined by 0.5 percent to 151.9 (provisional) from 152.7 (provisional) for the previous month due to lower price of rubber chemicals (7%), non-cyclic compound (3%), synthetic resin and basic organic chemicals (3% each) and basic inorganic chemicals (1%). However, the price of organic manure (7%), hair / body oils (3%), tooth paste / tooth powder (2%) and castor oil, di ammonium phosphate and pesticides (1% each) moved up.

The index for 'Non-Metallic Mineral Products' group rose by 0.6 percent to 172.9 (provisional) from 171.9 (provisional) for the previous month due to higher price of grey cement (2%) and asbestos corrugated sheet, glass bottles & bottleware and lime (1% each). However, the price of bricks & tiles (4%), marbles (3%) and slag cement (1%) declined.

The index for 'Basic Metals, Alloys & Metal Products' group declined by 0.1 percent to 164.7 (provisional) from 164.8 (provisional) for the previous month due to lower price of slab (5%), pig iron (4%), zinc and steel structures (2% each) and ferro silicon, steel rods, CRC, angles, rebars, silver and HRC (1% each). However, the price of iron castings (4%), nuts/bolts/screw/ washers (2%) and pipes/tubes/rods/strips, gold & gold ornaments, sheets, plates and billets (1% each) moved up.

The index for 'Machinery & Machine Tools' group rose by 0.2 percent to 135.2 (provisional) from 134.9 (provisional) for the previous month due to higher price of heating elements (5%) and industrial furnaces, electric motors, thresher, electric generators, lamps, electronic pcb /micro circuit, washing / laundry machines, earth moving machinery and ball/roller bearing (1% each). However, the price of heat exchanger (6%) declined.

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

For the month of November, 2014, the final Wholesale Price Index for 'All Commodities'(Base: 2004-05=100) stood at 181.2 as compared to 181.5 (provisional) and annual rate of inflation based on final index stood at -0.17 percent as compared to 0.00 percent respectively as reported on 14.11.2014.

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

Month of January, 2015

Commodities/Major Groups/Groups/Sub-Groups	Weight	WPI Jan, 2015	Latest month over month		Build up from March		Year on year	
			2013-14	2014-15	2013-14	2014-15	2013-14	2014-15
ALL COMMODITIES	100.00000	178.3	-0.33	-0.83	5.23	-1.11	5.11	-0.39
PRIMARY ARTICLES	20.11815	246.6	-2.01	-0.96	7.04	3.01	6.80	3.27
Food Articles	14.33709	252.4	-2.71	-0.12	9.15	7.59	8.85	8.00
Cereals	3.37323	233.7	-0.13	0.26	8.19	1.13	9.27	1.65
Rice	1.79348	239.2	-0.04	-0.46	11.54	3.06	13.41	4.00
Wheat	1.11595	216.6	0.14	0.98	7.21	-0.69	6.79	-1.63
Pulses	0.71662	254.9	-1.09	4.94	-2.66	11.95	-7.12	12.34
Vegetables	1.73553	259.6	-23.18	-3.39	16.06	30.85	13.51	19.74
Potato	0.20150	202.8	-25.76	-33.36	35.47	5.30	16.00	2.11
Onion	0.17794	335.1	-20.63	-4.42	19.19	37.56	0.47	-1.90
Fruits	2.10717	237.2	1.30	0.72	8.58	9.51	6.58	17.19
Milk	3.23818	246.3	0.18	-0.36	7.37	7.04	7.22	9.13
Egg, Meat & Fish	2.41384	280.6	2.04	-0.18	11.46	-0.74	12.12	-1.51
Non-Food Articles	4.25756	207.6	0.32	-0.72	4.24	-4.64	4.59	-4.07
Fibres	0.87737	197.4	3.86	-3.00	11.77	-17.23	19.28	-19.43
Oil Seeds	1.78051	204.0	-0.64	0.74	-1.41	-1.45	-2.60	0.89
Minerals	1.52350	301.1	-1.55	-7.55	-0.77	-12.85	-1.27	-13.75
FUEL & POWER	14.91021	189.7	0.62	-2.52	10.86	-11.44	9.82	-10.69
Liquefied petroleum gas	0.91468	166.6	4.52	-0.30	11.56	-5.72	-1.42	-7.65
Petrol	1.09015	164.1	2.01	-3.92	4.49	-18.20	7.67	-17.08
High speed diesel	4.67020	203.0	0.71	-3.70	12.35	-12.20	13.98	-10.41
MANUFACTURED PRODUCTS	64.97164	154.5	0.26	-0.26	2.82	0.19	2.96	1.05
Food Products	9.97396	171.6	-0.77	-0.64	1.75	1.48	1.14	1.84
Sugar	1.73731	182.2	-1.65	-1.73	-3.81	-0.65	-5.53	-1.25
Edible Oils	3.04293	145.8	-0.81	1.18	0.27	-0.48	-1.74	-0.88
Beverages, Tobacco & Tobacco Product	1.76247	202.0	4.18	0.10	6.94	3.22	8.86	4.02
Cotton Textiles	2.60526	157.7	0.38	-1.93	6.40	-4.37	9.16	-1.25
Man Made Textiles	2.20573	133.1	0.67	-2.06	5.49	-1.41	5.66	-1.04
Wood & Wood Products	0.58744	189.3	1.11	0.11	4.31	1.01	4.43	4.24
Paper & Paper Products	2.03350	151.4	0.55	0.13	4.07	2.57	4.66	3.77
Leather & Leather Products	0.83509	143.8	-0.48	-1.78	7.20	-1.51	7.36	-0.42
Rubber & Plastic Products	2.98697	149.4	0.14	-0.20	6.31	-0.33	6.54	0.74
Chemicals & Chemical Products	12.01770	151.9	0.60	-0.52	3.36	-0.46	3.57	0.73
Non-Metallic Mineral Products	2.55597	172.9	-0.18	0.58	-0.36	3.22	0.85	4.03
Cement & Lime	1.38646	170.0	-0.18	1.61	-4.59	3.60	-2.38	3.41
Basic Metals Alloys & Metal Product	10.74785	164.7	0.67	-0.06	0.85	-1.73	0.54	-0.90
Iron & Semis	1.56301	153.6	2.48	-1.03	1.36	-3.34	1.16	-2.10
Machinery & Machine Tools	8.93148	135.2	-0.15	0.22	2.32	1.50	2.40	2.11
Transport Equipment & Parts	5.21282	136.7	-0.07	0.59	2.72	0.66	3.35	0.66

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

Commodities/Major Groups/Groups/Sub-Groups	Weight (%)	Rate of Inflation for the last six months					
		Jan-15	Dec-14	Nov-14	Oct-14	Sept-14	Aug-14
ALL COMMODITIES	100.00	-0.39	0.11	-0.17	1.66	2.38	3.85
PRIMARY ARTICLES	20.12	3.27	2.17	-1.61	0.76	2.02	3.69
Food Articles	14.34	8.00	5.20	0.66	2.74	3.68	5.11
Cereals	3.37	1.65	1.26	2.17	3.11	3.28	4.36
Rice	1.79	4.00	4.43	5.55	6.47	6.87	6.61
Wheat	1.12	-1.63	-2.46	-2.22	-1.92	-1.46	0.72
Pulses	0.72	12.34	5.88	4.43	4.02	6.69	7.85
Vegetables	1.74	19.74	-4.78	-28.38	-19.37	-15.14	-5.99
Potato	0.20	2.11	13.76	34.16	82.84	93.47	65.76
Onion	0.18	-1.90	-18.54	-55.29	-59.01	-58.05	-44.54
Fruits	2.11	17.19	17.87	14.68	18.98	21.14	21.14
Milk	3.24	9.13	9.72	10.22	11.39	11.55	12.18
Egg, Meat & Fish	2.41	-1.51	0.68	3.89	-2.16	-3.09	-6.32
Non-Food Articles	4.26	-4.07	-3.06	-3.65	-1.41	0.66	4.29
Fibres	0.88	-19.43	-13.73	-17.27	-18.97	-13.23	-9.62
Oil Seeds	1.78	0.89	-0.49	-0.68	3.47	8.15	12.64
Minerals	1.52	-13.75	-8.15	-13.22	-8.73	-6.49	-6.19
FUEL & POWER	14.91	-10.69	-7.82	-4.53	0.48	1.33	4.54
Liquefied petroleum gas	0.91	-7.65	-3.19	0.12	-0.41	2.83	6.07
Petrol	1.09	-17.08	-11.96	-9.55	-7.03	-9.42	-0.15
High speed diesel	4.67	-10.41	-6.31	-1.93	8.53	10.10	11.61
MANUFACTURED PRODUCTS	64.97	1.05	1.57	1.90	2.50	2.97	3.65
Food Products	9.97	1.84	1.71	1.58	1.93	2.53	3.91
Sugar	1.74	-1.25	-1.17	0.21	1.90	2.10	2.57
Edible Oils	3.04	-0.88	-2.83	-3.29	-2.84	-2.32	-0.21
Beverages, Tobacco & Tobacco Product	1.76	4.02	8.26	9.08	9.52	10.59	10.65
Cotton Textiles	2.61	-1.25	1.07	0.63	1.69	2.82	5.09
Man Made Textiles	2.21	-1.04	1.72	1.64	3.38	4.53	5.20
Wood & Wood Products	0.59	4.24	5.29	4.58	4.41	4.36	4.56
Paper & Paper Products	2.03	3.77	4.20	5.37	6.18	6.27	6.53
Leather & Leather Products	0.84	-0.42	0.90	0.34	0.69	1.23	2.02
Rubber & Plastic Products	2.99	0.74	1.08	1.56	2.44	3.42	4.06
Chemicals & Chemical Products	12.02	0.73	1.87	2.68	2.88	3.09	4.05
Non-Metallic Mineral Products	2.56	4.03	3.24	5.86	6.66	6.51	3.19
Cement & Lime	1.39	3.41	1.58	4.21	5.41	4.98	-0.48
Basic Metals Alloys & Metal Product	10.75	-0.90	-0.18	0.06	1.22	1.47	2.33
Iron & Semis	1.56	-2.10	1.37	2.76	3.52	4.64	6.06
Machinery & Machine Tools	8.93	2.11	1.73	1.74	2.27	2.74	2.82
Transport Equipment & Parts	5.21	0.66	0.00	0.07	0.15	0.74	1.57

Industrial Production

Industrial production rises 1.7% in December

Despite India's economic growth receiving a major boost after a revision in the definition of gross domestic product (GDP) and the base year for calculating it, concern about industrial production continues, going by official data. Adding to worries, Consumer Price Index (CPI)-based inflation rose in January compared to December, another set of data showed.

Industrial growth slowed to 1.7 per cent in December from 3.9 per cent in November, owing to low consumer durable goods and mining output, while CPI inflation rose to 5.11 per cent in January from 4.28 per cent in December. The Reserve Bank of India has set a target of restricting inflation to eight per cent by January 2015 and six per cent in January 2016.

The IIP data might dampen the euphoria over the 7.4 per cent growth in India's GDP for 2014-15, as projected by advance estimates.

As was the case with GDP, the CPI also saw a revision in base year — from 2010 to 2012. Along with that, the weight of items was also tweaked on the basis of the consumer expenditure survey for 2011-12, against that for 2004-05 used so far. According to the previous base year and weight, inflation stood at five per cent in December.

Chief statistician TCA Anant said, "Inflation in 2014-15 will be lower than in 2013-14." He added besides changes in the weight of items and groups, "we have shifted to a geometric mean for computing inflation from the arithmetic mean used in the previous series".

For the Index of Industrial Production (IIP), the base year was maintained at 2004-05. As such, it might be somewhat difficult to ascertain the impact of the index reading on GDP, though experts say it will impact GDP growth for the December 2014 quarter (7.3 per cent).

In the December quarter, industrial production was muted, increasing only 0.46 per cent, largely because IIP had contracted 4.2 per cent in October.

In the GDP data for 2014-15, industrial growth of 3.85 per cent for the third quarter was considered.

National Statistical Commission Chairman Pronab Sen said, "Its (IIP's) impact on GDP calculations would be a little bit lower." Data on GDP growth for the December quarter were released before the IIP numbers were announced, a first.

Within the IIP, mining contracted 3.2 per cent in December, against 2.6 per cent in the corresponding month last year, while the manufacturing segment, which accounts for most of the index (75.5 per cent), rose 2.1 per cent, compared with a fall of 1.1 per cent in December 2013.

Electricity generation increased 4.8 per cent, against 7.5 per cent in the year-ago period.

The biggest drag on manufacturing was consumer durables, which continued to decline despite good automobile sales.

In December, production of these goods fell nine per cent, against 16.4 per cent in December 2013.

The fact that automobile sales fell in January might further hit growth in the consumer durables segment.

"The sector is likely to post further losses, as the impact of temporarily increased production due to an excise duty holiday on auto sales wears off. In January, automobile production slowed to two per cent year-on-year from 6.3 per cent in December," said YES Bank chief economist Shubhada Rao.

The new CPI numbers showed food inflation was 6.06 per cent in January this year, which raised overall inflation to 5.11 per cent from 4.28 per cent in the previous month; in the new series, food items hold less weight than earlier.

The break-up for December wasn't available. Within food items, inflation for fruit stood at 10.62 per cent in January, milk and milk products 9.38 per cent, pulses 9.37 per cent and vegetables nine per cent.

"While it would be premature to make strong conclusions based on an incomplete set of information, subdued inflationary momentum is the common underlying factor for the new and old indices," said YES Bank's Rao.

As the new CPI considers the consumption expenditure survey for 2011-12, food & beverages and fuel & light hold less weight in it.

Housing (rent) accounts for more in the index, as do clothing and footwear, health and education.

In the revised series, the number of items considered has been increased from 437 to 448 in rural areas (11 new items have been added) and from 450 to 460 in urban ones (seven items have been dropped and 17 added).

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

Month	Mining (141.57)		Manufacturing (755.27)		Electricity (103.16)		General (1000.00)	
	2013-2014	2014-2015	2013-2014	2014-2015	2013-2014	2014-2015	2013-2014	2014-2015
Apr	120.5	122.6	176.1	181.4	159.1	178.1	166.5	172.7
May	122.3	125.3	173.3	183.5	172.4	183.9	166.0	175.3
Jun	116.5	122.1	175.0	180.1	157.0	181.6	164.9	172.0
Jul	116.1	116.2	182.7	182.2	164.5	183.8	171.4	173.0
Aug	113.6	115.0	175.4	173.4	163.1	184.1	165.4	166.2
Sep	115.2	115.3	177.1	181.9	169.0	175.6	167.5	171.8
Oct	118.8	124.6	180.1	166.7	162.6	184.2	169.6	162.5
Nov	123.7	128.5	171.8	177.2	158.5	174.3	163.6	170.0
Dec*	135.9	131.6	189.0	192.9	169.4	177.6	179.5	182.6
Jan	139.2		194.1		171.1		184.0	
Feb	127.5		183.3		156.7		172.7	
Mar	147.2		204.7		173.0		193.3	
Average								
Apr-Dec	120.3	122.4	177.8	179.9	164.0	180.4	168.3	171.8
Growth over the corresponding period of previous year								
Dec	2.6	-3.2	-1.1	2.1	7.5	4.8	0.1	1.7
Apr-Dec	-1.5	1.7	-0.4	1.2	5.6	10.0	0.1	2.1

*** Indices for Dec 2014 are Quick Estimates.**
NOTE : Indices for the months of Sep'14 and Nov'14 incorporate updated production data.

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

Industry code*	Description	Weight	Index		Cumulative Index Apr-Dec		Percentage growth	
			Dec'13	Dec'14	2013-14	2014-15	Dec'14	Apr- Dec 2014-15
15	Food products and beverages	72.76	215.2	233.2	146.1	157.2	8.4	7.6
16	Tobacco products	15.70	124.9	120.9	107.3	107.3	-3.2	0.0
17	Textiles	61.64	154.3	152.3	147.9	150.8	-1.3	2.0
18	Wearing apparel; dressing and dyeing of fur	27.82	189.4	222.7	169.1	170.3	17.6	0.7
19	Luggage, handbags, saddlery, harness & footwear; tanning and dressing of leather products	5.82	130.3	152.1	132.0	145.0	16.7	9.8
20	Wood and products of wood & cork except furniture; articles of straw & plating materials	10.51	159.3	161.5	145.2	146.9	1.4	1.2
21	Paper and paper products	9.99	138.9	143.4	138.7	142.2	3.2	2.5
22	Publishing, printing & reproduction of recorded media	10.78	189.3	183.5	186.5	176.9	-3.1	-5.1
23	Coke, refined petroleum products & nuclear fuel	67.15	146.5	155.2	141.8	142.9	5.9	0.8
24	Chemicals and chemical products	100.59	148.2	143.9	139.7	137.0	-2.9	-1.9
25	Rubber and plastics products	20.25	183.4	190.8	180.0	185.9	4.0	3.3
26	Other non-metallic mineral products	43.14	169.7	172.4	159.2	167.0	1.6	4.9
27	Basic metals	113.35	203.8	211.8	192.2	212.7	3.9	10.7
28	Fabricated metal products, except machinery & equipment	30.85	188.6	195.9	173.2	175.2	3.9	1.2
29	Machinery and equipment n.e.c.	37.63	220.8	216.1	205.1	210.4	-2.1	2.6
30	Office, accounting & computing machinery	3.05	143.5	94.7	108.0	67.6	-34.0	-37.4
31	Electrical machinery & apparatus n.e.c.	19.80	479.9	544.1	417.6	497.0	13.4	19.0
32	Radio, TV and communication equipment & apparatus	9.89	556.3	164.6	781.4	353.7	-70.4	-54.7
33	Medical, precision & optical instruments, watches and clocks	5.67	126.3	112.3	107.8	105.3	-11.1	-2.3
34	Motor vehicles, trailers & semi-trailers	40.64	189.1	210.0	218.5	219.5	11.1	0.5
35	Other transport equipment	18.25	251.7	251.3	243.7	265.4	-0.2	8.9
36	Furniture; manufacturing n.e.c.	29.97	101.5	147.6	109.1	110.8	45.4	1.6
10	Mining & Quarrying	141.57	135.9	131.6	120.3	122.4	-3.2	1.7
15-36	Manufacturing	755.27	189.0	192.9	177.8	179.9	2.1	1.2
40	Electricity	103.16	169.4	177.6	164.0	180.4	4.8	10.0
	General Index	1000	179.5	182.6	168.3	171.8	1.7	2.1

*Industry codes are as per National Industrial Classification 2004

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

Month	Basic goods (456.82)		Capital goods (88.25)		Intermediate goods (156.86)	
	2013-2014	2014-2015	2013-2014	2014-2015	2013-2014	2014-2015
Apr	150.1	163.0	207.3	235.0	145.3	149.7
May	155.5	167.1	218.8	228.0	150.2	155.5
Jun	148.4	163.5	219.6	270.7	147.3	151.2
Jul	152.1	162.8	271.3	263.2	151.0	155.4
Aug	150.4	164.0	245.0	220.6	152.0	151.9
Sep	153.6	161.3	232.4	260.9	148.3	151.3
Oct	153.1	162.2	247.2	239.3	150.6	145.3
Nov	153.6	164.5	235.6	251.2	144.6	151.1
Dec*	164.9	168.9	254.3	264.8	157.2	157.3
Jan	167.3		240.7		158.2	
Feb	156.9		235.3		150.0	
Mar	176.3		303.8		160.3	
Average						
Apr-Dec	153.5	164.1	236.8	248.2	149.6	152.1
Growth over the corresponding period of previous year						
Dec	3.0	2.4	-2.5	4.1	5.2	0.1
Apr-Dec	1.5	6.9	-0.4	4.8	3.1	1.7

*** Indices for Dec 2014 are Quick Estimates.**
NOTE : Indices for the months of Sep'14 and Nov'14 incorporate updated production data.

Index of Eight Core Industries (Base: 2004-05=100), December, 2014

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 172.7 in December, 2014, which was 2.4 % higher compared to the index of December, 2013. Its cumulative growth during April to December, 2014-15 was 4.4 %.

Coal

Coal production (weight: 4.38 %) increased by 7.5 % in December, 2014 over December, 2013. Its cumulative index during April to December, 2014-15 increased by 9.1 % over corresponding period of previous year.

Crude Oil

Crude Oil production (weight: 5.22 %) declined by 1.4 % in December, 2014 over December, 2013. The cumulative index of Crude Oil during April to December, 2014-15 declined by 0.9 % over the corresponding period of previous year.

Natural Gas

The Natural Gas production (weight: 1.71 %) declined by 3.5 % in December, 2014. Its cumulative index during April to December, 2014-15 declined by 5.1 % over the corresponding period of previous year.

Refinery Products (0.93% of Crude Throughput)

Petroleum Refinery production (weight: 5.94%) increased by 6.1 % in December, 2014. Its cumulative index during April to December, 2014-15 increased by 0.2 % over the corresponding period of previous year.

Fertilizers

Fertilizer production (weight: 1.25%) declined by 1.6 % in December, 2014. Its cumulative index during April to December, 2014-15 declined by 1.4 % over the corresponding period of previous year.

Steel (Alloy + Non-Alloy)

Steel production (weight: 6.68%) declined by 2.4 % in December, 2014. Its cumulative index during April to December, 2014-15 increased by 1.6 % over the corresponding period of previous year.

Cement

Cement production (weight: 2.41%) increased by 3.8 % in December, 2014. Its cumulative growth during April to December, 2014-15 was 7.9 % over the corresponding period of previous year.

Electricity

Electricity generation (weight: 10.32%) increased by 3.7 % in December, 2014 and it registered a cumulative growth of 9.7 % during April to December, 2014-15 over the corresponding period of previous year.

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

INDEX

Sector	Weight	2009-10	2010-11	2011-12	2012-13	2013-14	Apr-Dec 13-14	Apr-Dec 14-15
Coal	4.379	140.0	139.7	141.5	148.1	149.6	138.2	150.7
Crude Oil	5.216	99.1	111.0	112.1	111.4	111.2	111.5	110.6
Natural Gas	1.708	149.5	164.4	149.7	128.1	111.5	112.1	106.4
Refinery Products	5.939	125.9	129.7	133.7	172.5	175.1	174.5	174.9
Fertilizers	1.254	103.4	103.4	103.8	100.2	101.8	103.0	101.6
Steel	6.684	139.3	157.7	174.0	181.1	198.6	197.2	200.4
Cement	2.406	157.1	164.2	175.2	188.7	194.3	187.8	202.7
Electricity	10.316	130.8	138.1	149.3	155.3	164.4	163.9	179.7
Overall Index	**37.903**	**129.9**	**138.4**	**145.3**	**154.7**	**160.5**	**158.4**	**165.3**

GROWTH RATE (in %)

Sector	Weight	2009-10	2010-11	2011-12	2012-13	2013-14	Apr-Dec 13-14	Apr-Dec 14-15
Coal	4.379	8.1	-0.2	1.3	4.6	1.1	1.5	9.1
Crude Oil	5.216	0.5	11.9	1.0	-0.6	-0.2	-0.6	-0.9
Natural Gas	1.708	44.6	10.0	-8.9	-14.5	-13.0	-14.9	-5.1
Refinery Products	5.939	-0.4	3.0	3.1	29.0	1.5	1.9	0.2
Fertilizers	1.254	12.7	0.0	0.4	-3.4	1.5	2.6	-1.4
Steel	6.684	6.0	13.2	10.3	4.1	9.6	11.5	1.6
Cement	2.406	10.5	4.5	6.7	7.7	3.0	3.7	7.9
Electricity	10.316	6.2	5.6	8.1	4.0	5.9	5.5	9.7
Overall Index	**37.903**	**6.6**	**6.6**	**5.0**	**6.5**	**3.7**	**4.1**	**4.4**

#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

Sector	Coal	Crude Oil	Natural Gas	Refinery Products	Fertilizers	Steel	Cement	Electricity	Overall Index
Weight	**4.379**	**5.216**	**1.708**	**5.939**	**1.254**	**6.684**	**2.406**	**10.316**	**37.903**
Dec-13	172.9	115.0	113.4	175.6	110.2	213.0	203.5	169.4	**168.7**
Jan-14	178.7	115.1	116.1	176.9	104.2	201.2	215.0	169.8	**168.2**
Feb-14	165.1	103.5	104.2	169.6	97.9	192.5	200.2	155.1	**156.7**
Mar-14	208.3	112.1	108.8	183.8	92.1	214.2	226.2	172.9	**175.4**
Apr-14	140.5	109.6	104.7	165.8	87.4	192.8	217.5	176.9	**160.9**
May-14	145.2	111.6	111.2	171.6	100.5	214.3	216.4	183.2	**168.7**
Jun-14	139.2	110.4	109.4	173.3	99.5	196.1	209.7	181.5	**163.9**
Jul-14	134.9	111.1	103.5	170.8	102.5	200.4	206.9	182.8	**163.9**
Aug-14	138.6	106.8	103.1	175.1	105.7	209.3	187.7	183.6	**165.1**
Sep-14	140.1	107.5	102.6	169.7	101.1	197.4	198.0	175.3	**160.6**
Oct-14	158.2	113.6	107.2	180.5	105.1	189.8	185.9	184.1	**165.9**
Nov-14	174.0	111.0	106.2	181.3	104.4	195.8	190.8	174.6	**166.2**
Dec-14	186.0	113.4	109.4	186.2	108.5	207.9	211.2	175.7	**172.7**

Growth rates (in %)

Sector	Coal	Crude Oil	Natural Gas	Refinery Products	Fertilizers	Steel	Cement	Electricity	Overall Index
Weight	**4.379**	**5.216**	**1.708**	**5.939**	**1.254**	**6.684**	**2.406**	**10.316**	**37.903**
Dec-13	1.1	1.6	-9.9	-1.9	4.1	10.4	1.2	7.6	**4.0**
Jan-14	-0.7	3.0	-5.2	-4.5	1.2	3.4	1.5	5.7	**1.6**
Feb-14	0.1	1.9	-4.4	3.2	-0.7	4.8	2.3	10.4	**4.5**
Mar-14	0.7	-1.6	-9.3	2.8	-6.1	5.4	0.0	5.4	**2.5**
Apr-14	3.3	-0.1	-7.7	-2.2	11.1	3.1	6.7	11.2	**4.2**
May-14	5.5	-0.3	-2.2	-2.3	17.6	-2.0	8.7	6.3	**2.3**
Jun-14	8.1	0.1	-1.7	1.2	-1.0	4.2	13.6	15.7	**7.3**
Jul-14	6.2	-1.0	-9.0	-5.5	-4.2	-3.4	16.5	11.2	**2.7**
Aug-14	13.4	-4.9	-8.3	-4.3	-4.3	9.1	10.3	12.6	**5.8**
Sep-14	7.2	-1.1	-6.2	-2.5	-11.6	4.0	3.2	3.8	**1.9**
Oct-14	16.2	1.0	-4.2	4.2	-7.0	2.3	-1.0	13.2	**6.3**
Nov-14	14.5	-0.1	-2.9	8.1	-2.8	1.3	11.3	10.2	**6.7**
Dec-14	7.5	-1.4	-3.5	6.1	-1.6	-2.4	3.8	3.7	**2.4**

Foreign Direct Investment

FDI rose 27 per cent to USD 21.04 bn in April-December 2014

Government Foreign direct investment (FDI) in India almost doubled to $2.16 billion in December 2014, compared to $1.10 billion in the same month of 2013.

During the April-December period of the current financial year, FDI rose by 27 per cent to $21.04 billion against $16.56 billion in the same period last fiscal, the data by Department of Industrial Policy and Promotion (DIPP) showed.

Among the top 10 sectors, telecom received the maximum FDI of $2.67 billion in the nine-month period, followed by services ($2.29 billion), automobile ($1.58 billion), pharmaceuticals ($1.21 billion) and computer software and hardware ($971 million).

During the period, India received maximum FDI from Mauritius at $5.89 billion, followed by Singapore ($4.31 billion), the Netherlands ($2.57 billion), the US ($1.48 billion) and Japan ($1.42 billion).

In 2013-14, FDI stood at $24.29 billion against $22.42 billion in 2012-13. Healthy inflow of foreign investments into the country help in balancing the country's balance of payments and stabilise the value of rupee.
India is estimated to require around $1 trillion over five years to overhaul its infrastructure sector, including ports, airports and highways to boost growth.
The government is taking steps to boost FDI in the country. It has relaxed FDI norms in sectors including insurance, railways and medical devices.
Source: Press Trust of India

Centre notifies rules for 49 percent FDI in insurance sector

The central government has stipulated that foreign direct investment (FDI) up to 26 percent will be allowed under automatic route.

On the other hand, the FDI above 26 percent and subject to a cap of 49 percent will be with the permission of the foreign investment promotion board (FIPB), the government notified the regulations on February 27.

According to the notification, any increase of foreign investment of an Indian insurance company shall be in accordance with the pricing guidelines specified by the Reserve Bank of India (RBI) under the Foreign Exchange Management Act (FEMA).

The central government in the notification has stipulated that foreign equity investment cap of 49 percent applicable to insurers would also apply on the same terms to intermediaries like insurance brokers, third party administrators, surveyors and loss assessors and others.

Portfolio investments will also be counted for calculating the FDI cap.

However in case of a bank allowed to function as an insurance intermediary, the foreign equity investment caps applicable in that sector (banking) shall continue to apply, subject to the condition that the revenues of such entities from their primary (i.e. non-insurance related) business must remain above 50 percent of their total revenues in any financial year.
Industry experts told IANS that the notification has aligned the definition of control of Indian insurance company with that of the insurance ordinance issued earlier.

FACT SHEET ON FOREIGN DIRECT INVESTMENT (FDI)

From APRIL, 2000 to DECEMBER, 2014

(up dated up to December, 2014)

I. CUMULATIVE FDI FLOWS INTO INDIA (2000-2014):

A. TOTAL FDI INFLOWS (from April, 2000 to December, 2014):

1.	**CUMULATIVE AMOUNT OF FDI INFLOWS (Equity inflows + 'Re-invested earnings' +'Other capital')**	-	**US$ 355,415 Million**
2.	**CUMULATIVE AMOUNT OF FDI EQUITY INFLOWS (excluding,** amount remitted through RBI's-+NRI Schemes)	Rs. **1,171,506** crore	**US$ 238,626 Million**

B. FDI INFLOWS DURING FINANCIAL YEAR 2014-15 (from April, 2014 to December, 2014):

1.	**TOTAL FDI INFLOWS INTO INDIA (Equity inflows + 'Re-invested earnings' + 'Other capital')** (as per RBI's Monthly bulletin dated: 10.02.2015).	-	**US$ 31,853 million**
2.	**FDI EQUITY INFLOWS**	Rs. **127,608** crore	**US$ 21,045 million**

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

Financial Year 2014-15 (April-March)		*Amount of FDI Equity inflows*	
		(In Rs. Crore)	*(In US$ mn)*
1.	**April, 2014**	**10,290**	**1,705**
2.	**May, 2014**	**21,373**	**3,604**
3.	**June, 2014**	**11,508**	**1,927**
4.	**July, 2014**	**21,022**	**3,500**
5.	**August, 2014**	**7,783**	**1,278**
6.	**September, 2014**	**16,297**	**2,678**
7.	**October, 2014**	**16,288**	**2,655**
8.	**November, 2014**	**9,486**	**1,537**
9	**December, 2014**	**13,562**	**2,161**
2014-15 (from April, 2014 to December, 2014) #		**127,609**	**21,045**
2013-14 (from April, 2013 to **December**, 2013) #		**99,813**	**16,560**
%age growth over last year		**(+) 28 %**	**(+) 27 %**

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

Calendar Year 2014 (Jan.-Dec.)		Amount of FDI Equity inflows (In Rs. Crore)	Amount of FDI Equity inflows (In US$ mn)
1.	January, 2014	13,589	2,189
2.	February, 2014	12,557	2,017
3.	March, 2014	21,558	3,533
4.	April, 2014	10,290	1,705
5.	May, 2014	21,373	3,604
6.	June, 2014	11,508	1,927
7.	July, 2014	21,022	3,500
8.	August, 2014	7,783	1,278
9.	September, 2014	16,297	2,678
10.	October, 2014	16,288	2,655
11.	November, 2014	9,486	1,537
12.	December, 2014	13,562	2,161
Year 2014 (up to December, 2014) #		175,313	28,784
Year 2013 (up to December, 2013) #		129,483	22,038
%age growth over last year		(+) 35 %	(+) 31%

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)*:

Amount Rupees in crores (US$ in million)

Ranks	Country	2012-13 (April - March)	2013-14 (April – March)	2014-15 (April-December, 2014)	Cumulative Inflows (April '00 - December '14)	%age to total Inflows (in terms of US $)
1.	MAURITIUS	51,654 (9,497)	29,360 (4,859)	35,647 (5,892)	406,132 (84,417)	35 %
2.	SINGAPORE	12,594 (2,308)	35,625 (5,985)	26,246 (4,313)	152,053 (29,758)	13 %
3.	U.K.	5,797 (1,080)	20,426 (3,215)	6,170 (1,029)	107,055 (21,793)	9 %
4.	JAPAN	12,243 (2,237)	10,550 (1,718)	8,655 (1,427)	89,299 (17,695)	7 %
5.	NETHERLANDS	10,054 (1,856)	13,920 (2,270)	15,630 (2,579)	71,928 (13,815)	6 %
6.	U.S.A.	3,033 (557)	4,807 (806)	9,010 (1,480)	64,741 (13,407)	6 %
7.	CYPRUS	2,658 (490)	3,401 (557)	2,905 (481)	38,635 (7,927)	3 %
8.	GERMANY	4,684 (860)	6,093 (1,038)	4,703 (771)	36,308 (7,289)	3 %
9	FRANCE	3,487 (646)	1,842 (305)	3,499 (573)	22,206 (4,452)	2 %
10.	SWITZERLAND	987 (180)	2,084 (341)	1,359 (223)	14,507 (2,931)	1 %
TOTAL FDI INFLOWS FROM ALL COUNTRIES *		121,907 (22,423)	147,518 (24,299)	127,608 (21,046)	1,172,039 (238,748)	-

**Includes inflows under NRI Schemes of RBI.*
Note: *(i) Cumulative country-wise FDI equity inflows (from April, 2000 to December,, 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.

F. SECTORS ATTRACTING HIGHEST FDI EQUITY INFLOWS:

Amount in Rs. crores (US$ in million)

Ranks	Sector	2012-13 (April - March)	2013-14 (April-March)	2014-15 (April-December, 2014)	Cumulative Inflows (April '00 - December, '14)	% age to total Inflows (In terms of US$)
1.	SERVICES SECTOR **	26,306 (4,833)	13,294 (2,225)	14,002 (2,296)	199,572 (41,756)	18 %
2.	CONSTRUCTION DEVELOPMENT: TOWNSHIPS, HOUSING, BUILT-UP INFRASTRUCTURE	7,248 (1,332)	7,508 (1,226)	4,264 (707)	112,821 (24,013)	10 %
3.	TELECOMMUNICATIONS (radio paging, cellular mobile, basic telephone services)	1,654 (304)	7,987 (1,307)	15,971 (2,670)	82,690 (16,832)	7 %
4.	COMPUTER SOFTWARE & HARDWARE	2,656 (486)	6,896 (1,126)	5,929 (971)	65,599 (13,789)	6 %
5.	DRUGS & PHARMACEUTICALS	6,011 (1,123)	7,191 (1,279)	7,292 (1,216)	63,362 (12,813)	5 %
6.	AUTOMOBILE INDUSTRY	8,384 (1,537)	9,027 (1,517)	9,644 (1,582)	57,841 (11,394)	5 %
7.	CHEMICALS (OTHER THAN FERTILIZERS)	1,596 (292)	4,738 (878)	3,291 (543)	48,525 (10,211)	4 %
8.	POWER	2,923 (536)	6,519 (1,066)	3,481 (576)	46,136 (9,476)	4 %
9.	METALLURGICAL INDUSTRIES	7,878 (1,466)	3,436 (568)	1,655 (272)	39,905 (8,347)	4 %
10	HOTEL & TOURISM	17,777 (3,259)	2,949 (486)	3,582 (591)	39,791 (7,709)	3 %

Note: *(i)** Services sector includes Financial, Banking, Insurance, Non-Financial / Business, Outsourcing, R&D, Courier, Tech. Testing and Analysis*
(ii) Cumulative Sector- wise FDI equity inflows (from April, 2000 to December,, 2014) are at - Annex-'B'.
(iii) 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.

Women's power, pomp, US President Barack Obama at R-Day parade at Rajpath

If the annual Republic Day parade is known for its pomp and splendour, the 66th edition will remain etched in the memory for two other factors — the women's power showcased during the two-hour event and the presence of US President Barack Obama as the chief guest on the occasion.

Quite appropriately, the honour of leading the marching contingents was given to the one drawn from the three services, while the Indian Army, the Indian Navy and the Indian Air Force also fielded all-women's contingents.

A woman led the Indian Navy contingent while a tableau depicted the success achieved by an all-women's team in scaling the world's highest mountain, Mount Everest.

All this, coupled with a woman leading the contingent that presented a guard of honour to US President Barack Obama Sunday is reportedly Modi's way of showcasing women's power in India - despite the many stories of atrocities on women and the odds stacked against them socially.

The day began cloudy and rainy and there were apprehensions that the flypast, one of the most-eagerly awaited events at the parade, would be curtailed but, in the end, the weather cleared sufficiently for this to take place though the sky remained overcast.

Before the proceedings began, Prime Minister Narendra Modi, resplendent in a tricolour turban and for whom it was his first Republic Day parade, drove to India Gate to lay a wreath at the Amar Jawan Jyoti memorial to the unknown soldier.

He later drove back to the saluting base at Rajpath to welcome Obama and President Pranab Mukherjee, who took the salute at the two-hour parade.

Before it commenced, Mukherjee handed over posthumous Ashok Chakras - the nation's highest military award in peacetime - to the widows of Major Mukund Vardarajan and Naik Neeraj Kumar Singh, who were killed in counter-insurgency operations in Jammu and Kashmir.

As in the past, the marching contingents stole the show with their dazzling array of ceremonial uniforms, leaving the audience in the jam-packed stands - despite the cold - spoilt for choice: the blue and gold trimmed tunics of the 61 Cavalry contrasting with the vivid red turbans of the Brigade of the Guards, the red-gold turbans of the Jammu and Kashmir Light Infantry and the green-blue turbans of a Territorial army unit attached to the Punjab Regiment.

Most of the paramilitary and police contingents were in regulation khaki but they too got a look-in, thanks to their ceremonial cummerbunds, sashes and turbans.

Notably, the mechanised columns were down to a minimum this time around - perhaps to paper over the fact that 70 percent of the hardware with the armed forces is imported, a situation that Modi's 'Make in India' initiative hopes to reverse.

The music, as usual, made for considerable patriotic fervour, what with rousing tunes like Sare Jahan Se Aacha, Hanste Lushai, Kadam Kadam Badahe Ja and Sound Barrier, many of which had Obama keeping time - which he also did when the tableaux came on with their wealth of folk music.

This also made for a seamless blend of military might and heritage as 25 tableaux - 16 from the states and nine from various ministries - graphically displayed India's rich cultural diversity.

Andhra Pradesh chose to do this through a harvest festival; Madhya Pradesh highlighted the Bhagoria festival of love and matchmaking; Uttarakhand through the pilgrimage to Kedarnath; Sikkim through cardamom farming, Assam by re-creating Majuli, the world's largest river island; Telangana by re-creating the Golconda fort and Haryana with likeness of the Sultanpur Bird Sanctuary — quite naturally, with twittering birds.

The 'Make in India' tableau by the department of industrial policy and promotion depicted a mechanised lion against the backdrop of a smart city. The campaign aims to promote manufacturing in India.

Another pet project of the prime minister, the 'Beti Bachao Beti Padhao' programme, a campaign against female foeticide which he launched from Panipat in Haryana Jan 22, was also featured in a tableau.

And, as usual, the flower-bedecked tableau of the Central Public Works Department drew loud applause. It featured the source of the Ganga river high up in the Himalayas.

The weather began to lift as the tableaux were rolling down Rajpath and just as the schoolchildren had finished their routines, three Mi-35 attack helicopters of the IAF streamed in through the somewhat cloudy sky.

Then, in quick succession came the newly acquired C-130J Super Hercules medium-lift transport, the P8I maritime reconnaissance aircraft escorted by MiG-29 combat jets (both of the Indian Navy), the C-17 heavy-lift transport escorted by Sukhoi Su-30 MKI combat jets and the Jaguars.

All this left most spectators with a feeling of “Yeh dil maange more”, but for that they'd have to wait a full year. It would be a wait well worth it.

Source: Indo-Asian News Service

Modi, Obama unveil steps for new high to business, trade ties

India-US business links were set for a quantum jump with Prime Minister Narendra Modi's assurance of "consistent policies" and "welcoming environment" leading to US President Barack Obama announcing steps to lead to $4 billion trade with and investment in India.

"Over the next two years, our Export Import Bank (EXIM) will support $1 billion Made In America goods exports to India. Our Overseas Private Investment Corporation will support lending small and medium businesses across India in more than $1 billion in loans. And our US Trade and Development Agency will invest nearly $2 billion in renewable energy in India," Obama said in his address at the US-India Business Summit here on January 26.

Listing out more steps, he said the US was ready to help in broadband connectivity and build better roads.

"We need to make sure that economic growth in both India and US is inclusive. Diaspora investment initiative will aid India," he said.

"US exports to India is nearly 35 percent. Indian investments in our country is growing as well. Those Indian investments are supporting jobs across America. Our growing trade relations are also a win for India. Both Indian and US workers are benefiting from the ties," Obama added.

Saying that there is a lot of "untapped trade potential", he added: "PM Modi agrees that there is a lot of scope to improve the trade relations. We have to focus on making doing business easier in both our countries."

In his address earlier, Modi said the state should be driven by policies which should be consistent so as to draw more investments, while revealing US investments in India jumped by 50 percent in the first six months of his government.

"State should be policy-driven. That will help investment. Consistency is another very important aspect that will bring more investments in the country. These things will address many problems," he said.

He assures US business that they "will find environment that is not only open, but also welcoming".

"We will guide you and walk with you in your projects. You will find a climate that encourages investment and rewards enterprise; it will nurture innovation and protect your intellectual property," Modi said.

"It will make it easy to do business; our immediate target is to bring us from the rear ranks of the world into the top 50. You will find a tax regime that is predictable and competitive. We have removed some of the excesses of the past. We will now soon address the remaining uncertainties.

Our goal is an economy where skills, infrastructure and resources will not be constraints to growth," he said, adding heavy investments in infrastructure and agriculture will improve the economy.

Noting that "in the world of economics, numbers are often an unforgiving mirror to performance," Modi said: "They are telling us that we are on the right path. Our economic growth has increased by a percentage point. Today, business sentiments in India are the strongest among major Asian markets. Consumer confidence in India has turned positive after three years.

"Growth in the eight core sectors of the economy has increased sharply. Inflation is at a five-year low. And, 110 million new bank accounts have opened in the last four months. Investments from the United States have jumped by 50 percent in the first six months of my government. And, I know that some of the pledges made in September in Washington have begun to flow in."

Stressing the India-US partnership "will be vital for prosperity at home and our economic leadership abroad", he held it will also help address "global challenges of our times".

Turning to President Obama, Modi said that with his support, "quite simply, the joined hands of India and the United States will make this world a better place for all. With your leadership, Mr. President, and with the support of our gifted people, we will turn our commitments into concrete action".

The US-India Business Council (USIBC) along with India's department of industrial policy and promotion (DIPP), the Confederation of Indian Industry (CII) and the Federation of Indian Chambers of Commerce and Industry (FICCI) organised the summit.

Before this meeting, Modi, speaking at the interactive India US CEO Forum, highlighted key priorities of his government including improving "Ease of Doing Business", and the "Make in India" initiative. He also added it is extremely important to listen to investors, as this helps speed up decisions.

Reacting to the statements by Modi and Obama, CII president Ajay Shriram expressed hope that the newly-announced US-India Strategic and Commercial Dialogue will convene soon to chart out the path for enhanced bilateral economic co-operation.

He also welcomed Modi's commitment to making the business environment in India easier and more predictable. In this regard, he welcomed the new cell being set up in the PMO to fast track US investments in India.

It is these steps, he noted, that will help step up the US's engagement in the Indian economy.

Source: Indo-Asian News Service

India-US ties a defining partnership of the century: Obama

US President Barack Obama said on January 27 the India-US relationship could potentially emerge as the defining partnership of the century.

"I believe that the relationship between India and the US can become the defining partnership of the century," Obama said in a town-hall style lecture at the Sri Fort Auditorium here.

The US president said he desired to share his vision of how the two countries could strengthen their bilateral relationship.

"Today, I want to speak directly to you, the people of India, about what I believe we can achieve together and how we can do it.

"My commitment to a new a chapter flows from the deep friendship between our people. Michelle (the First lady) and I felt it ourselves," he said in the last public engagement of his three-day state visit to India.

During the visit, Obama was the chief guest at the 66th of the Republic Day parade here Monday.

"With the tricolor above us we celebrated the strength of your constitution... in yesterday's parade we saw the pride and diversity of this nation," he said, adding that it was a great honour for him to be the first American president to attend the Republic Day parade.

Source: Indo-Asian News Service

Obama's India visit: From 'natural partner' to 'best partner'

India and the US saw the forging of a closer partnership, helped in great measure by the personal and visible bonding between Prime Minister Narendra Modi and President Barack Obama, as the two sides elevated their ties with a new 'Declaration of Friendship' and also managed to pull off a "breakthrough" agreement on their stalled civil nuclear deal.

As Obama accompanied by wife Michelle on January 27 wound up three days of packed diplomatic and public engagements, his state visit where he was the chief guest at India's Republic Day parade has been termed as paving the way for a "new era" in India-US relations.

US Deputy National Security Advisor Ben Rhodes said the signal being sent from Obama and Modi to their own respective governments "is going to catalyse a lot of activity".

"It also sends a message to the world, I think, that the US and India are going to be closer partners going forward," he said. "And that's entirely consistent with the president's focus on the Asia-Pacific region and building closer relations with emerging powers, particularly the world's largest democracy here in India."

Modi and Obama, who held over three-hour long talks Sunday, within hours of Obama touching down in New Delhi, announced the much-anticipated breakthrough agreement on implementation of their landmark civil nuclear deal, six years after it was signed.

That the two leaders had played a major part in getting the nuclear contact group to tide over their disagreements was indicated by Indian Foreign Secretary Sujatha Singh, who said the "political leadership played a key role" in pushing forward the agreement for setting up US-built civil nuclear reactors in India.

The US also signalled its support for an "early decision on India's entry" into the four multilateral export control regimes -- the Nuclear Suppliers Group, the Missile Technology Control Regime (MTCR), the Australia Group, and the Wassenaar Arrangement -- that would facilitate global business with India in the field of civil nuclear energy on which India, which has been largely dependent on energy-inefficient and climatically harmful fossil fuels, is hoping to pin its energy security in the coming years.

Noted strategic expert C. Uday Bhaskar termed the Obama visit "very successful".

“I would characterise this as a very successful visit, and also a reflection of PM Modi's ability to bring about a definitive change in the bilateral relationship in a very short time from September 2014 to now. On the nuclear issue, the way the roadblocks have been removed, it came about after Modi came into the chair and brought in the problem-solving mechanism into the relationship. The fact that he was able to infuse the political direction and energy has made all the difference," Bhaskar told IANS.

India and the US have also agreed to work closely in the Asia-Pacific region, bringing together India's 'Act East Policy' and the US's re-balance to Asia.

"The US welcomes a greater role for India in the Asia-Pacific," Obama said at a town hall-like address before winding up his India visit Tuesday.

Bhaskar, director of think tank Society for Policy Studies (SPS), said the Indo-US joint statement on working together in the Asia-Pacific and Indian Ocean "gives a better understanding of the political contours of the relationship".

Obama and Modi had "turned a corner for the United States and India" by resolving "issues in a long-stalled nuclear deal that for years kept US nuclear power companies from doing business in India", noted Alyssa Ayres, senior fellow for India, Pakistan, and South Asia at the Council on Foreign Relations.

"Obama, coming out of this symbolic and important visit to India, should demonstrate that Washington will do its part for India's future by integrating India into economic regimes focused on delivering growth," she wrote in a commentary in Fortune.

Influential Politico magazine noting that US and India were getting "serious about nuclear trade", wondered if it was a "'new era' for US-India relations".

Along with energy cooperation also came defence cooperation in what is seen by analysts as a strategic shift in emphasis. The US, which has also watched the growing closeness between India and Russia in the co-production of weaponry and armaments, will now become a key co-producer of select defence equipment with India.

The two sides renewed the 10-year Defence Framework Agreement for enhanced defence engagement, and also inked the Defence Trade and Technology Initiative (DTTI), under which the two sides have agreed on co-production on four projects. These include the Raven unmanned aerial vehicle (UAV), and the "roll-on, roll-off" intelligence, surveillance and reconnaissance module for the Lockheed Martin-manufactured C-130 J transport aircraft.

The two leaders also gave a big push to the economic partnership, by meeting CEOs from both sides during two back-to-back meetings Monday.

Obama announced $4 billion worth of new initiatives aimed at boosting trade and investment ties as well as jobs in India. The $4-billion deals include $2-billion financing for renewable energy investments in India through the US Trade and Development Agency and $1 billion in loans for small and medium businesses across India.

The camaraderie between Modi and Obama, built up over their past three meetings, including Modi's US visit in September, led to several photo-op moments of bear hugs, "Chai pe Charcha" talks over tea without aides, a walk in the elegant garden of Hyderabad House, chatting warmly like old friends during the Republic Day parade, and also their first name references of "Barack" and "Modi".

Christian Science Monitor saw "signs of a changing US-India relationship" amid pomp on Delhi's Rajpath, and noted "a trip to New Delhi designed to mend old differences had kicked off with a nuclear deal".

On January 26, Obama accompanied by Michelle, was chief guest at India's 66th Republic Day parade, during which he was given a glimpse of India's military might, cultural diversity and technological prowess. After the two-hour open air affair, the US first couple later also attended President Pranab Mukherjee's traditional At Home reception at Rashtrapati Bhavan.

On Tuesday, in his final engagement, Obama addressed a town hall-like gathering at Siri Fort Auditorium, where he said that he firmly believes that America can be India's "best partner" and together the two countries can bring about more prosperity to their people and set examples for the world.

Modi and Obama also spoke on radio, in a joint 'Mann ki Baat' radio address, that was broadcast after he left. The joint radio address is a sequel to the joint article that the two had penned on India-US friendship in the Washington Post during Modi's US visit, with the audience this time being India's teeming millions who are still hooked on to radio for their news and entertainment.

Source: Indo-Asian News Service

Modi, Obama open hearts in 'Mann Ki Baat'

It was history being made on radio. Prime Minister Narendra Modi and US President Barack Obama addressed a joint "Mann ki Baat" program on radio, talking about their humble origins, their inspirations, on women empowerment and youth and values shared by two of world's largest democracies.

The program, which was recorded on January 26 but broadcast on January 27, amply reflected the personal warmth and admiration of two leaders for each other and their common view on some problems.

Obama, taking a veiled dig at China and some other countries seen to regulate information flow through the internet, said he had much greater faith in open societies in their ability to succeed and thrive in the new information age than the "closed societies" which try to control information that citizens receive.

The personal chemistry between the two was evident with Modi referring to Obama by his first name.

Obama said it was apparently the first joint radio broadcast by leaders of the two countries.

No hard questions relating to politics or economy were taken up, though queries came from people in different parts of the country.

Modi set the tone for the over 30-minute broadcast saying that some questions "touch the heart" and through them the two leaders will be able to reach out to the common man in different parts of the country.

He also said he looked up the meaning of Barack, which means "one who is blessed" in Swahili.

"Along with a name, his family has given him a gift," Modi said, adding African countries have lived by the ancient idea of "Ubuntu" which alludes to "oneness in humanity" and reflected the spirit of "Vasudhaiva kutumbakam (the world is a family)."

Obama, who spoke of the two countries being natural partners, added a personal touch, saying that he would bring his two daughters to India even if it happens after his presidency.

He said his daughters are fascinated by India but have not been able to come on his two visits to the country due to their examinations.

"So when I go back I am going to tell them that India is as magnificent as they imagined," Obama said.

Modi said when he took a photograhph outside White House in his younger days, he could never imagine he would get to see the building from inside. Referring to his visit to the White House in September last year, Modi said Obama gave him a book of speeches delivered at the World Religions Conference in Chicago in the last part of nineteenth century.

Swami Vivekananda, who delivered a famous speech at the conference, was "the inspiration" of his life, he said.

Obama said he too never imagnied he would be occupying White House the first time he visited the building.

"The notion that a tea seller or somebody who's born to a single mother like me, could end up leading our countries, is an extraordinary example of the opportunities that exist within our countries," he said.

Obama revealed though there were days when it is tough and frustrating, he gets succour from change he is able to make in people's lives.

"If you are helping somebody, the expectation you get from that is exceeds anyting else you can do," he said.

He also also talked of improving health standards and his wife Michelle's work in tackling obesity.

Asked about the American leader who inspired him the most, Modi named Benjamin Franklin, one of the country's founding fathers.

He also revealed that the hospitality he received at a house of a poor person who could not afford milk for his son inspired him to devote his life to the service of the poor.

On the need of changing attitude towards the girl child to improve India's sex ratio, he termed Obama an inspiration, referring to the way he brought up his two daughters.

He also sought to give youth a slogan of uniting the world.

Modi said there will be an e-book of their talk and invited thoughts, through various modes of media, promising the best 100 will find a place in the book.

Source: Indo-Asian News Service

Modi pitches for making India a $20 trillion economy

Prime Minister Narendra Modi on January 16 called for making India a $20 trillion economy, while stressing laws must evolve with time and his government had taken several initiatives towards "transforming India".

Addressing the Economic Times Global Business Summit here, Modi said that small acts can drive reforms and there was no contradiction between doing big-ticket items and small things.

He laid emphasis on cohesiveness of society and said there was need to cut leakage of subsidies and not the subsidies themselves.

Indicating launching a national programme for computerisation of public distribution system, he also said that steps were being taken for uninterrupted power supply to all consumers throughout the year.

Stressing elimination of poverty was fundamental to him, he said: "This is at the core of my understanding of cohesive growth."

Narrating his concept of economic good governance, he said the government must nurture an eco-system where the economy is primed for growth.

"Where development is employment-generating and employment is enabled by skills. Where skills are synced with production and production is benchmarked to quality. Where quality meets global standards and meeting global standards drives prosperity," he said, adding India can be a role model of growth and cohesiveness.

"We need a society and economy which complement each other," he said.

He noted development, which must result in jobs, should be a people`s movement and economic development cannot take a nation forward on its own.

"India is a $2 trillion economy today. Can we not dream of an India with a $20 trillion economy?" he asked, adding his government was preparing the ground for it.

"This is hard work. Quick and easy reforms will not be enough for creating a fast growing economy. That is our challenge and that is what we aim to do," he said.

Modi said government systems are complex and slow and there was need to change them to make them "sharp, effective, fast and flexible".

He said the government was cutting down on multiple clearances that choke investment.

Referring to his mantra of "maximum governance, minimum government", he said that it means government has no business to be in business and it is needed to "focus government on the things that are required of the state' and secondly "achieve competence in government so that the state delivers on the things it sets out to do"

Creating NITI Aayog was a step to move away from merely planning, to transforming India, he said.

He also assured his government was committed to achieving the fiscal deficit target announced in the budget, while "consensus arrived" for implementing Goods and Services Tax (GST) was a major breakthrough and that public sector banks will have total autonomy in taking business decisions.

Referring to his total sanitation drive, Modi said cleaning Ganga was also an economic activity.

Taking a dig at the previous UPA government, Modi said his government has "to repair the damage that has happened".

"Restoring growth momentum will be an uphill task. But we can overcome the mood of despair. And we must," he said.

Source: Indo-Asian News Service

Niti Aayog replaces Planning Commission; PM to be chairperson

The National Democratic Alliance (NDA) government will replace the 65-year-old Planning Commission with an institution to be named Niti Aayog, which will be chaired by the Prime Minister and serve as a government think tank.

"Niti Aayog will emerge as an active and important institution that will play a pivotal role in India's development journey in the years to come," Prime Minister Narendra Modi said in a message on Twitter on January 1.

Niti Aayog, or National Institution for Transforming India, is meant to reflect changes required in India's governance structures and provide a more active role for the state governments in achieving national objectives.

The proposed institution will provide governments at the central and state levels with strategic and technical advice across the spectrum of policymaking, according to a government statement on January 1.

"This includes matters of national and international import on the economic front, dissemination of best practices from within the country as well as from other nations, the infusion of new policy ideas and specific issue-based support," the statement said.

Niti Aayog will be headed by the Prime Minister, who will be the chairperson.

The Prime Minister will appoint a vice-chairperson and a chief executive officer (CEO). The CEO will be appointed for a fixed tenure; it will be a secretary-level position.

The organization will have full-time members and up to two part-time members from leading universities, research organizations and other relevant institutions.

It will also have up to four ex-officio members from the Union council of ministers who will be nominated by the Prime Minister.

While this will be the full-time organizational structure, the new institution will also comprise a governing council which will include state chief ministers and lieutenant governors of Union territories.

A provision exists to convene regional councils to address specific issues and contingencies having an impact on more than one state or a region for a specific tenure.

Experts, specialists and practitioners with relevant domain knowledge will be included as special invitees nominated by the Prime Minister.

In his Independence Day speech, Modi had proposed scrapping the Plan panel and replacing it with a more contemporary body. He said that the new entity would see the Prime Minister and state chief ministers working together as a team

to strengthen the country's federal structure.

Since then, the government has held consultations with various stakeholders—state governments,domain experts and relevant institutions—to formulate the framework and objectives of the proposed new institution.

Among the key objectives of Niti Aayog will be evolving a shared vision of national development priorities, sectors and strategies with the active involvement of states, fostering cooperative federalism through structured support initiatives and mechanisms with the states on a continuous basis and to design strategic and long-term policy and programme frameworks and initiatives, and monitor their progress.

The new body will also develop mechanisms to formulate plans at the village level and aggregate these progressively at higher levels of government as well as offer a platform for resolution of inter-sectoral and inter-departmental issues in order to accelerate implementation of the development agenda.

It will be mandated to actively monitor and evaluate the implementation of programmes and initiatives, including the identification of the resources needed to strengthen the probability of success and scope of delivery. It will have to ensure that the interests of national security are incorporated in economic strategy and policy on areas that are specifically referred to it.

"Basically the objectives of the new institution sounds very much like that of the Planning Commission. The monitoring and evaluation roles have been retained," said Pronab Sen, a former principal adviser in the Planning Commission and chairman of the National Statistical Commission.

"The only change, perhaps, is that the new body has not been given the powers to allocate funds, but that also needs further clarity. The mandate to look into the interest of national security is new," he said.

The Planning Commission was set up by a March 1950 resolution of the government and made responsible for assessing national resources and drafting five-year plans for the effective use of the resources as India.

"Niti Aayog will be a body where the prime minister and state chief ministers will be thinking together, working together on shaping a strategy. However, the success of this proposed structure lies in its implementation. It will need people who are good at designing participative processes and practising them, else we will be back to square one," said Arun Maira, former member of the Planning Commission.

"I hope the new body will not have the role of fund allocation," he added.

Source: Mint

A president, politicians, businesspersons among 15 diaspora members honoured

The list of 15 diaspora members honoured with the Pravasi Bharatiya Samman here Friday includes a president, politicians, prominent businesspersons and scientists who have all worked for the Indian diaspora community in their respective countries.

Vice President Hamid Ansari gave away the Samman, the highest honour conferred on overseas Indians,Aduring the valedictory function of the 13th PravasiBharatiya Divas on January 9 evening at the Mahatma Mandir convention centre.

Mala Mehta from Australia was given the Samman for her contribution to Hindi language. She established an 'Indo-Australian Bal Bharatiya Vidyalaya' in Thornleigh suburb in Sydney and since then has been pursuing the growth of Hindi in Australia.

Donald Rabindernauth Ramaotar, the president of Guyana, has been awarded for his work for the Indian diaspora in Guyana.

Rajaram Sanjaya, an India-born Mexico scientist, is winner of the '2014 World Food Prize' for developing 480 wheat varieties that have been released in 51 countries.

Kanwaljit Singh Bakhshi, an MP from New Zealand, is also known for his work for the Indian diaspora.

Essop Goolam Pahad, a South African politician, was minister in the Presidency from 1999 to September 2008 in South Africa. Mahendra Nanji Mehta, a Uganda-based businessman of Indian roots, and Nathuram Puri of Purico Group of Britain were chosen for their contribution to Indian diaspora.

Lord Raj Loomba, a philanthropist and founder of clothing company, Rinku Group and a Liberal Democrat member of the House of Lords was also named for the honour.

Kamlesh Lulla, chief scientist for Earth observation in the Human Exploration Science Office at the Johnson Space Centre at NASA, was named for the award for his exceptional service to space science.

Nandini Tandon was given the award for her work in life sciences and healthcare and IT in USA and India.

Satyanarayana Nadella, CEO of Microsoft, was also named for the honour. Bharatkumar Jayantilal Shah is a Dubai-based businessman and philanthropist; Rajmal M. Parakh is from Oman while Justice Doraikannu Karunakaran from Seychelles and AAshraf Palarakunnummal from UAE.

Source: Indo-Asian News Service

Boeing may set up manufacturing base in India

US aircraft maker Boeing is in talks with the government to set up an aircraft manufacturing base in the country.

Once set up, it would be part of the 'Make in India' programme, under which the government wants companies to not only manufacture for India but export as well.

Senior Boeing executives have held a series of meetings with commerce ministry officials in the last two months, government sources told HT. "Boeing has not revealed their investment figure so far but they want to set up a manufacturing base in the country. We have asked them to come up with a specific plan before they put in a formal application."

A formal announcement is likely to be made during US President Barack Obama's visit to India next month, sources said.

Seattle-based Boeing is the world's largest aerospace company and leading manufacturer of commercial jetliners and defence, space and security systems.

"Boeing continues to work with suppliers in India in not only manufacturing but the company has invested significantly in equipment, training, tooling and quality systems with partner companies," a Boeing spokesperson said. "They are now integrated into Boeing's global supply chain. Partnerships will be important to how we go forward, and selectively we may look at equity partnerships."

Sources said Boeing is evaluating equity partnership opportunities in India. "We had set up a factory with TAL (a Tata enterprise) in Nagpur where composite floor beams for the Boeing 787-9 are produced," a senior Boeing official told HT.

India, currently ranked ninth, is set to become the third-largest aviation market in the world in the next five years. About 600 business jets and small aircraft and 250 helicopters are likely to be added in the next 5 years.

Source: Hindustan Times

Twitter buys Indian startup ZipDial

Microblogging site Twitter has acquired Indian startup ZipDial, a mobile value added services company based out of Bangalore, a statement by Twitter said here on January 20.

The statement added this is Twitter's first ever acquisition in India. However, the deal size has not been mentioned.

ZipDial has built a mobile platform that lets people follow and engage with content across all interfaces. The user experience combines SMS, voice, mobile web, and access to mobile apps to bridge users from offline to online.

ZipDial's platform has engaged nearly 60 million users with hundreds of marketer clients.

"In India, our primary mission, which is bolstered by this acquisition, is to help every Indian with a mobile device enjoy a great, relevant Twitter experience. We believe Twitter - a platform invented for SMS and rich in media - is a perfect match for India," Rishi Jaitly, market director, India and Southeast Asia, Twitter.

This acquisition significantly increases Twitter's investment in India, one of the countries where the company is seeing great growth, and also brings Twitter a new engineering office in Bangalore, the statement added.

Christian Oestlien, vice president of product, Twitter, said: "Over the next several years, billions of people will come online for the first time in countries like Brazil, India and Indonesia. For many, their first online experience will be on a mobile device - but the cost of data may prevent them from experiencing the true power of the internet. Twitter, in partnership with ZipDial, can make great content more accessible to everyone."

Valerie Wagoner, founder and chief executive officer, ZipDial, said that over half of the world's population live in emerging and newly developed markets, and these consumers use their mobile phones differently.

"We build for them. ZipDial's innovative platform has already scaled across South Asia, Southeast Asia and Africa, where we operate. We are thrilled to expand our impact to a global level with Twitter."

Source: Indo-Asian News Service

French aerospace major Thales targets Indian market for growth

With opportunities opening up once again in the defence sector, French aerospace major Thales is considering joint ventures (JVs) with over 50 Indian companies to enhance its industrial footprint.

"We are planning to expand locally in India through our own wholly owned subsidiary Thales India Private Limited (TIPL), JVs and all the partnerships with the local industry that can be envisaged", TIPL vice president and country director Antoine Caput told IANS.

He said the company is looking to enhance its industrial footprint and develop talent in the sector to initiate innovation which will further its growth strategy.

"We have identified over 50 offset partners in India. Some of those we are currently working with, for various projects, include HAL and BEL among others", he said.

The defence equipment maker said it will closely follow the requirements of the Indian armed forces and participate in all relevant opportunities that will come up.

"Some of these projects are in the area of combat aircraft; ground-based air defence systems; ground, ship and airborne sensors; tactical communication and avionics", Caput said.

The company is also eyeing deals in the civil aerospace, security and transportation domain.

In late August last year, the company entered into a JV with Bharat Electronics Ltd (BEL) where it holds 26 percent equity.

Source: Indo-Asian News Service

India, US to collaborate on Digital India initiative

India and US have agreed to continue to explore the opportunities for collaboration on implementing India's ambitious Digital India initiative, with the goal of enhancing digital infrastructure, deploying e-governance and e-services.

The initiative is also aimed at expanding the diffusion and use of ICT as a tool to expand economic opportunity, boost productivity, create jobs, and empower citizens, according to a joint press statement issued after a two-day meeting of a joint working group.

The US-India Information and Communication Technology (ICT) Working Group promotes development in the ICT sector for mutual benefit.

The Participants noted that the ICT Working Group aims to strengthen collaboration between the governments and private sector of the two countries in the field of Information and Communications Technology.

During the two-day working group meeting, US and Indian government representatives held extensive discussions on ICT and telecommunication policy issues.

These focused on accelerating broadband deployment, aligning spectrum policy for the mobile era and exchanging views on internet governance and best practices in ICT and telecommunications regulatory policy.

They also discussed issues relating to the international mobility of Indian skilled professionals, the joint statement noted.

The Joint government-and-industry discussions included panels on promoting manufacturing and investment; IT and telecom policy developments; Internet governance; mobility of skilled professionals and other issues related to trade, investment, and the ease of doing business.

A panel of non-government experts also shared insights on strategies that may help India achieve the goals outlined in the 'Make in India' and 'Digital India' initiatives.

Broad agreement was reached on the importance of policies that promote innovation in the ICT sector, facilitate the flow of data across borders, and foster the global and open nature of the Internet as a platform for economic growth, according to the joint statement.

Participants agreed to continue discussion of policies that stimulate rapid diffusion and use of ICT products and services and facilitate cross border trade that reduces costs to consumers and businesses.

In this context, the US side noted the Indian concerns with regard to mobility of skilled Indian professionals, and agreed that the US government will continue to engage on visa issues for skilled professionals.

In addition, the Indian side noted the US concerns relating to equipment testing and certification, and agreed to engage on issues relating to equipment testing.

Daniel A. Sepulveda, Coordinator for International Communications and Information Policy at the US Department of State and R.S. Sharma, Secretary of the Department of Electronics and Information Technology, Ministry of Communications and Information Technology, led the US and Indian delegations, respectively.

The US and India plan to hold the next US-India ICT Working Group in India later this year.

Source: Indo-Asian News Service

President Mukherjee calls for increasing trade with Myanmar

President Pranab Mukherjee, in a meeting with Vice President of Myanmar Sai Mauk Kham, called for increasing bilateral trade between the two countries, an official statement said on January 22.

Kham called on the president on January 21 evening at Rashtrapati Bhavan.

"India-Myanmar bilateral trade is growing and India is today Myanmar's fourth largest trading partner with the balance of trade greatly in favour of Myanmar. Yet, this trade is far below potential and does not reflect the closeness of ties," Mukherjee said in the meeting, according to an official statement.

"Indian companies are keen to bring their expertise and resources to Myanmar in promising sectors such as energy, power, construction, banking, insurance etc," he said.

"India has always believed that its development cannot be complete and sustainable unless it builds productive partnerships with its immediate neighbours. India is committed to extend support of $5 million annually for five years under the MoU on Border Area Development."

The president said India has already released a sum of $4.5 million to Myanmar and efforts are being made to expedite completion of all bilateral developmental projects, including Kaladan Project and connectivity projects.

The president welcomed the historic reforms undertaken by the Myanmar government for democratization, negotiation of a nation-wide cease fire with armed ethnic groups, economic development and establishment of peace and stability. "He congratulated the government of Myanmar for taking forward the peace and national reconciliation process in an inclusive manner to meet the aspirations of all ethnic nationalities. He also conveyed his good wishes and support of government of India for the successful conclusion of nationwide ceasefire and working towards establishment of peace and stability in the ethnic states," the statement said.

He said India intends to enhance the cooperation between India and Myanmar. India is committed to building a peaceful, stable and economically interlinked neighbourhood as it is essential for the collective development and prosperity of the region.

He also welcomed the greater role that Myanmar is playing in the region and at other international forums, congratulating it for successful chairmanship of the ASEAN and East Asia Summits.

The Myanmar vice president said that he for long wanted to visit India.

"The Myanmar government was grateful to India for the assistance provided in various fields, especially in capacity building, health care and lines of credit for various projects across the country," the statement said quoting Kham.

He requested also the president to encourage the Indian business community to explore various opportunities in Myanmar.

Source: Indo-Asian News Service

India's garment exports spin a manufacturing success story

The one sector where the Centre's 'Make in India' pitch seems to have found an ready resonance was the country's textile and garment industry, with India's exports to its largest single market, the US, headed for a record surge in the year 2014. Indications of a steady revival in the US economy hold out hope for the coming year, with the buoyancy in the aggregate demand for textile and apparel products likely to continue in the coming months. Exports to mainland Europe too have reported a surge this year, with this renewed buoyancy in the textile and apparel exports marking a departure from the sluggish growth trend in the previous three years, which was helped by a perceptible improvement in raw material supplies. The strong performance by India this year was also a reflection of a combination of global factors — a steady improvement in demand as the American economy picks up, a progressive decline in Chinese exports to major markets such as the US, currency appreciation in Indonesia, labour unrest in Asian competitor Cambodia and safety concerns after a major factory fire in Bangladesh last year.

Between January and October, Indian textile and apparel exports to the US rose nearly 6.5 per cent, according to the US department of commerce's Office of Textiles and Apparel (OTEXA) data, compared with an average 2 per cent annual growth in the last five years. The growth in exports this year is being seen as significant as it happened despite the sharp strengthening of the rupee since September 2013 (a stronger rupee results in a loss of competitiveness for exporters and vice versa).

While the steady pick-up in US demand is a major factor, larger domestic cotton supplies are also helping India push textile and apparel exports, a senior executive of Aditya Birla group firm Grasim said on the sidelines of a recent conference. India is projected to be the world's top cotton grower this year, ahead of China for the first time in over three decades, according to a September 12 US department of agriculture forecast that has been corroborated by the Cotton Association of India.

Added to this is a series of problems encountered by India competitors. Cambodia, in June this year, saw labour unrest as angry workers rampaged through a textile plant that supplied US sportswear company Nike Inc, clashing with police over their demands for a pay hike. The collapse of the Rana Plaza garment factory in Bangladesh last year has had a continuing impact in terms of orders being diverted to India and other markets because of concerns over Bangladeshi workshop safety while textile manufacturers in Vietnam, one of the fastest growing supplier base, have been weighed in by the high cost of credit.

Both Bangladesh and Cambodia have seen a contraction in exports to the US, a factor that has helped India alongside the continuing slowdown in Chinese supplies on account of surging labour costs. Indonesia, another major exporter, too recorded a sharp contraction in the growth in export shipments to the US during this period, primarily on account of the Indonesian rupiah's appreciation since January 2014.

The pick-up in performance, visible in the export of Indian apparel and textiles, is also matched by a revival of sorts visible in domestic sales. The improvement in India's textile sector, primarily linked to the surge in shipments to the US, is visible in the domestic industrial output numbers. The IIP (index of industrial production) estimates for April showed a sharp 7 per cent increase under the textiles head, coming in the wake of strong performances in both March and February. Readymade garments played a significant role in India's double-digit export growth in May, clocking a 25 per cent increase (year-on-year).

The turnaround is significant as India has been steadily losing ground to Bangladesh, Vietnam and Indonesia in the US market for apparel and textile products.

While China's hold over the US market has been loosening on account of increasing labour wages and power shortages, India, which was widely seen as being in the best position to capitalise on China's lost market share, had been increasingly relegated to the position of a supplier of intermediate products to other successful garment exporting countries.

Source: The Indian Express

India-Asean FTA on investment, services starts from July 1

India's free trade agreement (FTA) in services and investments with the 10-member Association of Southeast Asian Nations (Asean) will come into effect from July 1 following the necessary ratification by bloc members, Malaysia's Minister of Trade and Industry Dato' Seri Mustapa Mohamed said on January 15.

Malaysia is the current chair of Asean in 2015 and the Malaysian minister hoped the grouping would get community status by the year-end, which would help deepen and broaden India's relations with Asean.

"Malaysia's role in 2015 is to ensure that Asean can be declared a community of nations," Mohamed, who is here on an official visit, told reporters.

"By being declared a community Asean will be more attractive as a single market concept. Indian companies can then choose Malaysia as a base to launch into the Asean market with its 620 million people and $2.5 trillion economy," he added.

Trade between India and the 10-member bloc was at $76 billion in 2012-13, while both sides have aimed to increase it to $100 billion by 2015 and envisage lifting import tariffs on over 80 percent of traded products by 2016.

On the bilateral front, there is much scope to improve on the current level of around $1.2 billion combined investment by Indian companies in Malaysia, which is in a ratio of one to five compared to the $6 billion invested by Malaysian companies in India, Mohamed said.

He said though the implementation of the Malaysia-India Comprehensive Economic Cooperation Agreement since 2011 has further boosted bilateral trade, the target of $15 billion turnover appears challenging in the face of the steep fall in global crude oil prices.

Crude oil and palm oil comprise 40 percent of Malyasia's exports to India.

Mohamed is scheduled to participate in the Confederation of Indian Industry (CII) partnership summit beginning Thursday in the Rajasthan capital Jaipur, where he will meet Commerce Minister Nirmala Sitharaman, potential investors from India as well as Malaysian businesses that already have an establishment here.

Source: Indo-Asian News Service

Government sets up task force to revive domestic mobile manufacturing

Aiming to take the Make in India programme a step further, the Department of Electronics and Information Technology (DeitY) has formed a Fast Track Task Force to re-establish growth in the country's mobile handset and component manufacturing eco-system.

"The task force will be meeting the Department of Electronics and Information Technology secretary (R.S.Sharma) in the first week of January," Pankaj Mohindroo, national president, Indian Cellular Association, told IANS. Sharma is also the chairman of the task force.

"(One of the tasks is) To promote large-scale manufacturing/assembling activity to achieve production of 500 million units by 2019. This can create additional employment opportunities for 1.5 million approximately," a note issued by the department said.

It also laid thrust on increasing exports from the estimated 30 million units in 2014 to 120 million units by 2019.

India's position in mobile phone exports has fallen from seventh in 2009 to 14th in 2013. The value of exports was $3.40 billion in 2009 and fell to $2.28 billion in 2013.

Industry stakeholders say at this rate, handset exports will crash to zero in 2015.

"Through this task force we will be reaching out to global handset manufacturers, brands, ODMs (original design manufacturers) and EMS (electronic manufacturing services) to request them to come and set up shop in India. The government has to provide a level playing fields to those players," Mohindroo said.

He said sub-committees will be formed under this group to carry out various tasks, adding that promoting manufacturing will also have a positive impact on the prices of mobile handsets and they will come down.

In India, Samsung and Micromax currently engage in the large-scale manufacturing of handsets. Nokia operated the world's largest manufacturing facility at Sriperumbudur in Tamil Nadu which was shut down in November on tax and labour issues.

All the other players import their products mostly from China, followed by Vietnam.

The estimated domestic mobile handset market size is Rs.75,000 crore ($12 billion) in 2014, of which handsets worth Rs.58,550 crore are imported.

For 2015, the estimated market size is Rs.1 lakh crore, with imports accounting for Rs.75,500 crore.

The task force has to create a roadmap to align technology, demand, standards and regulations for enhancing the competitiveness of domestic manufacturing across the supply chain for manufacturing mobile phone.

"(One of the tasks is) To promote research and development for mobile phone products and services for meeting the infrastructure needs of domestic and global market," the government note said.

The task force has members like Josh Foulger, president and director, India Operations Programme and president, Nokia Special Economic Zone, Hari Om Hari; Lava co-founder Kenichiro Hibi; managing director, Sony India, Sandeep Bhargava; director, government relations, Microsoft Devices India, Soon H Kwon; and co-founder, Micromax Informatics, Vikas Jain, among others as its members.

The other members are S.P. Kochar, chief executive officer, Telecom Sector Skill Council; Sudhir Hasija, co-founder Karbonn Mobile; Dilip Modi, chairman, Spice Corporation; Asha Nangia, director, DeitY; S.K. Marwah, director, DeitY and Gautam Ray, ex-joint secretary, TRU.

Source: Indo-Asian News Service

Cairn-ONGC moots $700-m proposal to drill Barmer gas

Private explorer Cairn India, along with its joint venture partner, state-run ONGC, has put forward a $700-million plan to develop and produce gas reserves at the Raageshwari fields in the prolific Barmer block in Rajasthan.

The Management Committee, comprising petroleum ministry, Directorate General of Hydrocarbons (DGH) and the explorers that oversees operations of the block, is likely to discuss the proposal this week.

This assumes significance as volumes of commercially produced gas from the block would determine whether Cairn India gets a renewed lease for the asset for 10 or five years. So far, the DGH has held the view that Barmer is primarily oil producing and, hence, contract can be extended only for five years.

Cairn India's contract for the Barmer block in Rajasthan – RJ-ON-90/1 – is valid till May 14, 2020.

The Anil Agarwal-promoted explorer wanted the contract to be extended till oil flows or at least by another 10 years till 2030.

Of the $700-million programme, nearly $245 million would be spent for drilling 35-37 wells and another $315 million will be utilised for setting up surface facilities, sources told FE. Recently, the ONGC board, which holds 30% stake in the block, approved the proposal to develop Raageshwari Deep Gas field.

The gas output from Raageshwari fields in the Barmer block is pegged to go up to 2.80 million metric standard cubic meter per day (mmscmd) by 2017 from nearly 0.25 mscmd now.

It is yet to be seen whether the latest field development plan (FDP), to be approved by Management Committee, would qualify the block to get a 10-year extension based on gas potential.

"Management continues to guide for doubling of gas production from current 8 million standard cubic feet of gas per day (mscfd) to 16 mscfd by end-FY15 and further likely increase to 100 mmscfd (90% of this will be sold) by FY17 subject to regulatory approvals. Raaseshwari in-place resource estimate stands at 1-3 trillion cubic feet (tcf), with recovery factor estimated at about 50%," said a report from brokerage firm Motilal Oswal.

The Barmer block in Rajasthan, the biggest onshore crude oil fields contributing nearly 25% of country's production, touched the peak output of 200,000 barrels of oil per day (bopd) in FY14 but has gradually dropped from the high levels.

Analysts expect Cairn India's earnings to be subdued since production is flat or decline marginally, while profit share of government keeps going up. Cairn India reported Ebitda of R13,900 crore on revenues of R18,800 crore of revenues in FY14. It reported net profit of R12,400 in FY14, roughly 3% higher than R12,100 crore in FY13.

Source: The Financial Express

World Bank: India to be world's fastest growing big economy by 2017

Fuelled by economic reforms, India is projected to become the world's fastest growing large economy by 2017 with a growth rate of seven percent, overtaking China along the way, a World Bank report said on January 13.

According to the Washington-based World Bank's Global Economic Prospects (GEP) report, India's gross domestic product (GDP) that grew by 5.6 percent last year, is expected to zoom to 6.4 percent this year before reaching the seven percent mark next year and keep that level in 2017 when China decelerates to 6.9 percent.

However, the World Bank warned that for India, "Any slackening in the reform momentum could result in a more modest or slower pace of recovery."

The Bangkok-based UN Economic and Social Commission for Asia and the Pacific (ESCAP) in a separate report also projected the Indian economy's growth this year at 6.4 percent.

China's economy, which has been growing at a fast clip for several years, is expected to slow down to 7.1 percent this year from last year's 7.4 percent, and decelerate to seven percent next year and 6.9 percent in 2017.

The bank characterised China's deceleration as "a carefully managed slowdown". ESCAP's report, Year-end Update of the Economic and Social Survey of Asia and the Pacific 2014, forecast China's growth at seven percent this year.

But the international investment bank, Goldman Sachs, expects India's growth rate to nudge past China's a year earlier than the World Bank forecast. Last month Goldman Sachs projected India's growth rate at a slightly lower 6.3 percent this year and at 6.8 percent next year, but ahead of China's 6.7 percent.

Behind the growth numbers, though, is the hard fact of the relative sizes of the two economies. China's economy, which in 2013 was $9.2 trillion, is far larger than India's $1.87 trillion and that means India has a long way to go before it can catch up with it.

The global economy in contrast to the Asian giants is projected to grow by three percent this year, 3.3 percent in 2016 and 3.2 percent in 2017, according to the World Bank. Last year, it grew by only a dismal 2.6 percent.

Growth in developed countries as a group is expected to rise modestly to 2.2 percent this year, up from 1.8 percent last year, and by 2.3 percent in 2016-17.

In contrast, the US growth rate is expected to accelerate from 2.4 percent last year to 3.2 percent this year, and slowdown to three percent next year and 2.4 percent in 2017, the World Bank said.

The forecast for Euro Area is 1.1 percent growth this year, up from 0.8 percent, and a mere 1.6 percent in 2016-17. Japan's growth is expected to hit 1.2 percent this year, up from 0.2 percent in 2014, and go up to 1.6 percent in 2016.

ESCAP projects a 5.8 percent growth rate for the region's economy as a whole, up from last year's 5.6 percent.

India's economic growth will be helped along by falling oil prices and by lower interest rates in developed countries and these two factors can be a game-changer for the nation.

World Bank Chief Economist Kaushik Basu said, "The lower oil price, which is expected to persist through 2015 is lowering inflation worldwide and is likely to delay interest rate hikes in rich countries. This creates a window of opportunity for oil importing countries, such as China and India; we expect India's growth to rise to seven percent by 2016."

"What is critical is for nations to use this window to usher in fiscal and structural reforms, which can boost long-run growth and inclusive development," he added.

Both ESCAP and the World Bank saw the low oil prices as an opportunity for cutting fuel subsidies and diverting funds for financing sustainable development while reforming the economy.

"This is a particularly critical and opportune time to decrease subsidies," ESCAP Executive Secretary Shamshad Akhtar said. "Reducing subsidies can raise significant public financial resources for productive investment in the region and could make needed funds available for financing sustainable development."

World Bank Director of Development Prospects Ayhan Kose said, "For both exporters and importers, low oil prices present an opportunity to undertake reforms that can increase fiscal resources and help broader environmental objectives."

The ESCAP report mentioned the "Make in India" campaign as a step to promote structural change that favours manufacturing by making it easier to establish and operate a business in India.

The report also took note of the initiatives in India to open bank accounts for 75 million poor households by next month and to boost youth employment by introducing more community colleges and vocational courses, and promoting entrepreneurship.

Although India has identified infrastructure development as a key element for its growth plans, ESCAP said it faces a shortage of government resources. Therefore, ESCAP recommended giving the private sector importance in developing infrastructure in collaboration with government.

The World Bank report said that reforms and deregulation in India should boost foreign direct investment. It noted that increases in investments, which account for about 30 percent of the GDP, should help raise the nation's growth rate to seven percent by 2016.

Source: Indo-Asian News Service

PMO steps in to push stalled infrastructure projects

In its latest attempt to spur investment and get stalled projects moving, the Prime Minister's Office has asked key infrastructure ministries to put together a list of long-pending projects that have failed to take off due to state government-related hurdles.

Sources said Nripendra Misra, principal secretary to PM Narendra Modi, has written to several secretaries, asking them to send a list by January 5, 2015.

"It has been observed that there are a large number of projects, both of the central government, state governments... are held up due to ineffective handling of issues. The factors also include policies of the state governments, lack of prioritization at the state level or inadequate follow up from the Central level," Misra is learnt to have written to secretaries last week.

Modi's chief of staff suggested that ministries take up the issues with the state governments and sort them out in a "time-bound manner". Separately, the department of industrial policy and promotion has prepared a checklist to make it easier for companies to do business, indicating that the government is keen to push reforms in states.

The move comes after the Centre eased rules in several sectors and expedited environ ment and forest clearances to get several road, power and coal projects moving.

There has been progress in other areas too, such as getting a green light from the defence ministry , which had in the past blocked proposals, citing strategic concerns.

Even the home ministry has been asked to expedite all approvals so that security delays don't hamper economic activity that creates employment.

In fact, steps initiated by the UPA government in the form of setting up the project monitoring group (PMG) in the cabinet secretariat had resulted in investments of nearly Rs 3 lakh crore in projects that had not moved due to various bottlenecks, with green hurdles being the most common complaint.

But, the PMG is dealing with held up projects involving investments of close to Rs 18-20 lakh crore.

The latest attempt by the PMO comes at a time when several central ministries are complaining that states have been slow in according approvals. The West Bengal government was sitting on proposals to allow mining in over half-a-dozen blocks, which were cleared recently after the coal ministry approached it .

Following Misra's advisory , aviation secretary V Somasundaran has asked all agencies under his ministry such as Airports Authority of India, DGCA and Bureau of Civil Aviation Security to compile the list and submit it to his office by Wednesday . Sources say the delayed Navi Mumbai airport could top the list as this is among the most critical pending issues.

Source: The Times of India

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