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Domestic Economy and Markets

The Indian economy logged 5.3 percent growth in the second quarter of this fiscal, against 5.7 percent in the first quarter. The Central Statistics Office (CSO), Ministry of Statistics and Programme Implementation has released the estimates of Gross Domestic Product (GDP) for the second quarter (July-September) Q2 of 2014-15, both at constant (2004-05) and current prices, along with the corresponding quarterly estimates of expenditure components of the GDP.

The details of the estimates are presented below.

I ESTIMATES OF GDP BY ECONOMIC ACTIVITY

(a) At constant (2004-05) prices

Quarterly GDP at factor cost at constant (2004-05) prices for Q2 of 2014-15 is estimated at Rs.14.39 lakh crore as against Rs.13.66 lakh crore in Q2 of 2013-14, showing a growth rate of 5.3 per cent over the corresponding quarter of previous year.

The economic activities which registered significant growth in Q2 of 2014-15 over Q2 of 2013-14 are ‘electricity, gas and water supply’ at 8.7 per cent, ‘construction’ at 4.6 per cent, ‘community, social and personal services’ at 9.6 per cent and ‘financing, insurance, real estate and business services’ at 9.5 per cent. The growth rates in ‘agriculture, forestry and fishing’ is estimated at 3.2 per cent, ‘mining and quarrying’ at 1.9 per cent, ‘manufacturing’ at 0.1 per cent and ‘trade, hotels, transport and communication’ at 3.8 per cent in this period.

Agriculture

According to the First Advance Estimates of Production of Foodgrains, Oilseeds and other Commercial Crops for 2014-15 released by the Department of Agriculture and Cooperation on 19.9.2014, production of cereals, pulses and oilseeds recorded a decline by 6.6%, 13.6% and 12.2% respectively during the Kharif season of 2014-15 as compared to the production of these crops in the Kharif season of 2013-14. Apart from production of kharif crops, the growth in ‘agriculture, forestry & fishing’ estimates of GDP in Q2 are based on the estimated production of fruits and vegetables, other crops, livestock products, forestry and fisheries.

Industry

According to the latest estimates available on the Index of Industrial Production (IIP), the index of mining, manufacturing and electricity, registered growth rates of 1.3 per cent, 0.1 per cent and 9.4 per cent, respectively in Q2 of 2014-15. The key indicators of construction sector, namely, production of cement and consumption of finished steel registered growth rates of 9.8 per cent and 0.3 per cent, respectively in Q2 of 2014-15.

Services

Among the services sectors, key indicators of railways, namely, the net tonne kilometers and passenger kilometers have shown growth rates of 6.3 per cent and 1.1 per cent, respectively in Q2 of 2014-15. In the transport sector, the sale of commercial vehicles, cargo handled at major ports, cargo handled by the civil aviation and passengers handled by the civil aviation registered growth rates of (-)3.8 per cent, 4.3 per cent, 11.6 per cent and 12.6 per cent, respectively in Q2 of
2014-15 over Q2 of 2013-14. Total stock of telephone connections including (Wireline and Wireless) registered growth of 6.5% in Q2 of 2014-15. The other key indicators, namely, aggregate bank deposits, and bank credits have shown growth rates of 13.1 per cent, and 10.1 per cent, respectively as on September 2014-15.

(b) At current prices
GDP at factor cost at current prices in Q2 of 2014-15, is estimated at Rs. 27.20 lakh crore, as against Rs.24.87 lakh crore in Q2, 2013-14, showing an increase of 9.4 per cent. 8. The wholesale price index (WPI), in respect of the groups - food articles, machinery & machine tools, manufactured products, electricity and all commodities, has risen by 5.7 per cent, 2.7 per cent, 3.5 per cent, 6.7 per cent and 3.8 per cent, respectively during Q2 of 2014-15, over Q2 of 2013-14. The consumer price index for industrial workers (CPI-IW) has shown a rise of 6.8 per cent during Q2 of 2014-15 over Q2 of 2013-14.

II ESTIMATES OF GDP AT MARKET PRICES
GDP at current market prices in Q2 of 2014-15, is estimated at Rs. 29.28 lakh crore, as against Rs.26.59 lakh crore in Q2, 2013-14, showing an increase of 10.1 per cent. At constant (2004-2005) prices, the GDP at market prices is estimated at Rs. 15.42 lakh crore in Q2 of 2014-15 as against Rs. 14.54 lakh crore in Q2 of 2013-14 showing an increase of 6.0 per cent over the corresponding quarter of previous year. The growth in major subsidies was (-) 1.2 percent in Q2 of 2014-15 and the indirect tax revenue of the central government viz., customs, excise and service tax have shown a growth of 15.0 percent, 3.3 percent and 10.8 percent respectively in Q2 of 2014-15.

III ESTIMATES OF EXPENDITURES ON GDP
The components of expenditure on gross domestic product, namely, consumption expenditure and capital formation, are normally measured at market prices. The aggregates presented in the following paragraphs, therefore, are in terms of market prices.

Private Final Consumption Expenditure
Private Final Consumption Expenditure (PFCE) at current prices is estimated at Rs.16.93 lakh crore in Q2 of 2014-15 as against Rs. 15.26 lakh crore in Q2 of 2013-14. At constant (2004-2005) prices, the PFCE is estimated at Rs. 9.23 lakh crore in Q2 of 2014-15 as against Rs. 8.73 lakh crore in Q2 of 2013-14. In terms of GDP at market prices, the rates of PFCE at current and constant (2004-05) prices during Q2 of 2014-15 are estimated at 57.8 per cent and 59.9 per cent, respectively, as against the corresponding rates of 57.4 per cent and 60.0 per cent, respectively in Q2 of 2013-14.

Government Final Consumption Expenditure
Government Final Consumption Expenditure (GFCE) at current prices is estimated at Rs.3.43 lakh crore in Q2 of 2014-15 as against Rs.2.94 lakh crore in Q2 of 2013-14. At constant (2004-05) prices, the GFCE is estimated at Rs.1.63 lakh crore in Q2 of 2014-15 as against Rs. 1.48 lakh crore in Q2 of 2013-14. In terms of GDP at market prices, the rates of GFCE at current and constant (2004-05) prices during Q2 of 2014-15 are estimated at 11.7 per cent and 10.6 per cent, respectively, as against the corresponding rates of 11.1 per cent and 10.2 per cent, respectively in Q2 of 2013-14.

Gross Fixed Capital Formation
Gross Fixed Capital Formation (GFCF) at current prices is estimated at Rs. 8.28 lakh crore in Q2 of 2014-15 as against Rs.
7.94 lakh crore in Q2 of 2013-14. At constant (2004-05) prices, the GFCF is estimated at Rs. 4.98 lakh crore in Q2 of 2014-15 as against Rs. 4.97 lakh crore in Q2 of 2013-14. In terms of GDP at market prices, the rates of GFCF at current and constant (2004-05) prices during Q2 of 2014-15 are estimated at 28.3 per cent and 32.3 per cent, respectively, as against the corresponding rates of 29.9 per cent and 34.2 per cent, respectively in Q2 of 2013-14.

Estimates of GDP at factor cost by kind of economic activity and the Expenditures on GDP for Q2 and H1 (April-September) of 2012-13, 2013-14 and 2014-15 at constant (2004-05) and current prices, are given in Statements 1 to 8. The next release of quarterly GDP estimate for the quarter October-December, 2014 (Q3 of 2014-15) will be on 09.02.2015.

### STATEMENT 1: QUARTERLY ESTIMATES OF GDP AT FACTOR COST IN Q2 (JULY-SEPTEMBER) OF 2014-15 (at 2004-05 prices)

<table>
<thead>
<tr>
<th>Industry</th>
<th>2012-13</th>
<th>2013-14</th>
<th>2014-15</th>
<th>Percentage change over previous year</th>
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<td></td>
<td>Q1</td>
<td>Q2</td>
<td>Q1</td>
<td>Q2</td>
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<table>
<thead>
<tr>
<th>Item</th>
<th>(Rs. in crore)</th>
<th>Rates of GDP at Market Prices (%)</th>
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<tbody>
<tr>
<td>1. Private Final Consumption Expenditure (PFCE)</td>
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<td></td>
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<td>3. Gross Fixed Capital Formation (GFCF)</td>
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STATEMENT 3: QUARTERLY ESTIMATES OF GDP AT FACTOR COST IN Q2 (JULY-SEPTEMBER) OF 2014-15 (at current prices)

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<tr>
<th>Industry</th>
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<th>Percentage change over previous year</th>
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<tbody>
<tr>
<td>1. agriculture, forestry and fishing</td>
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<td>2. mining and quarrying</td>
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<td>3. manufacturing</td>
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## Statement 4: Quarterly Estimates of Expenditures of GDP at Market Prices in Q2 (July-September) of 2014-15 (at current prices)

<table>
<thead>
<tr>
<th>Item</th>
<th>Expenditures of Gross Domestic Product (Rs. in crore)</th>
<th>Rates of GDP at Market Prices (%)</th>
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</thead>
<tbody>
<tr>
<td>1. Private Final Consumption Expenditure (PFCE)</td>
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<td>2. Government Final Consumption Expenditure (GFCE)</td>
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<td>3. Gross Fixed Capital Formation (GFCF)</td>
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<td>4. Change in Stocks</td>
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<td>Gross Domestic Product in H1 of</td>
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<td>4. electricity, gas and water supply</td>
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<td>Expenditures of Gross Domestic Product in H1</td>
<td>(Rs. in crore)</td>
<td>Rates of GDP at market prices (%) in H1</td>
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### Statement 7: Estimates of GDP in H1 (April-September) of 2014-15 (at current prices)

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</thead>
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<td>Expenditures of Gross Domestic Product in H1 of</td>
<td>(Rs. in crore)</td>
<td>Percentage change over previous year H1</td>
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## Statement 8: Estimates of Expenditures of GDP at Market Prices in H1 (April-September) of 2014-15 (at current prices)

<table>
<thead>
<tr>
<th>Item</th>
<th>APRIL-SEPTEMBER (H1)</th>
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<td>1. Private Final Consumption Expenditure (PFCE)</td>
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<td>4650026</td>
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*H1: April- September*
India’s Foreign Trade (Merchandise)

Exports (including re-exports)
Exports during October, 2014 were valued at US $ 26094.07 million (Rs.160066.25 crore) which was 5.04 per cent lower in Dollar terms (5.47 per cent lower in Rupee terms) than the level of US $ 27480.13 million (Rs. 169320.47 crore) during October, 2013. Cumulative value of exports for the period April-October 2014-15 was US $ 189795.47 million (Rs 1145605.36 crore) as against US $ 181234.98 million (Rs 1080203.41 crore) registering a growth of 4.72 per cent in Dollar terms and growth of 6.05 per cent in Rupee terms over the same period last year.

Imports
Imports during October, 2014 were valued at US $ 39451.53 million (Rs.242003.58 crore) representing a growth of 3.62 per cent in Dollar terms and 3.16 per cent in Rupee terms over the level of imports valued at US $ 38075.02 million (Rs. 234601.50 crore) in October, 2013. Cumulative value of imports for the period April-October 2014-15 was US $ 273551.51 million (Rs 1651470.41 crore) as against US $ 268554.34 million (Rs 1590363.03 crore) registering a growth of 1.86 per cent in Dollar terms and growth of 3.84 per cent in Rupee terms over the same period last year.

Crude oil and non-oil imports
Oil imports during October, 2014 were valued at US $ 12365.2 million which was 19.2 per cent lower than oil imports valued at US $ 15293.6 million in the corresponding period last year. Oil imports during April-October, 2014-15 were valued at US $ 94841.9 million which was 0.5 per cent lower than the oil imports of US $ 95306.0 million in the corresponding period last year.

Non-oil imports during October, 2014 were estimated at US $ 27086.3 million which was 18.9 per cent higher than non-oil imports of US $ 22781.4 million in October, 2013. Non-oil imports during April-October, 2014-15 were valued at US $ 178709.6 million which was 3.2 per cent higher than the level of such imports valued at US $ 173248.3 million in April-October, 2013-14.

Trade Balance
The trade deficit for April-October, 2014-15 was estimated at US $ 83756.04 million which was lower than the deficit of US $ 87319.36 million during April-October, 2013-14.

India’s Foreign Trade (Services): September, 2014
(As per the RBI Press Release dated 14th November, 2014)

A. EXPOSITS (Receipts)
Exports during September, 2014 were valued at US $ 12940 Million (Rs. 78759.18 Crore).

B. IMPORTS (Payments)
Imports during September, 2014 were valued at US $ 6174 Million (Rs. 37577.99 Crore).

C. TRADE BALANCE
The trade balance in Services (i.e. net exports of Services) for September, 2014 was estimated at US $ 6766 Million.
### EXPORTS & IMPORTS (MERCHANDISE): (US $ Million)

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<thead>
<tr>
<th></th>
<th>OCTOBER</th>
<th>APRIL-OCTOBER</th>
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<tr>
<td><strong>EXPORTS (including re-exports)</strong></td>
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<tr>
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### EXPORTS & IMPORTS (MERCHANDISE): (Rs. Crore)

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<tr>
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<tr>
<td><strong>EXPORTS (including re-exports)</strong></td>
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<td>2013-14</td>
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<tr>
<td>2013-14</td>
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<tr>
<td>2014-15</td>
<td>-81937.33</td>
<td>-505865.05</td>
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**EXPOSITS & IMPORTS (SERVICES): (US $ Million)**

<table>
<thead>
<tr>
<th>(PROVISIONAL)</th>
<th>September 2014-15</th>
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<tr>
<td>EXPORTS (Receipts)</td>
<td>12940.00</td>
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<tr>
<td>IMPORTS (Payments)</td>
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**EXPOSITS & IMPORTS (SERVICES): (Rs. Crore)**

<table>
<thead>
<tr>
<th>(PROVISIONAL)</th>
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<tr>
<td>EXPORTS (Receipts)</td>
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<td>IMPORTS (Payments)</td>
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<td>TRADE BALANCE</td>
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Source: RBI Press Release dated 14th November 2014
Agriculture

After white revolution, India to launch blue revolution to boost fish production

Union Minister for Agriculture Radhamohan Singh has said that the government is all set to launch the ‘blue revolution’ on the lines of the ‘white revolution’ which played a big role in increasing milk production in the country.

The Blue Revolution envisages transformation of the fisheries sector with increased investment, better training and development of infrastructure.

Delivering the convocation address at the Central Institute of Fisheries Education in Mumbai on Friday evening, Mr. Radhamohan Singh said, “India is the second largest producer of fish, however, it still lags China by a huge margin.” He said India also scores low on productivity scale.

The Minister said the fisheries output in the country is presently about 10 million tonnes, with inland fisheries accounting for 5.6 million tonnes and marine fisheries 3.4 million tonnes. “India has large natural resources, and water bodies such as reservoirs, lakes and ponds, in addition to an 8,118km-long coastline. So it is well positioned to have a Blue Revolution,” he added.

Mr. Singh expressed concern over stagnation of production of marine fisheries. He said, deep sea fishing would require large investments and we have to explore possibilities of public-private partnership. The Minister also stated that largest species of fish are found in India, and there is also a tremendous scope for breeding of colourful ornamental fish.

The Minister said, so far the government’s have focused mostly on agriculture and industry, but Prime Minister Narendra Modi has envisaged a grand plan for development of fisheries as a major employment generating economic activity.

Blue Revolution will focus on construction of new fishing harbours, modernization of fishing boats, imparting training to fishermen, and above all promote fishing as a self-employment activity.

A total of 128 degrees and 18 Ph.Ds were awarded at the 12th Convocation ceremony of the Central Institute of Fisheries Education at Versova, Mumbai. 29 students were honoured with gold medals for meritorious achievements.

Central Institute of Fisheries Education is a deemed university and a centre of excellence in the field of fisheries and allied subjects. It is one of its kind institute in India, and has 20 Fisheries Colleges spread across India.
Inflation

The official Wholesale Price Index for ‘All Commodities’ (Base: 2004-05 = 100) for the month of October, 2014 declined by 0.6 percent to 183.9 (provisional) from 185.0 (provisional) for the previous month.

The annual rate of inflation, based on monthly WPI, stood at 1.77% (provisional) for the month of October, 2014 (over October,2013) as compared to 2.38% (provisional) for the previous month and 7.24% during the corresponding month of the previous year. Build up inflation rate in the financial year so far was 2.00% compared to a build up rate of 6.23% 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 1.2 percent to 255.0 (provisional) from 258.2 (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 1.3 percent to 258.5 (provisional) from 261.8 (provisional) for the previous month due to lower price of fruits & vegetables (6%), urad (3%), bajra, maize and gram (2% each) and jowar, ragi, condiments & spices and fish-marine (1% each). However, the price of fish-inland (12%), tea (3%), egg and barley (2% each) and mutton, pork and poultry chicken (1% each) moved up.

- The index for ‘Non-Food Articles’ group declined by 2.0 percent to 210.0 (provisional) from 214.3 (provisional) for the previous month due to lower price of soyabean (11%), raw cotton (9%), copra (coconut) (7%), guar seed (6%), raw silk and groundnut seed (2% each) and coir fibre, cotton seed and safflower (kardi seed) (1% each). However, the price of flowers (18%), raw jute and castor seed (3% each), linseed and fodder (2% each) and mesta and rape & mustard seed (1% each) moved up.

- The index for ‘Minerals’ group rose by 0.2 percent to 348.1 (provisional) from 347.3 (provisional) for the previous month due to higher price of barytes (22%), copper ore (16%) and iron ore (1%). However, the price of chromite and zinc concentrate (3% each), crude petroleum (2%) and manganese ore (1%) declined.

**Fuel & Power (Weight 14.91%)**

The index for this major group declined by 1.3 percent to 210.7 (provisional) from 213.4 (provisional) for the previous month due to lower price of furnace oil (4%), aviation turbine fuel (3%) and petrol and bitumen (2% each) and kerosene and high speed diesel oil (1% each). However, the price of lubricants (1%) moved up.

**Manufactured Products (Weight 64.97%)**

The index for this major group remained unchanged at its previous month’s level of 155.8 (provisional). The groups and items for which the index showed variations during the month are as follows:-

- The index for ‘Food Products’ group declined by 0.5 percent to 174.2 (provisional) from 175.1 (provisional) for the previous month due to lower price of processed prawn (8%), bakery products and tea leaf (unblended) (4% each), tea leaf (blended) and tea dust (unblended) (3% each), sunflower oil and gur (2% each) and oil cakes, vanaspati, sugar and palm oil (1% each).

- However, the price of sugar confectionary (5%), powder milk and tea dust (blended) (2% each) and ghee, cotton seed oil, mixed spices and wheat flour (atta) (1% each) moved up.

- The index for ‘Beverages, Tobacco & Tobacco Products’ group rose by 0.3 percent to 201.6 (provisional) from 201.0 (provisional) for the previous month due to higher price of rectified spirit (3%) and soft drinks & carbonated water (2%).

- The index for ‘Textiles’ group declined by 0.6 percent to 143.3 (provisional) from 144.1 (provisional) for the previous month due to lower price of cotton yarn (2%) and jute sacking cloth, jute sacking bag and man made fibre (1% each). However, the price of gunny and hessian cloth (1%) moved up.
The index for ‘Wood & Wood Products’ group rose by 0.1 percent to 186.3 (provisional) from 186.1 (provisional) for the previous month due to higher price of veneered particle board (1%).

The index for ‘Paper & Paper Products’ group rose by 0.3 percent to 150.5 (provisional) from 150.0 (provisional) for the previous month due to higher price of newsprint (3%) and books/periodicals/journals (2%).

The index for ‘Leather & Leather Products’ group declined by 0.7 percent to 145.6 (provisional) from 146.6 (provisional) for the previous month due to lower price of leather footwear (1%).

The index for ‘Rubber & Plastic Products’ group declined by 0.1 percent to 151.1 (provisional) from 151.2 (provisional) for the previous month due to lower price of hdpe bag (2%) and plastic/pvc chappals (1%). However, the prices of plastic rolls (3%) and hdpe woven sacks, polyester film and plastic/pvc shoes (1% each) moved up.

The index for ‘Chemicals & Chemical Products’ group rose by 0.1 percent to 153.7 (provisional) from 153.6 (provisional) for the previous month due to higher price of adhesive & gum and synthetic resin (2% each) and ayurvedic medicines, non-cyclic compound, dye & dye intermediates, photographic goods, explosives, ammonium sulphate and antacid & digestive preparations (1% each). However, the price of basic organic chemicals, rubber chemicals and washing soap (1% each) declined.

The index for ‘Non-Metallic Mineral Products’ group rose by 1.4 percent to 173.2 (provisional) from 170.8 (provisional) for the previous month due to higher price of marbles (10%), bricks & tiles and white cement (3% each), glass bottles & bottleware and lime (2% each) and slag cement (1%). However, the price of asbestos corrugated sheet (1%) declined.

The index for ‘Basic Metals, Alloys & Metal Products’ group rose by 0.4 percent to 166.4 (provisional) from 165.8 (provisional) for the previous month due to higher price of metal containers (3%), CRC, rounds and angles (2% each) and gp/gc sheets, aluminium, billets, pencil ingots, wire rods, pig iron, sponge iron and joist & beams (1% each). However, the price of steel rods, copper/copper ingots, melting scrap, sheets, copper wire (all types) and silver (1% each) declined.

The index for ‘Machinery & Machine Tools’ group rose by 0.2 percent to 134.9 (provisional) from 134.6 (provisional) for the previous month due to higher price of ups/stabilizer (7%), heat exchanger (5%), electric switches (3%), engines (2%) and chemical plant equipments and pvc insulated cable (1% each). However, the price of electric motors (2%) and ball/roller bearing, compressors and pump & assembly (1% each) declined.

**Final Index for the month of August, 2014**

For the month of August, 2014, the final Wholesale Price Index for ‘All Commodities’ (Base: 2004-05=100) stood at 185.9 as compared to 185.7 (provisional) and annual rate of inflation based on final index stood at 3.85 percent as compared to 3.74 percent respectively as reported on 15.09.2014.
## Wholesale Price Index and Rates of Inflation (Base Year: 2004-05=100)

**Month of October, 2014**

<table>
<thead>
<tr>
<th>Commodities/Major Groups/Groups/Sub-Groups</th>
<th>Weight</th>
<th>WPI Oct, 2014</th>
<th>Latest month over month</th>
<th>Build up from March</th>
<th>Year on year</th>
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<td>ALL COMMODITIES</td>
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<td>0.00</td>
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<td>PRIMARY ARTICLES</td>
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<td>-0.34</td>
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<td>Rice</td>
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<td>High speed diesel</td>
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<td>Paper &amp; Paper Products</td>
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<td>0.33</td>
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<td>Leather &amp; Leather Products</td>
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<td>Rubber &amp; Plastic Products</td>
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<td>Chemicals &amp; Chemical Products</td>
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<td>0.07</td>
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<td>Non-Metallic Mineral Products</td>
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<td>136.1</td>
<td>0.67</td>
<td>0.00</td>
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### Trend of Rate of Inflation for some important items during last six months

<table>
<thead>
<tr>
<th>Commodities/Major Groups/Groups/Sub-Groups</th>
<th>Weight (%)</th>
<th>Rate of Inflation for the last six months</th>
</tr>
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<tbody>
<tr>
<td></td>
<td></td>
<td>Oct-14</td>
</tr>
<tr>
<td>ALL COMMODITIES</td>
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<td>1.77</td>
</tr>
<tr>
<td>PRIMARY ARTICLES</td>
<td>20.12</td>
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<tr>
<td>Food Articles</td>
<td>14.34</td>
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<tr>
<td>Cereals</td>
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<td>3.29</td>
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<td>Rice</td>
<td>1.79</td>
<td>6.47</td>
</tr>
<tr>
<td>Wheat</td>
<td>1.12</td>
<td>-1.92</td>
</tr>
<tr>
<td>Pulses</td>
<td>0.72</td>
<td>4.02</td>
</tr>
<tr>
<td>Vegetables</td>
<td>1.74</td>
<td>-19.61</td>
</tr>
<tr>
<td>Potato</td>
<td>0.20</td>
<td>82.11</td>
</tr>
<tr>
<td>Onion</td>
<td>0.18</td>
<td>-59.77</td>
</tr>
<tr>
<td>Fruits</td>
<td>2.11</td>
<td>19.35</td>
</tr>
<tr>
<td>Milk</td>
<td>3.24</td>
<td>11.39</td>
</tr>
<tr>
<td>Non-Food Articles</td>
<td>4.26</td>
<td>-1.41</td>
</tr>
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<td>Oil Seeds</td>
<td>1.78</td>
<td>3.42</td>
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<tr>
<td>Minerals</td>
<td>1.52</td>
<td>-2.03</td>
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<tr>
<td>FUEL &amp; POWER</td>
<td>14.91</td>
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</tr>
<tr>
<td>Liquefied petroleum gas</td>
<td>0.91</td>
<td>-0.41</td>
</tr>
<tr>
<td>Petrol</td>
<td>1.09</td>
<td>-7.03</td>
</tr>
<tr>
<td>High speed diesel</td>
<td>4.67</td>
<td>8.53</td>
</tr>
<tr>
<td>MANUFACTURED PRODUCTS</td>
<td>64.97</td>
<td>2.43</td>
</tr>
<tr>
<td>-------------------------------------------</td>
<td>-------</td>
<td>------</td>
</tr>
<tr>
<td>Food Products</td>
<td>9.97</td>
<td>2.11</td>
</tr>
<tr>
<td>Sugar</td>
<td>1.74</td>
<td>1.75</td>
</tr>
<tr>
<td>Edible Oils</td>
<td>3.04</td>
<td>-2.44</td>
</tr>
<tr>
<td>Beverages, Tobacco &amp; Tobacco Product</td>
<td>1.76</td>
<td>9.68</td>
</tr>
<tr>
<td>Cotton Textiles</td>
<td>2.61</td>
<td>2.07</td>
</tr>
<tr>
<td>Man Made Textiles</td>
<td>2.21</td>
<td>3.31</td>
</tr>
<tr>
<td>Wood &amp; Wood Products</td>
<td>0.59</td>
<td>3.96</td>
</tr>
<tr>
<td>Paper &amp; Paper Products</td>
<td>2.03</td>
<td>5.69</td>
</tr>
<tr>
<td>Leather &amp; Leather Products</td>
<td>0.84</td>
<td>0.28</td>
</tr>
<tr>
<td>Rubber &amp; Plastic Products</td>
<td>2.99</td>
<td>2.51</td>
</tr>
<tr>
<td>Chemicals &amp; Chemical Products</td>
<td>12.02</td>
<td>3.09</td>
</tr>
<tr>
<td>Non-Metallic Mineral Products</td>
<td>2.56</td>
<td>4.84</td>
</tr>
<tr>
<td>Cement &amp; Lime</td>
<td>1.39</td>
<td>2.62</td>
</tr>
<tr>
<td>Basic Metals Alloys &amp; Metal Product</td>
<td>10.75</td>
<td>1.09</td>
</tr>
<tr>
<td>Iron &amp; Semis</td>
<td>1.56</td>
<td>3.52</td>
</tr>
<tr>
<td>Machinery &amp; Machine Tools</td>
<td>8.93</td>
<td>2.27</td>
</tr>
<tr>
<td>Transport Equipment &amp; Parts</td>
<td>5.21</td>
<td>0.22</td>
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</tbody>
</table>
Industrial Production

The Quick Estimates of Index of Industrial Production (IIP) with base 2004-05 for the month of September 2014 have been released by the Central Statistics Office of the Ministry of Statistics and Programme Implementation. IIP is compiled using data received from 16 source agencies viz. Department of Industrial Policy & Promotion (DIPP); Indian Bureau of Mines; Central Electricity Authority; Joint Plant Committee; Ministry of Petroleum & Natural Gas; Office of Textile Commissioner; Department of Chemicals & Petrochemicals; Directorate of Sugar; Department of Fertilizers; Directorate of Vanaspati, Vegetable Oils & Fats; Tea Board; Office of Jute Commissioner; Office of Coal Controller; Railway Board; Office of Salt Commissioner and Coffee Board.

The General Index for the month of September 2014 stands at 171.7, which is 2.5% higher as compared to the level in the month of September 2013. The cumulative growth for the period April-September 2014-15 over the corresponding period of the previous year stands at 2.8%.

The Indices of Industrial Production for the Mining, Manufacturing and Electricity sectors for the month of September 2014 stand at 116.0, 181.6 and 175.6 respectively, with the corresponding growth rates of 0.7%, 2.5% and 3.9% as compared to September 2013 (Statement I). The cumulative growth in the three sectors during April-September 2014-15 over the corresponding period of 2013-14 has been 2.1%, 2.0% and 10.4% respectively.

In terms of industries, fifteen (15) out of the twenty two (22) industry groups (as per 2-digit NIC-2004) in the manufacturing sector have shown positive growth during the month of September 2014 as compared to the corresponding month of the previous year (Statement II). The industry group ‘Electrical machinery & apparatus n.e.c.’ has shown the highest positive growth of 29.9%, followed by 19.1% in ‘Other transport equipment’ and 12.3% in ‘Basic Metals’. On the other hand, the industry group ‘Radio, TV and communication equipment & apparatus’ has shown the highest negative growth of (-) 43.8%, followed by (-) 34.2% in ‘Office, accounting & computing machinery’ and (-) 4.4% in ‘Chemicals and chemical products’.

As per Use-based classification, the growth rates in September 2014 over September 2013 are 5.1% in Basic goods, 11.6% in Capital goods and 1.8% in Intermediate goods (Statement III). The Consumer durables and Consumer non-durables have recorded growth of (-) 11.3% and 1.5% respectively, with the overall growth in Consumer goods being (-) 4.0%.

Some of the important items showing high positive growth during the current month over the same month in previous year include ‘HR Sheets’ (212.5%), ‘Stainless/ alloy steel’ (78.5%), ‘Cable, Rubber Insulated’ (60.9%), ‘Leather Garments’ (53.3%), ‘Colour TV sets’ (47.2%), ‘Air Conditioner (Room)’ (42.7%), ‘Scooter and Mopeds’ (40.7%), ‘Ayurvedic Medicaments’ (36.0%), ‘Transformers (small)’ (34.8%), ‘Fasteners (Excl. Zip-Fasteners)’ (34.4%) and ‘Three-Wheelers (including passenger & goods carrier)’ (26.6%).

Some of the other important items showing high negative growth are: ‘Telephone Instruments (incl. Mobile Phones & Accessories)’ (-) 53.6%, ‘Di Ammonium Phosphate (DAP)’ (-) 42.0%, ‘Sacking’ (-) 39.7%, ‘Computers’(-) 39.0%, ‘Marble Tiles/ Slabs’ (-) 32.8%, ‘Cigarettes (-) 31.3%’, ‘Insulated Cables/ Wires all kind’ (-) 30.0%, ‘Antibiotics & Its Preparations’ (-) 25.0% and ‘Earth Moving Machinery’ (-) 24.6%.

Along with the Quick Estimates of IIP for the month of September 2014, the indices for August 2014 have undergone the first revision and those for June 2014 have undergone the final revision in the light of the updated data received from the source agencies. It may be noted that these revised indices (first revision) in respect of August 2014 shall undergo final (second) revision along with the release of IIP for the month of November 2014.

Statements giving Quick Estimates of the Index of Industrial Production at Sectoral, 2-digit level of National Industrial Classification (NIC-2004) and by Use-based classification for the month of September 2014, along with the growth rates over the corresponding month of previous year, including the cumulative indices and growth rates, are enclosed.
## STATEMENT 1: INDEX OF INDUSTRIAL PRODUCTION - SECTORAL
(Base: 2004-05=100)

<table>
<thead>
<tr>
<th>Month</th>
<th>Mining (141.57)</th>
<th>Manufacturing (755.27)</th>
<th>Electricity (103.16)</th>
<th>General (1000.00)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Apr</td>
<td>120.5</td>
<td>122.6</td>
<td>176.1</td>
<td>181.4</td>
</tr>
<tr>
<td>May</td>
<td>122.3</td>
<td>125.3</td>
<td>173.3</td>
<td>183.5</td>
</tr>
<tr>
<td>Jun</td>
<td>116.5</td>
<td>122.1</td>
<td>175.0</td>
<td>180.1</td>
</tr>
<tr>
<td>Jul</td>
<td>116.1</td>
<td>117.5</td>
<td>182.7</td>
<td>180.8</td>
</tr>
<tr>
<td>Aug</td>
<td>113.6</td>
<td>115.9</td>
<td>175.4</td>
<td>173.2</td>
</tr>
<tr>
<td>Sep*</td>
<td>115.2</td>
<td>116.0</td>
<td>177.1</td>
<td>181.6</td>
</tr>
<tr>
<td>Oct</td>
<td>118.8</td>
<td></td>
<td>180.1</td>
<td></td>
</tr>
<tr>
<td>Nov</td>
<td>123.7</td>
<td></td>
<td>171.8</td>
<td></td>
</tr>
<tr>
<td>Dec</td>
<td>135.9</td>
<td></td>
<td>189.0</td>
<td></td>
</tr>
<tr>
<td>Jan</td>
<td>139.2</td>
<td></td>
<td>194.1</td>
<td></td>
</tr>
<tr>
<td>Feb</td>
<td>127.5</td>
<td></td>
<td>183.3</td>
<td></td>
</tr>
<tr>
<td>Mar</td>
<td>147.2</td>
<td></td>
<td>204.7</td>
<td></td>
</tr>
<tr>
<td>Average</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Apr-Sep</td>
<td>117.4</td>
<td>119.9</td>
<td>176.6</td>
<td>180.1</td>
</tr>
</tbody>
</table>

Growth over the corresponding period of previous year:

<p>| | | | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Sep</td>
<td>3.6</td>
<td>0.7</td>
<td>1.4</td>
<td>2.5</td>
<td>12.9</td>
<td>3.9</td>
</tr>
<tr>
<td>Apr-Sep</td>
<td>-2.5</td>
<td>2.1</td>
<td>0.2</td>
<td>2.0</td>
<td>5.9</td>
<td>10.4</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0.5</td>
</tr>
</tbody>
</table>

* Indices for Sep 2014 are Quick Estimates.

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

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

(Base: 2004-05=100)

<table>
<thead>
<tr>
<th>Industry code</th>
<th>Description</th>
<th>Weight</th>
<th>Index Sep'13</th>
<th>Index Sep'14</th>
<th>Cumulative Index 2013-14</th>
<th>Cumulative Index Apr-Sep 2014-15</th>
<th>Percentage growth Sep'14</th>
<th>Percentage growth Apr-Sep 2014-15</th>
</tr>
</thead>
<tbody>
<tr>
<td>15</td>
<td>Food products and beverages</td>
<td>72.76</td>
<td>123.0</td>
<td>128.6</td>
<td>137.9</td>
<td>147.7</td>
<td>4.6</td>
<td>7.1</td>
</tr>
<tr>
<td>16</td>
<td>Tobacco products</td>
<td>15.70</td>
<td>112.5</td>
<td>108.7</td>
<td>101.6</td>
<td>106.1</td>
<td>-3.4</td>
<td>4.4</td>
</tr>
<tr>
<td>17</td>
<td>Textiles</td>
<td>61.64</td>
<td>147.4</td>
<td>149.9</td>
<td>147.7</td>
<td>151.9</td>
<td>1.7</td>
<td>2.8</td>
</tr>
<tr>
<td>18</td>
<td>Weaving; apparel; dressing and dyeing of fur</td>
<td>27.82</td>
<td>182.8</td>
<td>187.4</td>
<td>178.3</td>
<td>166.2</td>
<td>2.5</td>
<td>-6.8</td>
</tr>
<tr>
<td>19</td>
<td>Luggage, handbags, saddlery, harness &amp; footwear; tanning and dressing of leather products</td>
<td>5.02</td>
<td>134.1</td>
<td>146.3</td>
<td>133.7</td>
<td>145.3</td>
<td>9.1</td>
<td>8.7</td>
</tr>
<tr>
<td>20</td>
<td>Wood and products of wood &amp; cork except furniture; articles of straw &amp; plating materials</td>
<td>10.51</td>
<td>150.3</td>
<td>150.6</td>
<td>144.9</td>
<td>146.0</td>
<td>0.2</td>
<td>0.8</td>
</tr>
<tr>
<td>21</td>
<td>Paper and paper products</td>
<td>9.99</td>
<td>141.0</td>
<td>142.1</td>
<td>138.9</td>
<td>141.1</td>
<td>0.8</td>
<td>1.6</td>
</tr>
<tr>
<td>22</td>
<td>Publishing; printing &amp; reproduction of recorded media</td>
<td>10.78</td>
<td>184.1</td>
<td>177.0</td>
<td>186.2</td>
<td>175.9</td>
<td>-3.9</td>
<td>-5.5</td>
</tr>
<tr>
<td>23</td>
<td>Coke, refined petroleum products &amp; nuclear fuel</td>
<td>67.15</td>
<td>141.3</td>
<td>140.9</td>
<td>141.9</td>
<td>139.1</td>
<td>-0.3</td>
<td>-2.0</td>
</tr>
<tr>
<td>24</td>
<td>Chemicals and chemical products</td>
<td>100.59</td>
<td>141.0</td>
<td>134.8</td>
<td>138.3</td>
<td>137.7</td>
<td>-4.4</td>
<td>-0.4</td>
</tr>
<tr>
<td>25</td>
<td>Rubber and plastics products</td>
<td>20.25</td>
<td>175.4</td>
<td>186.3</td>
<td>182.3</td>
<td>189.1</td>
<td>6.2</td>
<td>3.7</td>
</tr>
<tr>
<td>26</td>
<td>Other non-metallic mineral products</td>
<td>43.14</td>
<td>163.2</td>
<td>163.9</td>
<td>159.2</td>
<td>169.7</td>
<td>0.4</td>
<td>6.6</td>
</tr>
<tr>
<td>27</td>
<td>Basic metals</td>
<td>113.35</td>
<td>193.3</td>
<td>217.0</td>
<td>188.9</td>
<td>214.6</td>
<td>12.3</td>
<td>13.6</td>
</tr>
<tr>
<td>28</td>
<td>Fabricated metal products; except machinery &amp; equipment</td>
<td>30.85</td>
<td>186.1</td>
<td>191.1</td>
<td>173.0</td>
<td>173.1</td>
<td>2.7</td>
<td>0.1</td>
</tr>
<tr>
<td>29</td>
<td>Machinery and equipment n.e.c.</td>
<td>37.63</td>
<td>204.5</td>
<td>214.9</td>
<td>205.3</td>
<td>216.5</td>
<td>5.1</td>
<td>5.5</td>
</tr>
<tr>
<td>30</td>
<td>Office, accounting &amp; computing machinery</td>
<td>3.05</td>
<td>127.5</td>
<td>83.9</td>
<td>112.3</td>
<td>67.5</td>
<td>-34.2</td>
<td>-39.9</td>
</tr>
<tr>
<td>31</td>
<td>Electrical machinery &amp; apparatus n.e.c.</td>
<td>19.00</td>
<td>357.7</td>
<td>464.7</td>
<td>396.7</td>
<td>491.0</td>
<td>29.9</td>
<td>23.8</td>
</tr>
<tr>
<td>32</td>
<td>Radio, TV and communication equipment &amp; apparatus</td>
<td>9.89</td>
<td>841.3</td>
<td>472.8</td>
<td>806.8</td>
<td>408.7</td>
<td>-43.8</td>
<td>-49.0</td>
</tr>
<tr>
<td>33</td>
<td>Medical, precision &amp; optical instruments, watches and clocks</td>
<td>5.67</td>
<td>114.2</td>
<td>119.0</td>
<td>103.7</td>
<td>104.3</td>
<td>4.2</td>
<td>0.6</td>
</tr>
<tr>
<td>34</td>
<td>Motor vehicles, trailers &amp; semi-trailers</td>
<td>40.64</td>
<td>216.0</td>
<td>236.1</td>
<td>225.2</td>
<td>221.2</td>
<td>9.3</td>
<td>-1.8</td>
</tr>
<tr>
<td>35</td>
<td>Other transport equipment</td>
<td>18.25</td>
<td>255.5</td>
<td>304.2</td>
<td>234.0</td>
<td>264.6</td>
<td>19.1</td>
<td>13.1</td>
</tr>
<tr>
<td>36</td>
<td>Furniture; manufacturing n.e.c.</td>
<td>29.97</td>
<td>119.9</td>
<td>115.9</td>
<td>113.1</td>
<td>113.7</td>
<td>-3.3</td>
<td>0.5</td>
</tr>
<tr>
<td>15-36</td>
<td>Mining &amp; Quarrying Manufacturing</td>
<td>141.57</td>
<td>115.2</td>
<td>116.0</td>
<td>117.4</td>
<td>119.9</td>
<td>0.7</td>
<td>2.1</td>
</tr>
<tr>
<td>40</td>
<td>Electricity</td>
<td>755.27</td>
<td>177.1</td>
<td>181.6</td>
<td>176.6</td>
<td>180.1</td>
<td>2.5</td>
<td>2.0</td>
</tr>
<tr>
<td></td>
<td>General Index</td>
<td>1000</td>
<td>167.5</td>
<td>171.7</td>
<td>167.0</td>
<td>171.7</td>
<td>2.5</td>
<td>2.8</td>
</tr>
</tbody>
</table>

*Industry codes are as per National Industrial Classification 2004*
### STATEMENT III: INDEX OF INDUSTRIAL PRODUCTION - USE-BASED
(Base : 2004-05=100)

<table>
<thead>
<tr>
<th>Month</th>
<th>Basic goods (456.82)</th>
<th>Capital goods (88.25)</th>
<th>Intermediate goods (156.86)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Apr</td>
<td>150.1</td>
<td>163.0</td>
<td>207.3</td>
</tr>
<tr>
<td>May</td>
<td>155.5</td>
<td>167.1</td>
<td>218.8</td>
</tr>
<tr>
<td>Jun</td>
<td>148.4</td>
<td>163.5</td>
<td>219.6</td>
</tr>
<tr>
<td>Jul</td>
<td>152.1</td>
<td>163.4</td>
<td>271.3</td>
</tr>
<tr>
<td>Aug</td>
<td>150.4</td>
<td>164.3</td>
<td>245.0</td>
</tr>
<tr>
<td>Sep*</td>
<td>153.6</td>
<td>161.4</td>
<td>232.4</td>
</tr>
<tr>
<td>Oct</td>
<td>153.1</td>
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<td>Nov</td>
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<td>235.6</td>
</tr>
<tr>
<td>Dec</td>
<td>164.9</td>
<td></td>
<td>254.3</td>
</tr>
<tr>
<td>Jan</td>
<td>167.3</td>
<td></td>
<td>240.7</td>
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<tr>
<td>Feb</td>
<td>156.9</td>
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<tr>
<td>Mar</td>
<td>176.3</td>
<td></td>
<td>303.8</td>
</tr>
<tr>
<td>Average</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Apr-Sep</td>
<td>151.7</td>
<td>163.8</td>
<td>232.4</td>
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</table>

Growth over the corresponding period of previous year

<table>
<thead>
<tr>
<th></th>
<th>Apr-Sep</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sep</td>
<td>6.7</td>
</tr>
<tr>
<td></td>
<td>-6.6</td>
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<tr>
<td></td>
<td>4.4</td>
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<td>1.3</td>
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<tr>
<td></td>
<td>-0.6</td>
</tr>
<tr>
<td></td>
<td>2.7</td>
</tr>
</tbody>
</table>

* Indices for Sep 2014 are Quick Estimates.

NOTE: Indices for the months of Jun’14 and Aug’14 incorporate updated production data.
Index of Eight Core Industries, September, 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 160.6 in September, 2014, which was 1.9% higher compared to the index of September, 2013. Its cumulative growth during April to September, 2014-15 was 4.0%.

Coal
Coal production (weight: 4.38%) increased by 7.2% in September, 2014 over September, 2013. Its cumulative index during April to September, 2014-15 increased by 7.2% over corresponding period of previous year.

Crude Oil
Crude Oil production (weight: 5.22%) declined by 1.1% in September, 2014 over September, 2013. The cumulative index of Crude Oil during April to September, 2014-15 declined by 1.2% over the corresponding period of previous year.

Natural Gas
The Natural Gas production (weight: 1.71%) declined by 6.2% in September, 2014 over September, 2013. Its cumulative index during April to September, 2014-15 declined by 5.9% over the corresponding period of previous year.

Petroleum Refinery Products (0.93% of Crude Throughput)[1]
Petroleum refinery production (weight: 5.94%) declined by 2.5% in September, 2014 over September, 2013. Its cumulative index during April to September, 2014-15 declined by 2.6% over the corresponding period of previous year.

Fertilizers
Fertilizer production (weight: 1.25%) declined by 11.6% in September, 2014 over September, 2013. While, it registered no growth during April to September, 2014-15 over the corresponding period of previous year.

Steel (Alloy + Non-Alloy)
Steel production (weight: 6.68%) increased by 4.0% in September, 2014 over September, 2013. Its cumulative index during April to September, 2014-15 increased by 2.3% over the corresponding period of previous year.

Cement
Cement production (weight: 2.41%) increased by 3.2% in September, 2014 over September, 2013. Its cumulative growth during April to September, 2014-15 was 9.7% over the corresponding period of previous year.

Electricity
Electricity generation (weight: 10.32%) increased by 3.8% in September, 2014 over the period of September, 2013 and it registered a cumulative growth of 10.0% during April to September, 2014-15 over the corresponding period of previous year.

Note: Data are provisional. Revision has been made based on revised data obtained for corresponding month of previous year in respect of Coal, Crude Oil, Natural Gas, Refinery Product, Steel and Electricity.

The summary of the Index of Eight Core Industries (base: 2004-05) is given below:
Performance of Eight Core Industries  
**Yearly Index & Growth Rate**  
Base Year: 2004-05=100  
(Weight in IIP: 37.90 %)

### INDEX

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### GROWTH RATE (in %)

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*Note: RIL (SEZ) production figures for September, 2014 are on prorated basis.  
*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
(Weight in IIP: 37.90 %)

### INDEX

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<th>Natural Gas</th>
<th>Refinery Products</th>
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### GROWTH RATE (in %)

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*Note: RIL (SEZ) production figures for September, 2014 are on prorated basis.*
Foreign Direct Investment

Review of foreign direct investment policy on the construction development Sector

The Union Cabinet chaired by the Prime Minister, Shri Narendra Modi, today gave its approval for amending the existing Foreign Direct Investment (FDI) policy on the ‘Construction Development Sector’ in line with the Budget announcement of the Government.

The amendments in the relevant paragraphs of the extant FDI policy as contained in the Consolidated FDI Policy Circular 2014 are as follows:

I. 100 percent FDI under automatic route will be permitted in the construction development sector.

II. Investment will be subject to the following conditions:

(A) Minimum area to be developed under each project would be:

i. In case of development of serviced plots, there is no condition of minimum land,

ii. In case of construction-development projects, a minimum floor area of 20,000 sq. meters.

iii. In case of a combination project, any one of the aforesaid two conditions will need to be complied with.

(B) The investee company will be required to bring minimum FDI of US$ 5 million within six months of commencement of the project. The commencement of the project will be the date of approval of the building plan/lay out plan by the relevant statutory authority. Subsequent tranches of FDI can be brought till the period of ten years from the commencement of the project or before the completion of the project, whichever expires earlier.

(C) The investor will be permitted to exit on completion of the project or after three years from the date of final investment, subject to development of trunk infrastructure.

(D) The Government may, in view of facts and circumstances of a case, permit repatriation of FDI or transfer of stake by one non-resident investor to another non-resident investor, before the completion of the project. These proposals will be considered by FIPB on case to case basis.

(E) The project shall conform to the norms and standards, including land userequirements and provision of community amenities and common facilities, as laid down in the applicable building control regulations, bye-laws, rules, and otherregulations of the State Government/Municipal/Local Body concerned.

‘FDI inflows in India to remain buoyant in coming quarters’

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

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

“Firstly, the government’s pro-growth policies are likely to support direct capital inflows. Moreover, India’s sanguine growth outlook is likely to encourage inbound FDI. We expect India’s economic growth to pick up materially next year. In contrast, China’s economic slowdown is set to continue while the growth outlooks for Brazil and Russia remain precarious,” Moody’s said.

Rising FDI inflows will help to plug India’s current account shortfall, and such inflows are typically less volatile than portfolio capital. This in turn should help reinforce the economy’s resilience to external headwinds, such as monetary policy normalisation in the US and deflationary risks in the euro area.

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

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

A sector wise analysis shows that of the top 10 sectors in 2014-15 to date, telecom accounted for almost one fifth of total inflows. Services and pharmaceuticals have also been major beneficiaries of FDI during the fiscal year, Press Trust of India reported.
(F) The Indian investee company will be permitted to sell only developed plots. For the purposes of this policy “developed plots” will mean plots where trunk infrastructure including roads, water supply, street lighting, drainage and sewerage, have been made available.

(G) The Indian investee company shall be responsible for obtaining all necessary approvals, including those of the building/layout plans, developing internal and peripheral areas and other infrastructure facilities, payment of development, external development and other charges and complying with all other requirements as prescribed under applicable rules/bye-laws/regulations of the State Government/ Municipal/Local Body concerned.

(H) The State Government/ Municipal/ Local Body concerned, which approves the building / development plans, will monitor compliance of the above conditions by the developer.

These measures are expected to result in enhanced inflows into the Construction Development sector consequent to easing of sectoral conditions and clarification of terms used in the Policy. It is likely to attract investments in new areas and encourage development of plots for serviced housing given the shortage of land in and around urban agglomerations as well as the high cost of land. The measure is also expected to result in creation of much needed low cost affordable housing in the country and development of smart cities.

Investment in the construction development sector has a multiplier effect on the economy by way of infrastructure creation; substantial employment generation over the entire spectrum from unskilled workers to engineers, architects, designers as well as financial and other supporting services. Further, it creates demand for the products of a number of related industries including those in the manufacturing sector like cement, steel, fittings and fixtures and others. Besides its employment and income generation potential, greater investment in the sector would help to augment the available housing stock including affordable housing and built up infrastructure for different purposes. Enhancement of the affordable housing stock is an urgent need in order to stem the proliferation of slums in and around the cities. The sector witnessed steadily rising FDI from 2006-07 to 2009-10 after which the levels of inflows have been much lower. Therefore in order to step up investment in construction development with its backward and forward linkages for many other sectors of the economy, it is felt that some liberalization and rationalization of the FDI policy on construction development could be the necessary catalyst to give a boost to the sector.
# RECENT TRENDS IN INDIAN ECONOMY

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

**Up dated up to September, 2014**

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

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

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<th>Description</th>
<th>Amount</th>
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<td>Cumulative Amount of FDI INFLOWS (Equity inflows + ‘Re-invested earnings’ + ‘Other capital’)</td>
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<td>Cumulative Amount of FDI EQUITY INFLOWS (excluding, amount remitted through RBI’s+NRI Schemes)</td>
<td>US$ 232,054 Million</td>
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#### B. FDI INFLOWS DURING FINANCIAL YEAR 2014-15 (from April, 2014 to September, 2014):

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<tbody>
<tr>
<td>Total FDI INFLOWS INTO INDIA (Equity inflows + ‘Re-invested earnings’ + ‘Other capital’) as per RBI’s Monthly bulletin dated: 10.11.2014.</td>
<td>US$ 21,511 million</td>
</tr>
<tr>
<td>FDI EQUITY INFLOWS</td>
<td>US$ 14,472 million</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Financial Year 2014-15 (April-March)</th>
<th>Amount of FDI Equity inflows (In Rs. Crore)</th>
<th>Amount of FDI Equity inflows (In US$ mn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. April, 2014</td>
<td>10.290</td>
<td>1,705</td>
</tr>
<tr>
<td>3. June, 2014</td>
<td>11.508</td>
<td>1,927</td>
</tr>
<tr>
<td>5. August, 2014</td>
<td>7.783</td>
<td>1,278</td>
</tr>
<tr>
<td>2014-15 (from April, 2014 to September, 2014)</td>
<td>86.939</td>
<td>14,472</td>
</tr>
<tr>
<td>2013-14 (from April, 2013 to September, 2013)</td>
<td>75.182</td>
<td>12,595</td>
</tr>
<tr>
<td>%age growth over last year</td>
<td>(+) 16%</td>
<td>(+) 15%</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Calendar Year 2014 (Jan.-Dec.)</th>
<th>Amount of FDI Equity inflows (In Rs. Crore)</th>
<th>Amount of FDI Equity inflows (In US$ mn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. January, 2014</td>
<td>13,568</td>
<td>2,189</td>
</tr>
<tr>
<td>2. February, 2014</td>
<td>12,657</td>
<td>2,017</td>
</tr>
<tr>
<td>4. April, 2014</td>
<td>10,290</td>
<td>1,705</td>
</tr>
<tr>
<td>5. May, 2014</td>
<td>21,373</td>
<td>3,604</td>
</tr>
<tr>
<td>6. June, 2014</td>
<td>11,508</td>
<td>1,927</td>
</tr>
<tr>
<td>7. July, 2014</td>
<td>21,022</td>
<td>3,500</td>
</tr>
<tr>
<td>8. August, 2014</td>
<td>7,783</td>
<td>1,278</td>
</tr>
<tr>
<td>9. September, 2014</td>
<td>14,963</td>
<td>2,458</td>
</tr>
<tr>
<td>Year 2014 (up to September, 2014)</td>
<td>134,843</td>
<td>22,211</td>
</tr>
<tr>
<td>Year 2013 (up to September, 2013)</td>
<td>104,851</td>
<td>18,072</td>
</tr>
<tr>
<td>%age growth over last year</td>
<td>(+) 28%</td>
<td>(+) 23%</td>
</tr>
</tbody>
</table>

**Note:**
- (f) 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.
**RECENT TRENDS IN INDIAN ECONOMY**

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

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>MAURITIUS</td>
<td>51,654 (9,497)</td>
<td>29,360 (4,899)</td>
<td>25,116 (4,193)</td>
<td>395,601 (82,717)</td>
<td>36 %</td>
</tr>
<tr>
<td>2.</td>
<td>SINGAPORE</td>
<td>12,504 (2,308)</td>
<td>35,825 (5,985)</td>
<td>14,513 (2,414)</td>
<td>140,320 (27,860)</td>
<td>12 %</td>
</tr>
<tr>
<td>3.</td>
<td>U.K.</td>
<td>5,797 (1,060)</td>
<td>20,423 (3,215)</td>
<td>5,018 (842)</td>
<td>105,903 (21,005)</td>
<td>9 %</td>
</tr>
<tr>
<td>4.</td>
<td>JAPAN</td>
<td>12,243 (2,237)</td>
<td>10,550 (1,719)</td>
<td>5,623 (937)</td>
<td>86,267 (17,205)</td>
<td>7 %</td>
</tr>
<tr>
<td>5.</td>
<td>NETHERLANDS</td>
<td>10,054 (1,856)</td>
<td>13,920 (2,270)</td>
<td>11,871 (1,971)</td>
<td>68,169 (13,207)</td>
<td>6 %</td>
</tr>
<tr>
<td>6.</td>
<td>U.S.A.</td>
<td>3,033 (657)</td>
<td>4,607 (808)</td>
<td>7,213 (1,190)</td>
<td>62,943 (13,118)</td>
<td>6 %</td>
</tr>
<tr>
<td>7.</td>
<td>CYPRUS</td>
<td>2,606 (550)</td>
<td>3,401 (557)</td>
<td>2,336 (388)</td>
<td>38,006 (7,835)</td>
<td>3 %</td>
</tr>
<tr>
<td>8.</td>
<td>GERMANY</td>
<td>4,684 (880)</td>
<td>6,093 (1,038)</td>
<td>2,293 (382)</td>
<td>33,689 (6,900)</td>
<td>3 %</td>
</tr>
<tr>
<td>9.</td>
<td>FRANCE</td>
<td>3,457 (646)</td>
<td>1,942 (205)</td>
<td>2,296 (377)</td>
<td>20,992 (4,256)</td>
<td>2 %</td>
</tr>
<tr>
<td>10.</td>
<td>SWITZERLAND</td>
<td>957 (180)</td>
<td>2,084 (341)</td>
<td>855 (144)</td>
<td>14,013 (2,851)</td>
<td>1 %</td>
</tr>
<tr>
<td></td>
<td>TOTAL FDI INFLOWS FROM ALL COUNTRIES *</td>
<td>121,907 (22,423)</td>
<td>147,518 (24,290)</td>
<td>86,939 (14,472)</td>
<td>1,130,837 (232,054)</td>
<td></td>
</tr>
</tbody>
</table>

*Includes inflows under NRI Schemes of RBI.

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

(ii) %age worked out in US$ terms & FDI inflows received through FIPB/SETA & RBI’s Automatic Route + acquisition of existing shares only.

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SECTORS ATTRACTING HIGHEST FDI EQUITY INFLOWS:

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>SERVICES SECTOR **</td>
<td>29,266 (4,833)</td>
<td>13,254 (2,225)</td>
<td>7,358 (1,225)</td>
<td>105,905 (21,005)</td>
<td>36 %</td>
</tr>
<tr>
<td>2.</td>
<td>CONSTRUCTION DEVELOPMENT: TOWNSHIPS, HOUSING, BUILT-UP INFRASTRUCTURE</td>
<td>7,248 (1,332)</td>
<td>7,508 (1,226)</td>
<td>3,410 (568)</td>
<td>111,985 (23,874)</td>
<td>36 %</td>
</tr>
<tr>
<td>3.</td>
<td>TELECOMMUNICATIONS (radio paging, cellular mobile, basic telephones services)</td>
<td>1,654 (304)</td>
<td>7,876 (1,307)</td>
<td>14,689 (2,465)</td>
<td>81,407 (16,823)</td>
<td>26 %</td>
</tr>
<tr>
<td>4.</td>
<td>COMPUTER SOFTWARE &amp; HARDWARE</td>
<td>2,556 (486)</td>
<td>6,866 (1,128)</td>
<td>5,234 (421)</td>
<td>62,202 (13,239)</td>
<td>26 %</td>
</tr>
<tr>
<td>5.</td>
<td>DRUGS &amp; PHARMACEUTICALS</td>
<td>6,011 (1,123)</td>
<td>7,191 (1,279)</td>
<td>8,519 (1,091)</td>
<td>62,569 (12,689)</td>
<td>26 %</td>
</tr>
<tr>
<td>6.</td>
<td>AUTOMOBILE INDUSTRY</td>
<td>8,384 (1,837)</td>
<td>9,027 (1,517)</td>
<td>6,273 (1,035)</td>
<td>54,469 (10,847)</td>
<td>26 %</td>
</tr>
<tr>
<td>7.</td>
<td>CHEMICALS (OTHER THAN FERTILIZERS)</td>
<td>1,596 (292)</td>
<td>4,738 (878)</td>
<td>2,486 (414)</td>
<td>47,719 (10,081)</td>
<td>26 %</td>
</tr>
<tr>
<td>8.</td>
<td>POWER</td>
<td>2,023 (536)</td>
<td>6,519 (1,066)</td>
<td>2,457 (410)</td>
<td>45,112 (9,310)</td>
<td>26 %</td>
</tr>
<tr>
<td>9.</td>
<td>METALLURGICAL INDUSTRIES</td>
<td>7,078 (1,466)</td>
<td>3,436 (568)</td>
<td>1,183 (197)</td>
<td>39,433 (8,271)</td>
<td>26 %</td>
</tr>
<tr>
<td>10.</td>
<td>HOTEL &amp; TOURISM</td>
<td>17,777 (3,259)</td>
<td>2,949 (486)</td>
<td>2,493 (415)</td>
<td>36,702 (7,532)</td>
<td>26 %</td>
</tr>
</tbody>
</table>

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 September, 2014) are as 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.
Modi unveils key labour reforms, promises better work culture

Prime Minister Narendra Modi unveiled some key labour reforms that rely on trust and promote ease of doing business and said these efforts will go a long way in changing India’s work culture.

The prime minister also dedicated the Shram Suvidha portal, a Labour Inspection Scheme, as also portability of social security through a Universal Account Number for Employees Provident Fund at an event in Vigyan Bhavan conference complex in New Delhi.

“How to change the work culture? These efforts are a great example,” said Modi amid applause. “This is Minimum Government Maximum Governance.”

The prime minister said: “E-governance is easy governance. It builds trust for transparency.”

On Inspector Raj, he said a computer now determines where an inspection will be carried out the next day. He also said the number of forms that companies have to fill regarding their labour force has been reduced from as many as 16 to just one now.

This form can be filed online.

Modi also unveiled a booklet on National Brand Ambassadors for Vocational Training and a Souvenir for All India Skill Competitions.

Source: Indo-Asian News Service

PARTICIPATE IN INDIA'S GROWTH STORY,
SUSHMA SWARAJ TELLS DIASPORA

Minister of External Affairs Sushma Swaraj on October 17 urged the Indian diaspora in Britain to invest in India as the country offers tremendous opportunities and participate in India’s growth story.

“As we rejoice in the success of the Indian diaspora, we also invite you to actively participate in India’s growth story,” Sushma Swaraj, who is also India’s minister of external affairs, said while inaugurating a two-day Regional Pravasi Bharatiya Divas, a conclave of the Indian diaspora.

“There are tremendous opportunities today for you to join us, especially in the fields of manufacturing, science and technology, research and innovation, knowledge economy and youth development,” she said.

She mentioned about the ‘Clean Ganga’ campaign, metro rail and smart cities projects as areas where overseas Indians could participate.

The Person of Indian Origin (PIO) card was now valid for a lifetime and not just 15 years for visits to India, she said, reit-
erating Prime Minister Narendra Modi’s assurance on the subject during his visit to New York last month.

Furthermore, PIOs will not have to report to police even if their stay in India exceeds 180 days, as was the previous requirement, the minister said.

“The government is working on a new scheme that will merge the PIO and OCI (Overseas citizen of India) schemes,” Sushma Swaraj said.

Appreciating the achievements of the 1.5 million-strong people of Indian origin in Britain, she said: “We are proud of the great accomplishments of the Indian community in the UK and other European countries in all areas of human endeavour and the great reputation they have earned as industrious, law abiding and peace loving citizens, while retaining their Indian roots.”

According to the minister, the second and third generation British Indians have “clearly made an impression in British life”.

“They have made a mark in almost every profession from business, finance, politics and medicine to sports and life sciences,” she said.

British Foreign Secretary Philip Hammond, addressing the same event, indicated that in his bilateral talks with Sushma Swaraj later in the day, he would “explore strengthening the relationship (between the two countries) and work closely together” to meeting the challenge posed by “ISIS (now known as Islamic State or IS) and their ideology” and “advancing both our nations’ security and prosperity”.

The attendance in Friday’s was below expectations. A 800 capacity hall was at best three-quarters full. The organisers had claimed more than 1,000 people would participate.

Source: Indo-Asian News Service
Canada keen to be reliable partner of India in energy supply

India and Canada sought to boost their cooperation in a range of areas including education and nuclear cooperation with visiting Canadian Foreign Minister John Baird expressing his country's desire to be a reliable partner in meeting India's energy needs.

Baird and External Affairs Minister Sushma Swaraj on October 14 chaired the second strategic dialogue between the two countries.

Briefing reporters about the meeting, External Affairs Ministry spokesperson Syed Akbaruddin said cooperation was a major area of discussion between the two sides.

He said Baird was in the US during Modi’s visit to that country last month and witnessed the "enthusiasm for India". Baird noted that partnership with India really mattered to Canada and his country was keen to enhance the bilateral partnership, he said.

Akbaruddin said Canada extended an invitation to Prime Minister Narendra Modi for "a visit at an early date" which was accepted.

Sushma Swaraj said during the strategic dialogue meeting that India sees "natural synergy and tremendous potential" in areas of mutual interest including energy, education, skill development, nuclear cooperation and trade.

She said India intended to accelerate the pace of growing partnership and deepen it further.

Akbaruddin said Baird expressed his country's desire to be a reliable partner in supply of energy and laid out his country's plans for boosting production of hydrocarbons.

Canada was expected to produce 7 million barrels of oil per day by 2020 and was working for creating outlets on its east coast for making it easier for India to off take oil, he added.

He hoped that the contract for supply of uranium from Canada would "be in place in not too distant future". Akbaruddin said that India and Canada were jointly hosting workshop on nuclear security.

He said the two sides also discussed ways for Canada to assist in skill development in hydrocarbon sector and welding.

With the bilateral trade estimated at $5 billion, the two sides said that investment opportunities on both sides need to be expanded.

Answering a query, Akbaruddin said there was possibility of a meeting between Modi and Canadian Prime Minister Stephen Harper next month during the G 20 meeting in Australia.

During the meeting, Sushma Swaraj raised India's concerns about radical Sikh elements misusing Canada's soil and of the need of ease of travel for IT professionals from India, he said.

Source: Indo-Asian News Service
India, China form Asian Infra Investment Bank

India on October 24 signed on to a China-led initiative to create an international bank to fund development of infrastructure essential for Asia’s economic growth and reduce the dependence on Western-dominated World Bank and International Monetary Fund.

Besides the two neighbours, 19 other countries of the region signed a Memorandum of Understanding (MoU) on setting up the new Asian Infrastructure Investment Bank (AIIB) at a special ceremony in the Great Hall of the People, Xinhua news agency reported.

Usha Titus, joint secretary in the finance ministry’s economic affairs division, signed the MoU on behalf of India.

Asia needs an estimated $8 trillion in investment by 2020 to improve its infrastructure and the AIIB aims to channel capital for construction of roads, railways, power plants and telecommunications networks.

To be headquartered in the Chinese capital, it is expected to be operational by next year.

Chinese Finance Minister Lou Jiwei said all countries committed to Asia’s development can join the AIIB.

"AIIB is an open, inclusive institution. All countries that are committed to regional development in Asia and global economic development can join AIIB. We believe there will be more countries joining it in the future," he said.

Lou, however, said the sequence of "regional first and non-regional later" would be followed for membership.

He said it is expected that the founding members will complete the signing and ratification of the articles of agreement in 2015.

The MoU specifies that the authorised capital of AIIB is $100 billion and the initial subscribed capital is expected to be around $50 billion. The paid-in ratio will be 20 percent.

Voting rights are to be decided after consultations among the members over fixing the benchmarks which were expected to be a combination of the gross domestic product (GDP) and Purchasing Power Parity (PPP). Based on this formula, India would be the second largest shareholder of the bank after China.

Plans for the AIIB were announced a year ago by Chinese President Xi Jinping.

The Bank is seen as part of the emerging countries’ attempts to challenge the U.S.-dominated global financial system that has existed since World War II.

But many, especially in the West, however, see it as part of China’s bid to raise its soft power in the region.

In July this year, BRICS partners China, India, Brazil, Russia and South Africa, had agreed to set up by 2016 a New Development Bank, to be based in Shanghai.

The bank is also said to benefit Chinese companies which can expect to get contracts for port, railway and telecommunications projects.

The 21 countries which inked the MoU are Bangladesh, Brunei, Cambodia, China, India, Kazakhstan, Kuwait, Laos, Malaysia, Mongolia, Myanmar, Nepal, Oman, Pakistan, the Philippines, Qatar, Singapore, Sri Lanka, Thailand, Uzbekistan and Vietnam.

Source: Indo-Asian News Service
India offers $250 bn investment opportunity in infrastructure

India needs $250 billion in next 20 years for basic urban infrastructure and this offers huge investment opportunities to international investors, said country’s Urban Development Minister M. Venkaiah Naidu.

He said the government is committed to promote private domestic and foreign investment in a big way.

The minister told XI Metropolis World Congress in Hyderabad on October 7 that the government has decided to allow Foreign Direct Investment (FDI) in infrastructure.

“As per estimates of a high power committee, India needs $250 billion in 20 years to put in place basic urban infrastructure relating to transport, water supply, sanitation and solid waste management alone,” he said in his speech at the inaugural session of the conference.

Over 1,000 participants, including 135 from 40 countries, are attending the five-day conference to discuss and deliberate on various aspects of making urban cities inclusive with the theme for the event being ‘Cities for All’.

Telangana and Andhra Pradesh Governor E.S.L. Narasimhan declared open the conference being held in India for the first time by Metropolis, the world association of cities and metropolitan regions with more than a million population.

Telangana Chief Minister K. Chandrasekhar Rao also addressed the inaugural session.

Stating that more than 50 percent of Indian population will be living in urban areas by 2050, Venkaiah Naidu this is a challenge but the government wants to convert it into a big opportunity.

The minister described governance and finance as the two obvious challenges of urbanization in India. He said urban areas are the drivers of economic growth as they contribute 60 percent of Gross Domestic Product (GDP).

“This is expected to go up to 75 percent in 10 to 15 years,” he said.

Naidu said efficient planning and effective urban management are very critical to enable urbanization that is sustainable in social, economic and ecological terms.

He told the delegates that Modi government envisaged development of 100 smart cities as satellite towns of larger cities and by modernizing existing mid-size cities.

The minister said the central government and states have identified 25 reforms in urban governance to bring transparency and accountability.

On Telangana chief minister’s suggestion to give police powers to urban bodies, Naidu said this is a novel idea but need to be discussed across the country for a consensus.

Source: Indo-Asian News Service
FPI inflows hit $1.5 billion in Oct; reaches $35 billion in 2014

Continuing to bet big on the government’s reforms agenda, overseas investors have poured in $1.5 billion in the Indian market so far this month taking the total inflow to $35 billion since January. The net investment by foreign investors into debt market was at Rs 12,645 crore ($2.06 billion) between October 1-22, while they pulled out Rs 3,500 crore ($570 million) from the stock market during the same period, taking the total to $1.5 billion, as per latest data.

Market analysts maintain that foreign investors (Foreign Institutional Investors or Foreign Portfolio Investors) have been betting on the Indian market mainly on account of the reforms agenda of the new government at the Centre.

Also, they anticipate inflows would continue in the coming months on slew of measures announced by the government. The Cabinet has given the go-ahead to deregulation of diesel price and also came out a new gas pricing formula.

Besides, government has promulgated ordinance for e-auction of coal blocks. Since the beginning of the year, the net investments by overseas investors into Indian equity markets stood at Rs 79,938 crore ($13.3 billion) so far this year, while the same for debt markets was at Rs 1.3 lakh crore, taking the total to Rs 2.10 lakh crore ($35 billion) Since the beginning of June, FIIs (Foreign Institutional Investors) along with sub-accounts and qualified foreign investors have been clubbed together by market regulator Sebi to create a new investor category called Foreign Portfolio Investors.

Strong inflows in the recent months have taken the cumulative net investments of foreign investors into India to over USD 206 billion since 1991. In rupee terms, their investments are at Rs 10 lakh crore level during the period.

Source: Press Trust of India

Malaysia keen to invest Rs.10,000 crore on Rajasthan roads

Malaysia has expressed its keenness to invest Rs.10,000 crore in the road sector in Rajasthan, officials said.

A final decision in this regard is to be taken by Chief Minister Vasundhara Raje and if all goes well then the state government will ink a memorandum of understanding (MOU) with the Malaysian government in this regard on October 27.

The Public Works Department (PWD) has already started preparations in this regard, a statement issued by the state government said.

“The Malaysian government has shown interest, particularly on the development of 20,000 km of state highways in public private partnership (PPP) mode,” PWD Minister Younis Khan said in a statement.

He said that S. Samy Vellu, Malaysian special envoy to India and South Asia on infrastructure, will meet Raje on October 27 and is expected to discuss the investment proposal.

One of the Malaysian government representatives on October 20 met Khan and expressed interest in financing and being a partner in the road projects.

Khan assured that the state government will provide all possible support and help to the Malaysian government in this regard.

Source: Indo-Asian News Service
France keen to invest in urban services in Himachal

France is keen to invest in urban services, renewable energy and tourism in Himachal Pradesh, its ambassador to India Francois Richier said in Shimla.

"We can provide solution to Himachal Pradesh in urban infrastructure, especially urban transport, water and waste management and urban lighting," Richier told reporters.

He said the state could also collaborate with France in developing smart cities.

"We met Chief Minister Virbhadra Singh in the morning (October 16) and he expressed interest in providing technical knowhow in water treatment and supply, urban transport and energy efficiency."

An official statement quoting Chief Minister Virbhadra Singh also said, "The state intends to take up and develop major towns like Shimla, Manali and Dharamsala as smart cities."

It said the French government has shown its keenness to adopt the towns and the state government would take up this matter with the government of India.

According to Richier, several French companies have already been working in India for development of better urban infrastructure and metro is one of them.

"In Himachal, the construction of metro is not feasible. Our focus is on developing ropeway and metro cable. We fully agree with the importance of providing environment-friendly transport system, which helps cutting consumption of fossil fuel and lowers impact on climate change and melting of glaciers," he said.

He said there was vast potential to develop renewable energies and tourism in the state.

Santosh Misra of Citelum India Private Ltd., who was part of the French delegation, told IANS that energy audit of all street lights of five municipal corporations, including Ahmadabad and Indore, was a great success in reducing the electricity bill of these civic corporations.

"Our company ensures up to 35 percentage of energy conservation through installation of LED lights," he said.

Officials of the state urban development department said to overcome Shimla’s chronic problem of traffic congestion, the government is mulling to go for a multi-million ropeway project.

A Rs.250-crore aerial ropeway project connecting Shimla’s inter-state bus terminus at Tutikandi with the Mall road, the famous strolling street, will be built under the public-private partnership (PPP) mode, an official said.

He said the three-km ropeway would carry around 1,500-2,000 people per hour each way and the one-side travel time would be around 10 minutes.

Source: Indo-Asian News Service
US firms plan to invest $42 b in next 2-3 years

American companies plan to invest $42 billion in India over the next two-three years following the positive global investor sentiment in India and in Prime Minister Narendra Modi, a senior Government official said.

Speaking to newsmen, the official said that during the Prime Minister’s recently concluded visit to the US, a quick survey done among members of the United States India Business Council showed that they plan to invest $42 billion in India.

“The bottomline was that all of them were very positively inclined. They committed to expand their investment portfolio in India. USIBC did a survey of 20 per cent or 1/5th of its members and they indicated that they were willing to invest $42 billion in India. So if you see how much the remaining 80 per cent could get it would top $100 billion,” the official said.

The announcement about US companies being keen to invest billions of dollars in India comes close on the heels of Chinese companies planning to invest heavily in India, an announcement that was made during the recently concluded visit of Chinese President Xi Jinping to India. Japan has also committed to investing $35 billion over the next five years in India during Modi’s visit to that country in September.

EXIM Bank of the US will provide $1 billion in concessional financing to Indian Renewable Energy Development Agency, apart from the investments committed by US companies, the official said.

Source: Business Line
Post Modi-Xi talks, Chinese businesses raring to enter India

Following up on Chinese President Xi Jinping’s visit to India last month, a series of business events have been lined up for boosting long-term trade ties between India and China, an official said in Mumbai on October 8.

A 600-strong trade delegation representing 400 Chinese companies and officials will visit India soon and tour various manufacturing centres in Mumbai, Pune, Ahmedabad as also Madhya Pradesh among other places to play a role in Prime Minister Narendra Modi’s vision of ‘Make In India’ initiative.

Meorient International Exhibition (MIE) COO Binu Pillai said following the Modi-Xi meeting, Chinese officials, manufacturers of various plants and machineries and general traders were very much upbeat for long-term trade prospects between the two countries.

MIE will organise a three-day trade show of Chinese products, “China Homelife India-2014” and Chinese machineries, “China Machinex India-2014” in Mumbai from Nov 20, Pillai said.

To be inaugurated by the mayor of Wenzhou in the presence of top Indian and Chinese officials, these are a series of global expos held annually in Poland, Brazil, Dubai, South Africa, Kazakhstan, Turkey, Jordan and India, he added.

The expos will include a daylong seminar ‘India-China Investment Opportunities’ with brainstorming discussions on the subject.

“We believe India is a huge market for Chinese machiners... the expos will provide a global platform to Indian corporates, particularly those manufacturers-producers who don’t travel much in international trading circles,” Pillai said.

China exports machinery worth $10.70 billion to India annually, which comprises 20 percent of the total Indo-China bilateral trade of $75 billion.

The bilateral trade is expected to touch around $100 billion within a year, Pillai added.

The Chinese machines are used in India for power plants, food processing, pharmaceuticals, packaging, plastics and steel.

According to Pillai, easy access to technology, competitive rates and environmental aspects have enabled China to become a leading player in the global machinery markets.

Source: Indo-Asian News Service
Govt plans a diamond trading hub

The government is discussing a plan to set up a special zone with tax benefits for diamond import and trading in Mumbai, to try and develop the country’s financial capital as a rival to Antwerp and Dubai, which are currently trading hubs for the precious stone. Commerce & industry minister Nirmala Sitharaman held preliminary discussions with commerce secretary Rajeev Kher and revenue secretary Shaktikanta Das last week and asked officials to work out a possible road map, sources familiar with the development told TOI.

Gems & Jewelry Export Promotion Council’s (GJEPC) estimates suggest that in volume terms, 85% of the global cutting work takes place in India. At the same time, around 15% rough diamond is imported directly from the producing countries, while a majority is shipped in from the trading hubs.

“A trading hub in India will mean that the role of middlemen is limited and the concerns over invoicing, that we often hear from tax authorities, are reduced,” said Parag Parekh, vice-chairman of GJEPC, which is pushing the plan. Parekh said the Bharat Diamond Bourse in Mumbai’s Bandra Kurla Complex has been suggested as a possible option.

Source: The Times of India

Corporate America vows to boost US-India business ties

The US-India Business Council (USIBC) has reaffirmed its faith and hope in the future of the US-India trade relationship with its members committed to making $41 billion investment in India. “There’s never been a better nor a more vital time for the US and India to work together than right now. Let us seize a defining moment in a defining partnership,” USIBC chairman Ajay Banga said at its 39th Anniversary Leadership Summit in Washington.

“The admiration for India is today being matched by a renewed optimism about India in the US and around the world,” said Banga, who is also President and CEO, MasterCard to a packed house in the Hall of Flags at the US Chamber of Commerce. The premier trade advocacy organisation comprised of 310 of the top-tier US and Indian companies hosted the summit in the wake of Indian Prime Minister Narendra Modi’s historic visit to the US. Entitled “A New Chapter: Fast Tracking Growth,” it brought together industry and government leaders from both India and the US.

In his opening address Indian ambassador to the US, S. Jaishankar, thanked Modi for generating so much enthusiasm about US and India during his recent visit. US Trade Representative Michael Froman, in a closing keynote, spoke about helping India become “a key part of global supply chains” in manufacturing and other arenas.

“One of the great strengths of this relationship is that you do have very active business communities in both places,” working to strengthen economic ties, he said.

Noting that “our leaders hope that our bilateral trade will grow five fold,” US Commerce Secretary Penny Pritzker said it will take “tough work” and a willingness to “get down to specifics, that’s how you make progress.”

The event also featured special remarks by Under Secretary of Defence Frank Kendall on the US-India Defence Trade & Technology Initiative and a second closing keynote by State Bank of India Chairman Arundhati Bhattacharya.

Also during the Summit, USIBC presented its prestigious Global Leadership Awards to Steven A. Kandarian, CEO - MetLife Inc. and to Kumar Mangalam Birla, Chairman Aditya Birla Group for their companies’ outstanding contributions to the US-India growth story. USIBC Acting President Diane Farrell hoped that in a few years’ time people will say that India and US are not only the world’s oldest and largest democracies, but “also the world’s strongest partners in trade where they celebrate democracy.”

The USIBC will participate in the India-US Technology Summit in New Delhi next month as also lead a CEOs Mission to participate in Vibrant Gujarat summit in Gandhinagar next January.

Source: Indo-Asian News Service
Nepal, India sign power trade agreement

Nepal and India on October 21 formally signed a landmark power trade agreement (PTA), allowing exchange of electricity, which is expected to open up new vistas of cooperation in the hydropower sector between the two energy-starved nations.

In a ceremony held at the Prime Minister’s Office in Nepal, the energy secretaries of the two neighbours signed the final agreement.

Nepal’s Energy Minister Radha Gyawali, Chief Secretary Leela Mani Poudyal, Indian Ambassador to Nepal Ranjit Rae and other senior government officials from Nepal and India were present during the signing ceremony.

After the initial signing, the text of the agreement -- titled "Agreement between the Government of Nepal and the Government of the Republic of India on Electric Power Trade and Cross-Border Transmission Interconnection and Grid Connectivity" -- was forwarded to the respective cabinets of both countries for ratification.

The agreement aims at enhancing the friendly relations and mutual trust between Nepal and India through increased cooperation in the field of transmission interconnection, grid connectivity and power trade. It facilitates governments, public and private enterprises in planning and construction of interconnection facilities and power trade.

The agreement envisages creation of a power/energy secretary-level joint steering committee and a joint secretary-level joint working group to promote and facilitate cooperation in the areas identified under the agreement that includes planning and identification of cross-border interconnections, selection of transmission technologies, preparation of detailed project reports (DPRs), and modes of investment for timely implementation of projects.

This is an important step to curb the increasing energy crisis in Nepal, Nepal’s Energy Secretary Chettri told reporters after the signing of the agreement.

"Construction of some cross-border transmission lines between Nepal and India is making good progress and as soon as the construction of Muzaffarpur-Dhalkebar Transmission Corridor will be over, we will have enough grids to import and export electricity," said Chettri.

The secretary-level steering committee will convene once a year while the joint secretary-level working group will meet twice in a year.

Indian Power Secretary Sinha said India has come up with open and broad mind to assist Nepal in the energy sector and there are many more possibilities of cooperation between the two nations. The agreement would pave the way for Nepal to do energy business with India and a third country and if any disagreement arises, the two sides would sit together and resolve them amicably, he added.

"The two sides had agreed to sign the agreement within 45 days of the visit of Indian Prime Minister Narendra Modi to Nepal Aug 3-4. The initial agreement was signed within that deadline. This is a historic achievement," said Sinha.

"As India advances with modern technology in transmission line expansion, we are ready to extend all help and cooperation to Nepal in this respect."

source: Indo-Asian News Service
India-Mexico trade can touch $10 bn by 2015: Minister

Ahead of the India-Mexico joint commission meeting, visiting Mexican Foreign Minister Jose A. Meade Kuribrena said on October 20 that bilateral trade has the potential to increase to $10 billion by 2015.

Meade, who will hold the Joint Commission Meeting with his Indian counterpart Sushma Swaraj on October 22, said: “There is immense potential to strengthen India-Mexico relations. Mexico is India’s leading trade partner in Latin America.”

He said the bilateral trade volume was $4.15 billion in 2011 “and this can be increased to $10 billion by 2015. Our relationship with partners is extremely intense. This is why today, India and Mexico share a close relationship among the G20 nations. Mexico is now part of India’s value-chain in the manufacturing sector,” he said during a talk at the Ananta Aspen Centre in New Delhi.

He also pushed for UN Security Council reform, saying it should “be more representative, responsive and inclusive in its structure. The time is ripe to have a hearty debate on the need for reforms in the forum”.

On the recent structural reforms approved by the Mexican Congress, Meade said: “Mexico is the fourth largest economy in the Americas. It is the fourteenth largest country in the world. We have low debt, stable economic system and strong financial sector. However, good macro indicators are not enough.

“We need other sources of growth. The Mexican Congress has recently engaged in structural reforms in the areas of labour market regulation, education, telecommunication and competition policy, financial sector regulation, energy and fiscal policy. These are aimed at increasing Mexico’s productivity and competitiveness,” he said, according to a Ananta Aspen press statement.

Source: Indo-Asian News Service

Govt may incentivize exporters taking the e-commerce route

The commerce ministry is working on a proposal to provide incentives to exporters shipping items through e-commerce channels as part of its upcoming foreign trade policy. The move is expected to benefit exporters of handicrafts and ethnic clothes among others.

Currently, manufacturers and exporters who ship goods out of the country through the commercial consignments route only get export benefits. However, items of lesser value such as ethnic Indian clothes, handicrafts, health and beauty products are often sent in parcels through courier companies and are not captured under regular export data, depriving them of incentives available to regular exporters.

The value of such items shipped through couriers have an upper ceiling of Rs.25,000 and often categorized as samples. A commerce ministry official said on condition of anonymity that there was a general consensus within the ministry that e-commerce is increasingly becoming an important segment of international trade and needs encouragement.

“E-commerce is a very good way of increasing country’s exports. Exports are also happening through e-commerce route but they are not getting any benefits available to commercial exporters. The potential is high and they have the rightful demand,” the official said. The official said the ministry is now discussing what incentives to offer e-commerce exporters. “The practical difficulty is how to ensure that the incentive reaches the actual targeted beneficiaries. It is still under discussion,” he added.

While courier companies have been lobbying to get the incentives, holding that they encourage e-commerce, the official said such carriers are just transporters and the ministry is aiming to help the exporters. Utsav Fashion, a global e-
commerce company for Indian ethnic wear, currently sells to over 200 countries and has a turnover of over Rs.100 crore. The company gets 95% of its business from the international market and the rest comes from India.

The company says export benefits provided by the government will help it reduce the prices on its website by around 5-7%. There is currently no data available with the government on the size of exports through the e-commerce route. An eBay India official said the e-commerce portal currently has 30% or more than 15,000 sellers on its site regularly shipping to countries outside India. According to the company, on an average a seller ships to about 30 countries.

“This will be a big boost to Prime Minister’s ‘Make in India’ campaign,” said Latif Nathani, managing director of eBay India. “E-commerce is a more recent phenomenon. In the past, an exporter meant a big business house. It is only now that because of technology a guy sitting in Dharavi has started to export and hence government is considering to tweak the laws accordingly,” he added.

An official from an industry lobby group said he was aware of the move by the government and the commerce ministry may start it as a pilot project, providing incentives to handicraft e-commerce exporters to begin with. Manoj Gupta, founder of Craftsvilla.com, an online seller of handicrafts and Indian apparel, said the company gets 20% of its orders from outside India.

The proposed move by the commerce ministry will encourage small sellers to export more, he said. Craftsvilla receives close to 50,000 orders every month and generates annual revenue of Rs.110 crore.

Source: Mint

Exports up by 2.73%; surge in gold imports push up trade gap in Sept

India’s exports rose by a marginal 2.73% to $28.9 billion in September, but trade deficit more than doubled to $14.2 billion in the month due to a surge in gold imports.

Trade deficit in September, 2013 was $6.12 billion.

Gold imports in the month under review increased manifold to $3.75 billion compared to $682.5 million in same month last year. Overall imports jumped by about 26% to $43.15 billion.

During April-September period, exports registered a growth of 6.47% to $163.7 billion.

Imports during the period grew by 1.57% to $234 billion, leaving a trade deficit of $70.39 billion in the first half of the current fiscal.

India’s export growth had slipped by 2.35% at $26.95 billion in August.

Source: Press Trust of India
Leather exports up by 20 per cent in first half

Exports of leather and leather products increased by 22 per cent to $3.488 billion in the first six months of the current financial year from $2.869 billion in the same months in the previous year.

As per the available data, all the products segments — finished leather, footwear, footwear components, leather garments, leather goods and saddlery and harness items — posted positive growth in rupee and dollar terms. Shipments in the second quarter increased by 10 per cent when compared with the first quarter.

Though Germany, the U.K., the U.S., Italy and France are the major markets, big firms such as the Farida group have been exporting footwear to China. Smaller firms such as N.R. Leather Exports make shipments to Indonesia and Korean markets.

“Going by the growth rate, we will be able to reach an export value of $7.32 billion during the current year, which will be a major achievement,” Council for Leather Exports (CLE) Chairman Rajendra K. Jalan. Federation of Indian Export Organisations (FIEO) President Rafeeqe M. Ahmed said the country had been posting 22 per cent growth consistently in leather exports and it augured well for the industry. To cover organised as well as unorganised sector and export as well as domestic markets, the CLE had initiated a vigorous process of mapping the leather and products industry by commissioning studies on four areas — raw hides and skins, tanning industry; leather products; footwear; and domestic retail industry in India for footwear, leather goods and accessories.

The study, to be undertaken by four agencies, would cover production data, turnover, manpower involved in the sector and clusters, among other things. The CLE had requested the Centre to fund the study, Mr. Jalan said.

Source: The Hindu

US-India trade body to partner in Vibrant Gujarat summit

The US-India Business Council (USIBC) will lead a US delegation of Fortune 500 CEOs and senior executives to the Vibrant Gujarat 2015 summit in Gandhinagar, Gujarat in January 2015.

This will be USIBC’s fourth, and most prominent participation in the Vibrant Gujarat Summit as a Partner Organization with the Gujarat Government, the trade advocacy group of 300 plus top US companies doing business with India announced.

“USIBC is pleased to once again be a part of the Vibrant Gujarat Summit, having long supported the pro-business environment of the state,” USIBC acting president Diane Farrell said.

“The summit provides a fantastic opportunity for our member companies to enhance their association in fields ranging from infrastructure to tourism, education to entertainment,” he said.

USIBC’s participation comes on the heels of Prime Minister Narendra Modi’s address to the US business community on September 30 when the council indicated that India could receive $41 billion plus from US companies over the next 2-3 years.

Since its inception in 2003 the Vibrant Gujarat Global Investors’ Summit has brought together global thought leaders,
policy makers, academia, investors and industrialists on a common platform in an effort to showcase India’s potential as a business partner, USIBC noted.

USIBC which first participated in Vibrant Gujarat in November 2008 congratulated the Gujarat government "on its continued commitment to hosting this important globally focused event."

It looks forward to the valuable insights and relationships the delegation will gain by attending the Summit, the trade body said.

Source: Indo-Asian News Service

India pushes for South Asian grid to trade electricity

Keeping up the momentum generated by Prime Minister Narendra Modi in pushing regional ties by inviting the leaders of South Asian countries to his oath-taking ceremony, India on October 17 pushed for a South Asia grid to exchange surplus power.

"Rivers can flow only in one direction but power can flow in our direction of choice. I dream of a seamless SAARC (South Asian Association for Regional Cooperation) power grid within the next few years," India’s power minister Piyush Goyal said in New Delhi.

"Hydroelectric power generated in north east India could be transported via Bangladesh, India and Pakistan, on to Afghanistan. Offshore wind projects could be set up in Sri Lanka’s coastal borders to power Pakistan or Nepal," the minister said.

"The possibilities are limitless," Goyal, who also oversees portfolios of coal, and new and renewable energy told the 5th Meeting of the SAARC Energy Ministers in New Delhi.

The minister said the economic sustainability of the region hinges on energy security as 30 percent its region’s energy demand is met through imports. To resolve this, Goyal advocated a three-pronged strategy by leveraging:

- Harnessing conventional and renewable sources of energy
  Building inter-connected transmissions grids
  - Forging efficacious power trading agreements.

The minister said the per capital household consumption of electricity in the region was a mere 128 units, versus the global average of 3,045 units. To push consumption and for rapid progress of the region, it is imperative to expand the power sector, he said.

Giving details of intra-SAARC linkages established in the recent past, Goyal gave the examples of the 1,450-MW exchange between India and Bhutan, 500-MW between India and Bangladesh and 150-MW between India and Nepal.

Energy ministers and senior officials from the SAARC member countries -- Afghanistan, Bangladesh, Bhutan, Maldives, Nepal, Pakistan and Sri Lanka besides hosts India -- are taking part in the two-day meet.

Senior officials meeting on the first day Thursday agreed on a framework agreement for energy cooperation which has been pending since 2010, the power ministry said in a statement.

SAARC was created in 1985 with its secretariat in Kathmandu. Regional cooperation in the energy sector began in January 2000 with the setting up of a SAARC Technical Committee on Energy.

Under SAARC energy cooperation, some expert groups have also been created: oil and gas with Bangladesh as the lead country, electricity, as also technology and sharing under India, and renewable energy under Pakistan.

Source: Indo-Asian News Service
India should aim $40 billion gold jewellery exports by 2020: WGC

India, the world’s largest gold consumer, should target five-folds increase in gold jewellery exports to USD 40 billion by 2020 from the current level of USD 8 billion, according to the World Gold Council (WGC).

The country should also put to use about 22,000 tonnes of gold lying idle with households and temples and reduce its dependence on imports in the next five years, it said.

Besides, it should aim creation of 5 million new jobs across the gold value chain - manufacturing, retailing, assaying and recycling areas, it added.

“Our vision for gold is that it should be put to work for the economy, creating jobs, developing skills, generating exports and revenues - an essential part of the financial, economic and social structure of the country,” WGC said in its Vision 2020 for the country.

In the next five years, India should target to be ‘jeweller to the world’ and gold jewellery exports from the country should increase five-fold to USD 40 billion from the current level of USD 8 billion, it said in a statement.

WGC said that the country should meet 40 per cent of gold demand from its domestic stocks and the rest 60 per cent through imports and mining.

That apart, India should target 75 per cent of gold sold to be standardised and hallmarked in the next five years. It should also provide higher loan to value ratio for hallmarked jewellery and ensure mandatory hallmarking for pieces above a designated selling price, WGC said.

WGC also suggested the government launch ‘Karigar welfare scheme’ towards skill development and training of artisans and promotion of ‘Gold tourism’ circuit, showcasing handcrafted Indian jewellery.

“This vision is to outline objectives for the industry that address the savings habit underpinning gold demand, support value addition, increase employment opportunities and benefit the industry in an organised way without curbing supply or impacting the current account deficit,” it said.

This will allow the gold trade to operate in a free and transparent manner for the benefit of millions of households and eventually lead to increased economic wealth for the nation, it added.

Source: Press Trust of India
Rising coal demand from fuel-starved power plants led to the country’s major ports logging 12% jump in handling imported dry-fuel in August to 9.41 million tonnes.

“Increased demand for imported dry-fuel has led to top 12 major ports handling 9.41 MT of imported coal during August as compared to 8.41 MT in a year-ago period,” an Indian Ports Association (IPA) official told PTI.

The official said imported thermal coal handling at these state-owned ports increased by 14% to 6.81 MT in August as compared to the same month in 2013.

Likewise, coking coal imports through these ports rose 7.43% to 2.65 million tonnes during the month, he said.

Amid widening demand-supply gap and increased requirement of dry-fuel, these 12 major ports had seen 22% jump in imported thermal coal cargo at 71.60 MT last year.

Handling of coking coal, which is used mainly for steel-making, had witnessed an 18.26% increase, ranging from 18 to 33.12 MT.

Altogether, they handled 105 MT coal during the last fiscal, against 87 MT in 2012-13.

India has 12 major ports - Kindle, Mumbai, JNPT, Marmugao, New Mangalore, Cochin, Chennai, Ennore, V O Chidambarnar, Visakhapatnam, Paradip and Kolkata (including Haldia) which handle approximately 61% of the country’s total cargo traffic.

With the world’s largest miner Coal India, which accounts for about 80% of the domestic requirement unable to meet the demand of the firms, power plants have resorted to imports.

CIL has not been to enhance production on account of several reasons, including delays in environment clearances and lack of rail infrastructure to transport the dry-fuel.

CIL had said it is unable to tap the potential for supplying 300 MT of additional coal due to the absence of critical rail links for lifting the dry-fuel.

Low production coupled with increased demand from power firms is further widening the demand-supply gap in the country, which is likely to widen to 185.5 MT in 2016-17.

CIL had produced 462 MT in the year ended March 31, 2014, against a target of 482 MT.

Coal India’s production target for 2014-15 has been set at 507 MT.

Coal is the mainstay of India’s energy programme as 70% of power generation is dependent on the dry fuel.

India is the third-largest producer of coal, after China and the US, and has 299 billion tonnes of resources and 123 billion tonnes of proven reserves, which may last for over 100 years.

Source: Press Trust of India
Exporters tapping growing synthetic garment market

Garment exporters, currently dominated by cotton garments, are in the process of tapping synthetic and blended garment segments in a big way, which constitute about 70 per cent of global demand, a top official in Tirupur Exporters’ Association (TEA) has said.

Tirupur, which exported garments worth Rs 18,500 crore last year, has a share of Rs 2,500 crore to Rs 3,000 crore in synthetic and blended garments, mainly winter garments, TEA president A Shaktivel told PTI.

Despite overall continued growth and demand for garments from this town, no extra effort was taken to increase the share of garments made of man-made fibre, like clothes of synthetic fibre, Shaktivel said.

Through Knitwear Technology Mission (KTM), which commenced its operations in Tirupur, it would be easy to produce garments using synthetic fabric, which hitherto was manufactured after imports from China, he said.

The frequent fluctuation on higher side in the cotton yarn prices also put the knitwear segment in problem, decreasing profit margin, the man made fibre, which was steady, would be helpful to tide over the crisis, he said.

Claiming that exporters in Tirupur were seeing an opportunity in synthetic garments, as labour costs were increasing in China, which dominate the global synthetic garment business, Shaktivel said that though China was cheaper than India, the price difference was now now thinning down.

Tirupur can get business throughout the year with the synthetic garments and the exporters were catering to the demand of spring and summer garments in Europe and US markets, which accounted for about 48 and 25 per cent respectively, he said.

Another major market emerging was fluorescent jacket used by police officials during night, which was estimated at four billion US dollars across the world and the medical textile and sports wear segment was also emerging, with blood stain free and capable of absorbing sweat, giving comfort to players and looked up as performance wears, he said.

On investments, he said that the circular knitting machine that were used for making cotton fabric costs Rs 10 lakh-30 lakh, the average cost of a machine that produces synthetic fabric is around Rs three crore.

Processing was another major challenge, which required high pressure dyeing machine, he said.

Source: Press Trust of India
India’s imports of natural rubber is likely to touch $1,107 million by the end of the current fiscal as the country imported material worth about $734 mn during first nine months of 2013-14, a study by industry association Assocham said.

“Growing at a compounded annual growth rate (CAGR) of about 32 percent, import of natural rubber in India in value terms is likely to touch $1,107 million by the end of the ongoing fiscal year (2014-15) as the country had imported natural rubber worth about $734 mn during first nine months of FY 2013-14,” the study said.

Imports of natural rubber in India have grown from over 81,500 tonnes to over 2.1 lakh tonnes during 2008-09 and 2012-13 thereby clocking a CAGR of about 28 percent,” it said.

Indonesia alone accounts for about 42 percent of India’s total natural rubber imports followed by Thailand and Vietnam that account for about 26 percent and 24 percent share in natural rubber imports into the country, noted the study prepared by the ASSOCHAM Economic Research Bureau.

“The most worrying factor is the ever-widening gap between production and consumption of natural rubber in India which is growing at a CAGR of whopping 69 percent as it crossed 59,000 tonne-mark in 2012-13 as against about 7,200 tonne in 2008-09,” D.S. Rawat, secretary general of ASSOCHAM said.

“The demand-supply gap is further expected to increase by about 20 per cent while taking into account the expected growth of automobile, footwear and other sectors consuming natural rubber,” he added.

It is imperative for India to immediately address the issue of rising natural rubber imports by augmenting domestic production of natural rubber, Rawat added.

As of 2012-13 the total rubber production (including both natural and synthetic) stood at over 10 lakh tonnes which included 9.13 lakh tonnes of natural rubber and the remaining comprised of synthetic variety.

While total rubber consumption (both natural and synthetic rubber) in India stood at 14 lakh tonnes in 2012-13 with natural rubber comprising a share of about 69 percent and synthetic rubber comprised 31.3 percent share.

Source: Indo-Asian News Service
India and Mexico on October 22 discussed the possibilities of cooperation in the hydrocarbon sector, especially in the wake of reforms initiated by the Mexican government in the energy sector.

Both also inked a Memorandum of Understanding (MoU) in space cooperation.

India is the largest buyer of Mexican crude oil in Asia and the third largest overall globally. Private and public sector Indian companies are seeking more opportunities in this sector.

The issue came up during the Sixth Session of the Joint Commission Meeting between India and Mexico that was presided over by External Affairs Minister Sushma Swaraj and Mexican Foreign Affairs Minister Jose Antonio Meade Kuribrena.

This was the first joint commission meeting held under the chairmanship of the two foreign ministers. The meeting was part of the efforts of the two countries to move the relationship to a higher trajectory, said a statement from the external affairs ministry.

India’s relations with Mexico have deepened and strengthened in the last few years. Bilateral trade has increased appreciably. In 2010, it was $2.81 billion and it currently stands at $7 billion annually. The trade is almost evenly balanced.

The two sides signed an MoU on space cooperation under which they will cooperate on issues like remote sensing, satellite communication, capacity development and other mutually beneficial areas relating to cooperation in outer space for peaceful purposes, the statement said.

India’s exports mainly comprise organic chemicals, vehicles and auto parts, electrical machinery and equipment, mineral fuels and oil, pharmaceuticals, textiles and garments, gems and jewellery. India’s imports mainly consist of crude oil. The two ministers discussed the reforms which are underway in both countries.

Mexico is taking steps to pass and implement new labour laws and fiscal laws in the telecom sector and in the field of energy. Sushma Swaraj informed her Mexican counterpart that there are similar challenges in India and the government has also initiated several reforms to stimulate economic growth aimed at putting the Indian economy on a high-growth trajectory in the near future.

Mexico will be setting up an ‘India Room’ in the National Museum of Cultures in Mexico City. India has gifted 108 pieces for this purpose.

India will be celebrating the 60th anniversary of bilateral relations with Mexico next year and proposes to launch a “Days of India in Mexico”.

Both the countries have also agreed to institutionalise bilateral mechanism on consular issues and discussed how they relate to their respective diaspora.

The Mexican foreign minister handed over to Sushma Swaraj an invitation from the president of Mexico inviting Prime Minister Narendra Modi to visit Mexico at his earliest convenience.

The two sides are expected to further consult on this through diplomatic channels, said the statement.

Source: Indo-Asian News Service
India favours democratisation of global affairs of telecommunications: Prasad

India favours democratisation and broad-basing of the global affairs of telecommunications and internet governance, Information Technology and Telecommunications Minister Ravi Shankar Prasad has said.

He was speaking at the inaugural session of the International Telecommunications Union (ITU) Conference at Busan in South Korea, an official statement said.

India’s point of view is that ITU should take leadership and partner with UN and other international/regional organizations in executing the Information and Communication Technology (ICT) projects and programmes in developing countries.

India also wants the ITU to be the supervisory authority of Space Assets. India expressed its desire that ITU should play a more active role in the global internet governance as envisaged during the World Summit on Information Society (WSIS).

The Indian delegation has been participating in The Plenipotentiary Conference, which is the top policy-making body of the 193 member strong International Telecommunications Union. It meets once in every four years. India has also been pitching for a re-election into the ITU Council, the statement said.

Source: Indo-Asian News Service
Govt to invest Rs50,000 crore to revive fertilizer plants

The government of India will be investing Rs.50,000 crore to revive four fertilizer plants and set up two new plants to produce farm nutrients, minister of chemicals and fertilizers Ananth Kumar said while inaugurating the IndiaChem event in Mumbai.

The four plants which will be revived under the plan are located in Talcher in Odisha, Ramagundam in Telangana, Gorakhpur in Uttar Pradesh and Barauni in Bihar. In the recent union budget, finance minister Arun Jaitley had announced Rs.10,000 crore for setting up a national gas grid.

These fertilizer plants will be supplied gas through the grid. The Talcher plant revival would cost the government around Rs.9,000 crore while the Ramagundam plant revival would need an investment of Rs.6,000 crore Kumar said. The government will also set up two 1.2 million tonnes per annum (MTPA) greenfield fertilizer plants in the states of Madhya Pradesh and Karnataka, said Kumar.

“The greenfield plants will need an investment of Rs.5,000 to Rs.6,000 crore each,” he added. In addition, the government is also in talks with the government of Iran to set up 1.2 MTPA Urea plant in Iran on the lines of India’s joint venture (JV) with Oman, he said. “The proposed JV with Iran would require an investment to the tune of $2 billion,” said Kumar.

The minister also announced that India’s first reverse special economic zone (SEZ) will be set up in Iran. The reverse SEZ will be for the manufacture and supply of chemicals feedstock to India. India is also contemplating setting up such reverse SEZs in Myanmar and Mozambique. Talking on the petroleum, chemicals and petrochemicals investment region (PCPIR) project, he said that four steering committees have been set up to speed up the four approved PCPIRs.

“We are also in talks with the governments of Rajasthan, Madhya Pradesh and Karnataka for setting up of chemical investment zones,” said Kumar. On the issue of subsidy for the three naptha plants of Madras Fertilizers Ltd, Southern Petrochemical Industries Corporation Ltd (SPIC) and Mangalore Chemicals and Fertilizers Ltd, Kumar said the companies are ready to work on naptha till they are provided with natural gas supply through the planned southern grid and the companies have asked for subsidy at the rate of regasified liquefied natural gas (RLNG).

The ministry will soon take a decision on this, he said. The minister also said that his ministry is in the midst of formulating national fertilizer and chemical policies, which should be ready in the next three to four months.

Source: Mint
Gas production to rise by two-thirds over five years: Oil ministry

India’s domestic gas production is set to rise by two-thirds from 100 million standard cubic metres per day (mscmd) in the current financial year to 163 mscmd, or 59 billion cubic metres (bcm), over the next five years through March 2019.

The petroleum ministry has informed the power ministry about the estimated jump in production at a time when there has been a steep drop in domestic output, leaving 24,000 Mw of gas-based power capacity stranded. The two ministries are also working on a strategy to pool gas prices, to resolve differences between stakeholders in oil and power sectors over the new gas price.

India’s domestic production fell 13 per cent from 111 mscmd in 2012-13 to 97 mscmd the previous financial year (2013-14). Output is expected to pick up marginally to 100 mscmd (or 36 bcm) in the current financial year, including 24 bcm from state-run Oil and Natural Gas Corporation (ONGC), 2.8 bcm from Oil India Limited (OIL) and 9.7 bcm from production sharing contracts (PSC) regime blocks.

The bulk of the additional gas would come from ONGC’s ramp-up in output from the 24 bcm in the current financial year to 35 bcm by 2019, on the back of development of the C-26 cluster next financial year, the Daman offshore block, additional production in east coast from deepwater wells of the G1 field and from commissioning of Nelp (New Exploration Licensing Policy) block KG-98/2 in the Krishna Godavari basin after 2017.

OIL is expected to increase production from the current 2.8 bcm to 4 bcm by 2018-19. Production begins from the Baghjan field in Assam next financial year and incremental output will be from Nelp blocks in the northeast and KG-basin in 2018-19.

Source: Business Standard

Cotton output expected to be 400 lakh bales

The Consultative Committee of the Cotton Advisory Board, which met in Mumbai on October 13, has estimated cotton production at 400 lakh bales this year (October 2014 to September 2015).

This is the first meeting of the board for the season. The area under cotton has increased in major cotton growing States — Gujarat, Maharashtra, Andhra Pradesh and Telangana.

“Production last year was 398 lakh bales, and we are expecting a record crop this season,” said Southern India Mills’ Association Chairman T. Rajkumar. Cotton consumption by textile mills is expected to be 275 lakh bales, and this will be just five per cent more than the previous season. Last year, there was 12 per cent growth in consumption. With the government’s pro-active policy, the textile industry would be able to benefit from high production, Rajkumar said.

Import is estimated to be seven lakh bales this year as against nearly 10 lakh bales last year, and exports are likely to be 90 lakh bales as against 117 lakh bales. The season had just begun, and there might be pressure on prices till January/February, 2015. The expectation was that there might be MSP (Minimum Support Price) operation by the Cotton Corporation of India later in the season, said industry sources.

The price of Shankar 6 variety of cotton was Rs.34,000 a candy on October 13.

Indian Cotton Federation Vice-President K. N. Viswanathan said the volume of buying by domestic textile mills was not effective enough now to hold the prices at the current level. With arrivals increasing in the coming weeks, prices may decline.

Source: The Hindu
India has emerged as the second fastest growing air cargo market after the Middle East and is expected to grow at a compound annual rate of about seven per cent over the next five years, an IATA forecast said.

India would also be among the ten largest international freight markets by 2018 led by the United States supplying 10,054,000 tonnes and China with 5,639,000 tonnes, the International Air Transport Association’s (IATA) Industry Forecast 2014-2018 shows.

It estimated that “the second fastest-growing market, India, will experience a compound annual growth rate (CAGR) of 6.8 per cent to add 622,000 extra tonnes.”

Apart from the US and China, the remaining eight largest international freight markets would be the UAE (4,974,000 tonnes), Germany (4,763,000), Hong Kong (4,648,000), Republic of Korea (3,487,000), Japan (3,480,000), the United Kingdom (2,808,000), Chinese Taipei (2,350,000) and India (2,223,000).

Noting that global freight volumes were expected to rise annually by 4.1 per cent over the next five years, it showed the largest air freight traffic share last year was within Asia Pacific (21.6 per cent), followed by Europe-Asia Pacific (12.3 per cent) and North and Mid-Pacific (10 per cent).

Observing that air cargo remained vital to the global economic system, IATA chief Tony Tyler said more than USD 6.8 trillion worth of goods, equivalent to 35 per cent of total world trade by value, would be transported around the world by air in 2014.

However, he warned that despite the positive picture, “the overall risks to the economic outlook, and therefore to air freight, remain towards the downside. Trade protectionism is a constant danger”.

He quoted World Trade Organization data to show that between November 2013 and May 2014 alone, 112 new trade-restrictive measures were enacted by G-20 governments.

“Geopolitical concerns, volatility of oil prices and competition from rail and sea could also affect this forecast. The air cargo industry certainly cannot afford to be complacent,” Tyler said.

Source: Press Trust of India

Govt eases norms for private defence firms

In a move expected to rake in investments into the defence sector, the government allowed private defence manufacturing firms to sell equipment to state-run entities without prior approval.

However, permission would be required to sell to non-government entities, the Ministry of Commerce and Industry said.

“The Licensee shall be allowed to sell defence items to government entities under the control of Ministry of Home Affairs, State governments, Public Sector Undertakings and other valid Defence Licensed Companies without approval of the Department of Defence Production [DoDP],” the Ministry said in a communique.

“However, for sale of the items to any other entity, the Licensee shall take permission from the DoPD,” it said.

The Ministry also removed the cap on the annual production capacity for defence-related equipment. However, licensed firms would be required to submit their production returns to the government every six months.

Source: The Hindu
Mobile shopping set to drive e-commerce in India

The online retailers are taking the smartphones route to tap the market opportunity offered in Tier-II and Tier-III cities. Most leading players expect 90 per cent of their online shopping to come through smartphones and tablets within the next few years.

India is the second largest mobile phone market with more than 930 million customers. According to IDC data, the domestic smartphone market grew 84 per cent in the second quarter of 2014 and is expected to grow rapidly.

With the huge market potential offered by smartphones, companies such as Snapdeal, Flipkart, Myntra, among others, have already launched mobile applications.

“The growth in internet usage in India, largely on mobile devices, is the key driver for e-commerce growth. Specifically for fashion, the non-availability of the latest brands in Tier-II and Tier-III cities has led to high interest in online shopping,” said Myntra Chief Revenue Officer Prasad Kompalli.

Over the next three years, online marketplace Snapdeal expects 90 per cent of its order to come from people who buy through their mobile devices.

“Currently, around 60 per cent of our orders come through our mobile platform. We are hoping to receive 75 per cent of our transactions through mobile within the next one year. The same is expected to touch 90 per cent over the next three years,” said Kunal Bahl, Co-founder and CEO of Snapdeal.com.

Another reason for the increase in mobile commerce is the penetration of smartphone into the rural markets. Around 45 per cent of the online users in India access internet only through their mobile phones. As per industry experts, out of all shopping queries in India, 30 per cent come from mobile phones, however, presently less than 5 per cent of total digital commerce happens through mobile.

According to a recent report from IT research and advisory firm Gartner, the eCommerce market is expected to grow 70 per cent and touch $6 billion in 2015.

“Mobile commerce will help organisation skip the desktop wave with increasing penetration of affordable smart devices with connectivity and a rapidly growing ecosystem to engage customers on mobile,” said Praveen Sengar, research director, Gartner.

Source: The Hindu
India world's 4th largest steel maker at 62.41 mn tonne in Jan-Sept

With 62.41 million tonnes output, India remains the world’s fourth largest steel producer in the first nine months of the current year, preceded by China, Japan and the US.

World Steel Association (WSA) data showed India’s steel production grew by 1.8%, the second highest among the top four steel producing nations, during the January-September period from 61.27 MT in the same period last year.

India has been the world’s fourth largest steel maker for the last four years. The order is likely to remain unchanged in current year too, an industry expert said.

During the first nine months, China produced 618 MT steel which is a little more than half of world’s total production at 1,231 MT.

China logged 2.3% growth during the period. But its steel production remained static in September, as per data revealed by WSA, at 67.5 MT when compared with the same month last year.

Japan remained the remote second with 83.1 MT production during the nine-month period clocking just 0.8% growth over 82.4 MT production in the same period last year.

The US stood at the third spot with 66.33 MT production compared to 65.3 MT output during the January-September period of the last year.

Though the growth in world’s third largest producing nation grew by 1.6% during the period, in September steel production in the US fell by 0.1% over the same month last year.

Russia and South Korea vie for the fifth slot with 53.4 MT and 53.2 MT output in the first nine months of the current year.

The balance is, however, tilted towards the Asian nation as it logged 9.4% growth, highest among major steel producing nations, in steel production during the period compared to Russia’s 3.1%.

Source: Press Trust of India
Govt aims to make $15-bn IoT industry in India by 2020

The government is working on an ambitious plan to create $15 billion ‘Internet of Things’ industry in the next six years. Internet of Things, or IoT, can be loosely described as a network of inter-connected devices that can be accessed through the Internet.

For instance, with IoT, street lights will automatically go off when they sense no traffic on the roads and consequently save power. Another application could be a smart band that will automatically alert physician when body vitals go to abnormal levels.

“Among other things, IoT can help automate solutions to problems faced by various industries like agriculture, health services, energy, security, disaster management etc. Through remotely connected devices,” the draft IoT policy document says.

Some of the proposed concepts under the policy include development of tools to monitor quality of water flowing in taps and levels in reservoirs, smart environment to monitor quality of air, technology to monitor changes in body vitals and send alerts to hospitals.

Human role will be limited to setting up parameters for alerts and other activities expected from the objects.

The policy has the objective “to create an IoT industry in India of $15 billion by 2020. This will also lead to increase in the connected devices from around 200 million to over 2.7 billion by 2020.”

The number of internet-connected devices (12.5 billion) surpassed the number of human beings (7 billion) on the planet in 2011, and by 2020, Internet-connected devices are expected to number between 26 billion and 50 billion globally, the draft policy document said.

The proposed policy is in line of government’s plan to develop 100 smart cities in the country, for which Rs 7,060 crore has been earmarked in the current year’s Budget.

Devices or objects under IoT, will be connected seamlessly on networks and communicate with least human intervention. The IoT policy excludes phones, tablets and personal computers.

The Department of Telecom has already floated a draft policy on technical communication among machines but is yet to finalise guidelines.

To boost IoT, the government has plans to fund creation of resource centres and test-beds as a common experimental facility to conduct experiments with an allocation of Rs 18 crore as 100% fund with Rs 1 crore for each partner and Rs 3 crore for nodal agency over a period of five years.

The government will set up incubation centres that are proposed to be called National Centre of Excellence in partnership with IT industry body NASSCOM and other industry associations at an estimated cost of Rs 35 crore for 5 years to execute a centre with capacity of 40 people.

Source: Press Trust of India
New skill development policy by fiscal-end

The government is well into the process of revising the National Policy on Skill Development, 2009, which will be ready by the end of the current financial year, a top official said.

“There are instructions that the policy should be ready by the end of the current fiscal, by March 31 next year," Sunil Arora, secretary in the recently-created ministry of skill development and entrepreneurship, told reporters on the sidelines of a Confederation of Indian Industry (CII)-organised conference in New Delhi on skill development.

"Comments are being obtained from the various ministries. Once these are received, a draft policy will be placed on the website of the ministry to invite comments from the public and other stakeholders," he added.

The existing policy was formulated by the labour ministry in 2009 to impart various skills to 500 million people under a standardised framework and in keeping with international norms, and based on industry demands. It led to the setting up of the National Skill Development Corporation as a public-private-partnership project.

Skill development is a focus area of the National Democratic Alliance government, while Prime Minister Narendra Modi had in his Independence Day speech announced the “Make in India” campaign inviting companies across the world to make their products in India and create jobs in the labour-intensive manufacturing sectors.

The policy is being revised so that schemes of different ministries and portions of the Rs.10,000 crore earmarked to encourage entrepreneurship are routed through the newly-formed skill development and entrepreneurship ministry.

Moreover, the new policy aims to ensure that the country’s youth also fulfil the skilled manpower demand abroad, by benchmarking the training programmes to international standards.

The new ministry is considering branding the programme through the Rural India Skills Emblem in the manner of the Bureau of Indian Standards certification, which will hallmark the skilled workers from India in a way that is recognized globally.

Source: Indo-Asian News Service
Australia announces 13 innovative projects with India

Australia announced 13 innovative projects with India that will support new cutting-edge collaborative research partnerships between universities, professional bodies and private sector organisations of the two countries.

The latest initiatives will be supported through Australia-India Council (AIC) grants programme, said Australian Foreign Minister Julie Bishop.

“AIC’s grants, totalling over A$ 565,000, will support new partnerships between Australian and Indian universities, professional bodies, private sector organisations and arts communities in areas of strong mutual interest and where the bilateral relationship has the greatest capacity to grow,” Bishop said.

“This year’s programme will fund cutting-edge collaborative research in the mapping of salt affected land and water resources; the sharing of Australia’s experience in implementing food standards, managing major sporting events and planning for sustainable urban transport links; and a new teacher education exchange program,” she said.

The grants were extended to Opera Australia for “Shane Warne The Musical” tour of India project, Sharing Stories Foundation for installation in India of “Song for Country” – a multi-media exhibition celebrating Aboriginal and Torres Strait Island culture.

Other projects which would be supported by AIC are Australia India Institute’s Australia India Public Sector Reform Seminar, Griffith University’s collaborative study on Food Safety and Standards in India with Indian Agricultural Research Institute to help improve food value chains in India.

University of Sydney’s national workshop of extending the value of data on novel analysis for soil and water resources would be launched in collaboration with Indian Institute of Technology – Kharagpur.

In the area of art and culture, AIC will support AusHeritage in revitalising Dr Babasaheb Ambedkar museum with Australian conservation expertise.

Source: Press Trust of India
Govt sets deadline of six months for rolling out Direct Tax Code and GST

The government has set itself a deadline of six months to implement Direct Tax Code (DTC) and Goods and Services Tax (GST) as part of its action plan to ease the doing business in India.

Besides rolling out the DTC and GST as part of simplifying tax regime in country to push Prime Minister Narendra Modi’s ‘Make in India’ initiative, the government has drawn an ambitious action plan to improve India’s ranking in ‘Doing Business Report’ of the World Bank and it includes measures like providing electricity connections within two weeks of applying.

The department of industrial policy and promotion (DIPP) on October 21 held an interactive session with babus of all stakeholder ministries to have a better understanding of the issues involved.

In its ‘Doing Business in India’ report of 2014, the World Bank has ranked India at 134th place. At the inauguration of Make in India campaign, Prime Minister Narendra Modi called for substantially improving India’s rank. At the moment India lags behind China (96), Nepal (105), Pakistan (110) and Bangladesh (130) in the ranking. PM Modi wants to bring the country in top 50 rankings.

The DIPP after a detailed exercise identified the sectors, specific activities and ministry of department where reforms are required.

The DIPP in its action plan has flagged issues like reduction of number of taxes, online payment of taxes to expedite implementation of direct tax code and goods and services tax for the finance ministry. The plan has set a deadline of six months for rolling the DTC and GST regime.

According to the DIPP, at the moment, firms make 33 tax payments in a year and spend 243 hours a year filing preparing and paying taxes.

The government also wants to introduce payment of VAT refund directly in the account of firm and in a time-bound manner.

For the ministry of power, the agenda is simplification of process of electricity connection. At the moment it requires seven procedures and takes 67 days. The government wants to bring it down to two weeks. Besides it also wants to remove the requirement of pollution control certificate for providing the electricity connection.

According to the action plan, the ministry of corporate affairs is expected to bring down the time taken in registration of business in India from existing 27 days to one day. Besides, doing away from the requirement of company seal to minimum paid up capital for starting a business are also part of the measures that the corporate affairs ministry is to take within three months to 30 days.

Source: Hindustan Times
Govt allows time flexibility for explorers

The government has made it easier for oil hunters to conduct their business by allowing flexibility in meeting timelines for developing fields with a policy framework that takes into account practical difficulties on the ground and removes scope for dispute over technicality. “This a reform initiative will help in monetization of some of the pending discoveries, lead to resolution of various long-pending operational issues hampering exploration and production operations and create better climate for investment,” petroleum secretary Sau Rabh Chandra said.

TOI had on August 12 first reported the oil ministry proposing 10-11 changes in oilfield contracts, reflecting the Narendra Modi government’s desire to clear the investment air by establishing a rational and clear procedure to deal with delays and other issues reported by explorers. The crux of the new framework lies in allowing more flexibility in block oversight to deal with issues and makes it easier to extend timelines that are missed due to cies. The new provisions are expected to smoothen out the government’s dealings with explorers, frayed during the UPA-2 government, and improve the climate for launching the next round of block auction. The present contracts are unbending in format and have several ambiguous provisions. Since Directorate General of Hydrocarbons -the ministry’s technical arm -or the block oversight committees do not have adequate powers to take a call, disputes arise over technicalities.

In some cases, action has been initiated against companies even when deadlines were missed by a day. The new framework allows flexibility to DGH and block oversight committees to decide such cases.

But the new provisions would not apply to Reliance Industries Ltd’s two discoveries in its Andhra offshore block where a dispute had arisen over method for testing gas flow. “These cases are being dealt with separately,” Chandra said.

He said 3-6 months’ extension in the current 18-60 month timeframe for submission of DoC (declaration of commerciality or informing the government that a discovery is commercially viable), has been approved. DoC is a prerequisite before investment plans can be finalised. Besides, the deadline for submission of investment plan for the discoveries too would be extended by up to six months. Present contracts provide for time period for submission of FDP (field development plan) for discovery after DoC. But there is no provision for extending this timeline. This results in discoveries getting stuck in case FDP is not accepted due to delayed submission. These issues have been addressed in the new framework.

Source: The Times of India

Norms for payments, small banks soon: RBI

The Reserve Bank of India (RBI) plans to announce the final norms on small and payments banks next month, a move which could eventually widen the number of players in the Indian banking sector.

RBI deputy governor SS Mundra, while addressing students of Narsee Monjee Institute of Management in Mumbai, said: “Soon, in a month or so, the RBI will come out with the final guidelines on small and payments banks.”

The central bank had mooted the idea of small banks and payments banks to deepen the financial inclusion process and to get more people under the financial system. It had come out with draft guidelines on the issue and had invited comments by August 28. “We have received comments on the discussion paper,” Mundra said.

Once finalised, these norms would widen the number of players and also make micro-lenders, telecom players, non-banking finance companies and public sector companies eligible to apply for licences once RBI invites applications for the same. Mundra sought to dismiss concerns on profitability for such banks, saying they can earn from a variety of avenues such as charging for transactions and through investments in government bonds. Small banks would provide a whole suite of basic banking products such as deposits and supply of credit, but within a limited scope.

Payments banks would offer a limited range of products such as demand deposits and remittances. They would also have a widespread network of access points particularly in remote areas, either through their own branch network or through business correspondents or through networks provided by others. Finance minister Arun Jaitley, in budget speech had said that differentiated banks such as payment banks have been contemplated to meet the needs of small businesses, unorganised sector, low income households, farmers and migrant work force.

Source: Indo-Asian News Service
Economy improving, 5.5 percent growth this year: RBI Governor

India’s economy is improving and the country is hoping to achieve 5.5 percent, or little more, growth rate this year, said Reserve Bank of India (RBI) Governor Raghuram Rajan.

"Next year we will go into sixes and hopefully sevens the year after," he said while addressing students of Indian Business School (ISB) on October 16. Rajan said that without thinking of major reforms, the country can put the economy back on track to a reasonable level but reforms will be key to sustain the growth and to take it to a higher level.

While claiming that the economy is improving, he hoped that there will be more sustainable growth going forward. Rajan, however, underlined the need to support the growth in a strong way by working on the financial side. "The bottom line is we do seem to be picking up in growth. Our current account deficit is smaller and inflation numbers look lot healthier than they looked a few months ago," he said.

He said many market participants were convinced that India could hit the RBI’s target of bringing down consumer inflation to 6 percent by Jan next. The central bank chief said there was some pickup of industrial growth but pointed out that Nokia shutting down its plant in Chennai made big difference to IRP numbers.

Rajan said while exports seem to have slowed down, the country is doing reasonably well in non-oil and non-gold exports with 6-7 percent growth. "This has been one of the strengths of the economy over last few months.”

Noting the government is focusing on improving the framework of doing business, he stressed the need to make easy for business to grow in terms of access to finance, regulations, and skilled labour. "The government is working in all these areas. I don’t see why we can’t overtime reach double digit given our level of development," he added.

Stating that some reliance on foreign investment is not bad, he said FDI alone may not be sufficient. He stressed the need for portfolio investments saying they are relatively stable form of financing. Rajan admitted that there will be some volatility in foreign institutional portfolio investment but remarked that one has to live with it.

To a question, Rajan said Prime Minister Narendra Modi has an ambitious agenda for India. "The level of expectations is very high. We have to match it," he averred. Denying that there is a conflict between government and RBI, he said they enjoy free, frank and cordial relationship. He said discussions are creating institutional structures like financial resolution authority to improve functioning of financial sector.

"We need financial resolution authority so that we can close down financial institutions poorly functioning one and resurrect well functioning ones," he said.

The RBI governor said discussions were also on on the monetary policy framework. Terming it as a far sighted move by the government, he said this will help reach the standards which other countries have achieved and also decide how to make objectives of central bank more explicit like keeping inflation at certain level, financial stability and growth.

Discussions are also on creating a monetary policy committee, who will appoint the members of the committee and what will be the term of management of the RBI.

Rajan said the RBI would be restructured by appointing another deputy director. He, however, pointed out that RBI Act will have to be amended to create the post of fifth deputy director.

The RBI governor said the country need specialists - Indian or foreign - to put distress assets back on track. "If the specialists bring in new money which is required to complete projects they will be very welcome. It’s not that India is for sale but we need help on project restructuring."

Stressing the need for strengthening asset restructuring companies with more capital, Rajan said the country will be open for more asset reconstruction companies. He said RBI will open licensing process for new asset reconstruction companies of various hues so that they can start helping in bringing down the level of distress.

Source: Indo-Asian News Service
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