



**ASSOCHAM Economic Weekly**  
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## 1. Macroeconomy



### 1.1 India's Balance of Payments during the Third Quarter (October-December) of 2014-15

#### Key Features of India's BoP in Q3 2014-15

- On a quarter-over-quarter (q-o-q) basis, India's current account deficit (CAD) narrowed to US\$ 8.2 billion (1.6 per cent of GDP) in Q3 of 2014-15 from US\$ 10.1 billion (2.0 per cent of GDP) in Q2; on a year-on-year (y-o-y) basis, however, the CAD doubled (from US\$ 4.2 billion or 0.9 per cent of GDP in Q3 of 2013-14).
- The merchandise trade deficit (US\$ 39.2 billion during Q3 2014-15) widened on a q-o-q basis on account of a larger decline in merchandise exports (7.3 per cent) than in merchandise imports (4.5 per cent); in terms of y-o-y changes too, the trade deficit in Q3 2014-15 widened due to a decline in exports (1.0 per cent), while imports increased (4.5 per cent).
- Thus, the reduction in the CAD in Q3 2014-15 was primarily on account of net exports of services which picked up in q-o-q terms on the back of an improvement in net earnings through travel and software services, and lower net outflows under primary income (profit, dividend and interest).
- Gross private transfer receipts, representing remittances by Indians employed overseas, amounted to US \$ 17.5 billion and provided sustained support to the BoP with a share of 12.6 per cent of current receipts, broadly the same level as in the preceding quarter and a year ago.

- In the financial account, net inflows of foreign direct and portfolio investment were somewhat lower on a q-o-q basis, though net loans availed by banks increased by US\$ 6.6 billion mainly on account of inward repatriations of assets held abroad by banks; on a y-o-y basis, the level of net financial flows was broadly sustained – notwithstanding the inflows of US\$ 21.4 billion garnered in Q3 of 2013-14 under the non-resident deposit schemes – with larger equity inflows relative to loans.
- On a BoP basis, there was a net accretion of US\$ 13.2 billion to India’s foreign exchange reserves in Q3 of 2014-15, almost double the accretion in the preceding quarter, but lower than in Q3 of 2013-14 which was bolstered by special non-resident and banks’ overseas borrowings.

#### **BoP during April-December 2014**

- On a cumulative basis, the overall BoP shows considerable improvement on a y-o-y basis on the back of a higher growth in merchandise exports and a marginal rise in merchandise imports, with a sizable increase in net financial flows financing the CAD and enabling a large build-up of reserves.
- India’s trade deficit narrowed to US\$ 112.5 billion in April-December 2014 from US\$ 116.9 billion in April-December 2013. Supported by a modest rise in net services receipts, the CAD tracked the trade deficit and shrank to US\$ 26.2 billion in April-December 2014 (1.7 per cent of GDP) from US\$ 31.1 billion in April-December 2013 (2.3 per cent of GDP).
- Net inflows under the capital and financial account (excluding change in foreign exchange reserves) rose to US\$ 61.7 billion in April-December 2014 from US\$ 39.6 billion in April-December 2013.
- There was an accretion to India’s foreign exchange reserves to the tune of US\$ 31.3 billion in April-December 2014 as compared with US\$ 8.4 billion in April-December 2013.

- At the end of December, the level of foreign exchange reserves stood at US\$ 320.6 billion.

Refer Table 1

**Table 1**  
**Major Items of India's Balance of Payments**

(US\$ Billion)

	Oct-Dec 2014 (P)			Oct-Dec 2013 (PR)			Apr-Dec 2014-15 P			Apr-Dec 2013-14 (PR)		
	Credit	Debit	Net	Credit	Debit	Net	Credit	Debit	Net	Credit	Debit	Net
A. Current Account	139	147.3	-8.2	137.7	141.9	-4.2	422.3	448.4	-26.2	407	438.2	-31.1
1. Goods	79	118.2	39.2	79.8	112.9	33.2	246	358.4	112.5	234.9	351.9	-116.9
Of which:												
POL	14	34.2	20.2	15.4	42.2	26.8	45.7	116.6	-70.9	48	122.2	-74.2
2. Services	39.6	19.4	20.3	37.6	19.5	18.1	115.6	59.2	56.4	110.8	57.5	53.4
3. Primary Income	2.9	8.8	-5.8	3	8.4	-5.4	8.3	27.6	-19.4	8.6	25.2	-16.6
4. Secondary Income	17.5	0.9	16.6	17.3	1	16.3	52.5	3.2	49.3	52.6	3.6	49
B. Capital Account and Financial Account	122.9	112.9	10	129.3	124.5	4.8	403.5	373.1	30.5	396.1	364.9	31.3
Of which:												
Change in Reserve (Increase (-)/Decrease (+))	0	13.2	13.2	0	19.1	19.1	0	31.3	-31.3	10.7	19.1	-8.4
C. Errors & Omissions (-) (A+B)	0	1.8	-1.8	0	0.6	-0.6	0	4.3	-4.3	0.9	1	-0.1

P: Preliminary; PR: Partially Revised

**Note:** Total of subcomponents may not tally with aggregate due to rounding off.

Source: RBI

## 1.2 Consumer Price Index for Rural, Urban and Combined, February 2015

The Central Statistics Office (CSO), Ministry of Statistics and Programme Implementation has revised the Base Year of the Consumer Price Index (CPI) from 2010=100 to 2012=100 with effect from the release of indices for the month of January 2015. The General Indices (Provisional) for the month of February 2015 for Rural, Urban and Combined are 120.6, 118.7 and 119.7, respectively.

Inflation rates (on point to point basis i.e. February, 2015 over February 2014), based on General Indices and Consumer Food Price Index (CFPI) is given in Table 2

**Table 2**  
**Inflation rates based on CPI (General) and CFPI**

Indices	February 2015 (Prov.)			January 2015 (Final)			February 2014 (Final)		
	Rural	Urban	Combd.	Rural	Urban	Combd.	Rural	Urban	Combd.
<b>CPI (General)</b>	5.79	4.95	5.37	5.34	4.96	5.19	7.75	8.02	7.88
<b>CFPI</b>	6.34	7.52	6.79	5.78	7.05	6.14	8.38	7.02	7.89

Note: Prov. – Provisional, Combd. – Combined  
Source: CSO

## 2. Corporate Sector



### 2.1 Index of Industrial Production, January 2015

The General Index for the month of January 2015 stands at 188.7, which is 2.6% higher as compared to the level in the month of January 2014. The cumulative growth for the period April-January 2014-15 over the corresponding period of the previous year stands at 2.5%.

The manufacturing sector seems to have registered a better growth rate of 3.3 percent as compared to the 0.3 percent seen in January 2014, it is felt that the recent initiatives taken by the Government and rate cuts announced in the monetary policy has impacted the sector positively.

The subdued performance of the electricity sector and negative growth of mining sector in January 2015 as compared to the previous year remains a cause of concern.

The Indices of Industrial Production for the Mining, Manufacturing and Electricity sectors for the month of January 2015 stand at 135.3, 200.5 and 175.8 respectively, with the corresponding growth rates of (-) 2.8%, 3.3% and 2.7% as compared to January 2014.

The cumulative growth in the three sectors during April-January 2014-15 over the corresponding period of 2013-14 has been 1.3%, 1.7% and 9.3% respectively.

Table 3

**Table 3**  
**Index of Industrial Production – Sectoral, (Base: 2004-05=100)**

January 2015

Month	Mining		Manufacturing		Electricity		General	
	-141.57		-755.27		-103.16		-1000	
	2013- 2014	2014- 2015	2013- 2014	2014- 2015	2013- 2014	2014- 2015	2013- 2014	2014- 2015
Apr	120.5	122.6	176.1	181.4	159.1	178.1	166.5	172.7
May	122.3	125.3	173.3	183.5	172.4	183.9	166	175.3
Jun	116.5	122.1	175	180.1	157	181.6	164.9	172
Jul	116.1	116.2	182.7	182.2	164.5	183.8	171.4	173
Aug	113.6	115	175.4	173.4	163.1	184.1	165.4	166.2
Sep	115.2	115.3	177.1	181.9	169	175.6	167.5	171.8
Oct	118.8	124.2	180.1	170	162.6	184.9	169.6	165.1
Nov	123.7	128.5	171.8	177.2	158.5	174.3	163.6	170
Dec	135.9	133	189	196.2	169.4	177.6	179.5	185.3
Jan*	139.2	135.3	194.1	200.5	171.1	175.8	184	188.7
Feb	127.5		183.3		156.7		172.7	
Mar	147.2		204.7		173		193.3	
Average								
<b>Apr-Jan</b>	<b>122.2</b>	<b>123.8</b>	<b>179.5</b>	<b>182.6</b>	<b>164.7</b>	<b>180</b>	<b>169.8</b>	<b>174</b>
Growth over the corresponding period of previous year								
Jan	2.7	-2.8	0.3	3.3	6.5	2.7	1.1	<b>2.6</b>
Apr-Jan	-1.1	1.3	-0.3	1.7	5.7	9.3	0.1	<b>2.5</b>

\* Indices for Jan 2015 are Quick Estimates.

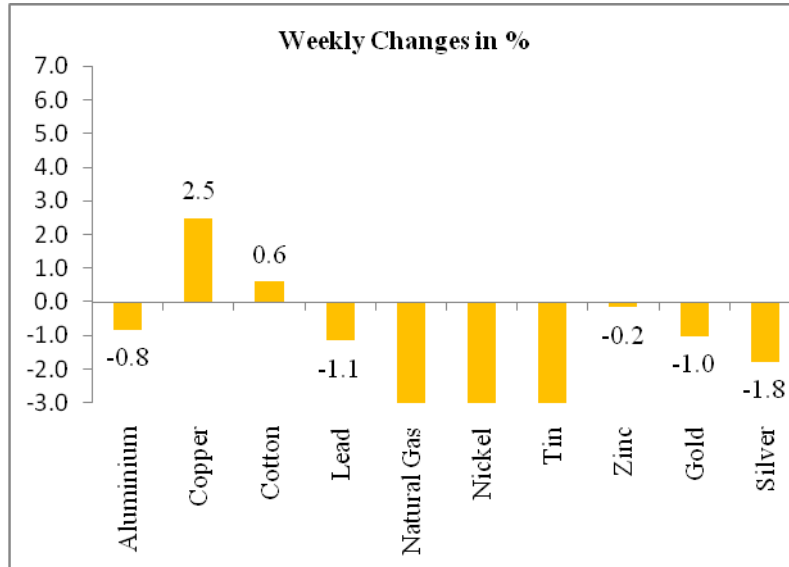
Note: Indices for the months of Oct`14 and Dec`14 incorporate updated production data.

Source: MOSPI



## 2.2 Basic Metals and Agriculture Commodities in Spot Market

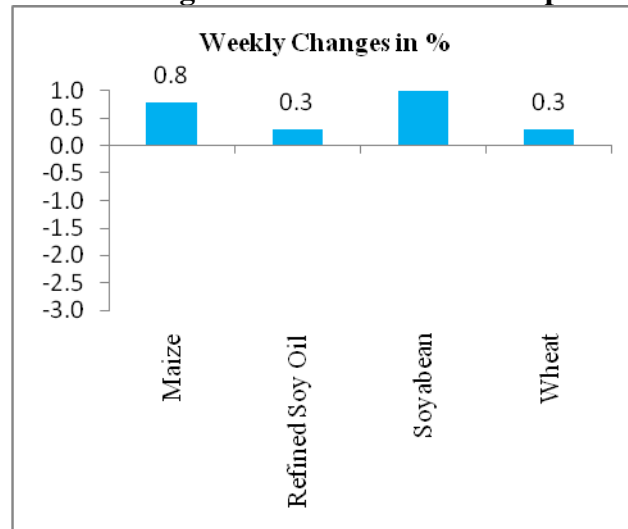
**Performance of Metals Market Spot Prices**



Source: MCX, ASSOCHAM Economic Research Bureau

Note: For details please refer appendix

**Performance Agri Commodities Market Spot Prices**



Source: MCX, ASSOCHAM Economic Research Bureau

Note: For details please refer appendix



### 3. Market Trends

**BSE:** The BSE Sensex decreased by 2.8 per cent and closed at 28,503.3

**NSE:** Nifty decreased by 2.8 per cent during the week and closed at 8647.75

**Dollar:** The value of Rupee depreciated by Rs. 0.05 against the US dollar during the week and closed at Rs 62.67 per dollar.

**Euro:** The value of Rupee appreciated by Rs. 1.54 against the Euro and closed at Rs. 66.42 per euro.

**Forex Reserves:** India's Foreign Exchange reserves decreased by USD 0.28 billion to USD 337.79 billion during the week-ended March 06, 2015.



## 4. Global Developments

### 4.1 G20 GDP growth steady at 0.9% in the fourth quarter of 2014

Gross Domestic Product (GDP) in the G20 area grew by 0.9% in the fourth quarter of 2014, the same rate as in the previous quarter, according to preliminary estimates. However, patterns diverged across countries.

Among G20 economies, India recorded the strongest growth in the fourth quarter, followed by China (1.6% and 1.5%, respectively) although growth eased in both countries compared with the previous quarter (from 2.2% and 1.9%, respectively).

GDP growth also eased significantly in the United States (to 0.5%, compared with 1.2% in the previous quarter) and Korea (to 0.4%, compared with 0.9% previously). Growth slowed slightly in Canada (to 0.6%), the United Kingdom (to 0.5%) and France (to 0.1%).

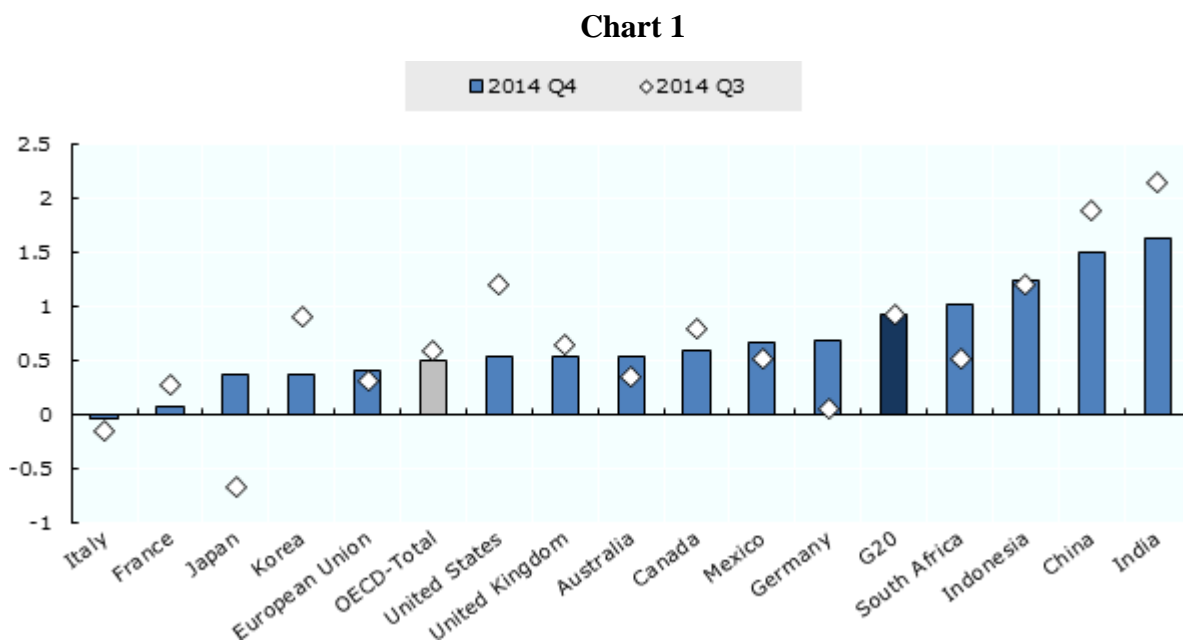
GDP growth accelerated significantly in Germany and South Africa (to 0.7% and 1.0%, compared with 0.1% and 0.5%, respectively, in the previous quarter) and picked up slightly in Australia and Mexico (to 0.5% and 0.7%, respectively).

Following contractions in the previous quarter, GDP grew in Japan (by 0.4% in the fourth quarter, compared with minus 0.7% in the third quarter) and remained stable in Italy (compared with minus 0.1%).

Compared with the same quarter of 2013, GDP for the G20 area expanded by 3.4% in the fourth quarter of 2014 compared with 3.3% in the previous quarter, with India recording the highest growth rate (7.5%), followed by China (7.3%), and Japan recording the largest contraction (minus 0.7%).

For 2014 as a whole, GDP rose by 3.4% in the G20 area, up from 3.2% in 2013.

Refer Chart 1



Note: Growth rates presented in this chart are based on data with more than one decimal.

Source: OECD

## 4.2 UK Trade, January 2015

- UK Trade shows the extent of import and export activity and is a key contributor to the overall economic growth of the UK.
- Seasonally adjusted, the UK's deficit on trade in goods and services was estimated to have been

£0.6 billion in January 2015, compared with £2.1 billion in December 2014. This reflects a deficit of £8.4 billion on goods, partially offset by an estimated surplus of £7.8 billion on services.

- The sharp narrowing of the deficit reflects a fall of £2.5 billion in imports. Almost half of this fall (£1.2 billion) is attributed to oil imports, where trade remains volatile due to the well publicized oil price movements. The fall in oil imports is largely from countries outside the European Union (EU). In addition there were falls in all of the main commodities imported from the EU.
- In the 3 months to January 2015 the UK's deficit on trade in goods and services was estimated to have been £4.4 billion; almost half of the deficit in the 3 months to October 2014 (£8.0 billion). The latest 3 monthly deficit is the smallest since the 3 months to October 2000. This mainly reflects a 7.3% rise in exports of goods to countries outside the EU and falls in imports of goods from both EU and non-EU countries.

Table 4

**Table 4**  
**Balance of UK Trade in Goods and Services, January 2015**

		Balance of trade in goods			Balance of trade in services	Total trade balance
		EU	Non-EU	Total		
<b>2014</b>	Jan	-6.8	-4.1	-10.9	6.7	-4.3
	Nov	-6.7	-2.6	-9.3	7.7	-1.6
	Dec	-6.8	-3.1	-9.9	7.8	-2.1
<b>2015</b>	Jan	-6.7	-1.7	-8.4	7.8	-0.6

Source: Office for National Statistics, UK

## 5. Data Appendix

**Table 5**  
**Latest Available Financial Information**

Item	February 27, 2015	March 06, 2015	Percentage Change
Deposits of Scheduled Commercial Banks with RBI (Rs. Billion)	3596.13	3665.93	1.9
Foreign Currency Assets of RBI (Rs. Billion)	19497.89	19623.28	0.6
Advances of RBI to the Central Government (Rs. Billion)	-----	-----	-----
Advances of RBI to the Scheduled Commercial Banks (Rs. Billion)	925.02	752.11	-18.7

Source: RBI, Govt. of India

**Table 6**  
**BSE Sensex and NSE Nifty Index**

Index	March 9, 2015	March 13, 2015	Percentage Change
BSE SENSEX	29316.54	28503.3	-2.8
S & P CNX NIFTY	8891.15	8647.75	-2.8

Source: BSE India and NSE India

**Table 7**  
**Metals Market Spot Prices Index (Rs.)**

Products	Unit	March 2015					Weekly Changes in %
		9 <sup>th</sup>	10 <sup>th</sup>	11 <sup>th</sup>	12 <sup>th</sup>	13 <sup>th</sup>	
Aluminium	1 KGS	110.20	109.70	110.05	109.00	109.30	-0.8
Copper	1 KGS	357.80	368.65	362.70	360.50	366.70	2.5
Cotton	1 BALES	14780.00	14810.00	14770.00	14800.00	14870.00	0.6
Lead	1 KGS	113.60	113.30	113.65	113.40	112.30	-1.1
Natural Gas	1 mmBtu	176.60	167.70	171.30	177.20	171.10	-3.1
Nickel	1 KGS	902.00	882.30	876.70	864.80	867.90	-3.8
Tin	1 KGS	1128.75	1118.50	1111.25	1088.75	1090.75	-3.4

Zinc	1 KGS	125.55	125.55	125.95	125.10	125.35	-0.2
Gold	10 GRMS	26139.00	25933.00	25882.00	25805.00	25872.00	-1.0
Silver	1 KGS	35979.00	35610.00	35449.00	35284.00	35340.00	-1.8

Source: MCX

**Table 8**  
**Agri Commodities Market Spot Prices (Rs.)**

Products	Unit	March 2015					Weekly Changes in %
		9 <sup>th</sup>	10 <sup>th</sup>	11 <sup>th</sup>	12 <sup>th</sup>	13 <sup>th</sup>	
Maize	100 KGS	1255.00	1255.00	1265.00	1267.50	1265.00	0.8
Refined Soy Oil	10 KGS	625.00	625.00	626.50	626.85	626.85	0.3
Soyabean	100 KGS	3333.50	3333.50	3361.50	3375.00	3377.50	1.3
Wheat	100 KGS	1670.0	1675.0	1675.0	1675.0	1675.0	0.3

Source: MCX

## **ASSOCHAM Economic Research Bureau**

ASSOCHAM Economic Research Bureau (AERB) is the research division of the Associated Chambers of Commerce and Industry of India. The Research Bureau undertakes studies on various economic issues, policy matters, financial markets, international trade, social development, sector wise performance and monitoring global economy dynamics.

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**ASSOCHAM Financial Pulse (AFP)** as an analytical tool tracks quarterly financial performance of India Inc; forming strong inter-linkages with the real economy and presents sectoral insights and outlook based on financial indicators, demand signals and corporate dividend activity.

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ASSOCHAM derives its strength from the following Promoter Chambers: Bombay Chamber of Commerce and Industry, Mumbai; Cochin Chamber of Commerce and Industry, Cochin; Indian Merchant's Chamber, Mumbai; The Madras Chamber of Commerce and Industry, Chennai; PHD Chamber of Commerce and Industry, New Delhi.

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Empower Indian enterprise by inculcating knowledge that will be the catalyst of growth in the barrier less technology driven global market and help them upscale, align and emerge as formidable player in respective business segment

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