ASSOCHAM Economic Weekly
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THE ASSOCIATED CHAMBERS OF COMMERCE AND INDUSTRY OF INDIA

Contents

1. Macroeconomy

1.1 NSS 68 Round Highlights of Employment and Unemployment Situation Among Social Groups in India

- About 68.8 per cent of the households in India belonged to rural areas and accounted for about 71.2 per cent of the total population.
- Nearly 8.8 per cent of the households in the country belonged to scheduled tribes (ST), about 18.7 per cent belonged to scheduled castes (SC) and about 43.1 per cent belonged to the other backward class (OBC).
- In rural areas, 11.2 per cent of the households belonged to ST, 20.9 per cent to SC, 44.2 per cent to OBC while in urban areas, the corresponding proportions were 3.5 per cent, 13.8 per cent and 40.9 per cent, respectively.
- The proportion of persons belonging to ST, SC and OBC categories were about 8.7 per cent, 18.8 per cent and 44 per cent, respectively, at the all-India level. The corresponding proportions were 10.8 per cent, 20.7 per cent and 45.1 per cent, respectively in rural areas and about 3.4 per cent, 14.3 per cent and 41.4 per cent, respectively in urban areas.
- In rural areas, the household size was the highest among OBC (4.6) and for each of the remaining social groups it was 4.4.
- In urban areas, the household size was the highest among SC (4.2) and the lowest among the ST and others (3.9 each) and it was 4.1 among OBC.
- In rural areas, sex ratio was the highest for OBC (965 females per 1000 males) and the lowest for others (942 females per 1000 males).

- In urban areas the sex ratio was the highest for SC (946 females per 1000 males) while it was the lowest for ST (884 females per 1000 males).
- In rural India, proportion of households with self-employment as the major source of income was the highest among others category (58.4 per cent) followed by OBC (52.9 per cent), ST (49.5 per cent) and SC (33.7 per cent).
- In urban India, proportion of households with self-employment as the major source of income was higher among OBC (37.8 per cent) and others (36.9 per cent) than among the SC (26.8 per cent) or ST (19.5 per cent) households.
- In rural India, proportion of households with casual labour as the major source of income was much higher among SC (52.6 per cent) and ST (about 38.3 per cent) than among the OBC (32.1 per cent) and 'others' (21 per cent).
- In urban India, proportion of households with income from casual labour as major source, was higher among the SC and ST (20.5 per cent and 18 per cent, respectively) than among OBC (14.3 per cent) or others (5.9 per cent).
- In rural India, proportion of households with regular wage/salary earning as the major source was the highest among others category (13.3 per cent) followed by OBC (9 per cent), SC (8.5 per cent) and ST (6.3 per cent).
- In urban India, proportion of households with regular wage/salary earning as the major source was the highest for ST (46.5 per cent) followed by others (44.5 per cent), SC (44 per cent) and OBC (37.6 per cent).

1.2 India Signs Loan Agreement with ADB

The Asian Development Bank (ADB) and the Government of India signed $300 million loan agreement aimed at improving the road connectivity and increasing the domestic and regional trade along the North Bengal-North Eastern Region (NER).

The loan is the first tranche under $500 million multi-tranche South Asian Sub-regional Economic Cooperation (SASEC) Road Connectivity Investment Program. Under this program, about 500 km of roads will be constructed.

The project will improve road connectivity and efficiency of the international trade corridors by expanding roads in North Bengal and North-Eastern Region of the country. The investment on the 'last mile' connectivity will contribute to achieve the objective of regionally balanced and inclusive growth of remote and economically lagging regions, he added.

The tranche 1 project will construct two national highways totaling about 150 km in West Bengal and State roads totaling about 180 km in Manipur, extending to Myanmar. The project is expected to be completed by December 31, 2021.

ADB's loan of $300 million makes-up nearly 71% of the total project cost of about $425 million, with the central and state governments providing counterpart finance of about $125 million. The loan has a 25-year repayment term, including a five-year grace period with an annual interest rate determined in accordance with ADB`s LIBOR-based lending facility.

2. Corporate Sector

2.1 RBI Survey on Foreign Collaboration in Indian Industry: 2012–2014

The Reserve Bank of India has conducted tenth round of the Survey on Foreign Collaboration in Indian Industry covering the years 2012-13 and 2013-14.

This survey captures comprehensive information on various aspects of operations of Indian companies having technical collaboration with foreign companies during the reference period as per the schedule. In the tenth survey round, 866 Indian companies responded, of which, 303 companies reported 528 foreign technical collaboration (FTC) agreements. The highlights of the survey results are presented below:

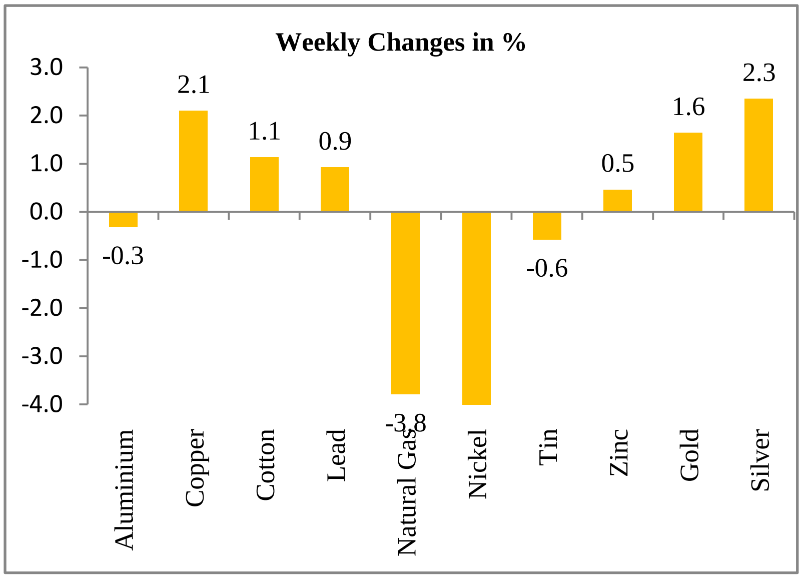
Highlights:

- Coverage: Out of the 303 companies which reported agreements during the period 2012-14, 160 were foreign subsidiaries (single foreign investor holding more than 50 per cent of total equity), 94 were foreign associates (foreign investors holding ranging between 10 per cent and 50 per cent of total equity), 9 had pure technical collaboration and the remaining 40 companies had less than 10 per cent foreign equity participation and/or had only outward investment.
- Industry-wise distribution of agreements: The share of manufacturing sector in the total FTC agreements increased substantially while that of services sector decreased in the tenth round. The share of construction sector and agriculture-related activities was higher when compared with the ninth round of the survey.

- Country-wise distribution of agreements: In terms of source of technology transfer, Japan, USA and Germany were the top three countries which together accounted for 51 per cent share in total FTC agreements of responding companies during the survey period.
- Type of assets transferred: Among the FTC agreements reported by companies, the share of agreements providing "Know-how transfer" increased to 66.9 per cent from 45.8 per cent in the ninth round of the survey.
- Modes of Payment: The share of agreements involving (a) royalty and lump-sum technical fees, (b) only royalty and (c) only lump-sum technical fees stood at 30.5 per cent, 48.1 per cent and 21.4 per cent, respectively during the survey period.
- Export restrictive clauses: The proportion of FTC agreements with export restrictive clauses increased marginally in the manufacturing sector, when compared with the previous survey round. An analysis of country-wise agreements shows that the share of agreements with export restrictive clauses increased with USA, United Kingdom, Italy, and Switzerland and decreased with Japan, Germany, Korea and France.
- Provision of exclusive rights: Any provision of exclusive rights to an Indian company in FTC agreement restricts the foreign collaborator from transferring such assets to other parties operating in India. The proportion of agreements providing exclusive rights on assets transferred under the agreements increased significantly in manufacturing sector and services sector vis-à-vis the previous survey round.
- Value of Production: Total value of production of the FTC reporting companies increased from Rs. 1826.7 billion in 2012-13 to Rs. 1954.2 billion in 2013-14. The share of manufacturing sector in the total production improved significantly, while the share of services sector shrank when compared with the previous survey round.
- Profitability: The average profitability of FTC reporting companies measured by ratio of gross profit to the capital employed increased from 10.0 per cent in 2010-12 to 14.8 per cent in 2012-14.
- Exports and Imports: Total exports of FTC reporting companies increased from Rs. 182.8 billion in 2012-13 to Rs. 203.7 billion in 2013-14 with manufacturing sector constituting the dominant share in exports. Imports of the FTC reporting companies increased marginally from Rs. 452.5 billion to Rs. 476.8 billion over this period with manufacturing sector holding the dominant share of import payments made by the FTC companies.

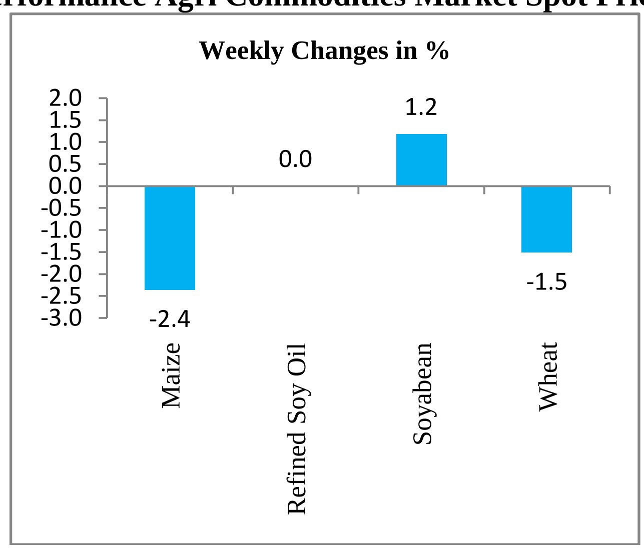
2.2 Basic Metals and Agriculture Commodities in Spot Market

Performance of Metals Market Spot Prices



Source: MCX, ASSOCHAM Economic Research Bureau
Note: For details please refer appendix

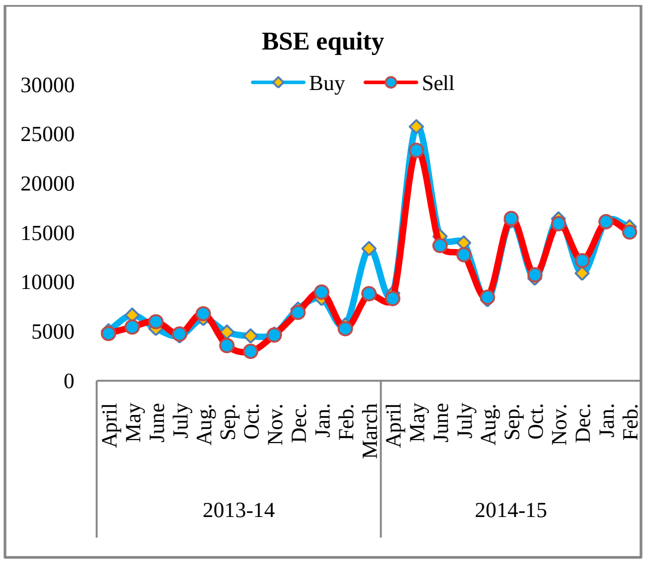
Performance Agri Commodities Market Spot Prices

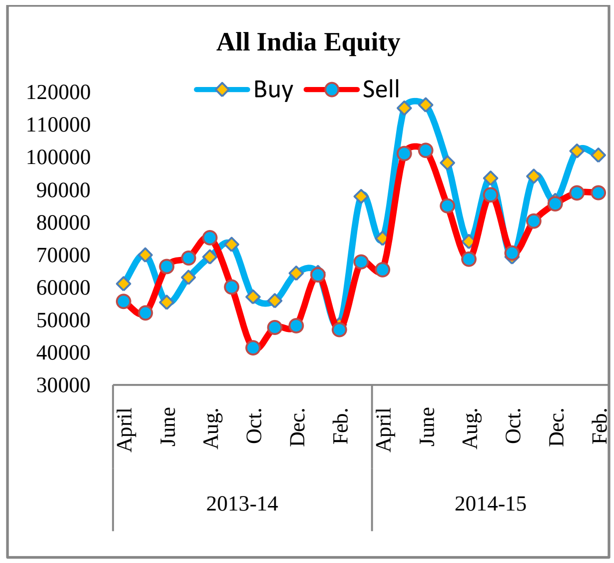


Source: MCX, ASSOCHAM Economic Research Bureau
Note: For details please refer appendix

3. Market Trends

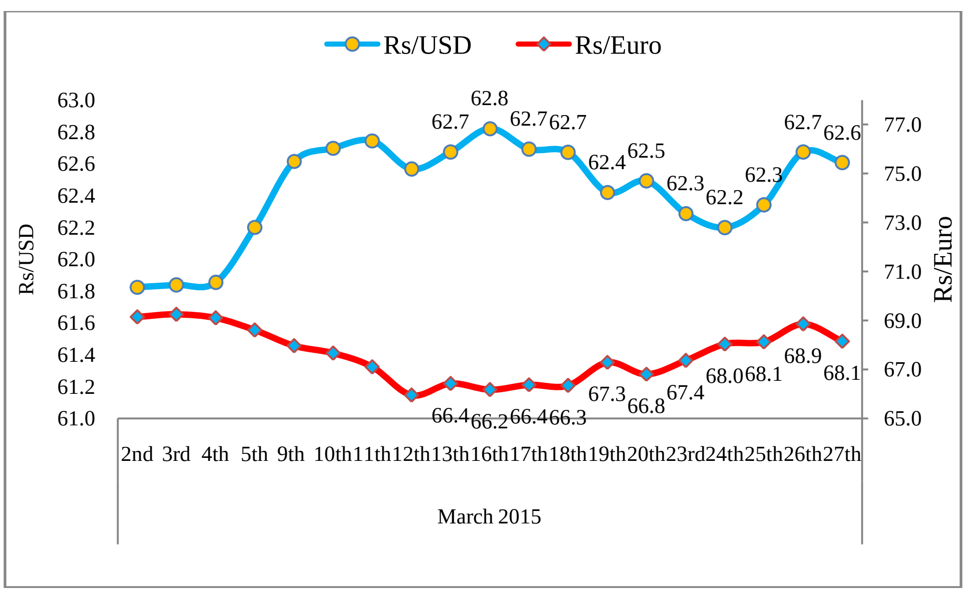
FII Equity Flows Equity (Rs. Crore)

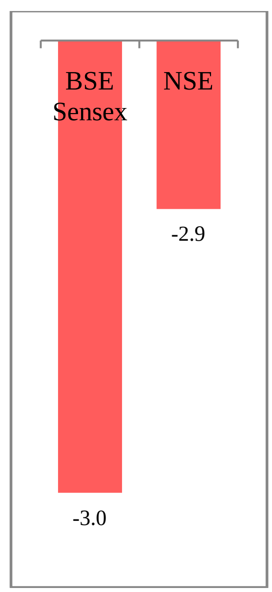




Source: BSE and ASSOCHAM Economic Research Bureau

Exchange Rate **Market Variation**





Source: RBI, BSE, NSE and ASSOCHAM Economic Research Bureau

4. Global Developments

4.1 U S Real gross domestic product, Q4 2014

According to the US Bureau of Economic Analysis, Real gross domestic product increased at an annual rate of 2.2 percent in the fourth quarter of 2014. In the third quarter, real GDP increased 5.0 percent.

The increase in real GDP in the fourth quarter reflected positive contributions from PCE, nonresidential fixed investment, exports, state and local government spending, and residential fixed investment that were partly offset by negative contributions from federal government spending and private inventory investment. Imports, which are a subtraction in the calculation of GDP, increased.

The deceleration in real GDP growth in the fourth quarter primarily reflected an upturn in imports, a downturn in federal government spending, a deceleration in nonresidential fixed investment, and a larger decrease in private inventory investment that were partly offset by accelerations in PCE and in state and local government spending.

The price index for gross domestic purchases, which measures prices paid by U.S. residents, decreased 0.1 percent in the fourth quarter, the same decrease as in the second estimate; this index increased 1.4 percent in the third quarter. Excluding food and energy prices, the price index for gross domestic purchases increased 0.7 percent, compared with an increase of 1.6 percent.

Real personal consumption expenditures increased 4.4 percent in the fourth quarter, compared with an increase of 3.2 percent in the third. Durable goods increased 6.2 percent, compared with an increase of 9.2 percent. Nondurable goods increased 4.1 percent, compared with an increase of 2.5 percent. Services increased 4.3 percent, compared with an increase of 2.5 percent.

Real nonresidential fixed investment increased 4.7 percent in the fourth quarter, compared with an increase of 8.9 percent in the third. Investment in nonresidential structures increased 5.9 percent, compared with an increase of 4.8 percent. Investment in equipment increased 0.6 percent, compared with an increase of 11.0 percent. Investment in intellectual property products increased 10.3 percent, compared with an increase of 8.8 percent. Real residential fixed investment increased 3.8 percent, compared with an increase of 3.2 percent.

Real exports of goods and services increased 4.5 percent in the fourth quarter, the same increase as in the third quarter. Real imports of goods and services increased 10.4 percent, in contrast to a decrease of 0.9 percent.

Real federal government consumption expenditures and gross investment decreased 7.3 percent in the fourth quarter, in contrast to an increase of 9.9 percent in the third. National defense decreased 12.2 percent, in contrast to an increase of 16.0 percent. Nondefense increased 1.5 percent, compared with an increase of 0.4 percent. Real state and local government consumption expenditures and gross investment increased 1.6 percent, compared with an increase of 1.1 percent.

The change in real private inventories subtracted 0.10 percentage point from the fourth-quarter change in real GDP after subtracting 0.03 percentage point from the third-quarter change. Private businesses increased inventories $80.0 billion in the fourth quarter, following increases of $82.2 billion in the third quarter and $84.8 billion in the second.

Real final sales of domestic product - GDP less change in private inventories - increased 2.3 percent in the fourth quarter, compared with an increase of 5.0 percent in the third.

Table 1
Real Gross Domestic Product and Related Measures
(Percent Change From Preceding Period)

		2013				2014			
	2014	I	II	III	IV	I	II	III	IV
1 Gross domestic product (GDP)	2.4	2.7	1.8	4.5	3.5	–2.1	4.6	5	2.2

2 Personal consumption expenditures	2.5	3.6	1.8	2	3.7	1.2	2.5	3.2	4.4
3 Goods	3.4	5.9	1.3	3.5	3.7	1	5.9	4.7	4.8
4 Durable goods	6.9	8.5	4.5	4.9	5.7	3.2	14.1	9.2	6.2
5 Nondurable goods	1.8	4.8	–0.2	2.8	2.7	0	2.2	2.5	4.1
6 Services	2.1	2.4	2	1.3	3.7	1.3	0.9	2.5	4.3
7 Gross private domestic investment	5.8	7.6	6.9	16.8	3.8	–6.9	19.1	7.2	3.7
8 Fixed investment	5.3	2.7	4.9	6.6	6.3	0.2	9.5	7.7	4.5
9 Nonresidential	6.3	1.5	1.6	5.5	10.4	1.6	9.7	8.9	4.7
10 Structures	8.2	–11.5	7.3	11.2	12.8	2.9	12.6	4.8	5.9
11 Equipment	6.4	4.8	1.5	4.7	14.1	–1.0	11.2	11	0.6
12 Intellectual property products	4.8	6.5	–2.0	2.8	3.6	4.6	5.5	8.8	10.3
13 Residential	1.6	7.8	19	11.2	–8.5	–5.3	8.8	3.2	3.8
14 Change in private inventories									
15 Net exports of goods and services									
16 Exports	3.2	–0.8	6.3	5.1	10	–9.2	11.1	4.5	4.5
17 Goods	4	–0.9	8.3	5.7	13.6	–11.9	14.3	7.5	2.4
18 Services	1.4	–0.8	2	3.6	2.3	–2.8	4	–1.9	9.2
19 Imports	4	–0.3	8.5	0.6	1.3	2.2	11.3	–0.9	10.4
20 Goods	4.1	0.5	8.5	0.1	0.9	2.5	12.5	–1.3	10.4
21 Services	3.6	–4.1	8.5	2.8	3.5	1	5.6	1	10
22 Government consumption expenditures and gross investment	–0.2	–3.9	0.2	0.2	–3.8	–0.8	1.7	4.4	–1.9
23 Federal	–1.9	–9.9	–3.5	–1.2	–10.4	–0.1	–0.9	9.9	–7.3
24 National defense	–2.1	–10.9	–2.1	0.4	–11.4	–4.0	0.9	16	–12.2
25 Nondefense	–1.5	–8.2	–5.8	–3.9	–8.6	6.6	–3.8	0.4	1.5
26 State and local	1	0.3	2.7	1.1	0.6	–1.3	3.4	1.1	1.6

Source: US Bureau of Economic Analysis

4.2 China's Industrial Profits Decreased from January to February 2015

From January to February, the industrial profits of enterprises above designated size achieved 745.24 billion yuan, a year-on-year decrease of 4.2 percent.

From January to February, the profits of state-holding industrial enterprises above designated size gained 134.24 billion yuan, decreased 37.0 percent year-on-year; that of collective-owned enterprises reached 6.68 billion yuan, remained at the same level year-on-year; that of joint-stock enterprises stood at 473.95 billion yuan, decreased 7.0 percent; that of foreign funded enterprises, and enterprises funded from Hong Kong, Macao and Taiwan achieved 184.27 billion yuan, increased 2.2 percent; and that of private enterprises gained 289.59 billion yuan, increased 9.1 percent.

From January to February, the profits of mining and quarrying gained 38.86 billion yuan, decreased 62.6 percent year-on-year; that of manufacturing was 623.68 billion yuan, increased 2.2 percent; that of production and distribution of electricity, gas and water reached 82.7 billion yuan, went up by 29.8 percent.

From January to February, within 41 branches of industrial divisions, the industrial profits of 30 industrial divisions increased year-on-year, that of 1 kept at the same level, that of 8 decreased, that of 1 turned gain into loss, and the amount of loss of 1 industrial division increased year-on-year. In view of the profit growth of major industries, the profits of processing of food from agricultural products increased 8.3 percent year-on-year, that of manufacture of textile increased 8.8 percent, that of manufacture of chemical raw material and chemical products increased 1.1 percent, that of manufacture of non-metallic mineral products increased 3.1 percent, that of manufacture and processing of non-ferrous metals increased 12.5 percent, that of manufacture of general-purpose machinery increased 4.2 percent, that of manufacture of electrical machinery and equipment increased 9.4 percent, that of manufacture of computer, communication equipment and other electronic equipment increased 48.4 percent, that of production and supply of electric power and heat power increased 30.7 percent, that of mining and washing of coal decreased 62.6 percent, hat of extraction of petroleum and natural gas decreased 74.9 percent, that of manufacture and processing of ferrous metals increased 10.8 percent, that of manufacture of special-purpose machinery decreased 1.1 percent, that of manufacture of motor vehicles decreased 5.4 percent, that of processing of petroleum, coking, processing of nucleus fuel turned gain into loss over the same period.

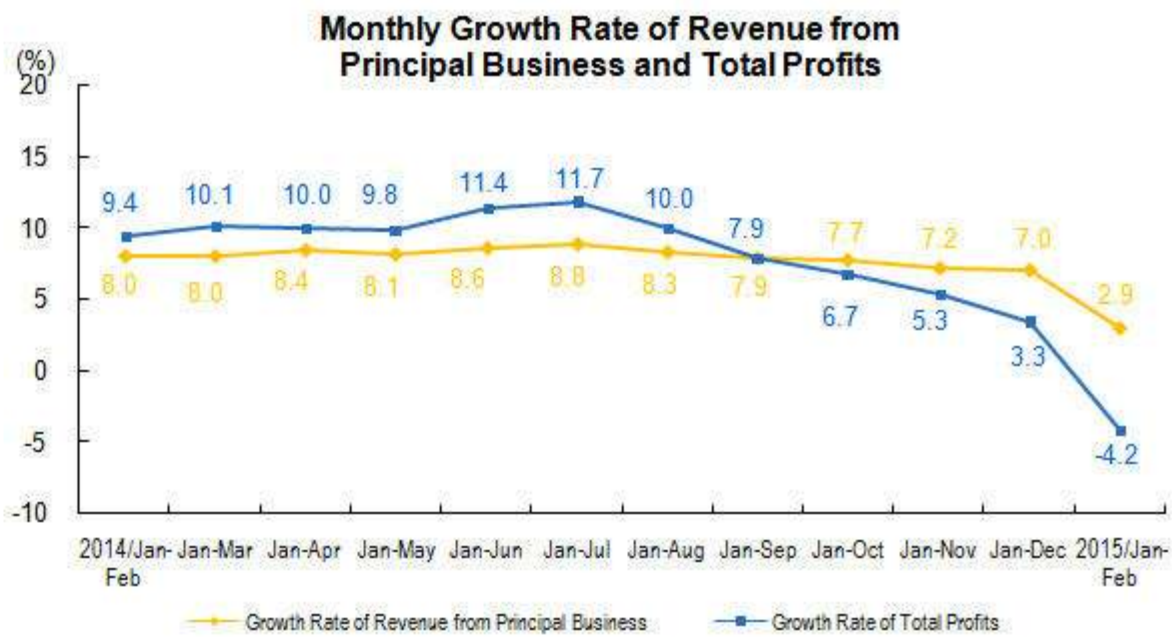
From January to February, the revenue from principal business of enterprises above designated reached 15,194.13 billion yuan, increased 2.9 percent year-on-year. The main business cost was 12,999.26 billion yuan, increased 3.3 percent.

By the end of February, the total assets of industrial enterprises above designated size was 90,439.45 billion yuan, increased 8.4 percent year-on-year; the total liabilities reached 51,450.83

45 billion yuan, increased 6.9 percent; the total owners' equity was 38,988.62 billion yuan, increased 10.5 percent.

By the end of February, the total volume of receivable accounts for industrial enterprises above designated hit 9,991.83 billion yuan, went up by 10.8 percent year-on-year. The total value of finished products for industrial enterprises accounted for 3,563.23 billion yuan, went up by 8.5 percent.

From January to February, the profit margin from principal business of industrial enterprises above designated size hit 4.9 percent, the cost of revenue from principal business for per hundred yuan stood at 85.55 yuan, the revenue from principal business brought by per hundred yuan assets was 100.8 yuan, the revenue from principal business per capita was 1006 thousand yuan, the asset-liability ratio reached 56.9 percent, the turnover days of finished goods were 16.4 days, and the days sales outstanding hit an average of 39.5 days.



Source: National Bureau of Statistics of China

5. Data Appendix

Table 2
Latest Available Financial Information

Item	Mar. 13, 2015	Mar. 20, 2015	Percentage Change
Deposits of Scheduled Commercial Banks with RBI (Rs. Billion)	3,602.66	3,730.74	3.56
Foreign Currency Assets of RBI (Rs. Billion)	19,634.58	19,866.66	1.18
Advances of RBI to the Central Government (Rs. Billion)			
Advances of RBI to the Scheduled Commercial Banks (Rs. Billion)	1,142.59	1,582.02	38.46
Foreign Exchange Reserves (US$ Billion)	335.7	340.0	1.27

Source: RBI, Govt. of India

Table 3
BSE Sensex and NSE Nifty Index

Index	Mar. 23, 2015	Mar. 27, 2015	Percentage Change
BSE SENSEX	28,317.3	27,458.6	-3.0
S & P CNX NIFTY	8,591.6	8,341.4	-2.9

Source: BSE India and NSE India

Table 4
Metals Market Spot Prices Index (Rs.)

Products	Unit	March 2015					Weekly Changes in %
		23rd	24th	25th	26th	27th	
Aluminium	1 KGS	111.3	111.1	110.0	111.8	111.0	-0.3
Copper	1 KGS	380.4	383.1	384.4	383.8	388.4	2.1
Cotton	1 BALES	14970.0	14990.0	15010.0	15070.0	15140.0	1.1
Lead	1 KGS	113.6	113.9	114.1	115.5	114.6	0.9
Natural Gas	1 mmBtu	174.1	170.2	173.3	169.8	167.5	-3.8
Nickel	1 KGS	884.2	872.2	852.7	853.1	830.0	-6.1
Tin	1 KGS	1089.3	1090.0	1084.5	1082.0	1083.0	-0.6
Zinc	1 KGS	128.9	128.7	128.8	131.3	129.5	0.5
Gold	10 GRMS	26056.0	26231.0	26267.0	26720.0	26484.0	1.6
Silver	1 KGS	37073.0	37698.0	37629.0	38208.0	37944.0	2.3

Source: MCX

Table 5
Agri Commodities Market Spot Prices (Rs.)

Products	Unit	March 2015					Weekly Changes in %
		23rd	24th	25th	26th	27th	
Maize	100 KGS	1275.0	1275.0	1245.0	1241.5	1245.0	-2.4
Refined Soy Oil	10 KGS	630.0	629.7	629.7	630.4	630.0	0.0
Soyabean	100 KGS	3380.0	3366.5	3403.5	3392.5	3420.0	1.2
Wheat	100 KGS	1660.0	1655.0	1655.0	1650.0	1635.0	-1.5

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 Business Barometer (ABB) are based on the surveys conducted by the Research Team to take note of the opinion of leading CEOs, MDs, CFOs, economists and experts in various fields.

ASSOCHAM Investment Meter (AIM) keeps the track of the investment announcements by the private sector in different sectors and across the various states and cities.

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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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THE KNOWLEDGE CHAMBER

Evolution of Value Creator ASSOCHAM initiated its endeavor of value creation for Indian industry in 1920. It has witnessed upswings as well as upheaval of Indian Economy and contributed significantly by playing a catalytic role in shaping up the Trade, Commerce and Industrial environment of the country.

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.

VISION

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

MISSION

As representative organ of Corporate India, ASSOCHAM articulates the genuine, legitimate needs and interests of its members. Its mission is to impact the policy and legislative environment so as to foster balanced economic industrial and social development. We believe education, health, agriculture and environment to be the critical success factors.

GOALS

To ensure that the voice and concerns of ASSOCHAM are taken note of by policy makers and legislators. To be proactive on policy initiatives those are in consonance with our mission. To strengthen the network of relationships of national and international levels/forums. To develop learning organization, sensitive to the development needs and concerns of its members. To broad-base membership. Knowledge sets the pace for growth by exceeding the expectation, and blends the wisdom of the old with the needs of the present.