



ASSOCHAM Economic Weekly
1st November, 2015



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1. Macroeconomy



1.1 Central Government Fiscal situation

Center's fiscal deficit in the first half of the current fiscal stood at Rs 3.78 lakh crore, or 68.1 per cent, of the Budget estimate (BE) for the whole year. The fiscal situation in April-September showed improvement over the year ago as the deficit then stood at 82.6 per cent of the Budget estimate of 2014-15. Centre's

The fiscal deficit - the gap between expenditure and revenue -- for the entire current fiscal has been pegged at Rs 5.55 lakh crore.

Total receipts from revenue and non-debt capital of the government during the first six months read Rs 5.31 lakh crore. The government estimates Rs 12.21 lakh crore receipts at end-March 2016.

Tax revenue came in at Rs 3.69 lakh crore, or 40.2 per cent, of the full year BE of Rs 9,19,842 crore.

The government's Plan expenditure during the period was Rs 2,53,816 core, 54.6 per cent of the full-year BE. During the same period last year, the government had managed to achieve 42.8 per cent of Plan expenditure estimate. The non-Plan expenditure during April-September of 2015-16 was Rs 6.56 lakh crore, or about 50 per cent of the whole-year estimate.

The total expenditure (Plan and non-Plan) was Rs 9.10 lakh crore as against the government's estimate for the current fiscal at Rs 17.77 lakh crore.

The revenue deficit during the six months period stood at 2.69 lakh crore, or 68.2 per cent, of BE for 2015-16.

Table 1
The State of Finances of Union Government
at the end of September 2015

(Rs. crores)

		Budget Estimates	Actual @ upto	% of Actual to Budget	
		2015-16*	September	Current	COPPY**
		Rs.	Rs.		
1	Revenue Receipts	1141575	513369	45.0	(35.1)
2	Tax Revenue (Net)	919842	369736	40.2	(33.1)
3	Non-Tax Revenue	221733	143633	64.8	(44.6)
4	Non-Debt Capital Receipts	80253	18613	23.2	(7.2)
5	Recovery of Loans	10753	5810	54.0	(49.5)
6	Other Receipts	69500	12803	18.4	(0.2)
7	Total Receipts (1+4)	1221828	531982	43.5	(33.5)
8	Non-Plan Expenditure	1312200	656729	50.0	(50.5)
9	On Revenue Account	1206027	611379	50.7	(51.0)
	(i) of which Interest Payments	456145	197653	43.3	(43.5)
10	On Capital Account	106173	45350	42.7	(45.2)
	(i) of which Loans disbursed	1036	9995	964.8	(1319.4)
11	Plan Expenditure	465277	253816	54.6	(42.8)
12	On Revenue Account	330020	170998	51.8	(42.9)
13	On Capital Account	135257	82818	61.2	(42.4)
14	(i) of which Loans disbursed	23076	14061	60.9	(61.6)
	Total Expenditure (8+11)	1777477	910545	51.2	(48.0)
15	Fiscal Deficit (14-7)	555649	378563	68.1	(82.6)
16	Revenue Deficit (9+12-1)	394472	269008	68.2	(91.2)
17	Primary Deficit {15-9(i)}	99504	180910	181.8	(243.0)

**COPPY: Corresponding Period of the Previous Year

Source: <http://www.cga.nic.in/>

Table 2
Financing the Deficit
at the end of September 2015

(Rs. crores)

		Budget Estimates	Actual @ upto	% of Actual to Budget
		2015-16*	September	Estimates
			2015	

		Rs.	Rs.	Current	COPPY**
1	External Financing	11173.35	1634.36	15	(55)
2	Domestic Financing	544700.95	376928.46	69	83
(a)	Market Borrowings	486468.01	266561.69	55	(64)
(b)	Securities against Small Savings	22407.52	649.44	3	(-8)
(c)	Deposit Scheme for Retiring Employees	0.00	0	0	(0)
(d)	State Provident Funds	10000.00	656.62	7	(4)
(e)	Special Deposits of Non-Govt. Provident Funds, Insurance Corporation etc.	0.00	663.59		
(f)	National Small Saving Fund	1.09	39538.02		
- i-	Savings Deposit and Certificates	13025.17	12051.70	93	(-36)
- ii-	Public Provident Funds	39000.01	8823.98	23	(26)
-iii-	Investment In Securities	-32744.99	10388.43	-32	(-238)
- iv-	Income/Expenditure of NSSF	-19279.10	8273.91	-43	(-31)
(g)	Others	25824.33	-28131.23	-109	(43)
(h)	Cash Balance {Decrease(+)/ Increase(-)}		7601.33		
(i)	Investment (-) / Disinvestment(+) of Surplus Cash		89389.00		
(j)	Ways & Means Advances				
3	TOTAL FINANCING	555874.30	378562.82	68	(83)

**COPPY: Corresponding Period of the Previous Year

Source: <http://www.cga.nic.in/>

1.2 Sovereign Gold Bond 2015-16

Government of India, in consultation with Reserve Bank of India, has decided to issue Sovereign Gold Bonds. The Bonds will be issued on November 26, 2015. Applications for the bond will be accepted from November 05, 2015 to November 20, 2015. The Bonds will be sold through banks

and designated post offices as may be notified. The borrowing through issuance of the Bond will form part of market borrowing programme of Government of India.

The features of the Bond are given below:

Sl.No.	Item	Details
1	Product name	Sovereign Gold Bond
2	Issuance	To be issued by Reserve Bank India on behalf of the Government of India.
3	Eligibility	The Bonds will be restricted for sale to resident Indian entities including individuals, HUFs, trusts, Universities, charitable institutions.
4	Denomination	The Bonds will be denominated in multiples of gram(s) of gold with a basic unit of 1 gram.
5	Tenor	The tenor of the Bond will be for a period of 8 years with exit option from 5th year to be exercised on the interest payment dates.
6	Minimum size	Minimum permissible investment will be 2 units (i.e. 2 grams of gold).
7	Maximum limit	The maximum amount subscribed by an entity will not be more than 500 grams per person per fiscal year (April-March). A self-declaration to this effect will be obtained.
8	Joint holder	In case of joint holding, the investment limit of 500 grams will be applied to the first applicant only.
9	Frequency	The Bonds will be issued in tranches. Each tranche will be kept open for a period to be notified. The issuance date will also be specified in the notification.
10	Issue price	Price of Bond will be fixed in Indian Rupees on the basis of the previous week's (Monday-Friday) simple average of closing price of gold of 999 purity published by the India Bullion and Jewellers Association Ltd. (IBJA).
11	Payment option	Payment for the Bonds will be through electronic funds transfer/cash payment/ cheque/ demand draft.
12	Issuance form	Government of India Stock under GS Act, 2006. The investors will be issued a Stock/Holding Certificate. The Bonds are eligible for conversion into de-mat form.
13	Redemption price	The redemption price will be in Indian Rupees based on previous week's (Monday-Friday) simple average of closing price of gold of 999 purity published by IBJA.
14	Sales channel	Bonds will be sold through banks and designated Post Offices, as may be notified, either directly or through agents.
15	Interest rate	The investors will be compensated at a fixed rate of 2.75 per cent per annum payable semi-annually on the initial value of investment.
16	Collateral	Bonds can be used as collateral for loans. The loan-to-value (LTV) ratio is to be set equal to ordinary gold loan mandated by the Reserve Bank from time to time.
17	KYC Documenta-tion	Know-your-customer (KYC) norms will be the same as that for purchase of physical gold. KYC documents such as Voter ID, Aadhaar card/PAN or TAN /Passport will be required.
18	Tax treatment	The interest on Gold Bonds shall be taxable as per the provision of Income Tax Act, 1961 (43 of 1961) and the capital gains tax shall also remain same as in the case of physical gold.
19	Tradability	Bonds will be tradable on exchanges/NDS-OM from a date to be notified by RBI.
20	SLR eligibility	The Bonds will be eligible for Statutory Liquidity Ratio.
21	Commission	Commission for distribution shall be paid at the rate of 1% of the subscription amount.

2. Corporate Sector



2.1 Sectoral Deployment of Bank Credit, September 2015

- On a year-on-year (y-o-y) basis, non-food bank credit increased by 8.6 percent in September 2015, same as the increase registered in September 2014
- Credit to agriculture and allied activities increased by 12.8 per cent in September 2015 as compared with the increase of 18.8 per cent in September 2014.
- Credit to industry increased by 4.9 per cent in September 2015 as compared with the increase of 5.9 per cent in September 2014. Deceleration in credit growth to industry was observed in all major sub-sectors barring basic metals, engineering, chemical and chemical products, vehicles and gems and jewellery.
- Credit to the services sector increased by 5.9 per cent in September 2015 as compared with the increase of 5.0 per cent in September 2014.
- Personal loans increased by 18.0 per cent in September 2015, up from the increase of 13.5 per cent in September 2014.

Table 3
Sectoral Deployment of Bank Credit

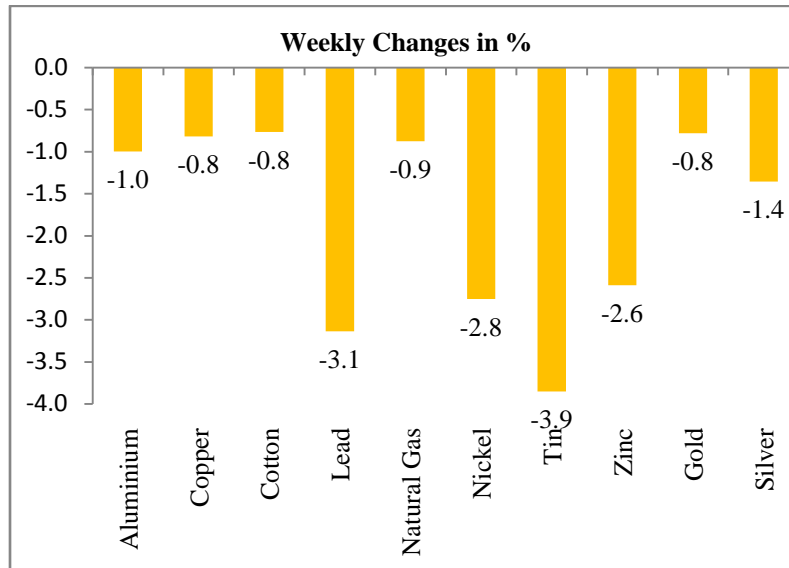
Sector	Sep.19, 2014	Sep.18, 2015	Sep.19, 2014 / Sep.20, 2013	Sep.18, 2015/ Sep.19, 2014
	Outstanding as on (Rs. billion)		Growth (Y-o-Y)	
Gross Bank Credit	57192.8	62016.2	8.6	8.4
Food Credit	1054.3	1029.6	11.1	-2.3
Non-food Credit	56138.5	60986.6	8.6	8.6
Agriculture & Allied Activities	7208.4	8133.1	18.8	12.8
Industry (Micro & Small, Medium and Large)	25070.6	26293.0	5.9	4.9
Micro & Small	3495.6	3674.5	18.1	5.1
Medium	1217.6	1136.5	-3.1	-6.7
Large	20357.4	21482.0	4.7	5.5

Services	13227.4	14013.7	5.0	5.9
Non-Banking Financial Companies (NBFCs)	2925.1	2960.6	-4.3	1.2
Personal Loans	10632.1	12546.7	13.5	18.0
Priority Sector	18929.8	20991.9	15.8	10.9

Source: RBI

2.2 Basic Metals and Agriculture Commodities in Spot Market

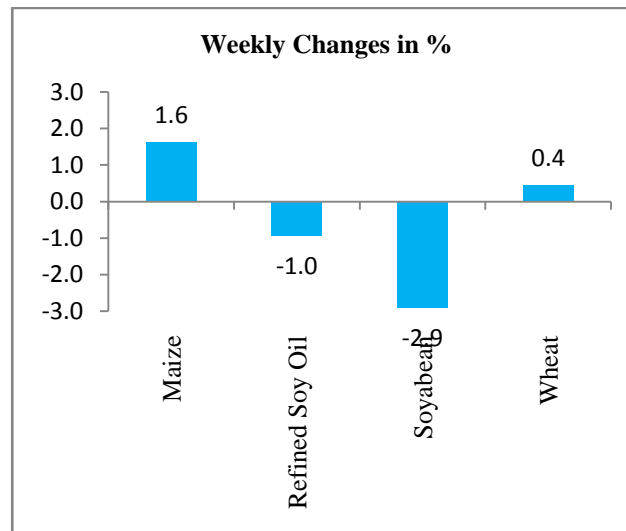
Performance of Metals Market Spot Prices



Source: MCX, ASSOCHAM Economic Research Bureau

Note: For details please refer appendix and weekly change calculated for four days

Performance Agri Commodities Market Spot Prices



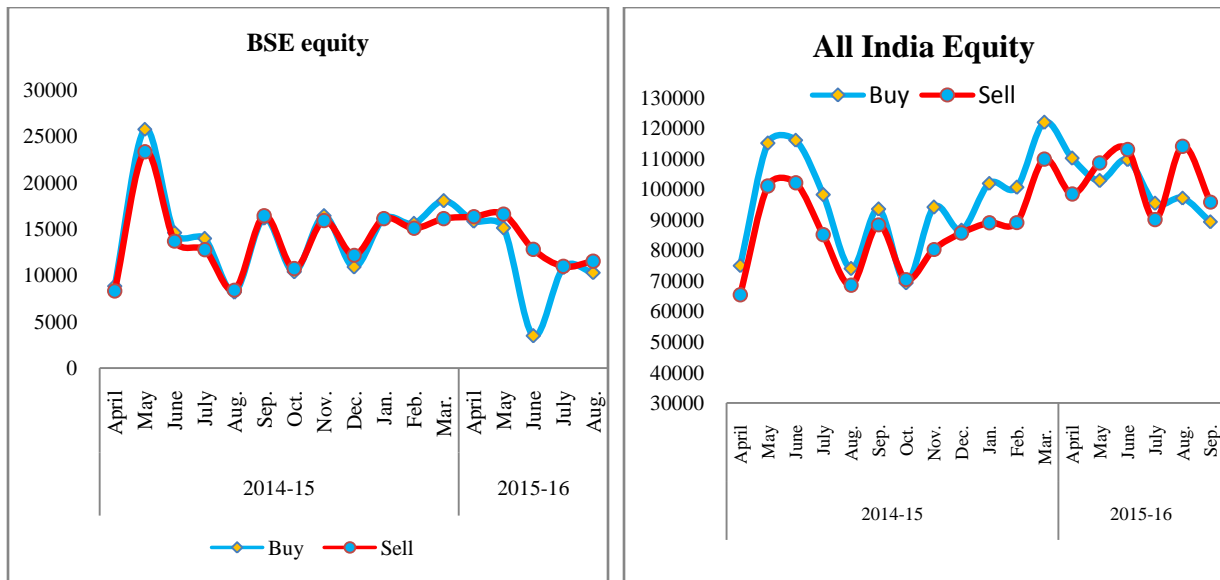
Source: MCX, ASSOCHAM Economic Research Bureau

Note: For details please refer appendix and weekly change calculated for four days



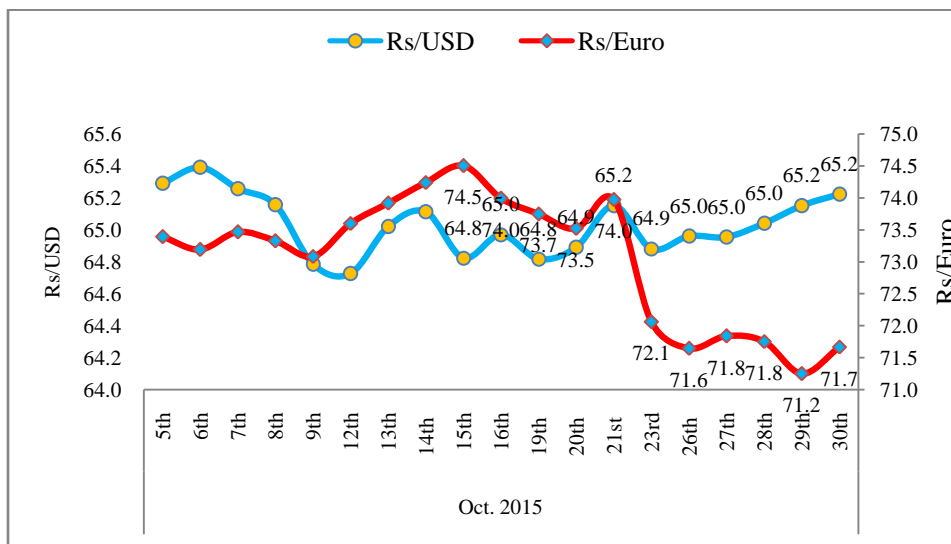
3. Market Trends

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 Euro Area unemployment rate, September 2015

As per the Eurostat, the euro area (EA19) seasonally-adjusted unemployment rate was 10.8% in September 2015, down from 10.9% in August 2015, and from 11.5% in September 2014. This is the lowest rate recorded in the euro area since January 2012. The EU28 unemployment rate was 9.3% in September 2015, down from 9.4% in August 2015, and from 10.1% in September 2014. This is the lowest rate recorded in the EU28 since September 2009.

Eurostat estimates that 22.631 million men and women in the EU28, of whom 17.323 million were in the euro area, were unemployed in September 2015. Compared with August 2015, the number of persons unemployed decreased by 147 000 in the EU28 and by 131 000 in the euro area. Compared with September 2014, unemployment fell by 1.832 million in the EU28 and by 1.194 million in the euro area.

Among the Member States, the lowest unemployment rates in September 2015 were recorded in Germany (4.5%), the Czech Republic (4.8%), Malta (5.1%) and the United Kingdom (5.3% in July 2015), and the highest in Greece (25.0% in July 2015) and Spain (21.6%).

Compared with a year ago, the unemployment rate in September 2015 fell in twenty-three Member States, increased in four and remained stable in Austria. The largest decreases were registered in Spain (from 24.0% to 21.6%), Estonia (from 8.0% to 5.7% between August 2014 and August 2015), Bulgaria (11.3% to 9.4%) and Slovakia (12.9% to 11.0%). The increases were registered in Finland (8.9% to 9.5%), France (10.4% to 10.7%), Romania (6.7% to 6.8%) and Belgium (8.6% to 8.7%).

In September 2015, the unemployment rate in the United States was 5.1%, stable compared to August 2015 and down from 5.9% in September 2014.

Table 4
Seasonally adjusted unemployment, totals

	Rates (%)					Number of persons (in thousands)				
	Sep 14	Jun 15	Jul 15	Aug 15	Sep 15	Sep 14	Jun 15	Jul 15	Aug 15	Sep 15
EA19	11.5	11.0	10.9	10.9	10.8	18 517	17 737	17 497	17 454	17323
EU28	10.1	9.5	9.4	9.4	9.3	24 463	23 196	22 871	22 778	22631
Belgium	8.6	8.9	8.8	8.8	8.7	429	438	435	435	432
Bulgaria	11.3	9.9	9.7	9.6	9.4	381	329	323	319	313
Czech Republic	5.8	5.0	5.0	4.8	4.8	307	264	263	256	252
Denmark	6.5	6.2	6.3	6.3	6.2	190	182	184	185	181
Germany	5.0	4.6	4.6	4.5	4.5	2 092	1 946	1 917	1 891	1869
Estonia	8.0**	6.1	5.8	5.7	:	54**	42	39	40	:
Ireland	10.9	9.5	9.5	9.5	9.4	233	206	206	206	205
Greece	26.3*	25.0	25.0	:	:	1 268*	1 199	1 197	:	:
Spain	24.0	22.3	22.0	21.8	21.6	5 503	5 121	5 032	4 988	4947
France	10.4	10.5	10.6	10.8	10.7	3 067	3 083	3 132	3 179	3160
Croatia	17.0	15.8	15.5	15.4	15.4	324	301	296	294	291
Italy	12.8	12.5	12.0	11.9	11.8	3 281	3 214	3 067	3 051	3016
Cyprus	16.3	15.2	15.2	15.2	15.1	71	65	65	65	64
Latvia	10.8	10.1	10.1	9.9	9.8	105	100	100	98	97
Lithuania	10.3	9.5	9.6	9.6	9.5	152	139	140	141	141
Luxembourg	6.1	5.9	5.9	5.9	5.8	16	16	16	16	16
Hungary	7.5**	6.9	6.8	6.5	:	336**	310	308	296	:
Malta	5.8	5.3	5.2	5.1	5.1	11	10	10	10	10
Netherlands	7.1	6.9	6.8	6.8	6.8	630	611	603	604	609
Austria	5.7	5.8	5.8	5.7	5.7	246	256	253	252	252
Poland	8.5	7.4	7.3	7.2	7.1	1 480	1 269	1 252	1 240	1230
Portugal	13.4	12.3	12.2	12.3	12.2	688	630	628	629	622
Romania	6.7	6.8	6.8	6.8	6.8	619	627	630	626	627
Slovenia	9.6	9.5	9.4	9.3	9.2	96	96	95	93	92
Slovakia	12.9	11.3	11.2	11.1	11.0	352	309	306	303	300
Finland	8.9	9.5	9.5	9.5	9.5	239	255	256	256	256
Sweden	7.9	7.4	7.3	7.2	7.2	410	387	382	378	374
United Kingdom	6.0*	5.5	5.3	:	:	1 948*	1 795	1 739	:	:
Iceland	4.7	4.3	4.3	4.3	4.3	9	8	8	8	8
Norway	3.7**	4.4	4.4	4.6	:	102**	123	121	128	:
United States	5.9	5.3	5.3	5.1	5.1	9 182	8 288	8 292	8 080	7887

Source: Eurostat

Note- : Data not available * July 2014 ** August 2014

4.2 US National Income and Product Accounts Gross Domestic Product, Q3 2015

Real gross domestic product - the value of the goods and services produced by the nation's economy less the value of the goods and services used up in production, adjusted for price changes -- increased at an annual rate of 1.5 percent in the third quarter of 2015, according to the "advance" estimate released by the Bureau of Economic Analysis. In the second quarter, real GDP increased 3.9 percent.

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

Real GDP increased 1.5 percent in the third quarter, after increasing 3.9 percent in the second. The deceleration in real GDP in the third quarter primarily reflected a downturn in private inventory investment and decelerations in exports, in nonresidential fixed investment, in PCE, in state and local government spending, and in residential fixed investment that were partly offset by a deceleration in imports.

Real gross domestic purchases - purchases by U.S. residents of goods and services wherever produced - increased 1.5 percent in the third quarter, compared with an increase of 3.6 percent in the second.

Current-dollar GDP - the market value of the goods and services produced by the nation's economy less the value of the goods and services used up in production - increased 2.7 percent, or \$121.1 billion, in the third quarter to a level of \$18,034.8 billion. In the second quarter, current-dollar GDP increased 6.1 percent, or \$264.4 billion.

Current-dollar personal income increased \$171.6 billion in the third quarter, compared with an increase of \$139.5 billion in the second. The acceleration in personal income primarily reflected an acceleration in wages and salaries and an upturn in farm proprietors' income that were partly offset by a deceleration in personal interest income.

Personal current taxes increased \$15.8 billion in the third quarter, compared with an increase of \$27.3 billion in the second.

Disposable personal income increased \$155.9 billion, or 4.8 percent, in the third quarter, compared with an increase of \$112.2 billion, or 3.4 percent, in the second. Real disposable personal income increased 3.5 percent, compared with an increase of 1.2 percent.

Personal outlays increased \$136.6 billion in the third quarter, compared with an increase of \$182.3 billion in the second.

Personal saving - disposable personal income less personal outlays - was \$636.7 billion in the third quarter, compared with \$617.5 billion in the second.

The personal saving rate - personal saving as a percentage of disposable personal income - was 4.7 percent in the third quarter, compared with an increase of 4.6 percent in the second.

5. Data Appendix

Table 5
Latest Available Financial Information

Item	Oct. 16, 2015	Oct. 23, 2015	Percentage Change
Deposits of Scheduled Commercial Banks with RBI (Rs. Billion)	3,778.70	3,701.50	-2.04
Foreign Currency Assets of RBI (Rs. Billion)	21,704.68	21,551.13	-0.71
Advances of RBI to the Central Government (Rs. Billion)	–	–	
Advances of RBI to the Scheduled Commercial Banks (Rs. Billion)	573.84	662.42	15.44
Foreign Exchange Reserves (US\$ Billion)	353.5	351.5	-0.56

Source: RBI, Govt. of India

Table 6
BSE Sensex and NSE Nifty Index

Index	Oct. 26, 2015	Oct. 30, 2015	Percentage Change
BSE SENSEX	27,575.0	26,656.8	-3.3
S & P CNX NIFTY	8,333.7	8,065.8	-3.2

Source: BSE India and NSE India

Table 7
Metals Market Spot Prices Index (Rs.)

		October 2015					Weekly Changes in %
		26 th	27 th	28 th	29 th	30 th	
Aluminium	1 KGS	95.4	94.5	93.3	93.8	94.4	-1.0
Copper	1 KGS	336.2	337.6	338.3	338.8	333.4	-0.8
Cotton	1 BALES	15690.0	15500.0	15600.0	15570.0	15570.0	-0.8
Lead	1 KGS	113.2	112.8	111.8	111.5	109.6	-3.1
Natural Gas	1 mmBtu	148.3	133.9	135.9	149.5	147.0	-0.9
Nickel	1 KGS	679.6	680.9	675.0	682.3	660.9	-2.8
Tin	1 KGS	1019.0	1009.5	993.8	977.5	979.8	-3.9
Zinc	1 KGS	112.0	112.1	111.1	110.5	109.1	-2.6
Gold	10 GRMS	26669.0	26652.0	26807.0	26654.0	26461.0	-0.8
Silver	1 KGS	36783.0	36750.0	36953.0	36938.0	36285.0	-1.4

Source: MCX

Table 8
Agri Commodities Market Spot Prices (Rs.)

		October 2015					Weekly Changes in %
		26 th	27 th	28 th	29 th	30 th	
Maize	100 KGS	1387.5	1390.0	1390.0	1385.0	1410.0	1.6
Refined Soy Oil	10 KGS	662.6	657.7	654.5	656.3	656.3	-1.0
Soyabean	100 KGS	3883.5	3788.5	3800.0	3786.5	3770.0	-2.9
Wheat	100 KGS	1692.5	1702.5	1695.0	1690.0	1700.0	0.4

Source: MCX

ASSOCHAM Economic Research Bureau

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ASSOCHAM Placement Pattern (APP) is based on the sample data that is tracked on a daily basis for the vacancies posted by companies via job portals and advertisements in the national and regional dailies, journals and newspaper. Data is tracked for 60 cities and 30 sectors that are offering job opportunities in India.

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.

Email: research@assocham.com

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.