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1. Macroeconomy



1.1 All-India CPI Numbers for Agricultural and Rural Labourers, March-2015

The All-India Consumer Price Index Numbers (Base: 1986-87=100) for Agricultural Labourers remained stationary at 803 (Eight hundred and three) points and for Rural Labourers, with the increase of 1 point, stood at 807 (Eight hundred and seven) points during March, 2015.

The rise/fall in index varied from State to State. In case of Agricultural Labourers, it recorded an increase between 1 to 9 points in 13 States and a decrease between 1 to 6 points in 7 States.

Haryana with 902 points topped the index table whereas Himachal Pradesh with the index level of 664 points stood at the bottom.

In case of Rural Labourers, it recorded an increase between 1 to 10 points in 13 States and a decrease between 1 to 6 points in 7 States. Haryana with 898 points topped the index table whereas Himachal Pradesh with the index level of 695 points stood at the bottom.

The Consumer Price Index Numbers for Agricultural Labourers in respect of Tamil Nadu and West Bengal States registered the maximum decrease of 6 points each and for Rural Labourers, West Bengal State registered the maximum decrease of 6 points due to decrease in the prices of rice, wheat atta, onion and vegetables & fruits. Whereas the Index Numbers for Agricultural Labourers for Tripura State registered the maximum increase of 9 points and for

Rural Labourers, Jammu & Kashmir State registered the maximum increase of 10 points mainly due to increase in the prices of maize, bread, pulses, meat goat, vegetables & fruits and knitted garment wool.

Point to point rate of inflation based on the CPI-AL and CPI-RL decreased from 6.08% and 6.19% in February, 2015 to 5.24% and 5.49% in March, 2015. Inflation based on food index of CPI-AL and CPI-RL is 4.05% and 4.31% respectively during March, 2015.

Table 1

Table 1
All-India Consumer Price Index Number (General & Group-wise)

| Group | Agricultural Labourers | | Rural Labourers | |
|------------------------------|------------------------|------------|-----------------|------------|
| | Feb., 2015 | Mar., 2015 | Feb., 2015 | Mar., 2015 |
| General Index | 803 | 803 | 806 | 807 |
| Food | 772 | 771 | 776 | 775 |
| Pan, Supari, etc. | 1181 | 1191 | 1193 | 1203 |
| Fuel & Light | 919 | 923 | 916 | 921 |
| Clothing, Bedding & Footwear | 807 | 809 | 816 | 817 |
| Miscellaneous | 783 | 785 | 781 | 783 |

Source: Ministry of Labour & Employment. Govt. of India

1.2 Railways' Commodity-Wise Freight Traffic Earnings, April 2015

Indian Railways commodity-wise freight traffic earnings were Rs. 9461.47 crore during the month of April 2015 compared to Rs. 8071.18 crore of during the same period last year, registering an increase of 17.23 per cent. Out of this Rs. 9461.47 crore, Rs. 4623.77 crore generated from transportation of 46.07 million tonnes of coal, followed by Rs. 573.12 crore from 8.99 million tonnes of iron ore for exports, steel plants and for other domestic user, Rs. 872.99 crore from 9.38 million tonnes of cement, Rs. 570.17 crore from 3.28 million tonnes of foodgrains, Rs. 502.08 crore from 3.47 million tonnes of petroleum oil and lubricant (POL), Rs. 554.51 crore from 3.35 million

tonnes of Pig iron and finished steel from steel plants and other points, Rs. 475.05 crore from 3.43 million tonnes of fertilizers, Rs. 178.65 crore from 1.64 million tonnes of raw material for steel plants except iron ore, Rs. 445.84 crore from 3.72 million tonnes by container service and Rs. 665.29 crore from 6.48 million tonnes of other goods.

1.3 Review of Foreign Direct Investment (FDI) Policy on investments by Non-Resident Indians (NRIs), Persons of Indian Origin (PIOs) and Overseas Citizens of India (OCIs)

The Union Cabinet, chaired by the Prime Minister Shri Narendra Modi, has given its approval to review of Foreign Direct Investment (FDI) Policy on investments by Non-Resident Indians (NRIs), Persons of Indian Origin (PIOs) and Overseas Citizens of India (OCIs). Following are the amendments approved by the Cabinet to incorporated in FDI policy:

(i) By amending relevant para, definition of NRI will be as under:

‘Non-Resident Indian’ (NRI) means an individual resident outside India who is citizen of India or is an ‘Overseas Citizen of India’ cardholder within the meaning of section 7 (A) of the Citizenship Act, 1955. ‘Persons of Indian Origin’ cardholders registered as such under Notification No. 26011/4/98 F.I. dated 19.8.2002 issued by the Central Government are deemed to be “Overseas Citizen of India’ cardholders”.

(ii) To provide that investment by NRIs on non-repatriable basis is domestic. Following new para is approved to be added:

‘Investment by NRIs under Schedule 4 of FEMA (Transfer or Issue of Security by Persons Resident Outside India) Regulations will be deemed to be domestic investment at par with the investment made by residents.’

The decision that NRI includes OCI cardholders as well as PIO cardholders is meant to align the FDI policy with the stated policy of the Government to provide PIOs and OCIs parity with Non Resident Indians (NRIs) in respect of economic, financial and educational fields. Further the deci-

sion that NRIs investment under Schedule 4 of FEMA (Transfer or Issue of Security by Persons Resident Outside India) Regulations will be deemed to be domestic investment made by residents, is meant to provide clarity in the FDI policy as such investment is not included in the category of foreign investment. The measure is expected to result in increased investments across sectors and greater inflow of foreign exchange remittance leading to economic growth of the country.

1.4 Kharif Crop Sown in 56.22 Lakh Hectare

The total sown area as on 22nd May, as per reports received from States, stands at 56.22 lakh hectare as compared to 49.04 lakh hectare at this time last year. Sown area coverage of crops is higher in comparison to the previous kharif season.

It is reported that rice has been sown/transplanted in 2.68 lakh ha, sugarcane in 40.70 lakh hectare and cotton in 6.12 lakh ha.

The details of the area covered so far and that covered during this time last year are given in Table 2 below:

Table 2

Lakh hectare

| Crop | Area sown in 2015-16 | Area sown in 2014-15 |
|--------------|----------------------|----------------------|
| Rice | 2.68 | 2.28 |
| Sugarcane | 40.70 | 40.58 |
| Jute & Mesta | 6.72 | 6.18 |
| Cotton | 6.12 | 0.00 |
| Total | 56.22 | 49.04 |

Source: Ministry of Agriculture, Government of India

2. Corporate Sector

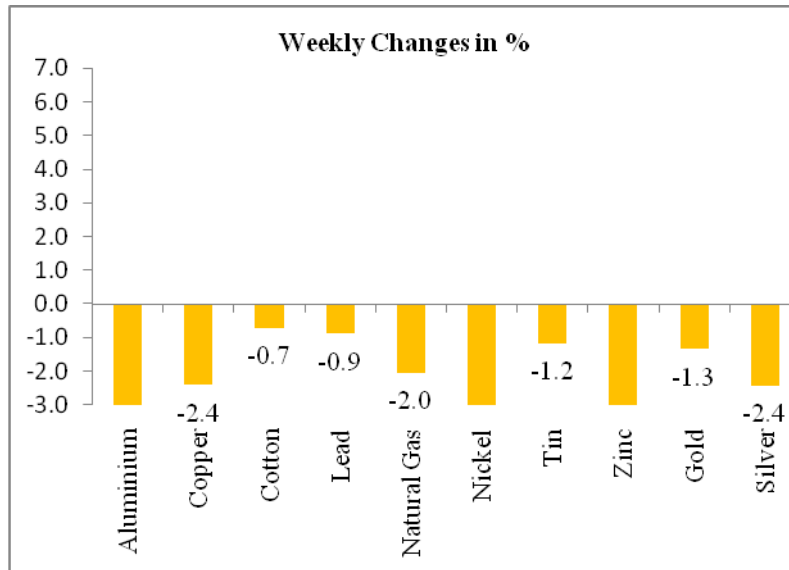


2.1 Increase in Service Tax Rate from 12% to 14% with Effect from 1st June, 2015

In the Union Budget, 2015, an increase in the rate of Service Tax from 12% to 14% had been proposed from a date to be notified. The Finance Bill, 2015 has since been enacted and the Central Government has notified 1st June, 2015 as the date from which the rate of 14% would become applicable. The provisions levying Education Cess and Secondary and Higher Education Cess would also cease to have effect from same date i.e. 1st June, 2015, as the same would be subsumed in the service tax rate of 14%. Certain other changes have also been notified with effect from 1st June, 2015. However, the date of giving effect to the provisions relating to imposition of a Swachh Bharat cess on all or any taxable service will be done in due course.

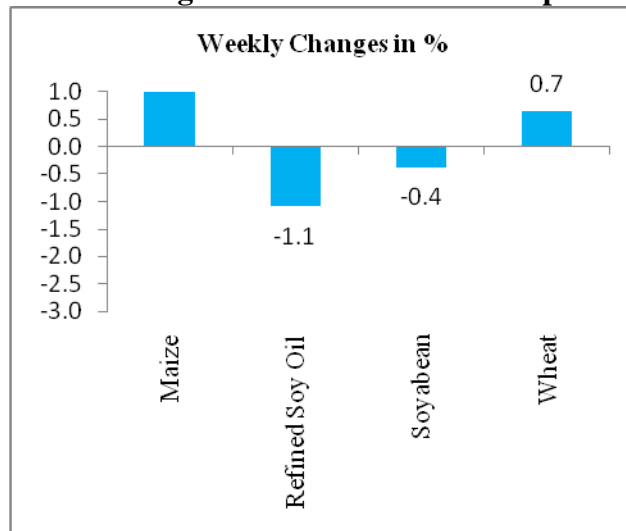
2.2 Basic Metals and Agriculture Commodities in Spot Market

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 increased by 2.0 per cent and closed at 27,957.5

NSE: Nifty increased by 2.1 per cent during the week and closed at 8458.95

Dollar: The value of Rupee depreciated by Rs. 0.0185 against the US dollar during the week and closed at Rs 63.57 per dollar.

Euro: The value of Rupee appreciated by Rs. 1.74 against the Euro and closed at Rs. 70.92 per euro.

Forex Reserves: India's Foreign Exchange reserves increased by USD 1.7 billion to USD 353.88 billion during the week-ended May 15, 2015.



4. Global Developments

4.1 UK, Public Sector Finances, April 2015

- This is the second estimate of the complete financial year ending 2015 (April 2014 to March 2015); these are not final figures and may be revised as provisional data are replaced with finalised and audited data.
- In the financial year ending 2015 (April 2014 to March 2015), public sector net borrowing excluding public sector banks (PSNB ex) was £87.7 billion (4.8% of Gross Domestic Product (GDP)) a decrease of £10.8 billion compared with the previous financial year.
- In April 2015, PSNB ex was £6.8 billion; a decrease of £2.5 billion compared with April 2014.
- For the financial year ending 2015 (April 2014 to March 2015), the central government net cash requirement (CGNCR) was £93.6 billion; an increase of £15.2 billion compared with the previous financial year.
- Cash transfers from the Asset Purchase Facility were £20.4 billion lower in the financial year ending 2015 (April 2014 to March 2015) than the previous financial year. Without the impact of these transfers, CGNCR was £5.2 billion lower in the financial year ending 2015 (April 2014 to March 2015) than the previous financial year.

- At the end of April 2015, public sector net debt excluding public sector banks (PSND ex) was £1,487.7 billion (80.4% of GDP); an increase of £83.6 billion compared with April 2014.
- At the end of April 2015, General Government Gross Debt (Maastricht debt) was £1,602.1 billion (86.5% of GDP) and General Government Net Borrowing (Maastricht deficit) in the financial year ending 2015 (April 2014 to March 2015) was £92.4 billion (5.1% of GDP).

5. Data Appendix

Table 3
Latest Available Financial Information

| Item | May 08, 2015 | May 15, 2015 | Percentage Change |
|---|--------------|--------------|-------------------|
| Deposits of Scheduled Commercial Banks with RBI (Rs. Billion) | 3541.58 | 3605.23 | 1.80 |
| Foreign Currency Assets of RBI (Rs. Billion) | 21185.57 | 21151.12 | -0.16 |
| Advances of RBI to the Central Government (Rs. Billion) | ----- | ----- | ----- |
| Advances of RBI to the Scheduled Commercial Banks (Rs. Billion) | 1165.27 | 1212.19 | 4.03 |

Source: RBI, Govt. of India

Table 4
BSE Sensex and NSE Nifty Index

| Index | May 18, 2015 | May 22, 2015 | Percentage Change |
|-----------------|--------------|--------------|-------------------|
| BSE SENSEX | 27416.97 | 27957.5 | 2.0 |
| S & P CNX NIFTY | 8284.95 | 8458.95 | 2.1 |

Source: BSE India and NSE India

Table 5
Metals Market Spot Prices Index (Rs.)

| Products | Unit | May 2015 | | | | | Weekly Changes in % |
|-------------|---------|----------|----------|----------|----------|----------|---------------------|
| | | 18th | 19th | 20th | 21st | 22nd | |
| Aluminium | 1 KGS | 114.10 | 111.45 | 111.70 | 110.55 | 109.70 | -3.9 |
| Copper | 1 KGS | 409.90 | 407.25 | 398.40 | 398.30 | 400.05 | -2.4 |
| Cotton | 1 BALES | 16880.00 | 16830.00 | 16840.00 | 16790.00 | 16760.00 | -0.7 |
| Lead | 1 KGS | 124.55 | 123.30 | 122.55 | 124.35 | 123.45 | -0.9 |
| Natural Gas | 1 mmBtu | 191.80 | 191.30 | 187.70 | 186.20 | 187.90 | -2.0 |
| Nickel | 1 KGS | 869.40 | 852.40 | 819.10 | 828.90 | 807.70 | -7.1 |
| Tin | 1 KGS | 1017.00 | 1006.00 | 1017.75 | 1012.00 | 1005.00 | -1.2 |
| Zinc | 1 KGS | 145.80 | 143.60 | 140.70 | 139.70 | 137.85 | -5.5 |
| Gold | 10 GRMS | 27596.00 | 27441.00 | 27253.00 | 27212.00 | 27225.00 | -1.3 |

| | | | | | | | |
|--------|-------|----------|----------|----------|----------|----------|------|
| Silver | 1 KGS | 39920.00 | 39409.00 | 38844.00 | 38843.00 | 38954.00 | -2.4 |
|--------|-------|----------|----------|----------|----------|----------|------|

Source: MCX

Table 6
Agri Commodities Market Spot Prices (Rs.)

| Products | Unit | May 2015 | | | | | Weekly Changes in % |
|-----------------|---------|----------|---------|---------|---------|---------|---------------------|
| | | 18th | 19th | 20th | 21st | 22nd | |
| Maize | 100 KGS | 1255.00 | 1260.00 | 1270.00 | 1250.00 | 1270.00 | 1.2 |
| Refined Soy Oil | 10 KGS | 642.25 | 644.00 | 630.00 | 634.20 | 635.25 | -1.1 |
| Soyabean | 100 KGS | 3975.00 | 3975.00 | 3975.00 | 3975.00 | 3960.00 | -0.4 |
| Wheat | 100 KGS | 1525.0 | 1530.0 | 1535.0 | 1530.0 | 1535.0 | 0.7 |

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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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

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