



ASSOCHAM Economic Weekly
1st February, 2015



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1. Macroeconomy



1.1 Government of India’s Finances during April-December 2014

The central government’s fiscal deficit for the first nine months of this financial year stood at Rs. 5.32 lakh crore, a staggering 100.2 per cent of the target of Rs. 5.31 lakh crore for the entire financial year. At this point last year, fiscal deficit was 95.2 per cent of the BE.

Revenue receipt has recorded Rs. 6.94 lakh crore during April to December 2014 which is 58.3 percent of budget estimate and it was 60.0 percent during the same period of last year. Tax revenue collection stood at Rs. 5.46 lakh crore during April to December 2014 i.e. only 55.8 per cent of the FY15 Budget estimate (BE) of Rs. 9.77 lakh crore. While non- tax revenue collection stood at Rs. 1.48 lakh crore during April to December 2014 (69.7 per cent of the BE of Rs. 2.12 lakh crore). For the corresponding period of 2013- 14, tax and non- tax revenues stood at 58.6 per cent and 67.5 per cent of their respective FY14 targets.

The overall expenditure has recorded Rs. 12.36 lakh crore during April to December 2014 which is 68.9 per cent of BE, compared with 61.3 per cent for the year- ago period.

GDP growth rate at factor cost (at 2004-05 prices)

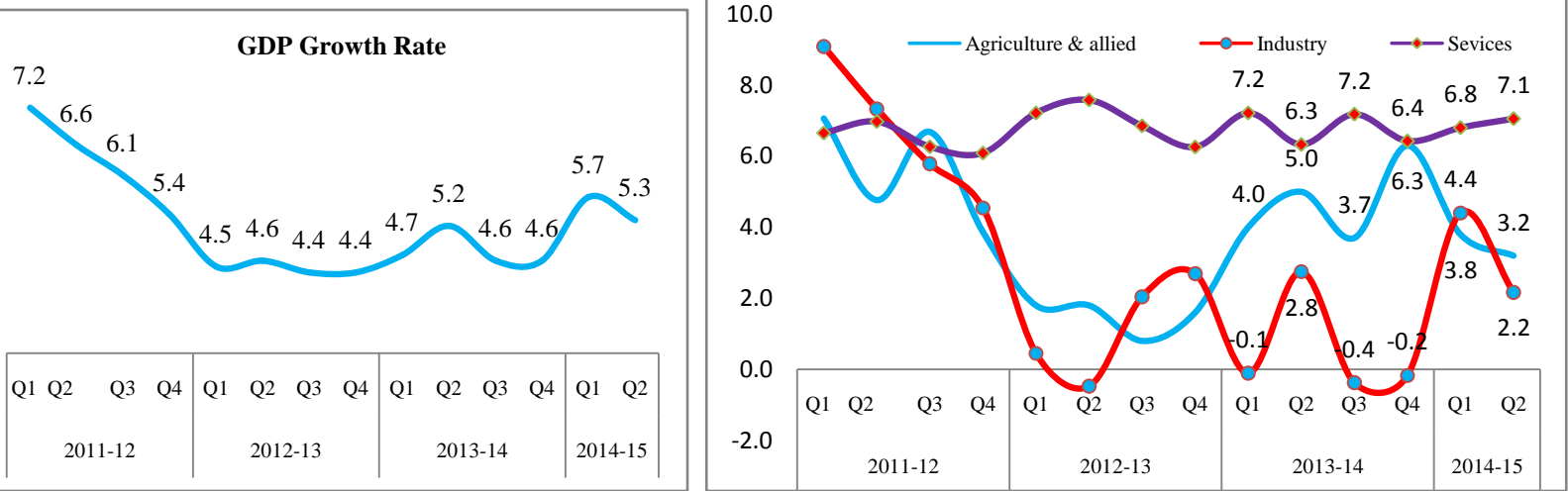


Table 1
The State of Finances of Union Government
at the end of December 2014

(Rs. crore)

		Budget Estimates 2014-15*	Actual @ upto December 2014	% of Actual to Budget Estimates	
		Rs.	Rs.	Current	COPPY**
1	Revenue Receipts	1189763	693773	58.3	(60.0)
2	Tax Revenue (Net)	977258	545714	55.8	(58.6)
3	Non-Tax Revenue	212505	148059	69.7	(67.5)
4	Non-Debt Capital Receipts	73952	10234	13.8	(20.3)
5	Recovery of Loans	10527	8282	78.7	(75.4)
6	Other Receipts	63425	1952	3.1	(9.7)
7	Total Receipts (1+4)	1263715	704007	55.7	(57.7)
8	Non-Plan Expenditure	1219892	883757	72.4	(73.2)
9	On Revenue Account	1114609	813270	73.0	(73.6)
	(i) of which Interest Payments	427011	275220	64.5	(67.0)
10	On Capital Account	105283	70487	67.0	(69.5)
	(i) of which Loans disbursed	739	10202	1380.5	(2902.4)
11	Plan Expenditure	575000	352631	61.3	(63.3)
12	On Revenue Account	453503	282278	62.2	(61.8)
13	On Capital Account	121497	70353	57.9	(68.9)
14	(i) of which Loans disbursed	22813	17242	75.6	(68.0)
	Total Expenditure (8+11)	1794892	1236388	68.9	(69.9)
15	Fiscal Deficit (14-7)	531177	532381	100.2	(95.2)
16	Revenue Deficit (9+12-1)	378348	401775	106.2	(97.7)
17	Primary Deficit {15-9(i)}	104166	257161	246.9	(155.9)

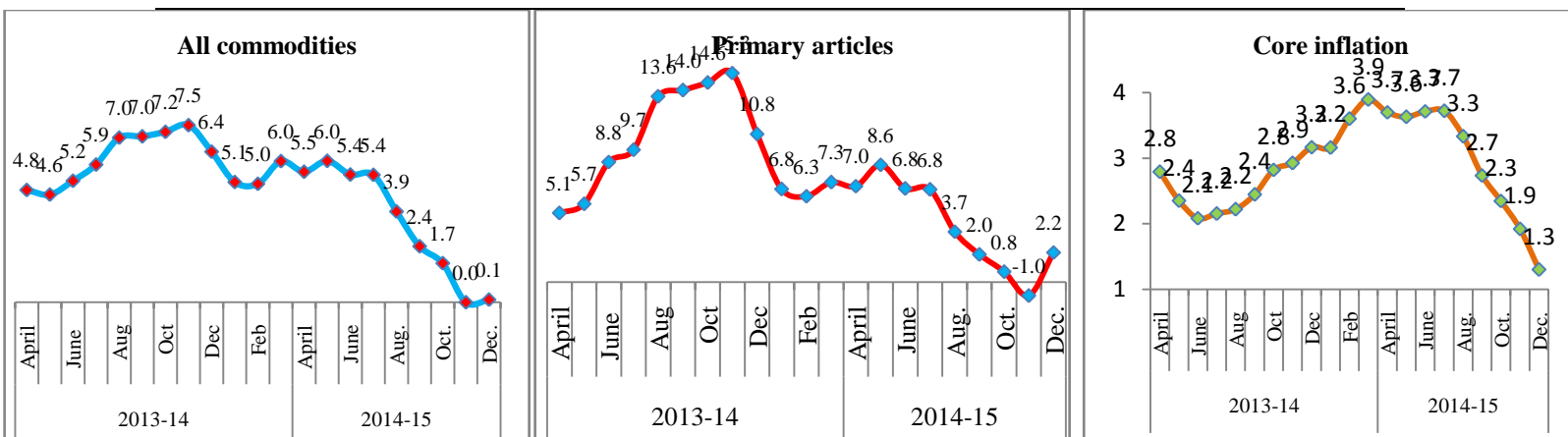
*Financial Year runs from "April to March"

**COPPY : Corresponding Period of the Previous Year

@ Actuals are unaudited provisional figures.

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

WPI



Non- Plan expenditure stood at Rs. 8.8 lakh crore during April to December 2014 i.e. 72.4 per cent of budget estimate of 2014-15, compared with 73.2 per cent for the year- ago period. Plan expenditure stood at Rs. 3.52 lakh crore i.e. 61.3 per cent of the year's BE of Rs. 5.75 lakh crore, compared with 63.3 per cent for the corresponding period last year.

In the budget the government has pegged its market borrowings at Rs. 4.96 lakh crore for the year 2014-15. As per the information for April-December 2014, market borrowings stood at Rs. 4.19 lakh crore which accounts for 85 per cent of BE.

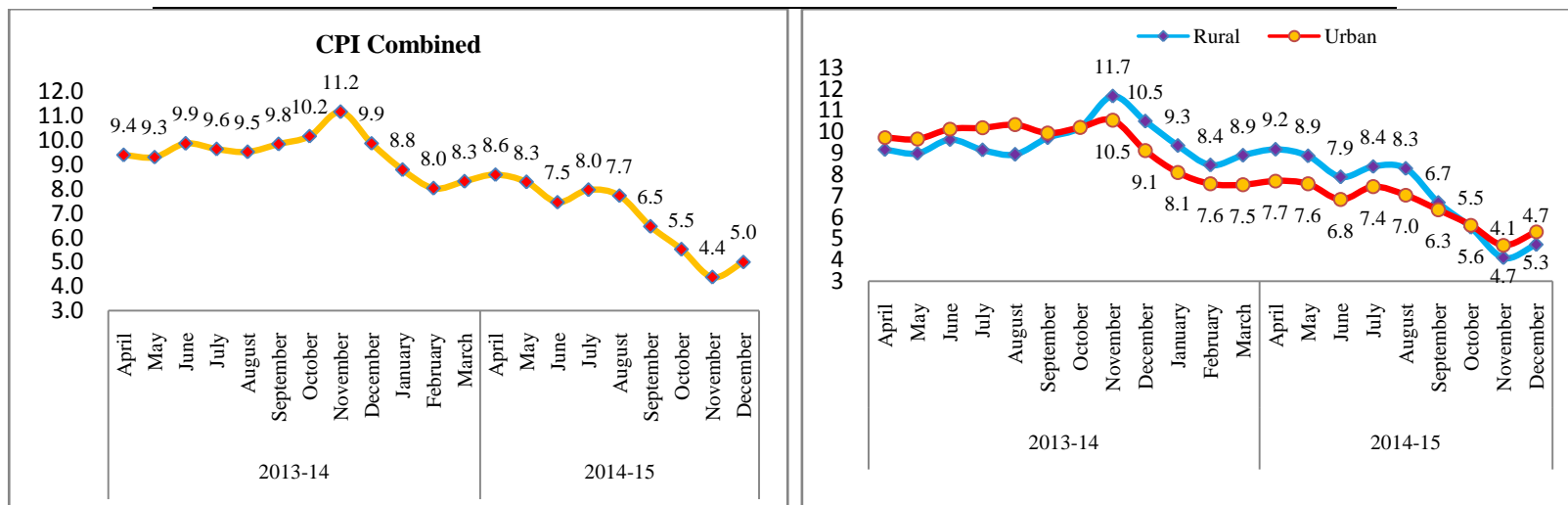
The revenue deficit stood at Rs. 4.01 lakh crore during April to December which is 106.2 per cent of the budget estimate for 2014-15 as against 97.7 per cent in last year.

Table 2
Financing the Deficit
at the end of December 2014

(Rs. crore)

		Budget Es- timates 2012-2013*	Actual ® upto January 2013	% of Actual to Budget Estimates	
		Rs.	Rs.	Current	COPPY**
1	External Financing	5733.78	4688.10	82	(15)
2	Domestic Financing	525443.00	527693.00	100	(97)
(a)	Market Borrowings	495757.54	419004.78	85	(98)
(b)	Securities against Small Sav- ings	8228.52	-889.26	-11	(-15)
(c)	Deposit Scheme for Retiring Employees	0.00	0.00		

CPI



(d)	State Provident Funds	12000.00	19253.86	16	(13)
(e)	Special Deposits of Non-Govt. Provident Funds, Insurance Corporation etc.	0.00	612.49		
(f)	National Small Saving Fund	1.96	31010.31		
- i-	Savings Deposit and Certificates	-1645.35	350.50	-21	(-41)
- ii-	Public Provident Funds	26531.11	12880.65	49	(27)
-iii-	Investment In Securities	-3430.54	10019.94	-292	(343)
- iv-	Income/Expenditure of NSSF	-21453.26	7759.22	-36	(-57)
(g)	Others	9454.98	12541.16	-133	(-408)
(h)	Cash Balance {Decrease(+)/ Increase(-)}	0.00	63673.66		
(i)	Investment (-) / Disinvestment(+) of Surplus Cash		-184.00		
(j)	Ways & Means Advances		0.00		
3	TOTAL FINANCING	531176.78	532381.10	100	(95%)

*Financial Year runs from "April to March"

**COPPY : Corresponding Period of the Previous Year

@ Actuals are unaudited provisional figures.

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

1.2 Highlights of Employment - Unemployment Scenario 2013-14

Labour force and worker-population ratio: Labour Force Participation Rate (LFPR) is estimated to be 52.5 per cent under the UPS approach at All India level.

(in per cent)

	Male	Female	Person
Rural	74.7	29.1	54.7
Urban	73.8	18.5	47.2
Rural + Urban	74.4	25.8	52.5

Source: Labour Bureau

The Worker Population Ratio (WPR) is estimated to be 49.9 per cent at All India level under the UPS approach.

The employment-unemployment situation: The unemployment rate is estimated to be 4.9 per cent at All India level under the UPS approach.

(in per cent)

Sector	Male	Female	Person
Rural	4.2	6.4	4.7
Urban	3.9	12.4	5.5
Rural + Urban	4.1	7.7	4.9

Source: Labour Bureau

- At all India level, 49.5 per cent persons are estimated to be self employed under the Usual Principal Status Approach followed by 30.9 per cent as casual labour. Only 16.5 per cent were wage/salary earners and the rest 3.0 per cent covered contract workers.
- The survey results show that majority of the persons are employed in the primary sector. Under Agriculture, Forestry and Fishing sector, 46.9 per cent persons are estimated to be employed at All India level based on Usual Principal Status Approach.
- Only 60.5 per cent of persons aged 15 years and above who were available for work for all the 12 months during the reference period were able to get work throughout the year at All India level. In rural and urban sector, it was 53.2 per cent and 78.5 per cent respectively.
- In about 5 per cent of the households, there are no workers aged 15 year and above, based on Usual Principal Status Approach.
- About 46 per cent of the households are having only one worker.
- In about 78 per cent of households, there is no wage/salary earning members.
- About 17 per cent of the households are having one wage/salary earning member. In urban areas, about 30 per cent of the households are having one wage/salary earner whereas in rural areas, it is 12 per cent.



2. Corporate Sector

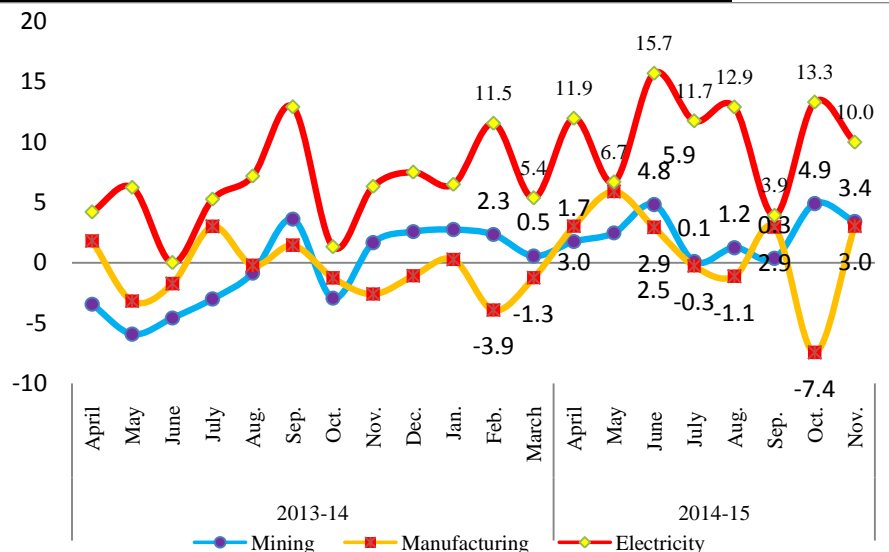
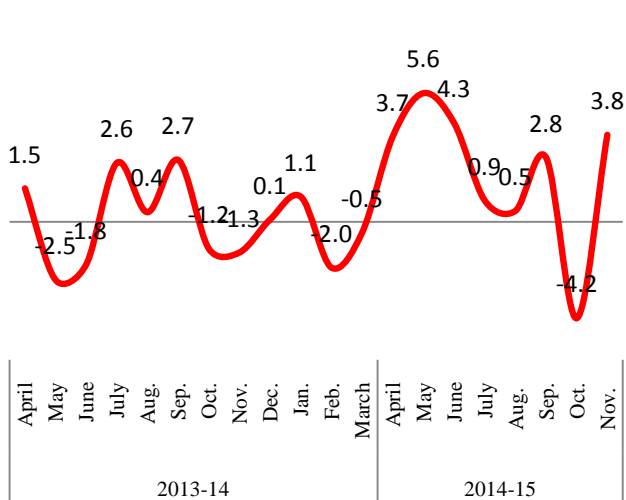
2.1 Mineral Production during November 2014

The index of mineral production of mining and quarrying sector for the month of November (new Series 2004-05=100) 2014 at 127.9, was 3.4% higher as compared to November 2013. The cumulative growth for the period April - November 2014-15 over the corresponding period of previous year stands at (+) 2.5%.

The total value of mineral production (excluding atomic & minor minerals) in the country during November 2014 was Rs. 19066 crore. The contribution of : coal was the highest at Rs. 7099 crore (37%). Next in the order of importance were: petroleum (crude) Rs. 5713 crore, iron ore Rs. 2363 crore, natural gas (utilized) Rs. 2236 crore, lignite Rs. 379 crore and limestone Rs. 410 crore. These six minerals together contributed about 95% of the total value of mineral production in November 2014.

IIP Sectoral

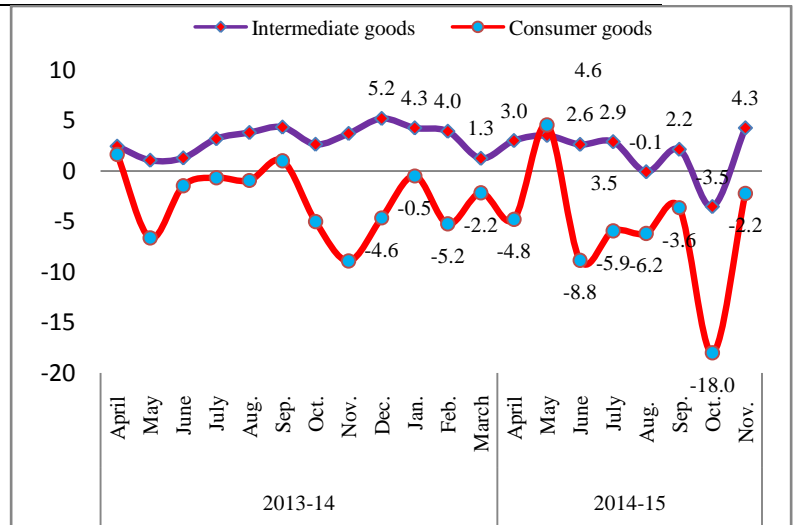
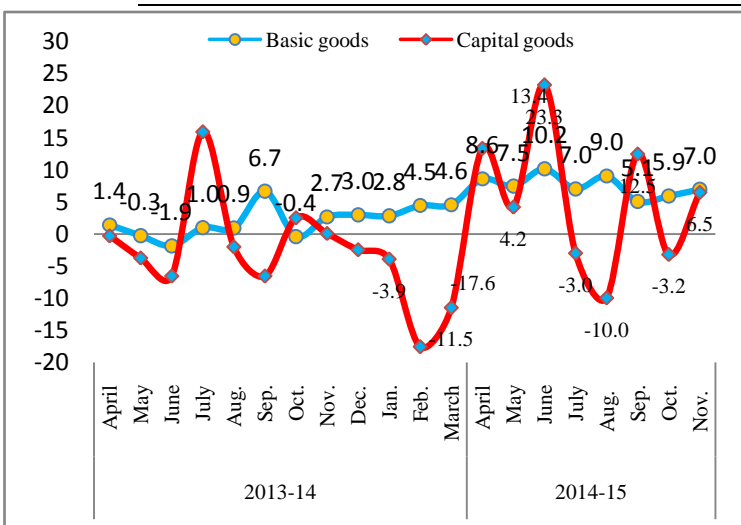
Overall IIP



Production level of important minerals in November 2014 were: coal 546 lakh tonnes, lignite 34 lakh tonnes, natural gas (utilized) 2704 million cu. m., petroleum (crude) 31 lakh tonnes, bauxite 1203 thousand tonnes, chromite 160 thousand tonnes, copper conc. 9 thousand tonnes, gold 132 kg., iron ore 86 lakh tonnes, lead conc. 17 thousand tonnes, manganese ore 174 thousand tonnes, zinc conc. 135 thousand tonnes, apatite & phosphorite 86 thousand tonnes, dolomite 524 thousand tonnes, limestone 224 lakh tonnes, magnesite 26 thousand tonnes and diamond 2836 carat.

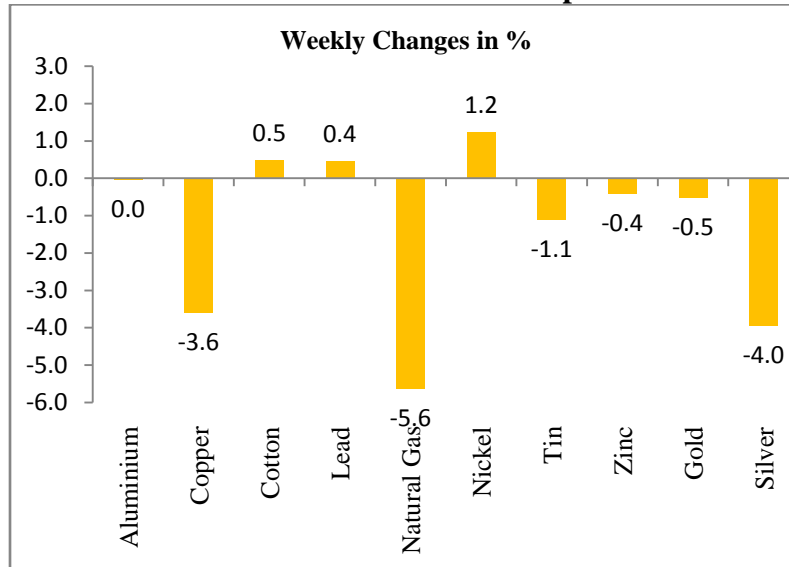
The production of important minerals showing positive growth during November 2014 over November 2013 include ‘magnesite’ (67.5%), ‘gold’ (53.5%), ‘diamond’ (30.1%), ‘zinc conc.’ (16.5%), ‘lignite’ (16.4%), ‘coal’ (15.6%), ‘lead conc.’ (13.9%), ‘petroleum (crude)’ (0.2%) and ‘limestone’ (0.1%). The production of other important minerals showing negative growth are: ‘dolomite’ [(-) 2.1%], ‘natural gas (utilized)’ [(-)3.7%], ‘copper conc.’ [(-) 13.7%], ‘manganese ore’ [(-) 20.6%], ‘bauxite’ [(-) 21.0%], ‘iron ore’ [(-) 30.9%], ‘chromite’ [(-) 34.2%] and ‘apatite & phosphorite’ [(-) 35.3%].

IIP Used Based



2.2 Metals and Agri. Commodities Market Spot Prices

Performance of Metals Market Spot Prices

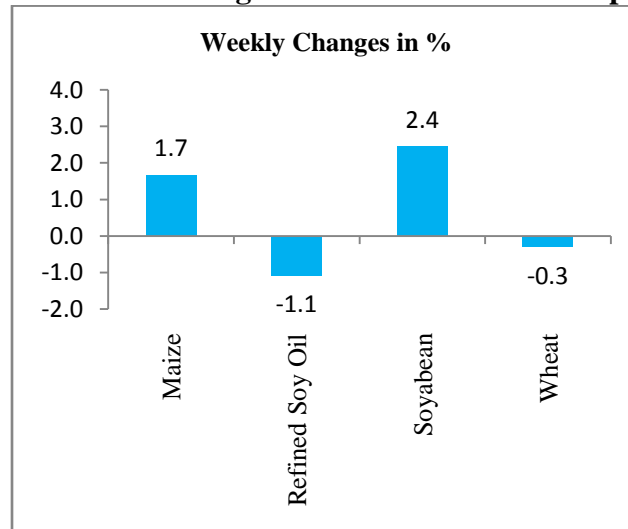


Source: MCX, ASSOCHAM Economic Research Bureau

Note: For detail please refer appendix

Weekly change between 27th Jan to 30th Jan

Performance Agri. Commodities Market Spot Prices



Source: MCX, ASSOCHAM Economic Research Bureau

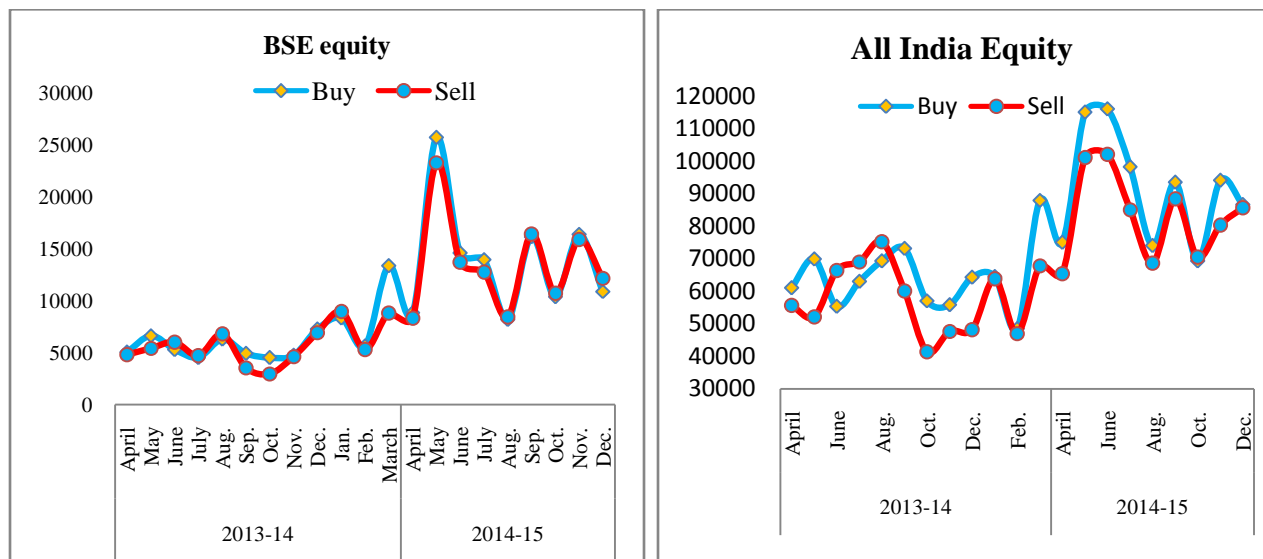
Note: For detail please refer appendix

Weekly change between 27th Jan to 30th Jan



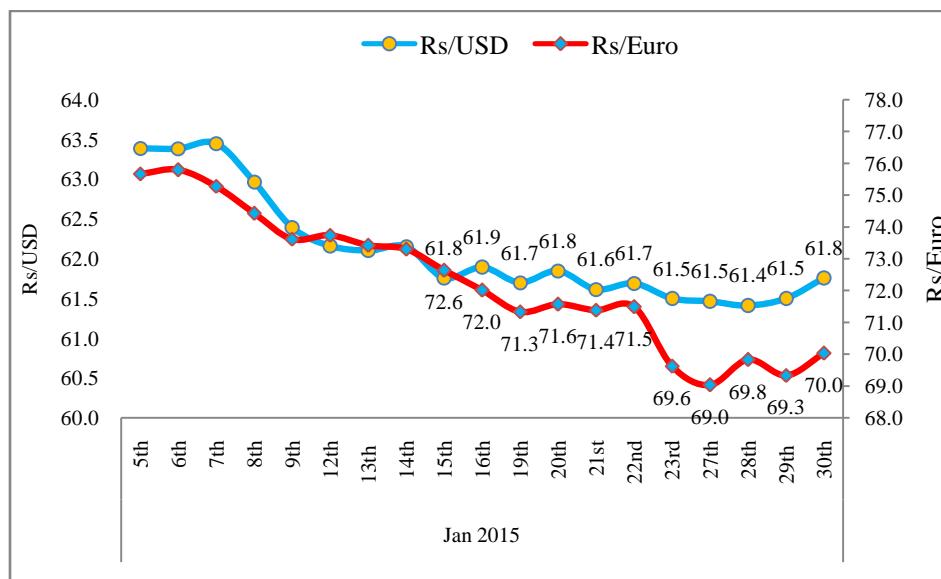
3. Market Trends

FII Equity Flows Equity (Rs. Crore)

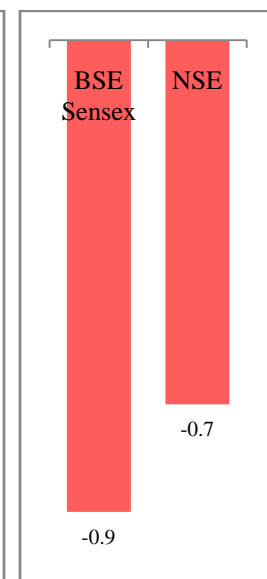


Source: BSE and ASSOCHAM Economic Research Bureau

Exchange Rate



Market Variation



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



4. Global Developments

4.1 Advance Estimate of US Gross Domestic Product, Q4 2014

According to the "advance" estimate of the US Bureau of Economic Analysis, Real gross domestic product increased at an annual rate of 2.6 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 personal consumption expenditures (PCE), private inventory investment, exports, nonresidential fixed investment, state and local government spending, and residential fixed investment that were partly offset by a negative contribution from federal government spending. 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, and decelerations in nonresidential fixed investment and in exports that were partly offset by an upturn in private inventory investment and acceleration in PCE.

The price index for gross domestic purchases, which measures prices paid by U.S. residents, decreased 0.3 percent in the fourth quarter, in contrast to an increase of 1.4 percent in the third. 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 4.3 percent in the fourth quarter, compared with an increase of 3.2 percent in the third. Durable goods increased 7.4 percent, compared with

an increase of 9.2 percent. Nondurable goods increased 4.4 percent, compared with an increase of 2.5 percent. Services increased 3.7 percent, compared with an increase of 2.5 percent.

Real nonresidential fixed investment increased 1.9 percent in the fourth quarter, compared with an increase of 8.9 percent in the third. Investment in nonresidential structures increased 2.6 percent, compared with an increase of 4.8 percent. Investment in equipment decreased 1.9 percent, in contrast to an increase of 11.0 percent. Investment in intellectual property products increased 7.1 percent, compared with an increase of 8.8 percent. Real residential fixed investment increased 4.1 percent, compared with an increase of 3.2 percent.

Real exports of goods and services increased 2.8 percent in the fourth quarter, compared with an increase of 4.5 percent in the third. Real imports of goods and services increased 8.9 percent, in contrast to a decrease of 0.9 percent.

Real federal government consumption expenditures and gross investment decreased 7.5 percent in the fourth quarter, in contrast to an increase of 9.9 percent in the third. National defense decreased 12.5 percent, in contrast to an increase of 16.0 percent. Nondefense increased 1.7 percent, compared with an increase of 0.4 percent. Real state and local government consumption expenditures and gross investment increased 1.3 percent, compared with an increase of 1.1 percent.

The change in real private inventories added 0.82 percentage point to the fourth-quarter change in real GDP after subtracting 0.03 percentage point from the third-quarter change. Private businesses increased inventories \$113.1 billion in the fourth quarter, following increases of \$82.2 billion in the third quarter and \$84.8 billion in the second.

Table 3
Real Gross Domestic Product (Percent Change From Preceding Period)

	2013	2014	2013				2014			
			I	II	III	IV	I	II	III	IV
1 Gross domestic product (GDP)	2.2	2.4	2.7	1.8	4.5	3.5	-2.1	4.6	5	2.6
2 Personal consumption expenditures	2.4	2.5	3.6	1.8	2	3.7	1.2	2.5	3.2	4.3
3 Goods	3.4	3.5	5.9	1.3	3.5	3.7	1	5.9	4.7	5.4
4 Durable goods	6.7	7	8.5	4.5	4.9	5.7	3.2	14.1	9.2	7.4
5 Nondurable goods	1.9	1.8	4.8	-0.2	2.8	2.7	0	2.2	2.5	4.4
6 Services	1.9	2	2.4	2	1.3	3.7	1.3	0.9	2.5	3.7

7 Gross private domestic investment	4.9	6	7.6	6.9	16.8	3.8	-6.9	19.1	7.2	7.4
8 Fixed investment	4.7	5.2	2.7	4.9	6.6	6.3	0.2	9.5	7.7	2.3
9 Nonresidential	3	6.1	1.5	1.6	5.5	10.4	1.6	9.7	8.9	1.9
10 Structures	-0.5	8	-11.5	7.3	11.2	12.8	2.9	12.6	4.8	2.6
11 Equipment	4.6	6.3	4.8	1.5	4.7	14.1	-1.0	11.2	11	-1.9
12 Intellectual property products	3.4	4.6	6.5	-2.0	2.8	3.6	4.6	5.5	8.8	7.1
13 Residential	11.9	1.6	7.8	19	11.2	-8.5	-5.3	8.8	3.2	4.1
14 Change in private inventories										
15 Net exports of goods and services										
16 Exports	3	3.1	-0.8	6.3	5.1	10	-9.2	11.1	4.5	2.8
17 Goods	2.8	4	-0.9	8.3	5.7	13.6	-11.9	14.3	7.5	1.9
18 Services	3.6	1.1	-0.8	2	3.6	2.3	-2.8	4	-1.9	4.7
19 Imports	1.1	3.9	-0.3	8.5	0.6	1.3	2.2	11.3	-0.9	8.9
20 Goods	0.9	4	0.5	8.5	0.1	0.9	2.5	12.5	-1.3	9.8
21 Services	2.2	3.2	-4.1	8.5	2.8	3.5	1	5.6	1	4.7
22 Government consumption expenditures and gross investment	-2.0	-0.2	-3.9	0.2	0.2	-3.8	-0.8	1.7	4.4	-2.2
23 Federal	-5.7	-1.9	-9.9	-3.5	-1.2	-10.4	-0.1	-0.9	9.9	-7.5
24 National defense	-6.6	-2.2	-10.9	-2.1	0.4	-11.4	-4.0	0.9	16	-12.5
25 Nondefense	-4.1	-1.5	-8.2	-5.8	-3.9	-8.6	6.6	-3.8	0.4	1.7
26 State and local	0.5	0.9	0.3	2.7	1.1	0.6	-1.3	3.4	1.1	1.3

Source: US Bureau of Economic Analysis

4.2 UK Gross Domestic Product Preliminary Estimate, Q4 2014

- Change in gross domestic product (GDP) is the main indicator of economic growth. GDP is estimated to have increased by 0.5% in Q4 2014 compared with growth of 0.7% in Q3 2014.
- Output increased in two of the four main industrial groupings within the economy in Q4 2014. In order of their contribution, output increased by 0.8% in services and 1.3% in agriculture. In contrast, output decreased by 1.8% in construction and 0.1% in production.
- GDP was 2.7% higher in Q4 2014 compared with the same quarter a year ago. GDP in 2014 as a whole was up 2.6% on 2013.
- In Q4 2014 GDP was estimated to have been 3.4% higher than the pre-economic downturn peak of Q1 2008. From the peak in Q1 2008 to the trough in Q2 2009, the economy shrank by 6.0%.
- **Agriculture:** Agriculture output increased by 1.3% in Q4 2014, following an increase of 0.5% in the previous quarter. Between Q4 2013 and Q4 2014, agriculture output increased by 2.1%.

- **Production:** The Index of Production decreased by 0.1% in Q4 2014, following an increase of 0.2% in the previous quarter. Energy supply contributed the most to the decrease, contracting by 2.8%. Between Q4 2013 and Q4 2014, production output increased by 0.7%.
- **Construction:** Construction output decreased by 1.8% in Q4 2014, following an increase of 1.6% in the previous quarter. Between Q4 2013 and Q4 2014, construction output increased by 3.5%.
- **Distribution, hotels & restaurants:** The index for distribution, hotels & restaurants increased by 1.3% in Q4 2014, following an increase of 0.7% in the previous quarter. Retail made the largest positive contribution to the increase. Between Q4 2013 and Q4 2014, distribution, hotels & restaurants output increased by 4.7%.
- **Transport, storage & communication:** The index for transport, storage & communication increased by 1.1% in Q4 2014, following an increase of 1.2% in the previous quarter. Computer programming, consultancy & related activities made the largest contribution to the increase. Between Q4 2013 and Q4 2014, transport, storage & communication output increased by 4.5%.
- **Business services & finance:** The index for business services & finance increased by 0.9% in Q4 2014, following an increase of 1.0% in the previous quarter. Architectural & engineering activities made the largest positive contribution to the increase. Between Q4 2013 and Q4 2014, business services & finance output increased by 4.0%.
- **Government & other services:** The index for government & other services showed no growth for Q4 2014, following an increase of 0.2% in the previous quarter. The largest positive contribution came from human health activities, while the largest negative contribution came from libraries, archives, museums & other cultural activities. Between Q4 2013 and Q4 2014, government & other services output increased by 1.0%.

Table 4
Gross Domestic Product Preliminary Estimate key figures, Q4 2014

(Percentage change on previous quarter)

		GDP Index (2011=100)	GDP	Agriculture	Production	Construction	Services
			Weights 1000	6	146	64	784
2012	Q4	100.8	-0.3	-0.1	-2.0	0.3	-0.2
2013	Q1	101.4	0.6	-4.5	0.1	-0.7	0.7
	Q2	102.0	0.6	1.0	0.7	2.4	0.5

	Q3	102.8	0.7	0.7	0.8	3.0	0.6
	Q4	103.2	0.4	0.7	0.3	0.3	0.6
2014	Q1	103.8	0.6	0.5	0.4	2.0	0.8
	Q2	104.7	0.8	-0.2	0.2	1.7	1.0
	Q3	105.4	0.7	0.5	0.2	1.6	0.8
	Q4	106.0	0.5	1.3	-0.1	-1.8	0.8

Source: Office for National Statistics

5. Data Appendix

Table 5
Latest Available Financial Information

Item	Jan. 16, 2015	Jan. 23, 2015	Percentage Change
Deposits of Scheduled Commercial Banks with RBI (Rs. Billion)	3,438.95	3,486.67	1.39
Foreign Currency Assets of RBI (Rs. Billion)	18,620.60	18,509.58	-0.60
Advances of RBI to the Central Government (Rs. Billion)			
Advances of RBI to the Scheduled Commercial Banks (Rs. Billion)	889.15	1,097.87	23.47
Foreign Exchange Reserves (US\$ Billion)	322.2	322.0	-0.04

Source: RBI, Govt. of India

Table 6
BSE Sensex and NSE Nifty Index

Index	Jan. 27, 2015	Jan. 30, 2015	Percentage Change
BSE SENSEX	29,451.7	29,183.0	-0.9
S & P CNX NIFTY	8,871.4	8,808.9	-0.7

Source: BSE India and NSE India

Table 7
Market Spot Prices of Metals

		January 2015					Weekly Changes in %
		26 th	27 th	28 th	29 th	30 th	
Aluminium	1 KGS	NA	113.5	113.5	112.1	113.5	0.0
Copper	1 KGS	NA	344.8	333.7	335.7	332.4	-3.6
Cotton	1 BALES	NA	14420.0	14430.0	14490.0	14490.0	0.5
Lead	1 KGS	NA	113.4	113.8	112.4	113.9	0.4
Natural Gas	1 mmBtu	NA	177.2	183.2	174.5	167.2	-5.6
Nickel	1 KGS	NA	901.8	916.7	904.2	912.9	1.2
Tin	1 KGS	NA	1201.5	1194.2	1172.2	1188.0	-1.1
Zinc	1 KGS	NA	131.0	129.7	127.8	130.4	-0.4
Gold	10 GRMS	NA	27775.0	27930.0	27884.0	27630.0	-0.5
Silver	1 KGS	NA	39040.0	39198.0	38602.0	37495.0	-4.0

Source: MCX

Table 8
Agri. Commodities Market Spot Prices

	Units	January 2015					Weekly Changes in %
		26 th	27 th	28 th	29 th	30 th	
Maize	100 KGS	NA	1200.0	1208.0	1220.0	1220.0	1.7
Refined Soy Oil	10 KGS	NA	674.7	675.2	669.2	667.5	-1.1
Soyabean	100 KGS	NA	3277.5	3340.0	3347.5	3357.5	2.4
Wheat	100 KGS	NA	1665.0	1665.0	1665.0	1660.0	-0.3

Source: MCX



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.