



**ASSOCHAM Economic Weekly**  
**8<sup>th</sup> February, 2015**



## **Contents**

### **1. Macroeconomy**

**1.1 Highlights of Sixth Bi-Monthly Monetary Policy, 2014-15**

**1.2 Sectoral Deployment of Bank Credit, December 2014**

### **2. Corporate Sector**

**2.1 Performance of Eight Core Industries, December 2014**

**2.2 Metals and Agri. Commodities Market Spot Prices**

### **3. Market Trends**

### **4. Global Developments**

**4.1 UK International Trade, December 2014**

**4.2 Euro Area Industrial Producer Prices, December 2014**

### **5. Data Appendix**

# 1. Macroeconomy

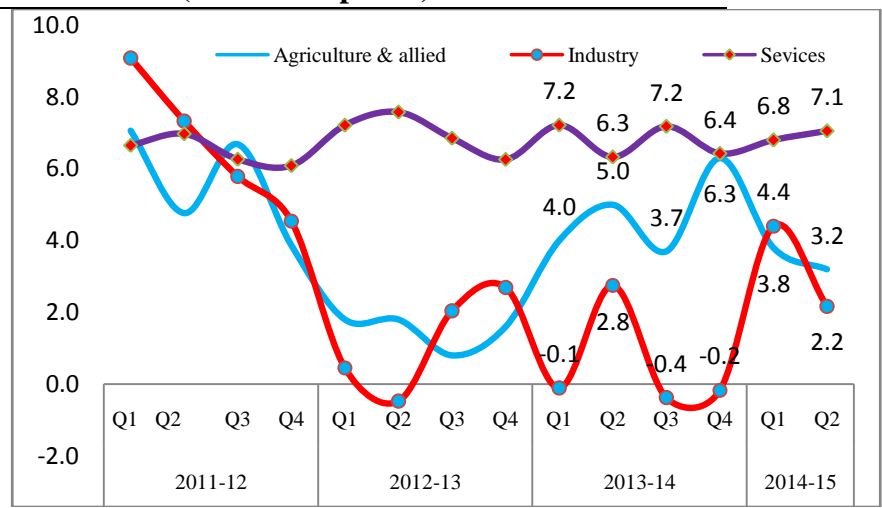
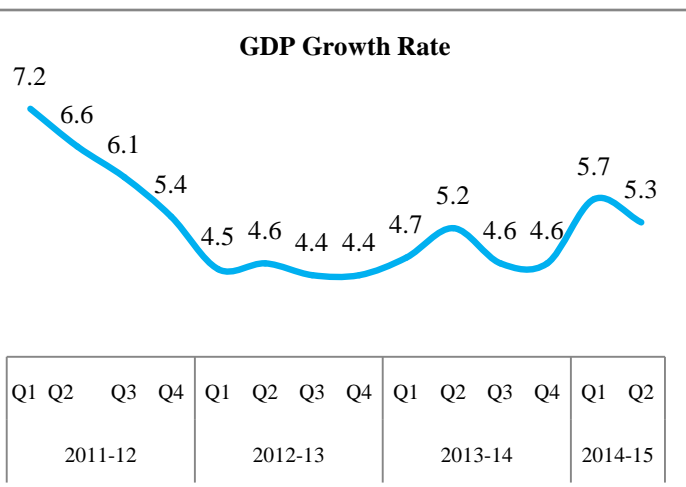


## 1.1 Highlights of Sixth Bi-Monthly Monetary Policy, 2014-15

On the basis of an assessment of the current and evolving macroeconomic situation, RBI has decided to:

- keep the policy repo rate under the liquidity adjustment facility (LAF) unchanged at 7.75 per cent;
- keep the cash reserve ratio (CRR) of scheduled banks unchanged at 4.0 per cent of net demand and time liabilities (NDTL);
- reduce the statutory liquidity ratio (SLR) of scheduled commercial banks by 50 basis points from 22.0 per cent to 21.5 per cent of their NDTL with effect from the fortnight beginning February 7, 2015;
- replace the export credit refinance (ECR) facility with the provision of system level liquidity with effect from February 7, 2015.

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



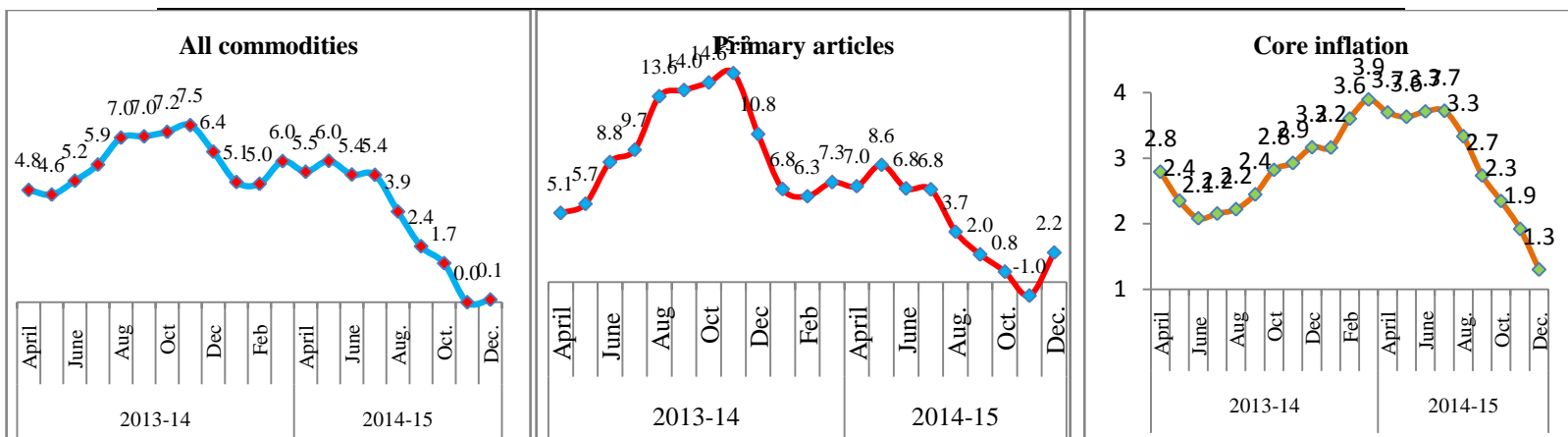
- continue to provide liquidity under overnight repos of 0.25 per cent of bank-wise NDTL at the LAF repo rate and liquidity under 7-day and 14-day term repos of up to 0.75 per cent of NDTL of the banking system through auctions; and
- continue with daily variable rate term repo and reverse repo auctions to smooth liquidity.

Consequently, the reverse repo rate under the LAF will remain unchanged at 6.75 per cent, and the marginal standing facility (MSF) rate and the Bank Rate at 8.75 per cent.

## 1.2 Sectoral Deployment of Bank Credit, December 2014

- On a year-on-year (y-o-y) basis, non-food bank credit increased by 9.8 per cent in December 2014 as compared with an increase of 14.8 per cent in December 2013.
- Credit to agriculture and allied activities increased by 18.3 per cent in December 2014, up from 11.5 per cent in December 2013.
- Credit to industry increased by 6.8 per cent in December 2014 as compared with an increase of 14.1 per cent in December 2013. Deceleration in credit growth to industry was observed in all major sub-sectors, barring construction, beverages & tobacco, gems & jewellery and mining & quarrying.
- Credit to the services sector increased by 6.9 per cent in December 2014 as compared with an increase of 17.4 per cent in December 2013, with deceleration observed in all major sub-sectors, barring commercial real estate.
- Credit to NBFCs increased by 3.3 per cent in December 2014 as compared with an increase of 15.1 per cent in December 2013.

## WPI



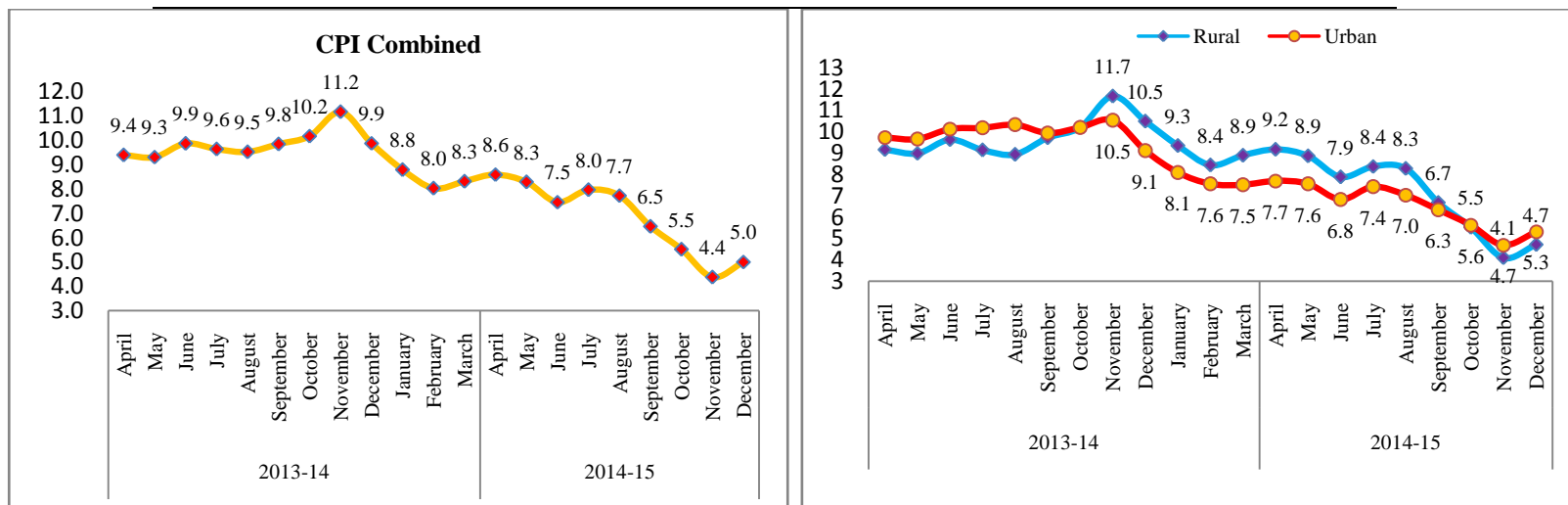
- Personal loans increased by 15.1 per cent in December 2014 as compared with increase of 15.8 per cent in December 2013

**Table 1**  
**Deployment of Gross Bank Credit by Major Sectors**

Sector	Dec.27, 2013	Dec.26, 2014	Dec.27, 2013 / Dec.28, 2012	Dec.26, 2014 /Dec.27, 2013
	Outstanding as on (Rs. billion)		Growth (Y-o-Y)	
Gross Bank Credit	54157.4	59330.2	14.5	9.6
Food Credit	1071.0	1065.4	1.3	-0.5
Non-food Credit	53086.3	58264.8	14.8	9.8
Agriculture & Allied Activities	6350.6	7511.8	11.5	18.3
Industry (Micro & Small, Medium and Large )	24117.5	25752.1	14.1	6.8
Micro & Small	3252.0	3684.3	25.4	13.3
Medium	1258.7	1267.6	-5.3	0.7
Large	19606.7	20800.2	13.8	6.1
Services	12628.4	13501.7	17.4	6.9
Transport Operators	860.3	882.8	10.2	2.6
Computer Software	176.8	170.8	9.5	-3.4
Tourism, Hotels & Restaurants	386.6	359.7	10.1	-7.0
Shipping	91.3	95.8	14.0	4.9
Professional Services	680.7	717.0	28.2	5.3
Trade	3041.6	3312.5	19.6	8.9
Commercial Real Estate	1427.8	1643.1	14.6	15.1
Non-Banking Financial Companies (NBFCs)	2903.7	3000.3	15.1	3.3
Other Services	3059.6	3319.7	20.3	8.5
Personal Loans	9989.9	11499.2	15.8	15.1
Priority Sector	17366.8	19551.9	17.3	12.6

Source: RBI

### CPI





## 2. Corporate Sector

### 2.1 Performance of Eight Core Industries, December 2014

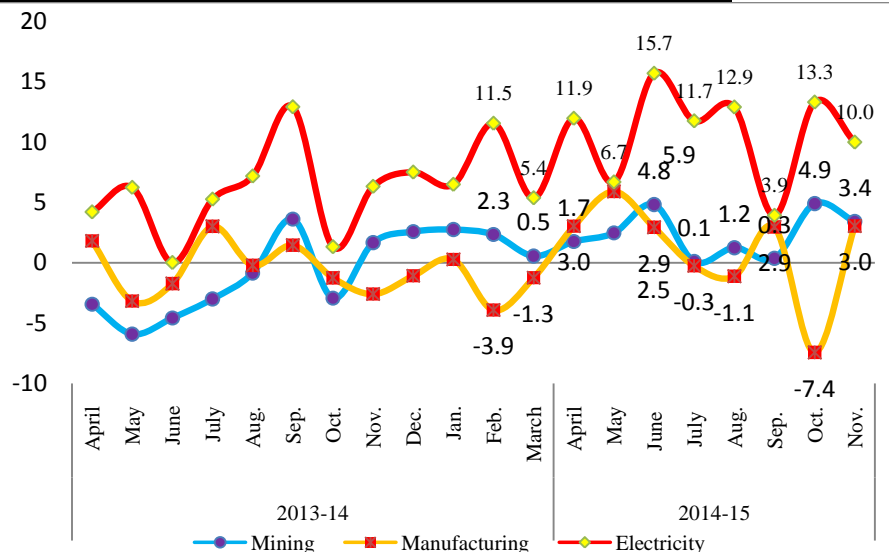
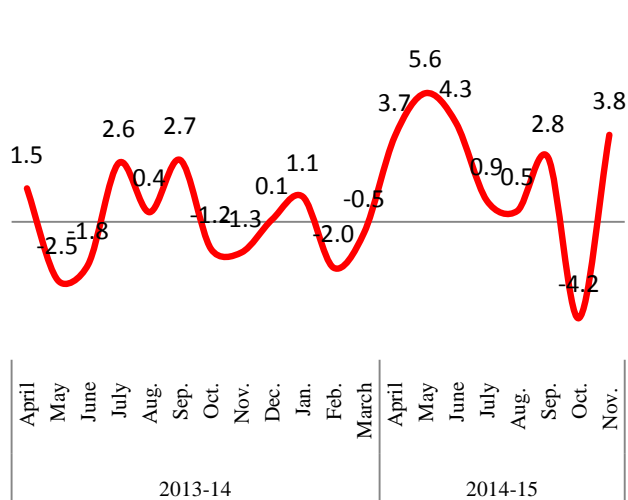
The combined Index of Eight Core Industries stands at 172.7 in December, 2014, which was 2.4 % higher compared to the index of December, 2013. Its cumulative growth during April to December, 2014-15 was 4.4 %.

Coal: Coal production increased by 7.5 % in December, 2014 over December, 2013. Its cumulative index during April to December, 2014-15 increased by 9.1 % over corresponding period of previous year.

Crude Oil: Crude Oil production declined by 1.4 % in December, 2014 over December, 2013. The cumulative index of Crude Oil during April to December, 2014-15 declined by 0.9 % over the corresponding period of previous year.

### IIP Sectoral

Overall IIP



Natural Gas: The Natural Gas production declined by 3.5 % in December, 2014. Its cumulative index during April to December, 2014-15 declined by 5.1 % over the corresponding period of previous year.

Refinery Products (0.93% of Crude Throughput): Petroleum Refinery production increased by 6.1 % in December, 2014. Its cumulative index during April to December, 2014-15 increased by 0.2 % over the corresponding period of previous year.

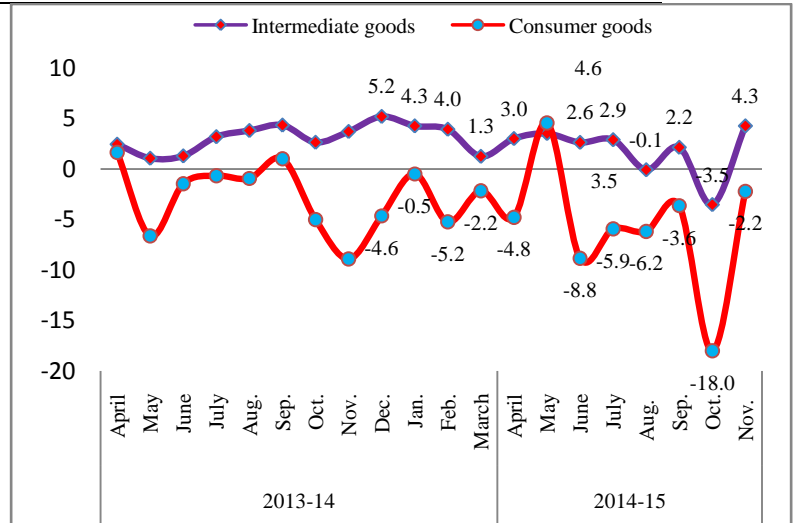
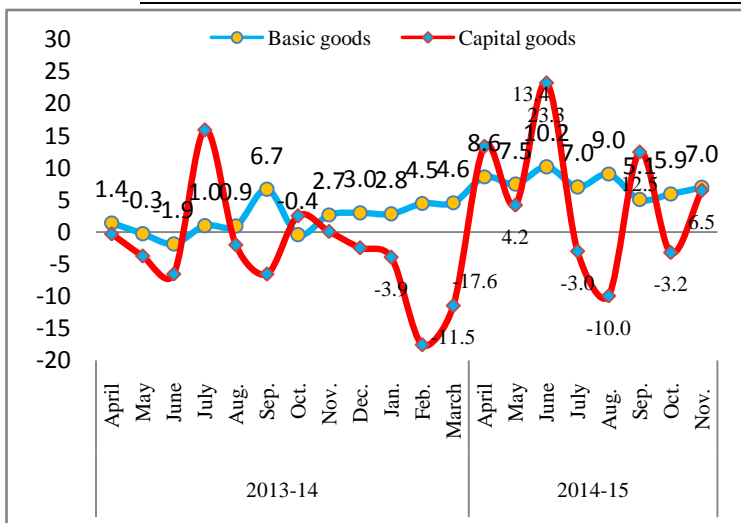
Fertilizers: Fertilizer production declined by 1.6 % in December, 2014. Its cumulative index during April to December, 2014-15 declined by 1.4 % over the corresponding period of previous year.

Steel (Alloy + Non-Alloy): Steel production declined by 2.4 % in December, 2014. Its cumulative index during April to December, 2014-15 increased by 1.6 % over the corresponding period of previous year.

Cement: Cement production increased by 3.8 % in December, 2014. Its cumulative growth during April to December, 2014-15 was 7.9 % over the corresponding period of previous year.

Electricity: Electricity generation increased by 3.7 % in December, 2014 and it registered a cumulative growth of 9.7 % during April to December, 2014-15 over the corresponding period of previous year.

### IIP Used Based



**Table 2**  
**Performance of Eight Core Industries (Y-o-Y)**

(Base Year: 2004-05=100)

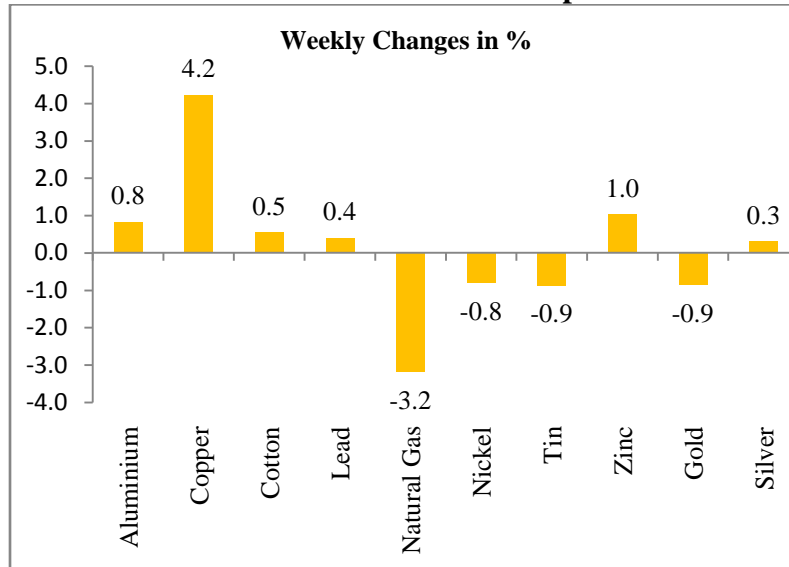
Sector	Weight	2012-13	2013-14	Apr-Dec 13-14	Apr-Dec 14-15	Dec-13	Dec-14
Coal	4.4	4.6	1.1	1.5	9.1	1.1	7.5
Crude Oil	5.2	-0.6	-0.2	-0.6	-0.9	1.6	-1.4
Natural Gas	1.7	-14.5	-13.0	-14.9	-5.1	-9.9	-3.5
Refinery Products	5.9	29.0	1.5	1.9	0.2	-1.9	6.1
Fertilizers	1.3	-3.4	1.5	2.6	-1.4	4.1	-1.6
Steel	6.7	4.1	9.6	11.5	1.6	10.4	-2.4
Cement	2.4	7.7	3.0	3.7	7.9	1.2	3.8
Electricity	10.3	4.0	5.9	5.5	9.7	7.6	3.7
Overall Index	37.9	6.5	3.7	4.1	4.4	4.0	2.4

Source: Office of Economic Advisor



## 2.2 Metals and Agri. Commodities Market Spot Prices

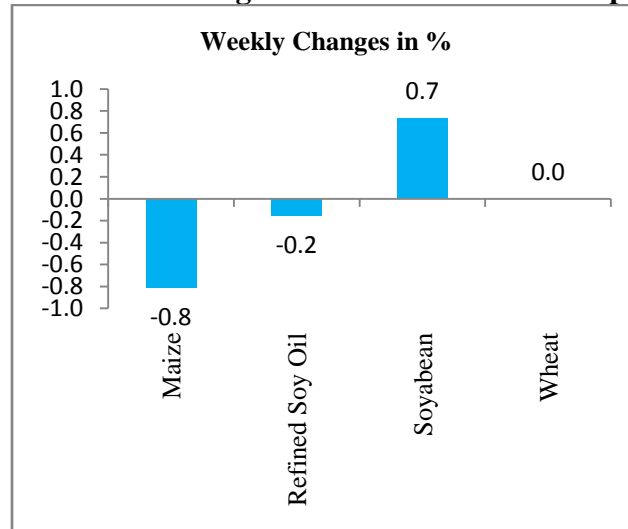
### Performance of Metals Market Spot Prices



Source: MCX, ASSOCHAM Economic Research Bureau

Note: For detail please refer appendix

### Performance Agri. Commodities Market Spot Prices



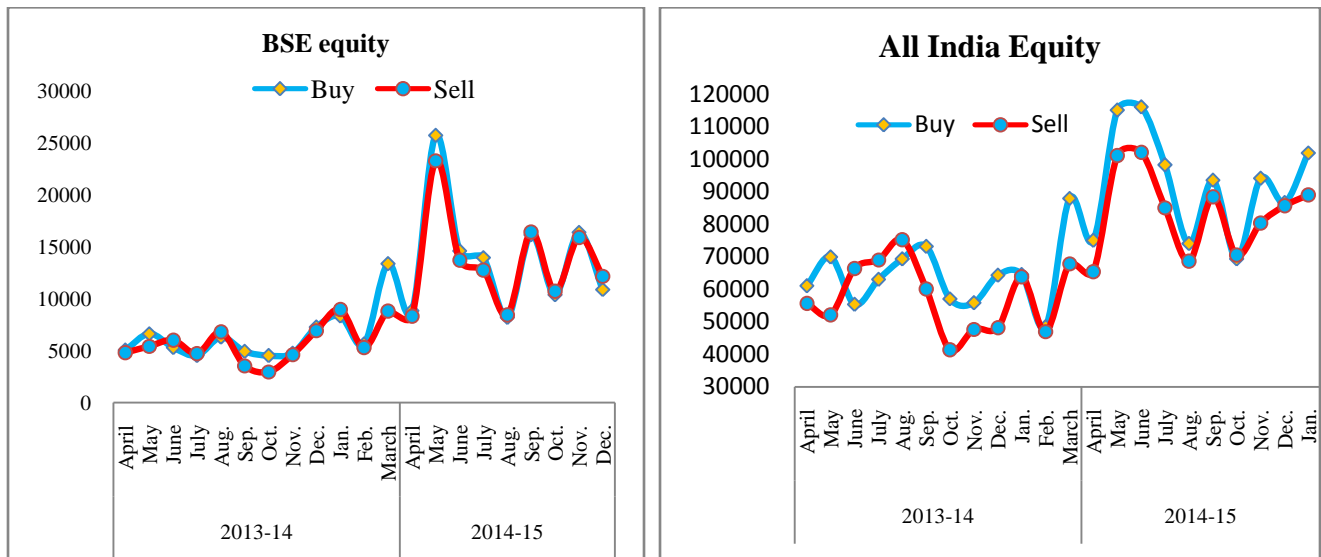
Source: MCX, ASSOCHAM Economic Research Bureau

Note: For detail please refer appendix



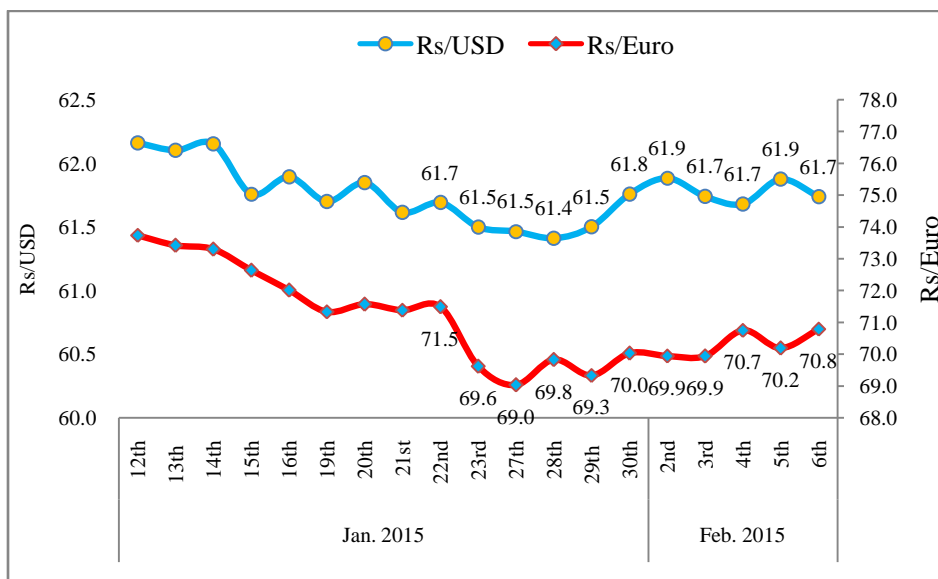
### 3. Market Trends

#### FII Equity Flows Equity (Rs. Crore)

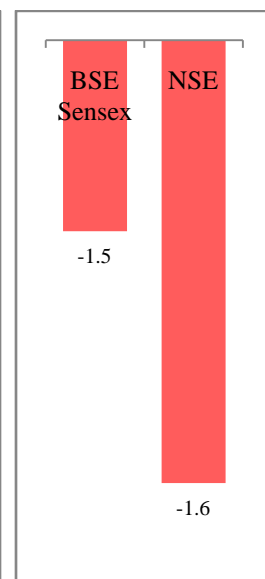


Source: BSE and ASSOCHAM Economic Research Bureau

#### Exchange Rate



#### Market Variation



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



## 4. Global Developments

### 4.1 UK International Trade, December 2014

UK's deficit on trade in goods and services was estimated to have been £2.9 billion in December 2014, compared with £1.8 billion in November 2014. This reflects a deficit of £10.2 billion on goods, partly offset by an estimated surplus of £7.3 billion on services. The widening of the overall deficit mainly reflects an increase in the import of goods from countries outside of the European Union (EU).

Between Q3 and Q4 2014, the trade in goods deficit narrowed by £2.2 billion to £29.4 billion. Exports increased by £2.0 billion to £73.8 billion, attributed to increases in exports of manufactured goods. Imports decreased by £0.2 billion to £103.2 billion. Trade with countries outside of the EU was the main contributor to the deficit narrowing.

Annually, the total trade deficit widened to £34.8 billion in 2014. This was the largest deficit since 2010 when the deficit stood at £37.1 billion. Both exports and imports fell in 2014 when compared with 2013, however, exports fell more significantly. The widening of the deficit is mainly attributed to trade in goods as exports of goods decreased by £14.6 billion from the previous year and imports of goods decreased by £7.3 billion; this was the first annual fall in imports since 2009.

**Table 3**  
**Balance of UK Trade in Goods and Services**

		Balance of trade in goods			Balance of trade in services	Total trade balance
		EU	Non-EU	World		
<b>2013</b>	Dec	-5.9	-2.5	-8.4	6.3	-2.1

<b>2014</b>	Oct	-6.5	-3.5	-10.0	7.6	-2.4
	Nov	-6.5	-2.8	-9.3	7.4	-1.8
	Dec	-6.4	-3.8	-10.2	7.3	-2.9

Source: UK Office for National Statistics

#### 4.2 Euro Area Industrial Producer Prices, December 2014

According to the statistical office of the European Union, in December 2014, compared with November 2014, industrial producer prices fell by 1.0% in both the euro area (EA18) and the EU28, In November3 prices decreased by 0.3% in the euro area and by 0.4% in the EU28.

In December 2014, compared with December 2013, industrial producer prices fell by 2.7% in the euro area and by 3.1% in the EU28. The average industrial producer prices for the year 2014, compared with 2013, decreased by 1.5% in both the euro area and the EU28.

Annual comparison by main industrial grouping and by Member State

The 2.7% decrease in industrial producer prices in total industry in the euro area in December 2014, compared with December 2013, is due to falls of 8.3% in the energy sector and of 1.0% for both intermediate goods and nondurable consumer goods, while prices rose by 0.6% for capital goods and by 1.3% for durable consumer goods. Prices in total industry excluding energy fell by 0.5%.

In the EU28, the 3.1% decrease is due to falls of 10.6% in the energy sector, of 1.1% for non-durable consumer goods and of 0.8% for intermediate goods, while prices rose by 0.7% for capital goods and by 1.0% for durable consumer goods. Prices in total industry excluding energy fell by 0.4%.

Industrial producer prices fell in all Member States, except Latvia (+0.5%). The largest decreases were observed in Lithuania (-8.3%), the Netherlands (-7.8%), Belgium (-6.8%), the United Kingdom (-6.0%), Denmark (-5.4%) and Greece (-5.3%).

**Table 4**  
**Industrial producer prices on the domestic market**  
 (% change compared with same month of previous year)

Total industry	July 2014	August 2014	Sep. 2014	Oct. 2014	Nov. 2014	Dec. 2014
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EA18	-1.3	-1.5	-1.5	-1.3	-1.6	-2.7
EA19	-1.3	-1.5	-1.5	-1.3	-1.6	-2.7
EU28	-1.4	-1.6	-1.6	-1.6	-1.8	-3.1
Belgium	-5.7	-4.7	-3.9	-3	-3.9	-6.8
Bulgaria	-0.6	-1	-0.6	0.8	0.3	-0.9
Czech Republic	-0.1	0	-0.4	-0.4	-1.7	-3.7
Denmark	-1.6	-3.3	-3.3	-4.5	-4.2	-5.4
Germany	-0.7	-0.8	-1	-1	-0.9	-1.6
Estonia	0.1	-2.1	-2	-3.6	-3	-1
Ireland	0.1	-1.4	-0.8	-0.4	-1.6	-2.9
Greece	0	-0.2	0.1	-0.4	-1.9	-5.3
Spain	-0.5	-1.3	-0.9	-1.2	-1.5	-3.7
France	-1.2	-1.5	-1.3	-1.1	-1.8	-2.8
Croatia	-2.4	-3.2	-3.1	-2.1	-2.2	-3.4
Italy	-1.9	-2.1	-2	-1.5	-1.5	-2.1
Cyprus	-2.1	-1.8	-1.4	-1.4	-1.4	-1
Latvia	0.2	0.3	0.1	-0.1	-0.3	0.5
Lithuania	-5.1	-5.1	-5.5	-5.6	-7	-8.3
Luxembourg	-4.2	-4.5	-4.6	-2.7	-3.6	:
Hungary	-2.4	-2.9	-2.3	-1.7	-1.2	-2.5
Malta	-1.8	-1.5	-1.6	-1.7	-1.8	-1.8
Netherlands	-2.6	-3	-2.9	-3	-4.5	-7.8
Austria	-1.1	-1.4	-1.6	-1.4	-1.6	-2
Poland	-1.4	-1.1	-1.4	-1.5	-1.9	-3.1
Portugal	-0.8	-0.9	-1	-1.1	-1.1	-3.3
Romania	0.2	0.7	0.4	0.5	0.5	-0.5
Slovenia	-1	-1.2	-1.1	-1	-0.9	-0.6
Slovakia	-2.9	-3.8	-3.9	-4	-3	-3.8
Finland	-0.4	-0.9	-0.8	-0.9	-0.8	-1.9
Sweden	0.2	0.3	-0.1	0.1	-0.1	-0.6
United Kingdom	-2.4	-3	-3.2	-3.6	-4.1	-6
Norway	1.2	0.8	-0.1	-1.2	-2.2	-3.7
Switzerland	-0.4	-0.9	-1	-1	-1.6	-2.2

Source: Statistical office of the European Union

## 5. Data Appendix

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

<b>Item</b>	<b>Jan. 23, 2015</b>	<b>Jan. 30, 2015</b>	<b>Percentage Change</b>
Deposits of Scheduled Commercial Banks with RBI (Rs. Billion)	3,486.67	3,421.32	-1.87
Foreign Currency Assets of RBI (Rs. Billion)	18,509.58	18,940.30	2.33
Advances of RBI to the Central Government (Rs. Billion)			
Advances of RBI to the Scheduled Commercial Banks (Rs. Billion)	1,097.87	770.65	-29.80
Foreign Exchange Reserves (US\$ Billion)	322.0	327.9	1.82

Source: RBI, Govt. of India

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

<b>Index</b>	<b>Feb. 02, 2015</b>	<b>Feb. 06, 2015</b>	<b>Percentage Change</b>
BSE SENSEX	29,143.6	28,717.9	-1.5
S & P CNX NIFTY	8,802.5	8,661.1	-1.6

Source: BSE India and NSE India

**Table 7**  
**Market Spot Prices of Metals**

		February 2015					Weekly Changes in %
		2 <sup>nd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>	5 <sup>th</sup>	6 <sup>th</sup>	
Aluminium	1 KGS	114.6	115.5	114.9	114.4	115.6	0.8
Copper	1 KGS	339.7	339.7	351.4	352.4	354.0	4.2
Cotton	1 BALES	14590.0	14630.0	14680.0	14660.0	14670.0	0.5
Lead	1 KGS	113.8	114.1	113.6	114.2	114.2	0.4
Natural Gas	1 mmBtu	166.2	165.8	170.0	164.2	160.9	-3.2
Nickel	1 KGS	931.2	949.1	920.7	917.8	923.7	-0.8
Tin	1 KGS	1174.0	1169.3	1168.0	1168.0	1163.8	-0.9
Zinc	1 KGS	131.4	132.5	131.9	130.4	132.7	1.0
Gold	10 GRMS	27907.0	27955.0	27731.0	27585.0	27666.0	-0.9
Silver	1 KGS	37875.0	38862.0	38464.0	38060.0	37991.0	0.3

Source: MCX

**Table 8**  
**Agri. Commodities Market Spot Prices**

		February 2015					Weekly Changes in %
		2 <sup>nd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>	5 <sup>th</sup>	6 <sup>th</sup>	
Maize	100 KGS	1235.0	1215.0	1225.0	1215.0	1225.0	-0.8
Refined Soy Oil	10 KGS	673.1	674.8	670.3	672.0	672.0	-0.2
Soyabean	100 KGS	3400.0	3413.5	3448.5	3433.5	3425.0	0.7
Wheat	100 KGS	1670.0	1670.0	1667.5	1670.0	1670.0	0.0

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.