



ASSOCHAM Economic Weekly
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Contents

1. Macroeconomy

1.1 RBI Second Bi-monthly Monetary Policy Statement, 2015-16

1.2 Kharif Crop Sown

1.3 E-Tourist Visa during January- May 2015

2. Corporate Sector

2.1 Index of Eight Core Industries, April 2015

2.2 Basic Metals and Agriculture Commodities in Spot Market

3. Market Trends

4. Global Developments

4.1 UK Economic Review, June 2015

4.2 Euro area unemployment rate

5. Data Appendix

1. Macroeconomy



1.1 RBI Second Bi-monthly Monetary Policy Statement, 2015-16

RBI on June 02, 2015 in its Second Bi-monthly Monetary Policy Statement for 2015-16 on the basis of an assessment of the current and evolving macroeconomic situation decided to:

- reduce the policy repo rate under the liquidity adjustment facility (LAF) by 25 basis points from 7.5 per cent to 7.25 per cent with immediate effect;
- keep the cash reserve ratio (CRR) of scheduled banks unchanged at 4.0 per cent of net demand and time liabilities (NDTL);
- continue to provide liquidity under overnight repos at 0.25 per cent of bank-wise NDTL at the LAF repo rate and liquidity under 14-day term repos as well as longer term repos of up to 0.75 per cent of NDTL of the banking system through auctions; and
- continue with overnight/term variable rate repos and reverse repos to smooth liquidity.

Consequently, the reverse repo rate under the LAF stands adjusted to 6.25 per cent, and the marginal standing facility (MSF) rate and the Bank Rate to 8.25 per cent.

Apart from this the RBI also highlighted the fact that strong food policy and management will be important to help keep inflation and inflationary expectations contained over the near term. Furthermore, monetary easing can only create the enabling conditions for a fuller government policy thrust that hinges around a step up in public investment in several areas that can also crowd in private investment. This will be important to relieve supply constraints and aid disinflation over the medium term. A targeted infusion of bank capital into scheduled public sector commercial banks,

especially those that implement concerted strategies to clean up stressed assets, is also warranted so that adequate credit flows to the productive sectors as investment picks up.

1.2 Kharif Crop Sown

The total sown area as on 5th June, 2015 stands at 61.27 lakh hectare as compared to 64.75 lakh hectare at this time last year.

Rice has been sown/transplanted in 3.46 lakh ha, sugarcane in 41.01 lakh hectare and cotton in 9.32 lakh ha.

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

Table 1
Kharif Crop Sown

(Lakh hectare)

| Crop | Area sown in 2015-16 | Area sown in 2014-15 |
|--------------|----------------------|----------------------|
| Rice | 3.46 | 3.05 |
| Oilseeds | 0.53 | 0.58 |
| Sugarcane | 41.01 | 43.22 |
| Jute & Mesta | 6.95 | 7.00 |
| Cotton | 9.32 | 10.90 |
| Total | 61.27 | 10.90 |

Source: Ministry of Agriculture, Government of India

1.3 E-Tourist Visa during January- May 2015

The Government of India launched Tourist Visa on Arrival (TVoA) enabled by Electronic Travel Authorization (ETA), presently known as e-Tourist Visa scheme, on 27th November 2014 for 43 countries. The Government extended this Scheme to the citizens of Guyana and Sri Lanka in January, 2015 and April, 2015, respectively. The e-Tourist Visa facility is extended to the nationals of 31 countries in May, 2015.

The following are the important highlights of e-Tourist Visa during May, 2015:

(i) During the month of May 2015, a total of 15,659 tourist arrived on e-Tourist Visa as compared to 1,833 during the month of May 2014, registering a growth of 754.3%.

(ii) During January- May 2015, a total of 1,10,657 tourist arrived on e-Tourist Visa as compared to 9,841 during January- May 2014, registering a growth of 1024.4%

(iii) This high growth may be attributed to introduction of e-Tourist Visa for 76 countries as against coverage of earlier TVoA scheme for 12 countries.

(iv) The percentage shares of top 10 source countries availing e-Tourist Visa facility during May 2015 were as follows:

- USA (37.82%), Germany (9.35%), Australia (8.95%), Russian Federation (5.85%), Republic of Korea (4.30%), UAE (3.53%), Mexico (3.16%), Ukraine (3.01%), Japan (2.89%) and Singapore (2.43%).

(v) The percentage shares of different ports in tourist arrivals on e-Tourist Visa during May 2015 were as follows:

- New Delhi (43.65%), Mumbai (22.14%), Bengaluru (9.66%), Chennai (7.25%), Hyderabad (4.55%), Kochi (3.97%), Goa (3.81%), Kolkata (3.24%) and Trivandrum (1.73%).



2. Corporate Sector

2.1 Index of Eight Core Industries, April 2015

The combined Index of Eight Core Industries stands at 162.4 in April, 2015, which was 0.4 % lower compared to the index of April, 2014. Its cumulative growth during April to March, 2014-15 was 3.6 %.

- Coal production increased by 7.9 % in April, 2015 over April, 2014. Its cumulative index during April to March, 2014-15 increased by 8.4 % over corresponding period of previous year.
- Crude Oil production declined by 2.7 % in April, 2015 over April, 2014. Its cumulative index during April to March, 2014-15 declined by 0.9 % over the corresponding period of previous year.
- The Natural Gas production declined by 3.6 % in April, 2015. Its cumulative index during April to March, 2014-15 declined by 5.2 % over the corresponding period of previous year.
- Petroleum Refinery production declined by 2.9 % in April, 2015. Its cumulative index during April to March, 2014-15 increased by 0.4 % over the corresponding period of previous year.
- Fertilizer production declined by 0.04 % in April, 2015. Its cumulative index during April to March, 2014-15 declined by 0.1 % over the corresponding period of previous year.
- Steel production increased by 0.6 % in April, 2015. Its cumulative index during April to March, 2014-15 increased by 0.8 % over the corresponding period of previous year.
- Cement production declined by 2.4 % in April, 2015. Its cumulative index during April to March, 2014-15 increased by 5.7 % over the corresponding period of previous year.

- Electricity generation declined by 1.1 % in April, 2015. Its cumulative index during April to March, 2014-15 increased by 8.1 % over the corresponding period of previous year.

Table 2
Performance of Eight Core Industries
 (Base Year: 2004-05=100)

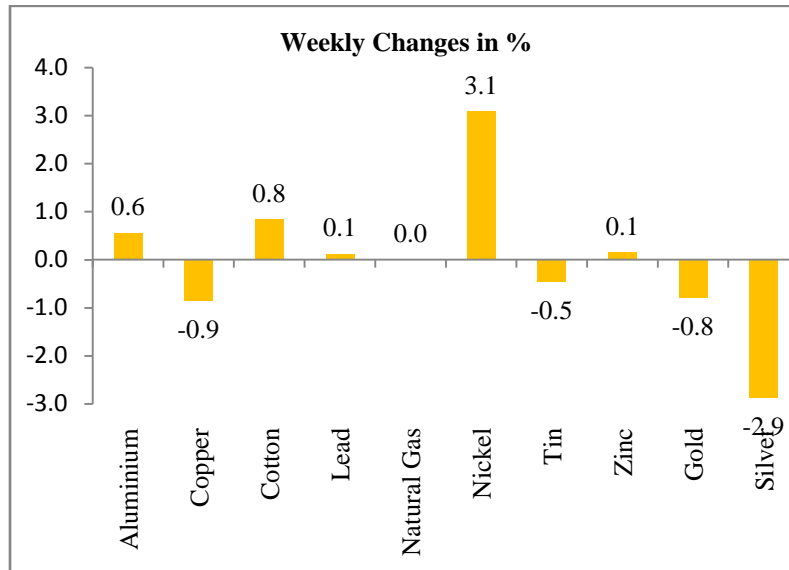
Growth Rates (in %)

| Sector | Weight | 2009-10 | 2010-11 | 2011-12 | 2012-13 | 2013-14 | Apr-Mar 2014-15 |
|--------------------------------|---------------|------------|------------|------------|------------|------------|--------------------|
| Coal | 4.379 | 8.1 | -0.2 | 1.3 | 4.6 | 1.3 | 8.4 |
| Crude Oil | 5.216 | 0.5 | 11.9 | 1.0 | -0.6 | -0.2 | -0.9 |
| Natural Gas | 1.708 | 44.6 | 10.0 | -8.9 | -14.5 | -13.0 | -5.2 |
| Refinery Products [#] | 5.939 | -0.4 | 3.0 | 3.1 | 29.0 | 1.5 | 0.4 |
| Fertilizers | 1.254 | 12.7 | 0.0 | 0.4 | -3.4 | 1.5 | -0.1 |
| Steel | 6.684 | 6.0 | 13.2 | 10.3 | 4.1 | 11.5 | 0.8 |
| Cement | 2.406 | 10.5 | 4.5 | 6.7 | 7.7 | 3.1 | 5.7 |
| Electricity | 10.316 | 6.2 | 5.6 | 8.1 | 4.0 | 6.0 | 8.1 |
| Overall Index | 37.903 | 6.6 | 6.6 | 5.0 | 6.5 | 4.2 | 3.6 |

Source: Office of Economic Advisor, Ministry of Commerce, Govt. of India

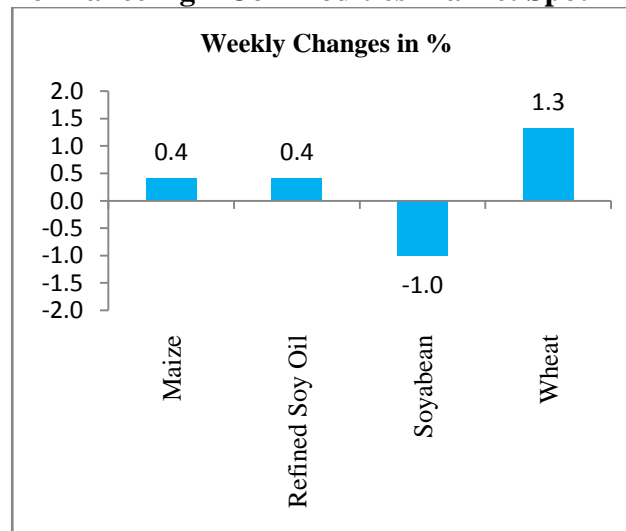
2.2 Basic Metals and Agriculture Commodities in Spot Market

Performance of Metals Market Spot Prices



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

Performance Agri Commodities Market Spot Prices

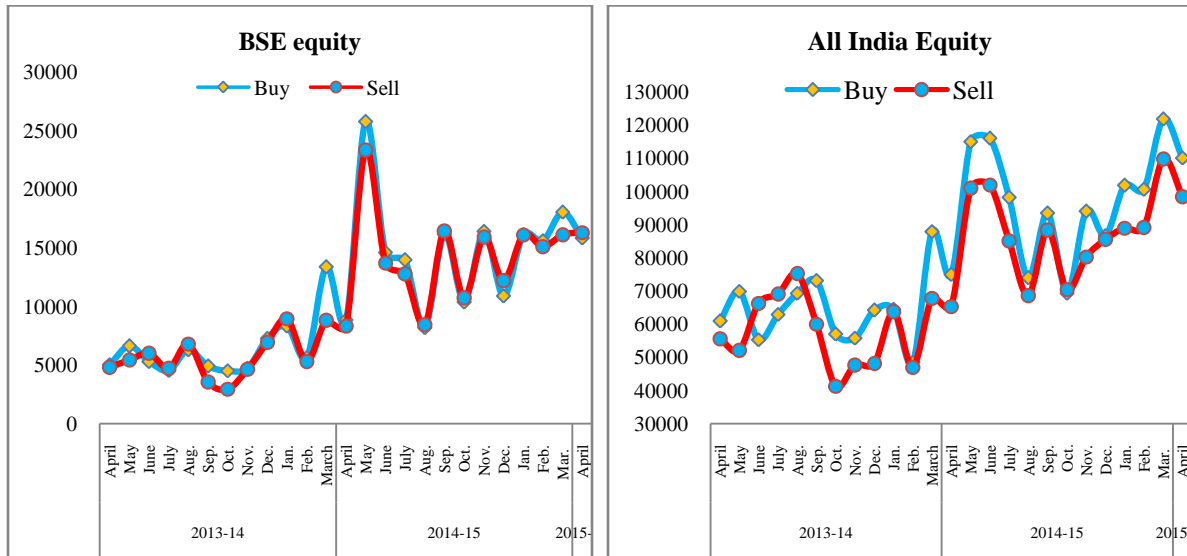


Source: MCX, ASSOCHAM Economic Research Bureau
 Note: For details please refer appendix



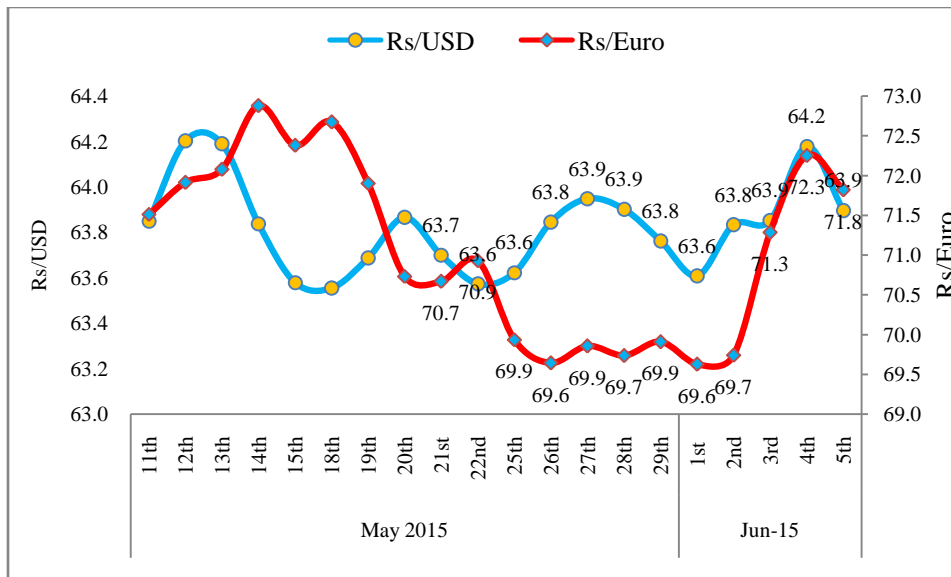
3. Market Trends

FII Equity Flows Equity (Rs. Crore)

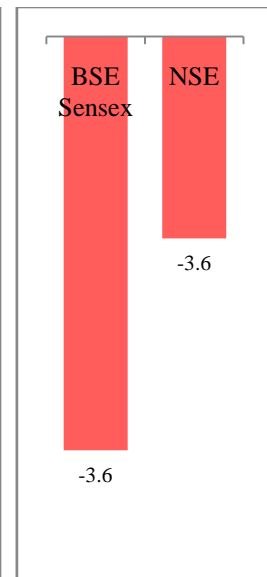


Source: BSE and ASSOCHAM Economic Research Bureau

Exchange Rate



Market Variation



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

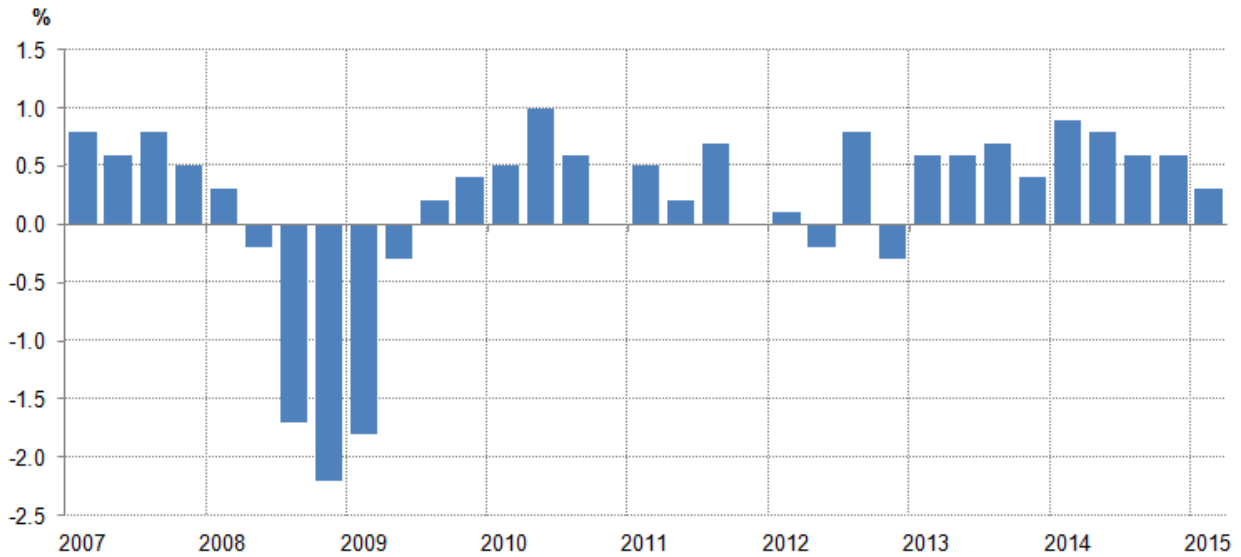


4. Global Developments

4.1 UK Economic Review, June 2015

- UK economic growth eased to 0.3% in the first quarter (January to March) of 2015, reflecting slower growth in household spending and a sharp fall in the contribution of net trade.
- The proportion of students who were successful in finding work fell markedly in the downturn, and those who were successful took longer to find a suitable match: both these trends have started to reverse in recent quarters.
- Firms are increasingly hiring new workers from other firms, in a trend which is closely related to recruitment difficulties. One measure of potential labour supply from among the unemployed also appears to be closely related to movements in industry earnings growth.
- The Consumer Prices Index inflation rate fell to -0.1% in the year to April, while a marked weakening in “core goods” inflation has contributed to the recent decline of core inflation.
- Investment has recovered relatively strongly since the downturn but its composition has changed in a manner which suggests large capital outlays on buildings were the first to be cut back and have been the slowest to return.
- While total hours worked have increased strongly, growth in the quality of labour input has waned since 2012, turning negative in 2014, contributing to weak productivity growth. This may reflect a changing composition of the workforce towards lower-skilled roles.

Gross Domestic Product (GDP) growth (Q-o-Q)



Source: UK Office for National Statistics

4.2 Euro area unemployment rate

The euro area (EA19) seasonally-adjusted unemployment rate was 11.1% in April 2015, down from 11.2% in March 2015, and down from 11.7% in April 2014. The EU28 unemployment rate was 9.7% in April 2015, stable compared with March 2015 and down from 10.3% in April 2014.

Eurostat estimates that 23.504 million men and women in the EU28, of whom 17.846 million in the euro area, were unemployed in April 2015. Compared with March 2015, the number of persons unemployed decreased by 126 000 in the EU28 and by 130 000 in the euro area. Compared with April 2014, unemployment fell by 1.545 million in the EU28 and by 849 000 in the euro area.

Member States

Among the Member States, the lowest unemployment rate in April 2015 was recorded in **Germany** (4.7%) and the highest in **Greece** (25.4% in February 2015) and **Spain** (22.7%).

Compared with a year ago, the unemployment rate in April 2015 fell in twenty-two Member States and increased in six. The largest decreases were registered in **Spain** (24.9% to 22.7%), **Lithuania** (11.1% to 8.9%) and **Ireland** (11.8% to 9.7%). The increases were registered in **Belgium**

(8.4% to 8.5%), **Romania** (6.8% to 6.9%), **Austria** (5.5% to 5.7%), **France** (10.1% to 10.5%), **Croatia** (17.1% to 17.5%) and **Finland** (8.5% to 9.4%).

In April 2015, the unemployment rate in the **United States** was 5.4%, down from 5.5% in March 2015 and down from 6.2% in April 2014.

Youth unemployment

In April 2015, 4.746 million young persons (under 25) were unemployed in the EU28, of whom 3.168 million were in the euro area. Compared with April 2014, youth unemployment decreased by 478 000 in the EU28 and by 270 000 in the euro area. In April 2015, the youth unemployment rate was 20.7% in the EU28 and 22.3% in the euro area, compared with 22.5% and 23.9% respectively in April 2014. In April 2015, the lowest rates were observed in Germany (7.2%), Austria and Denmark (both 10.1%), and the highest in Greece (50.1% in February 2015), Spain (49.6%), Croatia (45.5% in the first quarter 2015) and Italy (40.9%).

5. Data Appendix

Table 3
Latest Available Financial Information

| Item | May. 22, 2015 | May. 29, 2015 | Percentage Change |
|---|---------------|---------------|-------------------|
| Deposits of Scheduled Commercial Banks with RBI (Rs. Billion) | 3,616.32 | 3,708.87 | 2.56 |
| Foreign Currency Assets of RBI (Rs. Billion) | 21,003.40 | 21,122.29 | 0.57 |
| Advances of RBI to the Central Government (Rs. Billion) | | | |
| Advances of RBI to the Scheduled Commercial Banks (Rs. Billion) | 1,139.43 | 967.66 | -15.08 |
| Foreign Exchange Reserves (US\$ Billion) | 351.6 | 352.5 | 0.26 |

Source: RBI, Govt. of India

Table 4
BSE Sensex and NSE Nifty Index

| Index | June. 01, 2015 | June. 05, 2015 | Percentage Change |
|-----------------|----------------|----------------|-------------------|
| BSE SENSEX | 27,770.8 | 26,768.5 | -3.6 |
| S & P CNX NIFTY | 8,417.3 | 8,114.7 | -3.6 |

Source: BSE India and NSE India

Table 5
Metals Market Spot Prices Index (Rs.)

| | | June 2015 | | | | | Weekly Changes in % |
|-------------|---------|-----------------|-----------------|-----------------|-----------------|-----------------|---------------------|
| | | 1 st | 2 nd | 3 rd | 4 th | 5 th | |
| Aluminium | 1 KGS | 107.6 | 109.3 | 109.6 | 109.0 | 108.2 | 0.6 |
| Copper | 1 KGS | 383.5 | 381.5 | 385.1 | 383.8 | 380.2 | -0.9 |
| Cotton | 1 BALES | 16690.0 | 16730.0 | 16750.0 | 16880.0 | 16830.0 | 0.8 |
| Lead | 1 KGS | 121.4 | 122.3 | 122.1 | 123.8 | 121.6 | 0.1 |
| Natural Gas | 1 mmBtu | 168.5 | 168.5 | 172.2 | 168.2 | 168.5 | 0.0 |
| Nickel | 1 KGS | 797.3 | 823.9 | 825.6 | 823.9 | 821.9 | 3.1 |
| Tin | 1 KGS | 978.8 | 991.0 | 986.3 | 990.5 | 974.3 | -0.5 |
| Zinc | 1 KGS | 136.0 | 136.5 | 137.8 | 137.4 | 136.2 | 0.1 |
| Gold | 10 GRMS | 26772.0 | 26914.0 | 26883.0 | 26798.0 | 26556.0 | -0.8 |
| Silver | 1 KGS | 37804.0 | 38053.0 | 37838.0 | 37518.0 | 36715.0 | -2.9 |

Source: MCX

Table 6
Agri. Commodities Market Spot Prices (Rs.)

| | | June 2015 | | | | | Weekly Changes in % |
|-----------------|---------|-----------------|-----------------|-----------------|-----------------|-----------------|---------------------------|
| | | 1 st | 2 nd | 3 rd | 4 th | 5 th | |
| Maize | 100 KGS | 1235.0 | 1230.0 | 1235.0 | 1245.0 | 1240.0 | 0.4 |
| Refined Soy Oil | 10 KGS | 651.6 | 653.5 | 656.3 | 655.8 | 654.2 | 0.4 |
| Soyabean | 100 KGS | 3990.0 | 3985.0 | 4010.0 | 3975.0 | 3950.0 | -1.0 |
| Wheat | 100 KGS | 1515.0 | 1520.0 | 1530.0 | 1541.7 | 1535.0 | 1.3 |

Source: MCX

ASSOCHAM Economic Research Bureau

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