



ASSOCHAM Economic Weekly
2nd August, 2015



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1. Macroeconomy



1.1 Sectoral Deployment of Bank Credit, June 2015

- On a year-on-year (y-o-y) basis, non-food bank credit increased by 7.7 per cent in June 2015 as compared with the increase of 13.0 per cent in June 2014.
- Credit to agriculture and allied activities increased by 10.6 per cent in June 2015 as compared with the increase of 18.8 per cent in June 2014.
- Credit to industry increased by 4.1 per cent in June 2015 as compared with the increase of 10.2 per cent in June 2014. Deceleration in credit growth to industry was observed in all major sub-sectors.
- Credit to the services sector increased by 6.0 per cent in June 2015 as compared with the increase of 13.6 per cent in June 2014.
- Credit to NBFCs increased by 1.6 per cent in June 2015 as compared with the increase of 16.7 per cent in June 2014.
- Personal loans increased by 16.5 per cent in June 2015 as compared with the increase of 15.2 per cent in June 2014

Table 1
Deployment of Gross Bank Credit by Major Sectors

Sector	Jun.27, 2014	Jun.26, 2015	Jun.27, 2014 / Jun.28, 2013	Jun.26, 2015/ Jun.27, 2014
	Outstanding as on (Rs. billion)		Growth (Y-o-Y)	
Gross Bank Credit	57548.1	61755.9	12.80	7.31
Food Credit	1157.9	1042.0	5.14	-10.02
Non-food Credit	56390.2	60714.0	12.97	7.67
Agriculture & Allied Activities	7186.2	7946.5	18.75	10.58

Industry (Micro & Small, Medium and Large)	25265.8	26301.5	10.24	4.10
Micro & Small	3564.8	3740.1	21.77	4.92
Medium	1252.6	1204.0	-5.18	-3.88
Large	20448.4	21357.3	9.52	4.45
Services	13522.8	14331.3	13.58	5.98
Non-Banking Financial Companies (NBFCs)	3068.6	3117.9	16.68	1.61
Personal Loans	10415.4	12134.7	15.19	16.51
Priority Sector	18796.0	20584.6	16.71	9.52

Source: RBI

1.2 Central Government Fiscal situation

Centre's fiscal deficit in the first three months of current fiscal stood at Rs 2.86 lakh crore or 51.6 per cent of Budget estimates for 2015-16. The fiscal situation during April-June 2015-16 showed some improvement over the corresponding period of last year as the deficit then was 56.1 per cent of the Budget estimates.

Total receipts (from revenue and non-debt capital) of the government during the three months were over Rs 1.44 lakh crore or 11.8 per cent of the estimates for the current year.

Tax revenue was over Rs 1.01 lakh crore or 11.1 per cent of the estimate and non-tax revenue was Rs. 39,519 crore or 17.8 percent of the estimate.

Total expenditure of the government during April-June was nearly Rs 4.31 lakh crore or 24.2 per cent of the entire year estimates. Of the total expenditure, plan spending was over Rs 1.14 lakh crore and non-plan was over Rs 3.16 lakh crore.

The revenue deficit during the three month was over Rs 2.31 lakh crore or 58.6 per cent

Table 2
The State of Finances of Union Government
at the end of June 2015

(Rs. crores)

		Budget Estimates 2015-2016*	Actual @ upto June 2015	% of Actual to Budget Estimates	
		Rs.	Rs.	Current	COPPY**
1	Revenue Receipts	1141575	141204	12.4	(9.6)

2	Tax Revenue (Net)	919842	101685	11.1	10.1
3	Non-Tax Revenue	221733	39519	17.8	(7.2)
4	Non-Debt Capital Receipts	80253	3094	3.9	(1.8)
5	Recovery of Loans	10753	1386	12.9	(11.5)
6	Other Receipts	69500	1708	2.5	(0.2)
7	Total Receipts (1+4)	1221828	144298	11.8	(9.2)
8	Non-Plan Expenditure	1312200	316031	24.1	(24.7)
9	On Revenue Account	1206027	288473	23.9	(24.6)
	(i) of which Interest Payments	456145	95493	20.9	(21.2)
10	On Capital Account	106173	27558	26.0	(25.9)
	(i) of which Loans disbursed	1036	9904	956.0	(1347.0)
11	Plan Expenditure	465277	114962	24.7	(19.4)
12	On Revenue Account	330020	83911	25.4	(19.7)
13	On Capital Account	135257	31051	23.0	(18.6)
14	(i) of which Loans disbursed	23076	7839	34.0	(24.5)
	Total Expenditure (8+11)	1777477	430993	24.2	(23.0)
15	Fiscal Deficit (14-7)	555649	286695	51.6	(56.1)
16	Revenue Deficit (9+12-1)	394472	231180	58.6	(65.9)
17	Primary Deficit {15-9(i)}	99504	191202	192.2	(198.9)

**COPPY: Corresponding Period of the Previous Year

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

Table 3
Financing the Deficit
at the end of June 2015

(Rs. crores)

		Budget Estimates	Actual @ upto	% of Actual to Budget	
		2015-2016*	June 2015	Estimates	
		Rs.	Rs.	Current	COPPY**
1	External Financing	11173.35	2130.25	19%	(10%)
2	Domestic Financing	544700.95	284565.37	52%	(57%)
(a)	Market Borrowings	486468.01	171347.80	35%	(34%)
(b)	Securities against Small Savings	22407.52	-458.08	-2%	(-4%)
(c)	Deposit Scheme for Retiring Employees	0.00	0	0%	(0%)
(d)	State Provident Funds	10000.00	698.64	7%	(6%)

(e)	Special Deposits of Non-Govt. Provident Funds, Insurance Corporation etc.	0.00	194.03		
(f)	National Small Saving Fund	1.09	12414.94		
- i-	Savings Deposit and Certificates	13025.17	2953.45	23%	(-20%)
- ii-	Public Provident Funds	39000.01	3566.84	9%	(6%)
-iii-	Investment In Securities	-32744.99	6261.64	-19%	(-79%)
- iv-	Income/Expenditure of NSSF	-19279.10	-366.99	2%	(-1%)
(g)	Others	25824.33	-9710.71	-38%	(136%)
(h)	Cash Balance {Decrease(+)/ Increase(-)}		7510.71		
(i)	Investment (-) / Disinvestment(+) of Surplus Cash		102568.00		
(j)	Ways & Means Advances				
3	TOTAL FINANCING	555874.30	286695.62	52%	(56%)

**COPPY: Corresponding Period of the Previous Year

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



2. Corporate Sector

2.1 Index of Eight Core Industries, June 2015

The Eight Core Industries comprise nearly 38 % of the weight of items included in the Index of Industrial Production (IIP). The combined Index of Eight Core Industries stands at 171.2 in June, 2015, which was 3.0 % higher compared to the index of June, 2014. Its cumulative growth during April to June, 2015-16 was 2.4 %.

- Coal: Coal production increased by 6.3 % in June, 2015 over June, 2014. Its cumulative index during April to June, 2015-16 increased by 7.3 % over corresponding period of previous year.
- Crude Oil: Crude Oil production declined by 0.7 % in June, 2015 over June, 2014. Its cumulative index during April to June, 2015-16 declined by 0.9 % over the corresponding period of previous year.
- Natural Gas: The Natural Gas production declined by 5.9 % in June, 2015. Its cumulative index during April to June, 2015-16 declined by 4.2 % over the corresponding period of previous year.
- Refinery Products (93% of Crude Throughput): Petroleum Refinery production (weight: 5.94%) increased by 7.5 % in June, 2015. Its cumulative index during April to June, 2015-16 increased by 4.2 % over the corresponding period of previous year.
- Fertilizers: Fertilizer production increased by 5.8 % in June, 2015. Its cumulative index during April to June, 2015-16 increased by 2.4 % over the corresponding period of previous year.

- Steel (Alloy + Non-Alloy): Steel production (weight: 6.68%) increased by 4.9 % in June, 2015. Its cumulative index during April to June, 2015-16 increased by 2.8 % over the corresponding period of previous year.
- Cement: Cement production increased by 2.6 % in June, 2015. Its cumulative index during April to June, 2015-16 increased by 0.9 % over the corresponding period of previous year.
- Electricity: Electricity generation (weight: 10.32%) increased by 0.2 % in June, 2015. Its cumulative index during April to June, 2015-16 increased by 1.5 % over the corresponding period of previous year.

Table 4
Performance of Eight Core Industries (Y-o-Y)

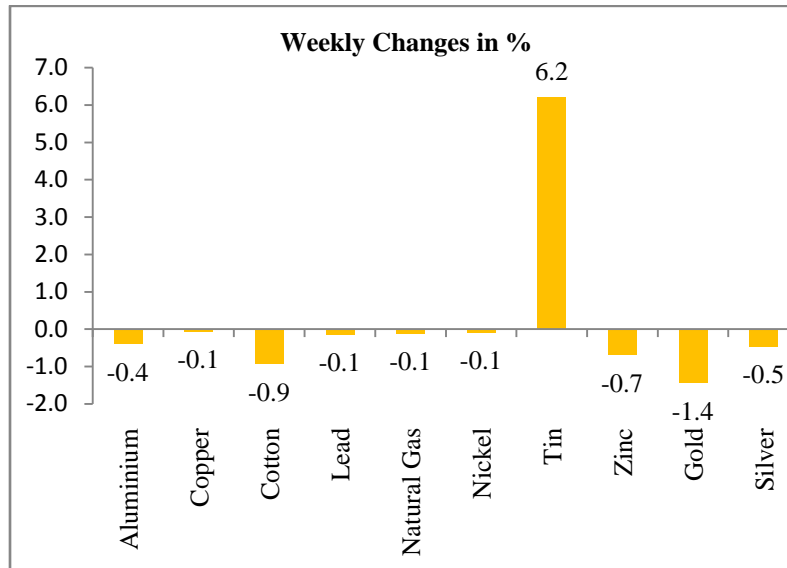
Base Year: 2004-05=100

Sector	Weight	2012-13	2013-14	2014-15	Apr-Jun 14-15	Apr-Jun 15-16	June 2014	June 2015
Coal	4.379	4.6	1.3	8.5	6.6	7.3	8.2	6.3
Crude Oil	5.216	-0.6	-0.2	-0.9	-0.1	-0.9	0	-0.7
Natural Gas	1.708	-14.5	-13.0	-5.2	-3.9	-4.2	-1.7	-5.9
Refinery Products [#]	5.939	29.0	1.5	0.3	-1.3	4.2	-0.1	7.5
Fertilizers	1.254	-3.4	1.5	-0.1	8.6	2.4	-1	5.8
Steel	6.684	4.1	11.5	1.9	7.2	2.8	12	4.9
Cement	2.406	7.7	3.1	5.6	9.6	0.9	13.4	2.6
Electricity	10.316	4.0	6.0	8.1	11.3	1.5	15.7	0.2
Overall	37.903	6.5	4.2	3.8	6.0	2.4	8.7	3

Source: Office of Economic Advisor, Ministry of Commerce and Industry

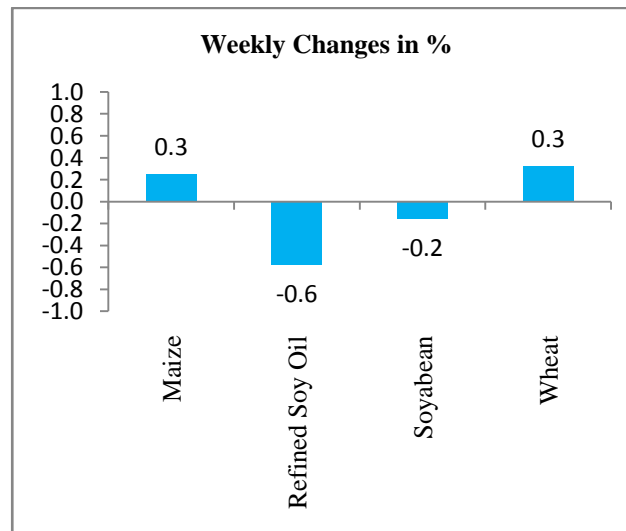
2.2 Basic Metals and Agriculture Commodities in Spot Market

Performance of Metals Market Spot Prices



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

Performance Agri Commodities Market Spot Prices

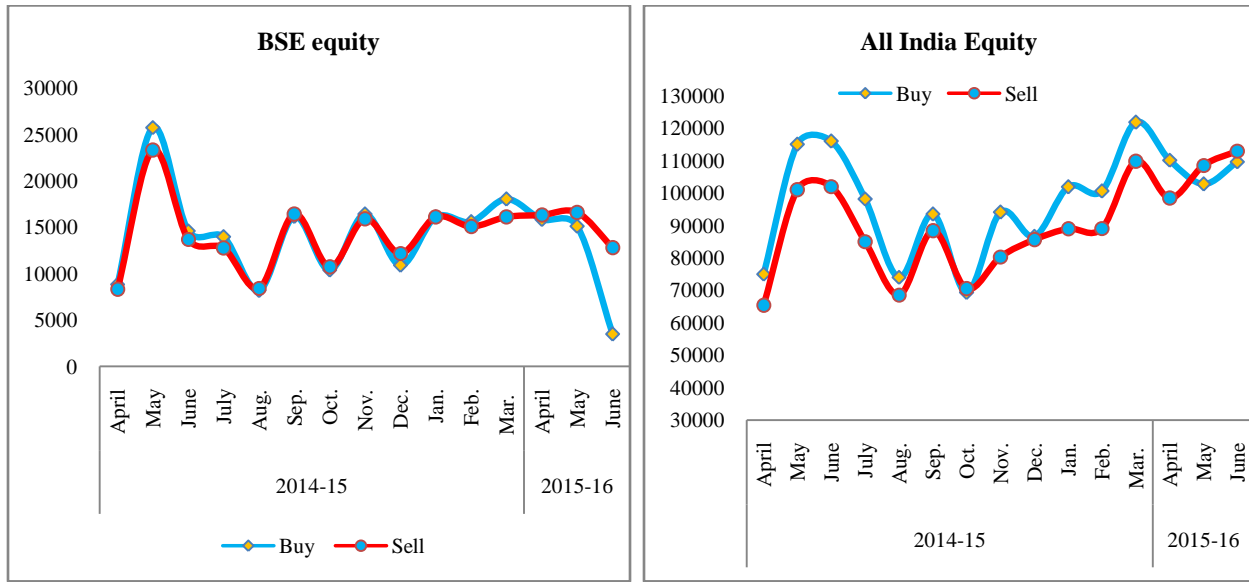


Source: MCX, ASSOCHAM Economic Research Bureau
 Note: For details please refer appendix



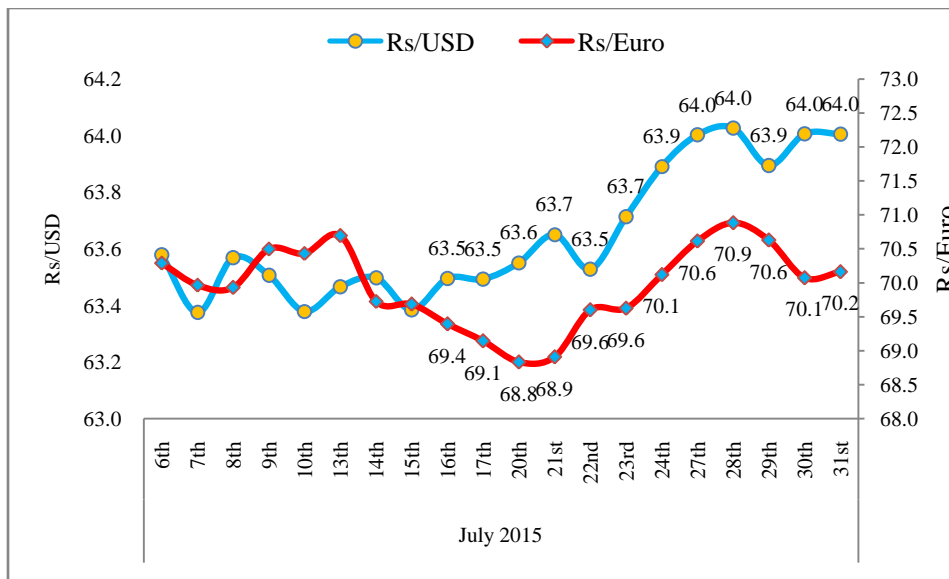
3. Market Trends

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 Gross Domestic Product, Q2 (Apr to June) 2015

Change in gross domestic product (GDP) is the main indicator of economic growth. GDP is estimated to have increased by 0.7% in Quarter 2 (Apr to June) 2015 compared with growth of 0.4% in Quarter 1 (Jan to Mar) 2015.

Output increased in 2 of the main industrial groupings within the economy in Quarter 2 (Apr to June) 2015. Services increased by 0.7% and production increased by 1.0%. Construction growth was flat. In contrast agriculture decreased by 0.7%. GDP was 2.6% higher in Quarter 2 (Apr to June) 2015 compared with the same quarter a year ago.

In Quarter 2 (Apr to June) 2015, GDP was estimated to have been 5.2% higher than the pre-economic downturn peak of Quarter 1 (Jan to Mar) 2008. From the peak in Quarter 1 (Jan to Mar) 2008 to the trough in Quarter 2 (Apr to June) 2009, the economy shrank by 6.0%.

Agriculture: Agriculture output decreased by 0.7% in Quarter 2 (Apr to June) 2015, following a decrease of 2.3% in the previous quarter. Between Quarter 2 (Apr to June) 2014 and Quarter 2 (Apr to June) 2015, agriculture output decreased by 0.4%.

Production: The index of production increased by 1.0% in Quarter 2 (Apr to June) 2015, following an increase of 0.2% in the previous quarter. Mining and quarrying contributed the most to the increase, expanding by 7.8%. Between Quarter 2 (Apr to June) 2014 and Quarter 2 (Apr to June) 2015, production output increased by 1.8%.

Construction: Construction output was flat in Quarter 2 (Apr to June) 2015, following a decrease of 0.2% in the previous quarter. Between Quarter 2 (Apr to June) 2014 and Quarter 2 (Apr to June) 2015, construction output increased by 2.2%.

Distribution, hotels and restaurants: The index for distribution, hotels and restaurants increased by 0.9% in Quarter 2 (Apr to June) 2015, following an increase of 1.1% in the previous quarter. Motor vehicles made the largest positive contribution to the increase. Between Quarter 2 (Apr to June) 2014 and Quarter 2 (Apr to June) 2015, distribution, hotels and restaurants output increased by 4.5%.

Transport, storage and communication: The index for transport, storage and communication increased by 0.8% in Quarter 2 (Apr to June) 2015, following an increase of 0.7% in the previous quarter. Motion picture, video and TV programme production made the largest contribution to the increase. Between Quarter 2 (Apr to June) 2014 and Quarter 2 (Apr to June) 2015, transport, storage and communication output increased by 3.7%.

Business services and finance: The index for business services and finance increased by 0.8% in Quarter 2 (Apr to June) 2015, following an increase of 0.1% in the previous quarter. Both legal activities, and activities of head offices and management consultancies made the largest positive contributions to the increase. Between Quarter 2 (Apr to June) 2014 and Quarter 2 (Apr to June) 2015, business services and finance output increased by 3.1%.

Government and other services: The index for government and other services increased by 0.2% in Quarter 2 (Apr to June) 2015, following an increase of 0.3% in the previous quarter. Human health activities made the largest positive contribution to the increase. Between Quarter 2 (Apr to June) 2014 and Quarter 2 (Apr to June) 2015, government and other services output increased by 0.6%.

Table 5
UK GDP, Quarter 2 (Apr to June) 2015
(Percentage change on previous quarter)

	GDP Index (2011=100)	GDP Weights 1000	Agriculture	Production	Construction	Services
			6	146	64	784
Q2 2013	102	0.6	1	0.7	2.4	0.5
Q3 2013	102.8	0.7	0.7	0.8	3	0.6
Q4 2013	103.2	0.4	0.7	0.3	0.3	0.6
Q1 2014	104.1	0.9	5	0.5	4.1	0.7
Q2 2014	105	0.9	2.2	0.3	2.2	1
Q3 2014	105.8	0.7	1.4	0.2	2.2	0.7
Q4 2014	106.7	0.8	1.2	0.4	0.2	0.9
Q1 2015	107.1	0.4	-2.3	0.2	-0.2	0.4
Q2 2015	107.8	0.7	-0.7	1	0	0.7

Source: Office for National Statistics

4.2 Euro area unemployment rate

According to the statistical office of the European Union, euro area (EA19) seasonally-adjusted unemployment rate was 11.1% in June 2015, stable compared with May 2015, and down from 11.6% in June 2014. The EU28 unemployment rate was 9.6% in June 2015, also stable compared with May 2015 and down from 10.2% in June 2014.

Eurostat estimates that 23.296 million men and women in the EU28, of whom 17.756 million in the euro area, were unemployed in June 2015. Compared with May 2015, the number of persons unemployed decreased by 32 000 in the EU28 and increased by 31 000 in the euro area. Compared with June 2014, unemployment fell by 1.448 million in the EU28 and by 811 000 in the euro area.

Among the Member States, the lowest unemployment rates in June 2015 were recorded in Germany (4.7%) and the Czech Republic (4.9%), and the highest in Greece (25.6% in April 2015) and Spain (22.5%).

Compared with a year ago, the unemployment rate in June 2015 fell in twenty-one Member States, increased in five and remained stable in both France and Cyprus. The largest decreases were registered in Lithuania (10.9% to 8.5%), Spain (24.5% to 22.5%) and Portugal (14.3% to 12.4%). The increases were registered in Belgium (8.4% to 8.6%), Romania (6.8% to 7.0%), Italy (12.4% to 12.7%), Austria (5.7% to 6.0%) and Finland (8.6% to 9.5%).

In June 2015, the unemployment rate in the United States was 5.3%, down from 5.5% in May 2015 and down from 6.1% in June 2014.

Table 6
Euro Area Unemployment rate (Percent)

	June 2014	March 2015	April 2015	May 2015	June 2015
EA19	11.6	11.2	11.1	11.1	11.1
EU28	10.2	9.7	9.6	9.6	9.6
Belgium	8.4	8.7	8.6	8.6	8.6
Bulgaria	11.4	9.9	9.8	9.7	9.6
Czech Republic	6.1	5.6	5.3	5	4.9
Denmark	6.5	6.3	6.2	6.1	6
Germany	5	4.8	4.7	4.7	4.7
Estonia	7.1**	6.2	6.6	6.5	:
Ireland	11.4	9.8	9.8	9.7	9.7
Greece	27.0*	25.8	25.6	:	:
Spain	24.5	22.9	22.7	22.6	22.5
France	10.2	10.3	10.2	10.2	10.2
Croatia	16.9	16.7	16.2	15.7	15.3
Italy	12.4	12.6	12.4	12.5	12.7
Cyprus	16.2	16.3	16	16	16.2
Latvia6	11.6***	9.9	:	:	:
Lithuania	10.9	9	8.9	8.2	8.5
Luxembourg	6	5.8	5.7	5.7	5.7
Hungary	8.2**	7.3	7.1	7	:
Malta	5.8	5.7	5.6	5.6	5.5
Netherlands	7.4	7	7	6.9	6.9
Austria	5.7	5.6	5.9	6.1	6
Poland	9	7.9	7.8	7.8	7.7

Portugal	14.3	13.2	12.8	12.4	12.4
Romania	6.8	6.8	6.9	7.1	7
Slovenia	9.6	9.3	9.2	9.2	9.2
Slovakia	13.2	12	12	11.9	11.8
Finland	8.6	9.3	9.4	9.4	9.5
Sweden	7.9	7.7	7.7	7.7	7.6
United Kingdom	6.4*	5.5	5.6	:	:
Iceland	4.9	4.3	4.3	4.2	4.2
Norway	3.2**	4.2	4.2	4.3	:
United States	6.1	5.5	5.4	5.5	5.3

Source: The statistical office of the European Union

5. Data Appendix

Table 7
Latest Available Financial Information

Item	July.17, 2015	July.24, 2015	Percentage Change
Deposits of Scheduled Commercial Banks with RBI (Rs. Billion)	3,625.79	3,692.73	1.85
Foreign Currency Assets of RBI (Rs. Billion)	21,110.71	21,253.35	0.68
Advances of RBI to the Central Government (Rs. Billion)			
Advances of RBI to the Scheduled Commercial Banks (Rs. Billion)	437.70	463.18	5.82
Foreign Exchange Reserves (US\$ Billion)	353.3	353.6	0.09

Source: RBI, Govt. of India

Table 8
BSE Sensex and NSE Nifty Index

Index	July. 27, 2015	July. 31, 2015	Percentage Change
BSE SENSEX	28,117.65	28,114.56	-0.01
S & P CNX NIFTY	8,492.1	8,532.9	0.5

Source: BSE India and NSE India

Table 9
Metals Market Spot Prices Index (Rs.)

Products	Unit	July 2015					Weekly Changes in %
		27 th	28 th	29 th	30 th	31 st	
Aluminium	1 KGS	102.4	103.0	103.4	103.0	102.0	-0.4
Copper	1 KGS	335.6	332.1	339.2	339.2	335.4	-0.1
Cotton	1 BALES	16270.0	16230.0	16220.0	16160.0	16120.0	-0.9
Lead	1 KGS	108.2	109.1	109.4	108.5	108.1	-0.1
Natural Gas	1 mmBtu	177.4	178.5	180.6	183.0	177.2	-0.1
Nickel	1 KGS	699.1	715.7	709.7	698.9	698.5	-0.1
Tin	1 KGS	985.5	1041.3	1039.0	1036.5	1046.5	6.2
Zinc	1 KGS	123.7	125.3	126.8	124.6	122.9	-0.7
Gold	10 GRMS	24951.0	24800.0	24824.0	24684.0	24592.0	-1.4
Silver	1 KGS	33767.0	33767.0	33643.0	33715.0	33611.0	-0.5

Source: MCX

Table 10
Agri Commodities Market Spot Prices (Rs.)

Products	Unit	July 2015					Weekly Changes in %
		27 th	28 th	29 th	30 th	31 st	
Maize	100 KGS	1380.0	1375.0	1380.0	1375.0	1383.5	0.3
Refined Soy Oil	10 KGS	611.5	606.4	606.4	606.2	608.0	-0.6
Soyabean	100 KGS	3305.0	3296.5	3305.0	3300.0	3300.0	-0.2
Wheat	100 KGS	1555.0	1555.0	1555.0	1560.0	1560.0	0.3

Source: MCX

ASSOCHAM Economic Research Bureau

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ASSOCHAM Business Barometer (ABB) are based on the surveys conducted by the Research Team to take note of the opinion of leading CEOs, MDs, CFOs, economists and experts in various fields.

ASSOCHAM Investment Meter (AIM) keeps the track of the investment announcements by the private sector in different sectors and across the various states and cities.

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.

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THE KNOWLEDGE CHAMBER

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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.

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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

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.