

Dear Reader

The global economic environment has offered some good news in form of unemployment rate in US falling to a near 4-year low of 7.8% in September 2012. This is indeed a propitious sign for the incumbent President Obama who is running for the second consecutive presidential term. Elsewhere, European Central Bank (ECB) and Bank of England (BoE) decided to maintain a 'status-quo' on their key policy rates in their recently held meetings. They, however, decided to continue with their asset purchase programme, which, by way of infusing liquidity, would help in spurring demand and growth.

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Chandrajit Banerjee (Director-General, CII)

Policy

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INDICATORS

- Market price of the non-subsidized domestic liquefied petroleum gas cylinder has gone up from 1st October 2012. The price has risen from earlier Rs 756 to Rs 883. This is 120% higher than subsidised cylinders, which cost Rs 399 in Delhi. The price has been further raised by Rs. 11.42 due to hike in dealer's commission and hence, the new price would be around Rs. 410 for subsidized and about Rs. 894 for non-subsidized cylinder.
- Finance Ministry is likely to suggest a Cut in the Government's Plan Expenditure to meet its revised fiscal deficit target of 5.3% of GDP in 2012-13. The cut is likely to be on un-implemented central schemes approved in the Budget 2012-13.
- Spices Board envisages Unification of Tax Rates of Kerala and Tamil Nadu and implementation of Kerala Valued Added Tax at the rate of 2%. This is expected to promote cardamom business by facilitating entry of more local dealers from Kerala besides motivating forward integration to the cardamom trade.
- Union Cabinet Committee has Approved the 12th Plan Document. It is now to be reviewed by the National Development Council later this month.
- **Foreign Exchange Reserves** as on 28 September, 2012 stood at US\$ 294.8 billion, up by US\$0.8 billion from the previous week.

Global News

Industry

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>> At the **Treasury Bills Auctions** held during the week, the YTM for 91-day T-Bills stood at 8.1%.

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The **Call Money Rates** as on 5 October 2012 traded in the range of 6.97-7.85%.

Market

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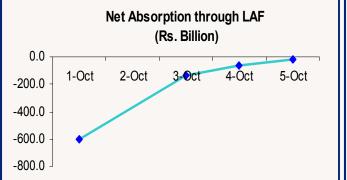
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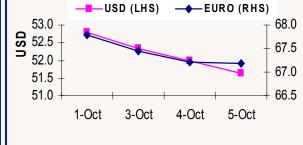




POLICY DEVELOPMENT

- Union Cabinet Committee has cleared the proposal of raising FDI cap in insurance from 26% to 49%. In pension sector, it would be either 26% or 49%. Besides, it has accepted amendments in the Companies Bill 2011, making spending on Corporate Social Responsibility (CSR) a mandatory provision for companies above a certain threshold.
- The Cabinet has also accepted amendments in Companies Act, which will bring M&A in all sectors under the purview of Competition Commission of India.
- Cabinet committee on infrastructure has approved a tripartite model agreement between lenders, the project authority and the concessionaire to operationalise infrastructure debt funds. This is expected to boost infrastructure sector.
- Sovernment may enter into separate agreements with the states to implement GST. This is likely to expedite the GST implementation.





Exchange Rate

Euro

BANKING INDICATORS

			Rs. Billion
Indicators	Outstanding as on 21 September, 2012	% Variation over Fortnight	Year
Total Bank Credit	47,664.9	0.4	16.4
Food Credit	925.8	-2.2	35.7
Non Food Credit	46,739.1	0.4	16.1
Aggregate Deposit	62,908.7	-0.5	13.7
Broad Money (M3)	77,993.8	-0.4	13.4
Credit Deposit Ratio	75.8		
Source: RBI			



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EQUITY MARKETS

- ➢ Global share market, in general, recorded an improvement during the last week in response to the decline in unemployment rate in the US for September 2012. The unemployment rate shrunk from 8.1% in August 2012 to 7.8% in September 2012, lowest since January 2009.
 - **Indian stocks too** gained marginally last week, owing primarily to the Union Cabinet's approval to raise FDI in insurance and pension sector. Pick-up was noticed in almost all BSE Indices.

0.7
1.5
-0.5
1.6
0.3

Source: Yahoo Finance

Net Institutional Activity			Indian Equity Indices
	Equity	Debt	
	645.1	263.3	BSE SENSEX
Weekly FII (US \$ Million)			BSE 500
Year -to-date FII (US\$ million)	16,503.8	5,062.8	S&P CNX NIFTY
Weekly Mutual Funds# (Rs Crore)	-735.0	13,838.1	S&P CNX 500
Source: SEBI #as on 4 October, 2012		Source: NSE, BSE	

COMMODITY MARKETS

- NYMEX West Texas Intermediate Crude Oil on 5 October 2012 was US\$89.9 per barrel, down by US\$2.3 per barrel from the previous week.
- New York spot price for Gold was US\$ 1,780.9 per ounce as on 5 October 2012, up by US\$7.0 per ounce from the previous week.

Commodity Spot Indices	Closing Value as on 6 October, 2012	Weekly Change (%)
MCX AGRI	3,287.9	-4.5
MCX METAL	5,227.1	-1.5
MCX ENERGY	3,239.8	-2.6
MCX COMDEX	3,872.4	-2.4
Source: MCX, NCDE2	X	





INDUSTRY NEWS

Power

Bihar government is planning to introduce smart grids in an attempt to curb rising transmission and distribution (T&D) losses. It has found a partner in state-run transmission utility Power Grid Corporation, which recently submitted a proposal for the pilot project. Currently, Bihar has one of the largest T&D losses in the country, about 43% of the installed capacity gets lost in transmission. By introducing smart grids, more than 4,000 MW will be available for the state by 2015-16.

Chemical

Chemicals and fertilizers Ministry is to set up a national chemical centre to formulate environment and human-friendly policies and contain risks posed by chemicals. The centre would provide necessary regulatory framework, trade practices, duty structure and maintain an inventory of the chemical sector containing data on production, consumption, imports, exports and toxicological properties. It is also expected to set up a Chemical Standard Development Organisation under its jurisdiction to facilitate the industry to comply with international standards.

Coffee

➢ As per International Coffee organization, India's ranking in world coffee production has slipped to 7th position from 6th a year ago despite achieving a record production of 5.33 million bags of 60 kg each (314,000 tonnes) in 2011. With 4% share in world output, India is ranked below Ethiopia (5th rank) and Peru. Brazil, Vietnam and Indonesia are top three with 33%,15.2% & 6.3% share respectively.

BSE Indices	Closing Value as on 5 October, 2012	Weekly Change (%)
AUTO INDEX	10,492.9	0.8
BANKEX	13,212.1	0.6
BSE CAPITAL GOODS	11,339.5	3.5
BSE CONSUMER DURABLE	7,160.6	3.2
BSE FMCG	5,639.7	2.4
BSE HEALTHCARE	7,427.2	-1.3
BSE INFOTECH	5,910.9	-0.2
BSE MID CAP	6,678.8	1.1
BSE SMALL CAP	7,145.7	1.8
BSE TECK INDEX	3,413.9	-0.1
METAL INDEX	10,606.4	0.7
OIL & GAS INDEX	8,852.2	2.2
Source: BSE		

CNX Segment Indices	Closing Value as on 5 October, 2012	Weekly Change (%)
CNX NIFTY Junior	11,221.0	1.6
CNX MIDCAP	7,934.4	1.2
BANK NIFTY	11,511.4	0.5
CNX IT	6,292.5	-0.3
CNX Realty	260.7	6.2
CNX Infrastructure	2,577.7	2.0
Source: NSE		





GLOBAL NEWS

USA

- In the week ending September 29, the advance figure for seasonally adjusted initial claims of unemployment benefits were 367,000, a increase of 4,000 from the previous week's revised figure of 363,000.
 The 4-week moving average was 375,000, unchanged from the previous week's revised average.
- The US Manufacturing Purchasing Managers' Index (PMI) plunged from 51.5 in August 2012 to 51.1 in September 2012, lowest in three years. It, however, showed a

modest growth in the manufacturing output.

Europe

Spain is likely to borrow 207.2 billion euro (US\$266.5 billion) next year. Pressure is mounting on the Prime Minister to tap the European rescue fund instead of financial markets. With this, the Spain's debt may widen to 90.5% of GDP by the end of 2013.

Thailand

Thailand's economy is expected to grow in the range of 5.5-5.7% for the current year despite weak growth in exports. The growth is expected to be supported by other sectors. Further, the government believes that its rice intervention scheme would boost farmers' income and help in spurring spending.

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