

# Economy Update



» WEEKLY NEWSLETTER

» 15-21 October 2012

## Dear Reader

The underperformance by the mining sector has been continuing since the last fiscal. One of the key factors behind this is the irregularity in the distribution of coal reserves. Since India mainly depends on coal for production of electricity, it's imperative that the allocation of coal mines is made more transparent and efficient. In this regard, CII is happy to note the recent steps taken by the coal ministry in this direction- they were the need of the hour. In addition, we are also heartened by the rolling of the 'Aadhaar Scheme' by the government as it is expected to plug leakages in various direct cash transfer schemes like MGNREGA, PDS etc.

Chandrajit Banerjee

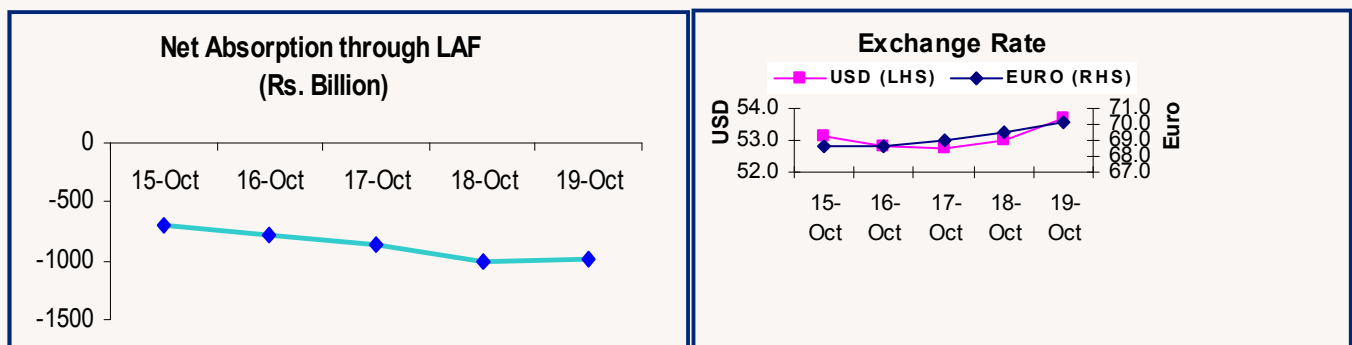
(Director-General, CII)

## INDICATORS

- » **Coal production** in the country has increased by 9% to 208.3 Million Tonnes of coal from 1<sup>st</sup> April to 15<sup>th</sup> October 2012 as compared to the same period last year. The target is to produce 464 Million Tonnes of coal in 2012-13.
- » **Indirect tax collections** have grown by 15.6% to Rs 2.17 lakh crore in April-September 2012, much below the annual target rate of 27% to garner Rs. 5.05 lakh crore during 2012-13. This is due to slowdown in economic activities. Excise duty collection during April-September period stood at Rs. 80,000 crore, customs duty at Rs.77,000 crore and the service tax collection was Rs. 60,000 crore.
- » Centre to earmark US\$50 million to strengthen the institutional mechanism for **Biodiversity Conservation** in the country. Besides, the state is allocating an equal amount for similar purpose in developing countries in the next two years.
- » Government has rolled out the direct cash transfer system under **Aadhaar Scheme** to eliminate fraud and corruption. It will include all beneficiary schemes like PDS, MGNREGA, social security scheme, LPG distribution.
- » **Foreign Exchange Reserves** as on 12 October, 2012 stood at US\$294.9 billion, down by US\$0.2 billion from the previous week.
- » At the **Treasury Bills Auctions** held during the week, the YTM for 91-day T-Bills stood at 8.1%.
- » The **Call Money Rates** as on 19 October 2012 traded in the range of 7.1-8.2%.

## POLICY DEVELOPMENT

- » Government is planning to relax rules for oil and gas exploration licences in the next bidding round in order to attract global companies. It is also suggested that from the next exploration round, the oil ministry will obtain approvals from various ministries including environment and defence before the oil and gas blocks are put on auction.
- » Coal ministry has urged all the coal-bearing states to plug in existing loopholes in the process of allocation and development of reserves as part of the guidelines, being finalised for competitive bidding of coal blocks. This includes limiting private ownership in joint ventures (JVs) of state mining corporations to less than 50 percent and allowing such JVs to only those companies that have end-use projects and following open bidding for selection of private mine operators.
- » RBI has revised priority sector lending norms. Loans up to Rs 2 crore to companies involved in farming and allied activities will be treated as lending for direct agriculture under priority sector lending (PSL) status.



## BANKING INDICATORS

Indicators	Rs. Billion		
	Outstanding as on 5 October, 2012	% Variation over Fortnight	Year
Total Bank Credit	48,093.8	0.9	15.9
Food Credit	917.8	-0.9	44.9
Non Food Credit	47,176.0	0.9	15.4
Aggregate Deposit	64,110.4	1.9	13.9
Broad Money (M3)	73,592.0	1.4	13.3
Credit Deposit Ratio	75.0		

Source: RBI

## EQUITY MARKETS

» **Global share market** gained last week on account of robust home sales in the US during September 2012, despite being low in comparison to last month's sales.

» **Indian stocks** too picked up marginally last week. Almost all BSE indices gained except Infotech, Metal and Healthcare.

» **Total turnover** during the week on BSE stood at Rs. 9,105 crore and on NSE at Rs. 41,445 crore.

Global Stock Indices	Closing Value as on 19 October, 2012	Weekly Change (%)
NYSE: DJIA	13,548.9	1.7
FTSE 100	5,917.1	2.1
Nikkei 225	8,982.9	5.3
Straits Times	3,060.4	0.6
KOSPI	1,959.1	1.3

Source: Yahoo Finance

### Net Institutional Activity

	Equity	Debt
Weekly FII (US\$ Million)	138.5	183.7
Year -to-date FII (US\$ Million)	17,987.3	5,226.3
Weekly Mutual Funds <sup>#</sup> (Rs Crore)	80.8	856.2

Source: SEBI

<sup>#</sup>as on 17 October, 2012

Indian Equity Indices	Closing Value as on 19 October, 2012	Weekly Change (%)
BSE SENSEX	18791.9	0.6
BSE 500	7257.7	0.6
S&P CNX NIFTY	5718.7	0.8
S&P CNX 500	4535.2	0.6

Source: NSE, BSE

## COMMODITY MARKETS

» **NYMEX West Texas Intermediate Crude Oil** on 19 October 2012 was US\$90.1 per barrel, down by US\$1.8 per barrel from the previous week.

» **New York spot price for Gold** was US\$ 1,724.1 per ounce as on 19 October 2012, down by US\$35.6 per ounce from the previous week.

Commodity Spot Indices	Closing Value as on 20 October, 2012	Weekly Change (%)
MCX AGRI	3440.3	1.7
MCX METAL	5186.3	-0.3
MCX ENERGY	3380.4	0.5
MCX COMDEX	3939.8	0.3

Source: MCX, NCDEX

## INDUSTRY NEWS

### Railways

» Railway Ministry to commence work on setting up new rail wagon factories in Odisha, Kerala, Gujarat and Karnataka during the financial year. As per “Railway Vision 2020”, there would be a need for over 5,000 diesel and 4,000 electric locomotives over the next decade and this would require huge investments and participation of private and public sectors.

### Agriculture

» In order to boost agriculture development, Maharashtra Government is planning to set up study groups in each of the nine Agro-Climatic Zones in the state. The zones are earmarked on the basis of rainfall, soil type and vegetation. As per the plan, study groups will undertake a thorough research of land, soil, water, climate, market committees, agro processing, water and soil conservation. Based on the findings measures will be taken for improving agro development in these zones.

### Sugar

» Government has allowed sugar mills to ship sugar abroad in the 2012-13 crop marketing year without any curbs.

BSE Indices	Closing Value as on 19 October, 2012	Weekly Change (%)
AUTO INDEX	10342.6	0.7
BANKEX	13308.0	1.7
BSE CAPITAL GOODS	11191.2	0.1
BSE CONSUMER DURABLE	7302.1	1.5
BSE FMCG	5852.8	1.8
BSE HEALTHCARE	7556.6	-0.2
BSE INFOTECH	5715.7	-0.2
BSE MID CAP	6706.8	0.4
BSE SMALL CAP	7193.9	1.2
BSE TECK INDEX	3325.1	0.3
METAL INDEX	10490.0	-1.2
OIL & GAS INDEX	8502.7	-0.5

Source: BSE

CNX Segment Indices	Closing Value as on 19 October, 2012	Weekly Change (%)
CNX NIFTY Junior	11174.9	-0.3
CNX MIDCAP	7945.4	0.3
BANK NIFTY	11586.4	1.7
CNX IT	6088.9	-0.3
CNX Realty	248.1	-0.4
CNX Infrastructure	2562.4	0.6

Source: NSE

## GLOBAL NEWS

### USA

» In the week ending October 13, the advance figure for seasonally adjusted initial claims of unemployment benefits were 388,000, an increase of 46,000 from the previous week's revised figure of 342,000. The 4-week moving average was 365,500, an increase of 750 from the previous week's revised average of 364,750.

» Sales of houses in the US has dropped by 1.7% to an annual rate of 4.75 million units in September 2012, after achieving the fastest pace in more than two years in August 2012. Nevertheless, it remained robust as the growth in September 2012 was 11% high on year on

year basis. The sales is expected to improve in coming months as purchasing is picking up.

### Europe

» The number of unemployed people in the United Kingdom fell by 50,000 between June and August to 2.53 million. This put the unemployment rate at 7.9%.

### Japan

» September trade deficit reached 558.6 billion yen as against a surplus of 288.8 billion yen in the same period a year ago. Exports plunged by 10.3% on year on year basis due to adverse impact from the European debt crisis, slow down in demand from China and appreciation in yen. Imports, however rose by 4.1% due to high energy imports after the closure of nuclear power plants.

## DISCLAIMER

Copyright © 2012 by Confederation of Indian Industry (CII), All rights reserved.

No part of this publication may be reproduced, stored in, or introduced into a retrieval system, or transmitted in any form or by any means (electronic, mechanical, photocopying, recording or otherwise), without the prior written permission of the copyright owner. CII has made every effort to ensure the accuracy of information presented in this document. However, neither CII nor any of its office bearers or analysts or employees can be held responsible for any financial consequences arising out of the use of information provided herein.

CII Economy Update is a weekly report published by Confederation of Indian Industry (CII). Reach us at: [ecoresearch@cii.in](mailto:ecoresearch@cii.in)



Confederation of Indian Industry

The Mantosh Sondhi Centre  
23, Institutional Area, Lodi Road, New Delhi – 110 003 (India)  
T: +91-11-24629994-7 • F: +91-11-24626149 • E: [ecoresearch@cii.in](mailto:ecoresearch@cii.in) • W: [www.cii.in](http://www.cii.in)  
Reach us via our Membership Helpline: 00-91-11-435 46244 / 00-91-99104 46244  
CII Helpline Toll free No: 1800-103-1244