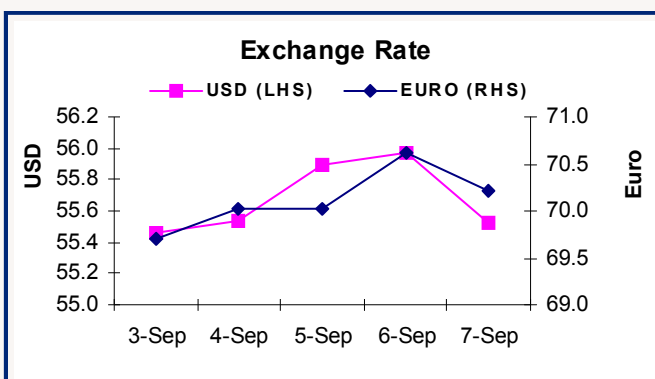
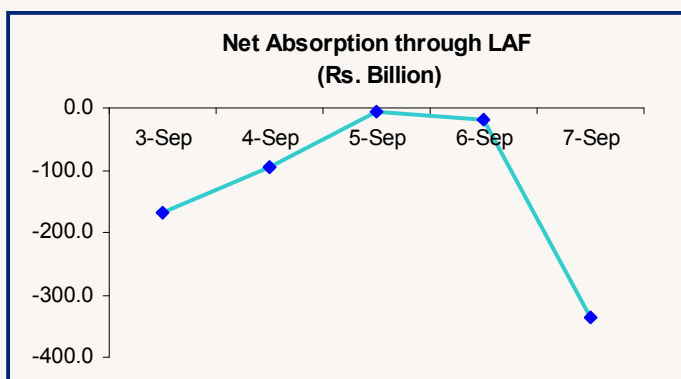


POLICY DEVELOPMENT

- » Finance Minister has urged the tax department to scrutiny low tax-paying sectors. As per the applicable tax rate of 30% for companies, the average tax rate is estimated to be just 24% or even lower for many sectors. In some sectors, average rate varies between 10-22%. According to estimates these sectors could bring an additional revenue of Rs. 30,000 crore to the exchequer.
- » Power Ministry has proposed some changes in the Electricity Act. The suggestion is to reform the tariff determination mechanism under which rates would be fixed by competition and not by appropriate commissions. This is expected to provide relief to the crisis hit power companies.
- » RBI has asked banks to lend priority sectors directly without any involvement of intermediaries. This is expected to facilitate better management of credit and help banks to understand the risk associated with it.



BANKING INDICATORS

Indicators	Rs. Billion		
	Outstanding as on 24 August, 2012	% Variation over Fortnight	Year
Total Bank Credit	47,217.9	0.0	16.7
Food Credit	968.0	-3.0	31.6
Non Food Credit	46,249.9	0.0	16.4
Aggregate Deposit	62,917.0	0.1	14.1
Broad Money (M3)	77,900.4	0.1	13.7
Credit Deposit Ratio	75.0		

Source: RBI

EQUITY MARKETS

- » **Global share** prices rallied a little last week owing to the speculations about the third round of quantitative easing after China approved of next round of fiscal stimulus and the ECB's decision to purchase EU bonds of up to 3 years maturity.
- » **Indian stocks** also gained last week. All BSE indices rallied. Highest increase was seen in BSE Infotech and BSE Tech indices of 4.2%.
- » **Total turnover** during the week on BSE stood at Rs. 6,913 crore and on NSE at Rs. 32,773 crore.

Global Stock Indices	Closing Value as on 7 September, 2012	Weekly Change (%)
NYSE: DJIA	13,292.0	2.2
FTSE 100	5,794.8	1.5
Nikkei 225	8,871.7	0.4
Straits Times	3,011.7	-0.5
KOSPI	1,929.6	1.3

Source: Yahoo Finance

Net Institutional Activity

	Equity	Debt
Weekly FII (US \$ Million)	-6.7	-112.8
Year -to-date FII (US\$ million)	12,315.9	4,404.6
Weekly Mutual Funds# (Rs Crore)	-458.5	14,074.1

Source: SEBI

#as on 6 September, 2012

Indian Equity Indices	Closing Value as on 7 September, 2012	Weekly Change (%)
BSE SENSEX	17,749.7	1.8
BSE 500	6,748.4	1.8
S&P CNX NIFTY	5,358.7	1.9
S&P CNX 500	4,210.9	2.0

Source: NSE, BSE

COMMODITY MARKETS

- » **NYMEX West Texas Intermediate Crude Oil** on 7 September 2012 was US\$96.4 per barrel, down by US\$ 0.1 per barrel from the previous week.
- » **New York spot price for Gold** was US\$ 1,740.5 per ounce as on 7 September 2012, up by US\$52.9 per ounce from the previous week.

Commodity Spot Indices	Closing Value as on 7 September, 2012	Weekly Change (%)
MCX AGRI	3,868.1	0.4
MCX METAL	5,208.6	3.4
MCX ENERGY	3,562.4	-0.6
MCX COMDEX	4,099.9	1.5

Source: MCX, NCDEX

INDUSTRY NEWS

Mining

- » Karnataka government's Mines and Geology Department is taking several steps to curb illegal coal mining. The most important being the introduction of E-permit system to curb illegal transport of iron ore. This E-auction will result in the discovery of real market prices of the minerals and also contributed to an increase in royalty.

Defence

- » Military to buy DRDO-developed missiles worth Rs 1 lakh crore. According to top DRDO scientists, indigenous missiles would reduce the cost to half as that of a foreign alternative.

Agriculture

- » Israel to set up three centres of excellences in Gujarat in order to facilitate transfer of its farming technology. Gujarat government is also planning to set up a farming educational institute in collaboration with Israel that will offer PG & Ph.D programs with practical training and degree from Israeli universities.

Oil and Gas

- » Indian Oil Corporation Ltd plans to invest Rs. 50,000 crore in expanding its existing refineries and setting up a new plant on the west coast.

BSE Indices	Closing Value as on 7 September, 2012	Weekly Change (%)
AUTO INDEX	9,539.6	3.2
BANKEX	11,646.5	1.1
BSE CAPITAL GOODS	9,541.0	1.0
BSE CONSUMER DURABLE	6,398.8	2.5
BSE FMCG	5,361.2	0.1
BSE HEALTHCARE	7,642.1	2.0
BSE INFOTECH	5,983.2	4.2
BSE MID CAP	6,142.7	2.3
BSE SMALL CAP	6,496.2	1.6
BSE TECK INDEX	3,388.1	4.2
METAL INDEX	9,837.2	1.5
OIL & GAS INDEX	8,375.9	2.0

Source: BSE

CNX Segment Indices	Closing Value as on 7 September, 2012	Weekly Change (%)
CNX NIFTY Junior	10,107.9	2.2
CNX MIDCAP	7,239.2	2.5
BANK NIFTY	10,147.1	1.6
CNX IT	6,359.4	4.7
CNX Realty	205.2	3.1
CNX Infrastructure	2,266.6	1.5

Source: NSE

GLOBAL NEWS

USA

- » In the week ending September 1, the advance figure for seasonally adjusted initial claims of unemployment benefits were 365,000, a decline by 12,000 from the previous week's revised figure of 377,000. The 4-week moving average was 371,250 - an increase of 250 from the previous week's revised average of 371,000.
- » In US Index of non-manufacturing activity increased to 53.7 in August 2012, up from 52.6 in July 2012. It highlights that US service sector is improving faster and has also resulted in an increase in hiring among service companies.

Europe

- » Markit's final Purchasing Managers' Index for the manufacturing sector fell from an earlier estimate of 45.3 to 45.1, but remained above 44.0 in July 2012. This is an outcome of fast spreading manufacturing contraction in the major countries of EU17 such as Germany and France other than Italy and Spain.

China

- » HSBC China Manufacturing Purchasing Managers' Index fell to 47.6 in August 2012, lowest level since March 2009. It is about 2% lower than 49.3 recorded in July 2012 because of slow down in new orders. This is pointing towards a further slow down in the economy for the third straight quarter in 2012.

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



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 • W: 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