

# Indian Economy Data

## **Railways to establish agri-retail chain**

Putting into action the assertions of Railway Minister Mr. Lalu Prasad to reach out to the farming community and provide them a platform for sale of their products at the local level, the Railways on October 4, 2007 began inviting interested players to set up agriculture retail chains across the country. According to the proposal, the Railways would utilise the surplus land for development of facilities as part of agri-retail chain at non-metro stations to cash in on the retail revolution sweeping across the country. The Railways would play a role of facilitator only and it would limit itself to providing logistics at these locations.

## **Government announces Rural Job Scheme for entire country**

The Union Government announced on September 28, 2007 the extension of the National Rural Employment Guarantee Act (NREGA), which guarantees 100 days of wage employment to rural households, to all districts in the country. The scheme was started in February, 2006 in 200 most backward districts having high Scheduled Castes and Scheduled Tribes population with an initial allocation of Rs. 11,500 crore. An additional 130 districts were notified in 2007-08 and the budgetary allocation went up to Rs. 12,000 crore.

## **Centre to import wheat**

An Empowered Group of Ministers (EGoM) approved on September 3, 2007, the Centre's plan to import 7.95 lakh tonnes of wheat at a weighted average price of \$389.45 per tonne (about Rs. 16 a kg), as against Rs. 8.50 a kg minimum support price paid to domestic farmers for wheat bought from them for the Public Distribution System (PDS).

## **New Farm Schemes introduced**

The Cabinet Committee on

Economic Affairs (CCEA) approved two major schemes on August 16, 2007. These schemes include Additional Central Assistance (ACA) scheme and the National Food Security Mission (NFSM) for wheat, rice and pulses. The aim is to accelerate agricultural growth. The total outlay is more than Rs. 29,800 crore.

Under the Additional Central Assistance (ACA) scheme, an outlay of Rs. 1,500 crore has been approved for the current fiscal. Also, Rs. 25,000 crore has been allocated for the Eleventh Five-Year Plan.

## **New export restrictions**

The Ministry of External Affairs and the Ministry of Chemicals & Fertilisers have decided to introduce a mechanism that would prevent dual use chemicals reaching chemical & biological weapon makers on August 6, 2007. However, legitimate trade has been allowed. There will be greater scrutiny of the export of 24 products known as the Australia group chemicals. The Australia Group, an association of countries, has identified 63 items as chemical weapons precursors that require strict licensing norms.

## **RBI releases "The Macroeconomic And Monetary Developments: First Quarter Review 2007-08"**

The Reserve Bank of India said in a report released on July 30, 2007, that the manufacturing sector continues to drive the Indian economy, despite the fact that growth has moderated in civil aviation and mobile phone sectors.

"The Macro-economic and Monetary Developments: First Quarter Review" 2007-08" was released on July 30, 2007. The report stated that manufacturing sector expanded by 12.7 percent during the April-May period, emerging as a key driver for conspicuous growth in industrial production, which stood at 11.7 percent. Sectors like machinery and equipment, food products, basic metal and alloy industries and chemicals and chemical

products were the salient contributors to the manufacturing sector's healthy performance.

## **First Natural Resource Data Centre in Kolkata**

India is set to have its first Natural Resource Data centre. National Bank for Agricultural and Rural Development (NABARD) is setting up the Natural Resource Management Centre in Kolkata. The aim of this centre is to promote sustainable use of land, water and biomass. It will also prepare a database on the country's natural resources and use such data for research on research management. The project was mooted in the 1980s. NABARD acquired 1 acre at Salt Lake's sector 5 from the West Bengal Government in 1988.

This centre will be an autonomous body set up under the India Trust Act. A governing body headed by the NABARD managing director will run the centre. There will be representatives from both the State and Union Government in the governing body.

## **Housing Price Index launched**

The National Housing Bank, the government's apex housing refinance institution, has launched India's first housing price index. Called the NHB RESIDEX, this index will track fluctuations in the property market and collect data on the parallel black economy. Such data will be the basis for policy decisions like rationalisation of stamp duty, capital gains tax, municipal tax and determination of mortgage rates. A pilot index had been developed earlier for five cities – Delhi, Bangalore, Bhopal, Kolkata and Mumbai – for 5 years from 2001 to 2005.

**BEL, HAL, PFC receive Navratna Status** : Three PSEs (Public Sector Enterprises) : Bharat Electronics Limited (BEL), Hindustan Aeronautics Limited (HAL) and Power Finance Corporation (PFC), were conferred Navratna Status in a function held under

the aegis of the Finance Ministry in New Delhi on June 22, 2007. Union Finance Minister Mr. P. Chidambaram asked unlisted PSEs to tap stock markets to realise their true potential, while addressing the function. Besides conferring Navratna status to the three PSEs, Mr. Chidambaram also released the 'guidelines on corporate governance for CPSEs'. The other companies that have been conferred Navratna status before are Bharat Heavy Electricals Limited (BHEL), Bharat Petroleum Corporation Limited (BPCL), Gas Authority of India Limited (GAIL), Hindustan Petroleum Corporation Limited (HPCL), Indian Oil Corporation (IOC), Mahanagar Telephone Nigam Limited (MTNL), National Thermal Power Corporation (NTPC), Oil & Natural Gas Corporation (ONGC) and Steel Authority of India Limited (SAIL).

#### **Prime Minister unveils Rs. 25,000 crore agriculture package**

Prime Minister Dr. Manmohan Singh announced a Rs. 25,000 crore plan at the 53rd National Development Council (NDC) meeting at Vigyan Bhavan in New Delhi on May 29, 2007 to boost the country's farm sector. The plan is based on the peruse of states coming up with localised solutions for problems in their farm sector. The Prime Minister said that the government would take steps to launch a food security mission in the coming months, in order to reduce the country's dependence on import of basic commodities such as rice and wheat. Moreover, the government also intends to provide additional resources for irrigation under the Accelerated Irrigation Benefits Programme. The NDC sought a resolution setting a target to raise wheat production by 8 million tonnes, rice by 10 million tonnes and pulses by 2 million tonnes over the next four years. The special objective of the 11th Five-Year Plan is to raise the existing 2 percent growth in agriculture and allied activities to 4 percent by 2012. The Prime Minister also announced that steps to restructure the present urea-specific fertiliser subsidy programme would be under-taken.

#### **India signs BIPA with Mexico**

India signed a bilateral investment protection agreement (BIPA) with Mexico on May 21, 2007. This is the first such agreement with a member of the North American Free Trade Agreement (NAFTA). Other NAFTA members are the US and Canada. The agreement has been signed by Finance Minister, Mr. P. Chidambaram and visiting Mexican Finance Minister Mr. M. Eduardo Sojo Garza-Aldape. The North American trade bloc was created by the North American Free Trade Agreement signed on January 1, 1994. The grouping initially instituted a schedule for phasing out tariffs to encourage free trade between the three North American countries. In the recent days, it has become a powerful trade body with strong trading relations with European, African and Latin American markets. Mexico offers excellent opportunity for India to go for enhanced market access through investments and joint ventures. The significance of a sound trade relation between India and Mexico can be ascertained for the total trade level that has crossed \$1.5 billion mark in 2006 from \$251 million in 1999. Important sectors with strong Indian exports are engineering goods, chemicals and pharmaceuticals, gems and jewellery and textiles; while, Mexican exports to India are dominated by crude and petro-chemicals.

#### **India joins Trillion Dollar Club**

India has joined the elite club of 12 countries with a trillion dollar economy, due to the continuing rally in the rupee against the US dollar. The country's GDP crossed the trillion-dollar mark for the first time in history when the rupee appreciated to below the 41-level against the US greenback on April 25, 2007, the Swiss investment bank, Credit Suisse, said in a report.

Countries like the US, Japan, Germany, China, the UK, France, Italy, Spain, Canada, Brazil and Russia have all breached the trillion dollar GDP level in the past.

The bank put the country's GDP at around Rs. 41,00,000 crore, which translates to slightly more than one trillion dollar at the current currency

level of Rs. 40.76 a dollar. Besides, the country's stock market capitalisation has risen to \$944 billion, which is also closing fast on the trillion dollar level, it added. The rupee has gained close to 13 percent since moving past 47 a dollar in July-August in 2006. Before the rally began about a month ago when the rupee was hovering at 45 to a dollar, the country's GDP was estimated at around \$900 billion.

India's emergence as a trillion dollar economy also bodes well for the country's stock market, as the Credit Suisse report said that stock markets in eight out of ten countries had risen in the one year after their economies first crossed this mark. Indian stock market has risen by about 15 percent from its early April 2007 low on good quarterly results and a central bank decision to leave interest rates unchanged at its policy review.

#### **India, UAE amend DTAA**

With a view to boosting bilateral trade and economic ties, India and the United Arab Emirates (UAE) on March 26, 2007, revised their agreement on Double Taxation Avoidance Agreement (DTAA) and signed a pact for the exchange of information between the stock exchange regulators in the two countries.

The agreements were signed after talks between Prime Minister Dr. Manmohan Singh and the visiting Vice-President of UAE, Sheikh Mohammed Bin Rashid Al Makhtoum.

To update their 1992 Agreement on Double Taxation Avoidance and Prevention of Fiscal Evasion with respect to Taxes on Income, the two sides signed a protocol. An MoU was signed between Emirates Security and Commodities Authority and SEBI for assistance and mutual cooperation on exchange of information.

A Framework Agreement on development of industrial relations, which is aimed at increasing collaborations in different fields, was also signed. An MoU between Bureau of Indian Standards (BIS) and Emirates Authority for Standardisation and Metrology was also signed.

The two countries identified areas for enhancing cooperation on priority basis. These include pharmaceuticals, energy and two-way investment.

### **India : Seventh largest steel producer**

Minister of State for Steel, Mr. Akhilesh Das, quoting Brussels-based International Iron and Steel Institute (IISI)'s study, said on March 12, 2007, that India's steel production ranked seventh in 2006, up from ninth in 2004. Mr. Das said that India produced 44 million tonnes of crude steel in 2006, 7.6 percent more than 40.9 million tonnes in 2005.

According to IISI, China continued to hold the lead position with an annual production of 418.8 million tonnes of crude steel, followed by Japan (116.2 million tonnes), the United States (98.5 million tonnes) and Russia (70.6 million tonnes). The Asian region produced 53.7 percent of the total crude steel production in the world in 2006.

### **India receives first major FDI in Refining**

Hindustan Petroleum Corporation Ltd. (HPCL), a state-owned oil company, has joined hands with L.N. Mittal's Luxemburg-based Mittal Investments to execute the Rs. 15,700 crore under construction Bathinda Refinery Project in Punjab. This is the first major FDI in the oil refining sector. According to reports that appeared in the third week of February 2007, the HPCL Board approved the agreement which allows

HPCL and Mittal Investments to hold a 49 percent stake each in the project and the remaining 2 percent will be allocated to financial institutions with the consent of both the parties. The 9 million tonnes per annum project will be completed in 48 months and will have the capacity to produce 100 percent high sulphur and heavy crude.

According to information appearing in the media, the state-run Oil India (OIL) may join the project in future and get 10-15 percent equity share, leaving HPCL with a lower stake. The project, which is expected to be commissioned by 2011, has already been granted all statutory and regulatory approvals, including environmental clearance. The project is expected to create a large number of employment opportunities and provide impetus to industrial activities in Punjab.

### **Auto Mission Plan 2006-2016 released**

Auto Mission Plan (AMP) 2006-2016 was released by the Prime Minister, Dr. Manmohan Singh, on January 29, 2007 in New Delhi. The plan envisages an investment of \$40 billion and would strive to transform India into a global automobile player in the next ten years. The plan also proposes a 25-point programme to help India emerge a manufacturing and export centre for automobiles.

Speaking to mediapersons on the occasion, the Union Minister for Heavy Industries and Public Enterprises, Mr. Santosh Mohan Dev, said that the turnover of the automobile industry, as projected in the plan document, would increase to \$145 billion by 2016 from the current \$35 billion, accounting for 10 percent of the GDP. The Minister added that the export of the automobile sector will have to increase to a minimum of \$35 billion from the present level of \$4.1 billion if India has to emerge a global player. He also said that by 2010, the industry should provide employment to about 25 million people.

The AMP, which has been prepared with cooperation and participation of the industry, envisages the formation of a monitoring committee under the chairmanship of the Secretary, Ministry of Heavy Industries and Public Enterprises and will have representatives from several ministries including finance, road, transport, environment, commerce, shipping, railways, petroleum and natural gas and human resources development.

The plan has been hailed by the automobile industry, which is of the viewpoint that this plan would provide the much-needed direction for this industry. The industry has gained importance because manufacturing base is shifting from developed countries to emerging economies like India.

**Education**