MONTHLY UPDATE
AUGUST 2017

Knight Frank

HOME LOAN GROWTH HITS AN AIR POCKET

GLOBAL UPDATE | INDIA UPDATE | INDIA INFRASTRUCTURE & REALTY UPDATE

GROWTH TO PICK UP IN INDIA IN 2017, 2018: IMF

In its latest World Economic Outlook, the International Monetary Fund (IMF) has stated that India will stay ahead of China on the growth curve in 2017 and 2018. In its study, the IMF further stated that the growth in India is forecasted to pick up further in 2017 and 2018. As regards the growth rate of China, the IMF further stated that it is expected to remain at 6.7% in 2017 (the same level as in 2016), and to decline modestly in 2018 to 6.4%. Global output is projected to grow by 3.5% in 2017 and 3.6% in 2018. The growth forecast for 2018 is 1.9% for advanced economies and 4.8% for emerging and developing economies. The forecast for China for 2017 has been revised by 0.1 percentage point. However, the upward revision of 0.2% for 2018 has been done on the expectation that the authorities will delay fiscal adjustment.

These revisions mirror the macro-economic implications of changes in policy assumptions. According to the IMF, China's failure to focus on addressing financial sector risks and curb excessive credit growth could result in an abrupt growth slowdown, with adverse spillovers to other countries through trade, commodity price, and confidence channels. On the other hand, a faster-than-expected monetary policy normalisation in the United States could tighten global financial conditions and trigger reversals in capital flows to emerging economies, along with appreciation of the US dollar. The US is projected to grow at a clip of 2.1% in 2017 and 2018.

NEW RULE TO HELP BIG BANKS UNWIND

The Federal Reserve finalised a new rule that should make it easier to systematically wind down big US banks by creating a safe harbour for financial contracts after the firm defaults. The new rule is part of the Federal Reserve's efforts to ensure that big institutions do not fail, something which happened during the 2008–09 crisis. The danger with big institutions failing is that they are so large; these companies could throw the entire financial system into a state of bankruptcy. The rule requires global systemically important banks (GSIBs) to amend the language in common financial contracts so that they cannot be immediately cancelled if the firm enters bankruptcy. Through this new rule, the regulators plan to prevent a reoccurrence of the situation that had occurred in the case of the Lehman Brothers in 2008. The institutions, on which the new rule will apply, are JPMorgan Chase, Goldman Sachs, and Citigroup.

US ECONOMY RECORDS FASTEST GROWTH IN TWO YEARS

According to estimates released by the US government, the economy grew by 3% in the second quarter, which is the strongest performance by the economy since the first quarter of 2015. The growth recorded by the economy, in the second quarter, is more than double the pace of the first three months of 2017 and better than the original estimates for the second quarter. As per earlier estimates, the economy was expected to grow at 2.6% in the second quarter. The strong economic growth was riding on the back of the government initially pegged second-quarter growth at 2.6% in July. Stronger consumer spending and healthier business investment drove the economic momentum.

INDIA UPDATE

BANK LENDING GROWTH RATE TO HOUSING SECTOR HITS A NEW LOW

Housing loans had been one of the major drivers to push the retail portfolio of most banks, who are still trying to push home loans among retail customers. The sad part, however, is that there are not too many takers for home loans. As per the latest data released by the Reserve Bank of India (RBI), the growth rate of home loans looks to be tapering off. For the quarter 21 July 2017, the home loan growth rate was 0.4% compared to 4.7% during the same period last year. The fall is more pronounced if compared y-o-y. Bank lending to the housing segment grew at 17% by July 2016 compared to the same period in the previous year. This growth slowed down to 10% by July 2017 compared to the same period last year. The slowdown in the home loan growth rate can be attributed to the slowdown in the real estate sector, which was largely a result of the lack of clarity on policy issues like Real Estate (Regulation and Development) Act, 2016 and GST. The low growth rate also means that there is still time before the real estate sector will see better days.

ANDHRA PRADESH SANCTIONS HIGHEST NUMBER OF HOUSES UNDER PMAY

S. No.	State	No. of affordable houses sanctioned	Total investment approved (₹cr)	Central assistance approved (₹ cr)
1	Andhra Pradesh	541,300	31,056	8,138
2	Tamil Nadu	335,039	11,987	5,090
3	Madhya Pradesh	287,101	19,502	4,415
4	Karnataka	203,260	9,282	3,345
5	Gujarat	172,816	11,497	2,493
6	West Bengal	144,904	5,920	2,186
7	Maharashtra	144,165	15,868	2,244
8	Uttar Pradesh	120,028	4,767	1,959
9	Jharkhand	95,742	3,561	1,474
10	Bihar	88,375	3,915	1,454

Source: Ministry of Housing & Urban Affairs
Note: The 10 states mentioned above account for 82% of the total houses sanctioned so far under PMAY.

The Pradan Mantri Awas Yojana (PMAY) is gradually making headway. Until now, over 26 lakh houses have been sanctioned with an investment of ₹1.40 lakh crore. Andhra Pradesh tops the tables with regards the number of houses under PMAY. The state accounts for 21% of the total houses sanctioned. The states of Tamil Nadu and Madhya Pradesh are placed second and third, respectively. In the latest sanctions Andhra Pradesh has got 1.21 lakh more affordable homes followed by Uttar Pradesh (41,173 units), Assam (16,700 units), Gujarat (15,222 units), Jharkhand (14.017 units) and Maharashtra (9,994 units).

QUARTERLY GDP PLUMMETS TO A THREE-YEAR LOW

As per the latest data released by the Central Statistics Office (CSO), the gross domestic product (GDP) hit a three-year low in the first quarter of FY 2018. GDP at constant (2011–12) prices in Q1 of 2017–18 is estimated at ₹31.10 lakh crore, as against ₹29.42 lakh crore in Q1 of 2016–17, showing a growth rate of 5.7%. Quarterly GVA at a basic price at constant (2011–2012) prices for Q1 of 2017–18 is estimated at ₹29.04 lakh crore, as against ₹27.51 lakh crore in Q1 of 2016–17, showing a growth rate of 5.6% over the corresponding quarter of the previous year. The economic activities, which registered growth of over 7% in Q1 of 2017–18 over Q1 of 2016–17 are 'trade, hotels, transport and communication and services related to broadcasting', 'public administration, defence and other services' and 'electricity, gas, water supply and other utility services'. The growth in the 'agriculture, forestry and fishing', 'mining and quarrying', 'manufacturing', 'construction' and financial, insurance, real estate and professional services is estimated to be 2.3%, -0.7%, 1.2%, 2.0% and 6.4%, respectively, during this period.

ECONOMIC SURVEY OF INDIA VOL. 2 RELEASED

The second volume of the Economic Survey 2016–17 was tabled in the Parliament. The survey highlights the rekindled optimism with regards structural reforms in the country. The document also adds that macro-economic stability has become entrenched and is evident because of a series of government and RBI actions because of the structural changes in the oil market that have reduced the risk of sustained price increases. This factor has further added to the growing optimism in the country. The survey, however, cautions that anxiety reigns because a series of deflationary impulses are weighing on the economy. These include stressed farm revenues, farm-loan waivers and the fiscal tightening that they will entail, and the declining profitability in the power and telecommunications sectors. As regards review of the economic developments in 2016–17, the survey notes the following:

- Real economy grew by 7.1% in 2016–17 compared with 8% in the previous year
- This growth suggested that the economy was relatively resilient to the large liquidity shock of demonetisation, which reduced cash in circulation by 22.6% in the second half of 2016–17. The apparent resilience was even more marked in nominal growth magnitudes because both nominal Gross Value Added (GVA) and GDP growth accelerated by over 1 percentage point in 2016–17 compared to 2015–16.
- Annual inflation averaged 5.9% in 2014–15 and has since declined to 4.5% in FY 2017. Inflation declined sharply from 6.1% in July 2016 to 1.5% June 2017.
- The sharp dip in WPI inflation in late FY 2015 and throughout FY 2016 owed to the deceleration in global commodities prices, especially crude oil prices.
- The current account deficit narrowed in 2016–17 to 0.7% of GDP, down from 1.1% of GDP the previous year, led by the sharp contraction in trade deficit that more than outweighed the decline in net invisibles.
- Export growth turned positive after a gap of two years and imports contracted marginally, so that India's trade deficit narrowed to 5.0% of GDP (US$ billion) in FY 2017 as compared to 6.2% (US$ 130.1 billion) in the previous year.

WAS DEMONETISATION A SUCCESS?

On the evening of 8 November 2016, when Narendra Modi, the Prime Minister of India declared that high value denomination notes (of ₹500 and ₹1,000) ceased to be legal tender, it spread panic among the common man who started to find ingenious ways to get rid of the much loved currency before 9 November brought in a new beginning. The panic only intensified when people found it hard to exchange their old notes with the new ones. However, with the passage of time re-monetisation happened and things slowly returned to normalcy. The one question, however, remained answered by many was, how much of the money that was expected to make its way back to the formal banking system did actually move that way? Till very recently there was no word from the government on the matter as well. As per the Reserve Bank of India, 99% of the old ₹1,000 notes have made its way back into the formal banking system. As regards the old ₹500 notes, a similar calculation cannot be done because; the old ₹500 notes were replaced by new ones of the same denomination. Then, does it mean that demonetisation was a success? As regards the total amount of notes that were returned during demonetisation, there has been no official word. The returned notes are still being counted by the Reserve Bank of India. On broader scale however, demonetisation has provided a web of money trail that could go a long way in fighting corruption. The government has come up with an official statement with regard the benefits of demonetisation. As a result of the demonetisation drive, there is a substantial increase in the number of Income Tax Returns (ITRs) filed. The number of Returns filed as of 05.08.2017 registered an increase of 24.7% compared to a growth rate of 9.9% in the previous year. Advance Tax collections of Personal Income Tax (i.e. other than Corporate Tax) as of 05.08.2017 showed a growth of about 41.79% over the corresponding period in FY 2016–2017. Personal Income Tax under Self-Assessment Tax (SAT) grew at 34.25% over the corresponding period in FY 2016–2017.

“MENTOR INDIA” CAMPAIGN LAUNCHED BY NITI AAYOG

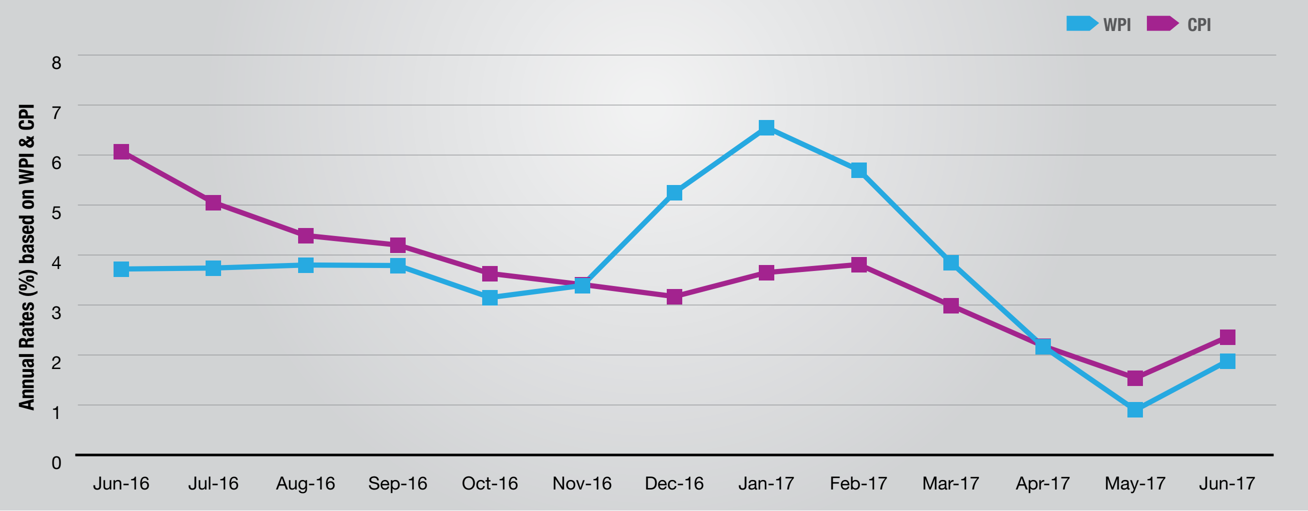
Atal Tinkering Labs could soon be a nurturing ground for budding entrepreneurs. The National Institution for Transforming India (NITI) Aayog will soon launch the “Mentor India” campaign, which is a strategic nation-building initiative that will engage leaders who will guide and mentor students at more than 900 Atal Tinkering Labs that have been established across the country. Atal Tinkering Labs are dedicated works spaces where students from Class 6 to Class 12 learn innovation skills and develop ideas that will go on to transform India. The labs are powered to acquaint students with state-of-the-art equipment such as 3D printers, robotics and electronics development tools, Internet, and sensors, etc. The idea behind this campaign is to engage leaders who will nurture and guide students. These labs are non-prescriptive by nature, and mentors are expected to be enablers rather than instructors. For this programme, NITI Aayog is looking for leaders who can spend anywhere between one to two hours every week in one or more such labs to enable students to experience, learn and practise future skills such as design and computational thinking.

EASE OF DOING BUSINESS REPORT LAUNCHED

NITI Aayog has launched the ease of doing business report. The government on its part has made it very clear that the study is a research product and not a view of the government. The findings of the study are however, worth mentioning. The report is based on a survey of 3,500 manufacturing firms across states and union territories. This survey was conducted along with IDFC Institute to assess the business regulations and enabling environment across India from a firm’s perspective. Some of the findings of this study are as follows. As per the survey, the average time taken to set up a business in India was 118 days with a huge variation among states. For example, on an average, it takes 63 days to set up a business in Tamil Nadu and 67 days in Andhra Pradesh. At the other end of the spectrum, in states like Kerala and Assam, it takes 214 and 248 days, respectively. The average number of days for getting a construction permit was 112 days. Even in this area there is a huge variation among states. It takes around 41 days to get a construction permit in Madhya Pradesh and 43 days in Bihar. On the other hand, in Assam and Kerala it takes 270 days and 117 days, respectively. The average time taken for getting all the approvals and NOCs pertaining to construction was 75 days. There was a huge variation across states even on this parameter. In Himachal Pradesh, it takes eight days for getting the necessary approvals. Among states in India, it takes the longest time to get approvals in Karnataka (it takes 140 days in Karnataka). Not far behind are Uttarakhand and Kerala, where it takes 136 days and 135 days, respectively. Time taken for getting labour approvals too has a wide range. On an average, it takes 74 days for completing all the labour-related compliances. In Himachal Pradesh and Chhattisgarh, it takes 20 days and 28 days, respectively. For the same work, it takes on an average 101 days in Assam and Goa. On the other hand, the average time taken for renewals is 62 days. In Gujarat, however, it took around 28 days to get the renewals, while it took 60 days to get the same work done in Uttar Pradesh.

CPI AND WPI INCH UP

INFLATION



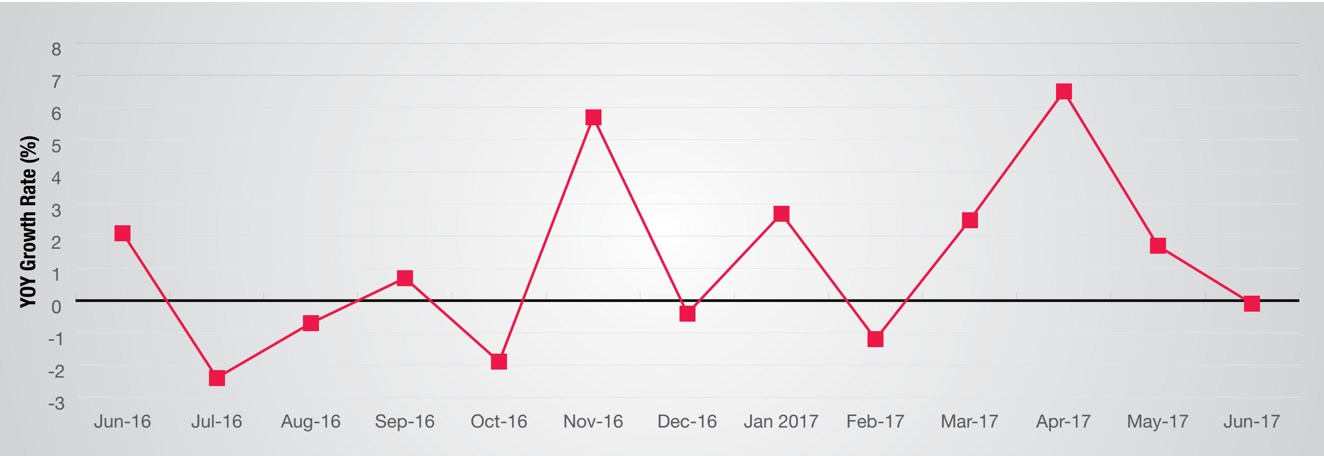
Source: Ministry of Commerce & Industry, Ministry of Statistics and Programme Implementation, Government of India

Retail inflation, which hit a new low in June 2017, moved up slightly in July 2017. The free fall of the CPI, since October 2016, hit a new low in June 2017. In July 2017, the CPI inched up slightly. The CPI for July 2017 stood at 2.36% compared to 1.54% in the previous month. The upward movement in the CPI was largely a result of cyclical factors, such as monsoon-related commodities becoming dearer and the favourable base effect. Inflation in the consumer price index was -0.29%. Even though the CPI has moved north in July 2017, the free fall in prices of pulses and products continue unabated. Prices of pulses and products went down by 24.75% in July 2017 compared to July 2016. This fall in prices was more pronounced in urban areas, where prices fell by 33.81% compared to a fall of 19.67% in rural areas. Prices of vegetables too fell by 3.57%. In this category, however, the fall was more pronounced in rural areas where prices fell by 4.24%, compared to a fall of 2.45% in urban areas. Prices of eggs too witnessed a fall of 2.04% and in this case, the fall was largely in urban areas. The reduction in prices of eggs in urban areas was to the tune of 5.27%. The other product category that witnessed a fall in prices was spices. The price of spices declined by 1.67%, where the fall in urban areas was 4.24% and 0.30% in rural areas. Other product categories witnessed as increase in prices. The highest price increase was in the pan, tobacco and intoxicants category where prices moved up by 6.39%. Prices in housing went up by 4.98%. In the fuel and light category, prices went up by 4.86%.

Like the CPI, the wholesale price inflation as measured by the wholesale price index (WPI) too had been on a falling trend since February 2017, moved up in July 2017. The WPI in July stood at 1.88% compared to 0.90% in June 2017. The index for primary articles group rose by 4.3%. The index for ‘Food Articles’ group rose by 6.2% for the previous month due to the higher price of fruits and vegetables (29%), peas/chawali (6%), ragi (4%) and condiments and spices, barley, poultry chicken and paddy (1% each). However, the price of betel leaves (21%), masur, urad and tea (5% each), arhar (4%), moong, bajra, maize and gram (3% each), fish-inland (2%) and fish-marine and jowar (1% each) went down. The index for ‘Non-Food Articles’ group rose by 0.6% due to the higher price of raw rubber (8%), safflower (kardi seed) (4%), fodder, floriculture and copra (coconut) (3% each) and mesta, rape and mustard seed and castor seed (1% each). However, the price of groundnut seed (4%), raw silk and raw jute (3% each), guar seed and sunflower (2% each) and cotton seed and gingelly seed (sesamum) (1% each) dropped. The index for ‘Minerals’ group rose by 2.8% due to higher price of manganese ore (23%), sillimanite and bauxite (22% each), chromite (10%) and copper concentrate and limestone (4% each). However, the price of lead concentrate (20%), zinc concentrate (9%), phosphorite (2%) and iron ore (1%) declined. The index for ‘Crude Petroleum and Natural Gas’ group declined by 7.8% due to the lower price of crude petroleum (11%), while the index for fuel and power declined by 1.4%. The index for ‘Mineral Oils’ group declined by 2.8% due to the lower price of naphtha (7%), ATF (6%), furnace oil (5%), petrol (4%), bitumen (3%) and LPG and HSD (2% each). However, the price of petroleum coke (3%) moved up.

IIP CONTRACTS FURTHER IN JUNE 2017

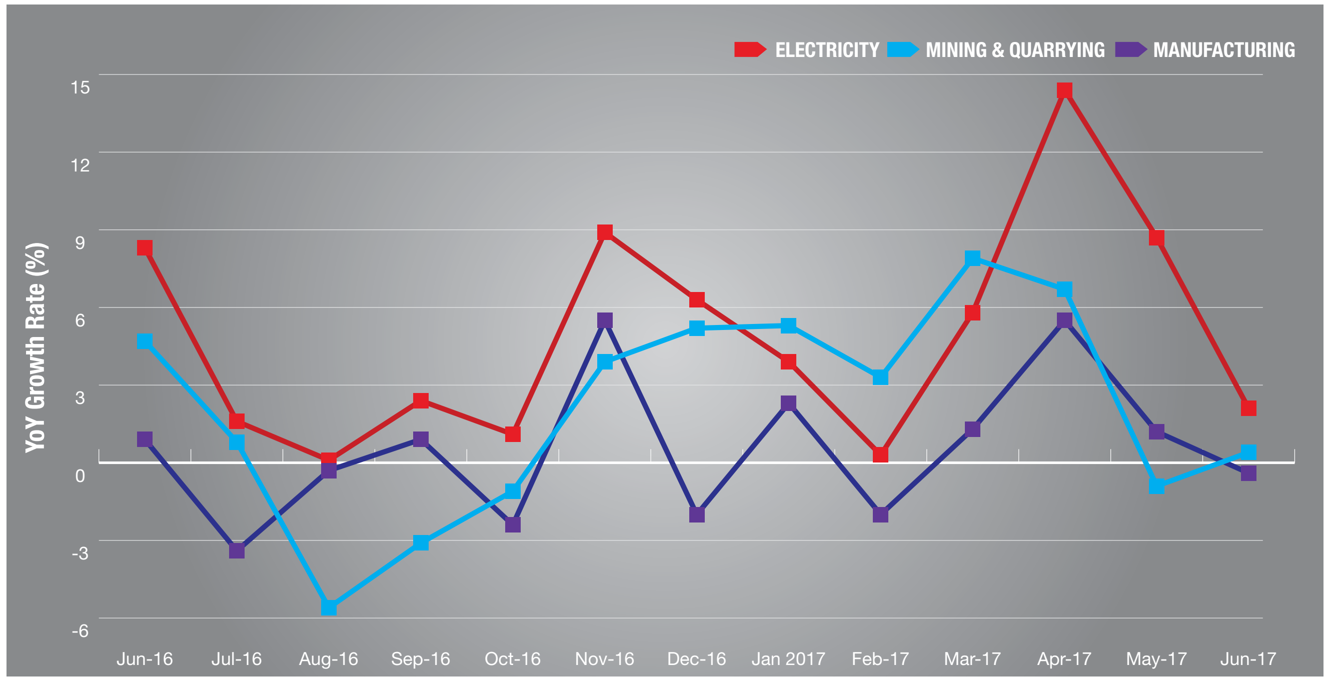
IIP (GENERAL INDEX)



Source: Ministry of Statistics and Programme Implementation, Government of India

The Index of Industrial Production, which had contracted in May 2017 compared to April 2017, further went in to the red in June 2017, mainly due to decline in the manufacturing and capital goods sectors. The mining sector in particular went into the red in June 2017. During the period April–June 2017, the index grew by 2%. Though the electricity sector remained in the positive, its growth slowed down and grew by only 2.1% in June 2017 compared to a growth of 8.7% in May 2017.

IIP (SECTOR WISE)



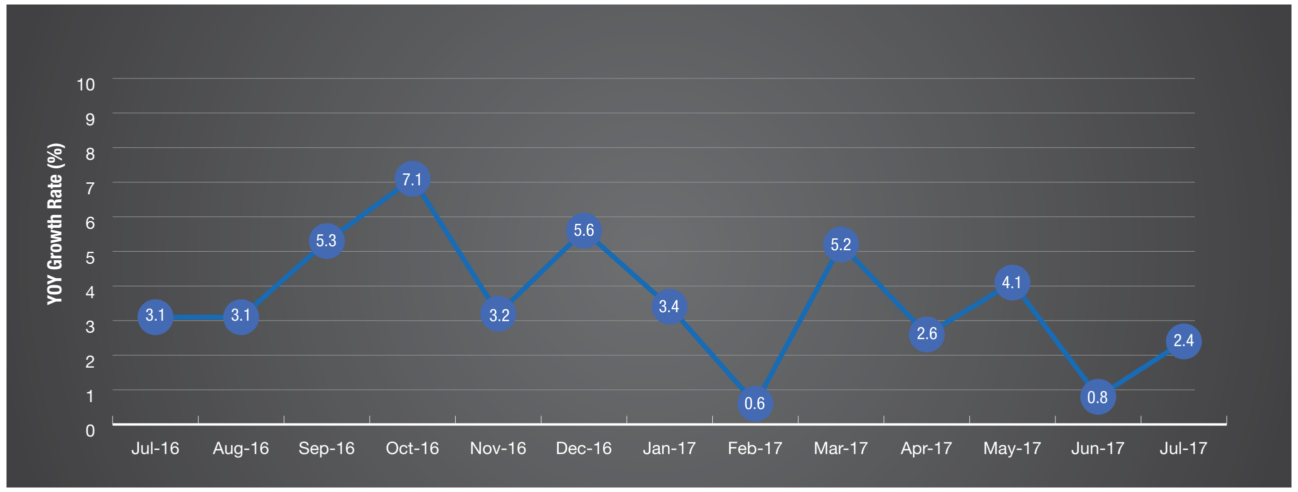
Source: Ministry of Statistics and Programme Implementation, Government of India

As regards industries, 15 out of the 23 industry groups in the manufacturing sector have shown negative growth during the month of June 2017, as compared to the corresponding month of the previous year. The industry group 'manufacture of electrical equipment' has shown the highest negative growth of -20.1% followed by -11.1% in 'manufacture of fabricated metal products (except machinery and equipment)' and -10.5% in 'printing and reproduction of recorded media'. On the other hand, the industry group 'other manufacturing' has shown the highest positive growth of 28.1% followed by 19.2% in 'manufacture of pharmaceuticals, medicinal chemical and botanical products' and 11.7% in 'manufacture of furniture'. Some important items that have registered high negative growth include 'water purification apparatus' -68.4%, 'shelled cashew kernel, whether or not processed/roasted/salted' -63.6%, 'electrical apparatus for switching or protecting electrical circuits (e.g. switchgear, circuit breakers/switches, control/meter panel)' -48.6%, 'plastic jars, bottles and containers' -48.1%, 'kerosene' -39.0%, 'printing machinery' -35.6%, 'toothpaste' -33.0%, 'air filters' -28.9%, 'vaccine for veterinary medicine' -28.8% and 'cement clinkers' -22.2%.

Some important items showing high positive growth during the current month over the same period last year include 'digestive enzymes and antacids (incl. PPI drugs)' (67.8%), 'construction machine/equipment (incl. bull-dozers and road rollers)' (36.8%), 'jewellery of gold (studded with stones or not)' (34.7%), 'cut and polished diamonds' (31.1%), 'axle' (29.5%),' meters (electric and non-electric)' (28.9%), 'pipes, tubes and casing of steel/iron' (24.9%) and 'aluminum billets/ingots' (22.6%).

CORE SECTOR GAINS LOST GROUND

INDEX OF EIGHT CORE INDUSTRIES



Source: Ministry of Commerce & Industry, Government of India

The Core sector growth rate, which had dipped to 0.8% in June 2017, gained lost ground in July 2017, when it grew by 2.4%. The Eight Core Industries comprise 40.27% of the weight of items included in the IIP. The growth rate of the Core sector, in July 2017, however, is still lower compared to the same period last year. The growth rates of industries that make up the Core sector are as follows. Coal production increased by 0.7% in July 2017 compared to the same period last year. Its cumulative index, however, declined by 3.3% during April–July 2017–18 over the corresponding period of the previous year. Crude Oil production decreased by 0.5% in July 2017 compared to July 2016. Its cumulative index increased by 0.05% during April–July 2017–18 over the same period last year. Natural Gas production increased by 6.6% in July 2017 over July 2016. Its cumulative index increased by 4.9% during April–July 2017–18 over the same period last year. Petroleum Refinery production declined by 2.7% in July 2017 compared to the same period last year. Its cumulative index increased by 0.7% during April–July 2017–18 over the corresponding period last year. Fertilizer production declined by 0.3% in July 2017 over July 2016. Its cumulative index declined by 1.5% during April–July 2017–18 compared to the same period last year. Steel production increased by 9.2% in July 2017 over July 2016. Its cumulative index increased by 6.9% during April–July 2017–18 over the corresponding period of the previous year. Cement production declined by 2.0% in July 2017 over July 2016. Its cumulative index declined by 3.5% during April–July 2017–18 over the same period last year. Electricity generation increased by 5.4% in July 2017 over July 2016. Its cumulative index increased by 5.4% during April–July 2017–18 compared to the same period last year.

OIL IMPORTS CONTINUE TO RISE

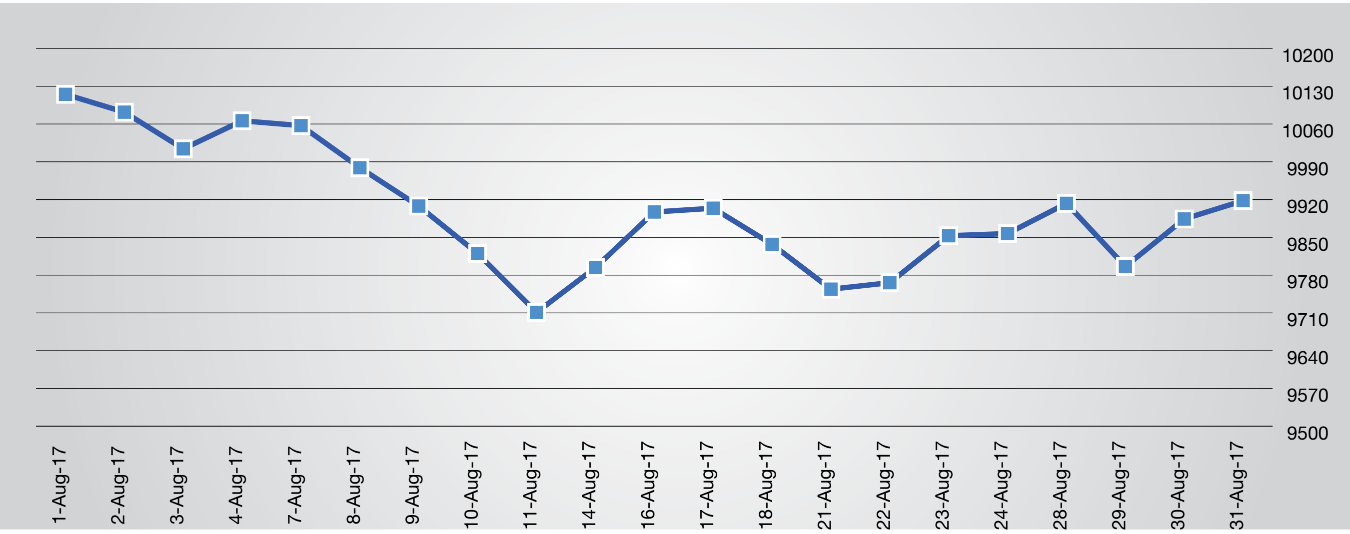
With regards merchandise trade (including re-exports), the positive growth exhibited by exports for the last eleven months, exports during July 2017 have shown growth of 3.94% in dollar terms valued at USD 22.54 billion as compared to USD 21.68 billion during the same period last year. During July 2017, major commodity groups of export showing positive growth over the corresponding month of last year are engineering goods (15.16%), petroleum products (20.27%), organic and inorganic chemicals (20.67%), cotton yarn/fabs/made-ups, handloom products, etc. (5.39%) and marine products (30.53%). Cumulative value of exports between April–July 2017–18 was USD 94.75 billion as against USD 87 billion, thereby registering a positive growth of 8.91% in dollar terms. Non-petroleum and non-gems and jewellery exports in July 2017 were valued at US$ 22,543.80 million against US$ 21,689.57 million in July 2016, an increase of 6.93%. Non-petroleum and non-gems and jewellery exports during April–July 2017–18 were valued at USD 94.75 billion, as compared to USD 87 billion for the same period last year, thereby, registering an increase of 9.05%.

Imports during July 2017 were valued at USD 33.99 billion, which was 15.42% higher in dollar terms compared to the same period last year. Cumulative value of imports for the period April–July 2017–18 was USD 146.25 billion as against USD 113.99 billion compared to the same period last year. Major commodity group of imports showing high growth in July 2017 over the same period last year are petroleum, crude and products (15.02%), electronic goods (22.5%), machinery, electrical and non-electrical (7.34%), pearls, precious and semi-precious stones (6.86%) and gold (95.05%). Oil imports during July 2017 were 15.02% higher than the same period last year. Oil imports during April–July, 2017–18 was 20.87% higher than the same period last year.

In a recent move market regulator Securities and Exchange Board of India (SEBI) has raised concerns about the increased inflow of foreign funds into the country at a time when economic growth is tapering off. The market regulator has advocated for a more calibrated approach towards managing inflows which could be non-disruptive for the economy. Further India's foreign reserves are at a record high of USD 395 billion, the rupee has appreciated 5.6% against the dollar this year so far, at a time when crude prices are more or less stable. These factors are giving rise to concerns that could impact India's export competitiveness.

NIFTY

NIFTY 50

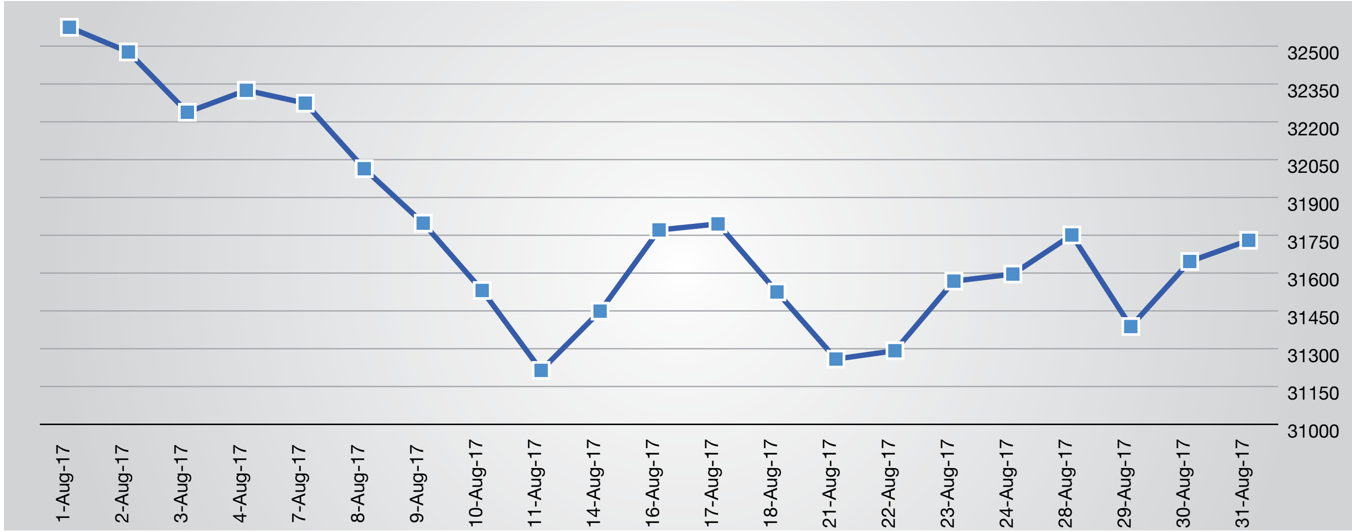


Source: National Stock Exchange

The Nifty 50, which had breached the 10,000 for the first time, settled to sub-10,000 levels. During the month Nifty 50 lost 2%.

SENSEX

S&P BSE SENSEX

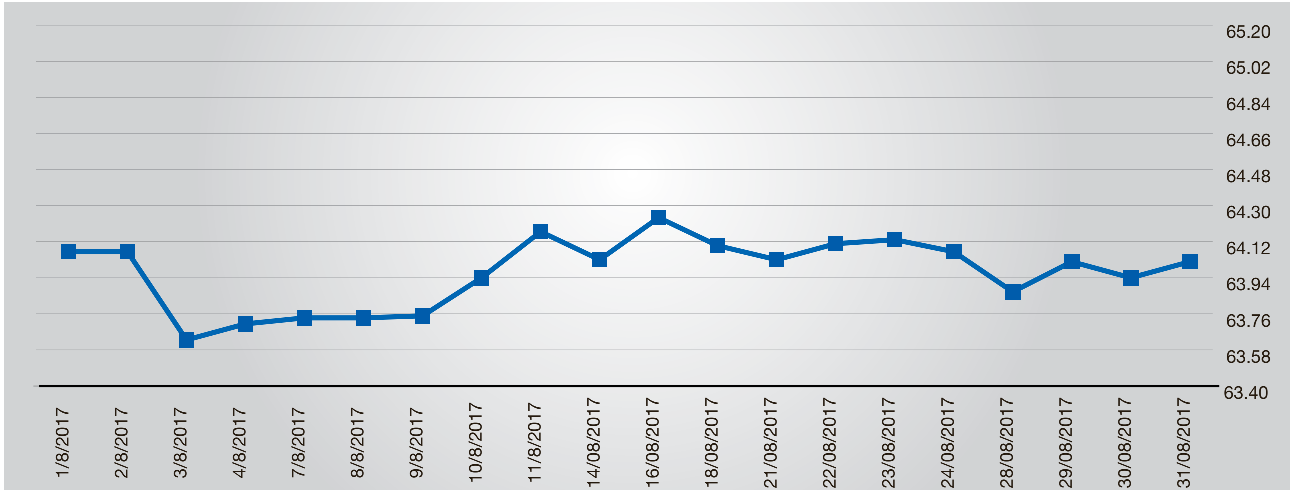


Source: BSE

The S&P BSE SENSEX lost 3% in August 2017.

CURRENCY

CURRENCY



Source: Reserve Bank of India

The INR lost 0.08% to the USD in the August 2017.

INDIA INFRASTRUCTURE & REALTY UPDATE

PUNE TO BE THE FIRST OPERATIONAL ‘SMART CITY’

One of the more ambitious plans of the incumbent government has been to develop ‘Smart Cities’. In the first round, 20 cities were shortlisted to be developed as ‘Smart Cities’. Pune is expected to be the first ‘Smart City’ to have the necessary systems and processes in place. Pune has rolled out six modules for the said project. These modules deal with areas like traffic management, feedback from citizens and emergency alert systems. At the heart of the ‘Smart City’ initiative in Pune is a hi-tech command and control centre. Surveillance of the city through CCTV, aerial surveillance through a drone, birth and death registration, traffic management, and water and electricity supply can be managed through the command and control centre. Apart from Pune, Nagpur too is expected to have a fully functional command and control centre. Other cities where the command and control centre is in the advanced stage include Kakinada, Naya Raipur and Bhopal.

NATIONAL HIGHWAY PROJECTS WORTH ₹15,000 CRORE INAUGURATED IN RAJASTHAN

On his recent visit to Rajasthan, the Prime Minister of India, Narendra Modi, inaugurated National Highway projects worth ₹15,000 crore. One among the major projects that was inaugurated is the long pending, six-lane, cable-stayed bridge across the Chambal River at Kota. Built at a cost of ₹278 crore, this bridge marks the completion of the east–west corridor. The construction of the bridge was stuck since 2006. This bridge will now enable heavy vehicles to bypass Kota city, thus bringing down pollution and traffic congestion. The other projects that were inaugurated include four-laning of the Gomati Chauraha-Udaipur section of the NH-8 at a cost of ₹1,129 crore, four-laning of the Rajsamand-Bhilwara section of the NH-758 at a cost of ₹1,360 crore, Nagaur Bypass to Netra village on the NH-65 at a cost of ₹301 crore and 48 road safety projects at a cost of ₹381 crore. Some of the projects, which the Prime Minister conducted the Bhoomi Poojan include the four-laning of the Bar-Bilara-Jodhpur section of the NH-112 at a cost of ₹1,249 crore, six-laning of the Kishangarh-Gulabpura section of the NH-79A and 79 at a cost of ₹1,184 crore, six-laning of the Gulabpura part of the Chittorgarh section of the NH-79 at a cost of ₹1,378 crore, six-laning of the Chittorgarh to Udaipur section of the NH-76 at a cost of ₹1,223 crore, six-laning of the new Udaipur Bypass on the NH-8 at a cost of ₹726 crore and six-laning from the Udaipur to Rajasthan/Gujarat border section of the NH-8 at a cost of ₹1,616 crore.

IMPROVING AIRPORT INFRASTRUCTURE IN MANIPUR, JAMMU AND JABALPUR

Jammu Airport has a new, upgraded passenger terminal. Jammu Airport belongs to the Indian Air Force, and the Airports Authority of India (AAI) maintains a Civil Enclave for civil aircraft operations. During 2016–17, passenger traffic movement at Jammu Airport reached 1.16 million; most importantly the passenger growth rate has touched 29% in the first quarter of 2017–18. To cope with the increasing passenger growth and demand, the existing terminal building of Jammu Airport has been expanded and upgraded. The area of the terminal building has been expanded from 6,700 square metres to 14,500 square metres, with an upgraded peak hour handling capacity of 720 passengers at a time, from the earlier peak of 360 passengers per hour. The upgraded passenger terminal building is equipped with passenger facilities and amenities, Common Use Self-Service (CUSS) kiosk for check-in, central air-conditioning, two arrival conveyer belts, escalators and glass elevators, Flight Information Display System, PA system with comfortable seating capacity. The terminal building is also equipped with fire-fighting and fire alarm system, CCTV and baggage scanners. There

is a provision for installation of three passenger boarding bridges with advanced visual docking guidance system (AVDGS) for the terminal, which would increase operational efficiency besides convenience to passengers. In addition to the above, the upgraded passenger terminal building is equipped with ‘Green’ features like double insulated roofing system, rainwater harvesting, 200 KLD sewage treatment plant (soil-based technology), reuse of treated water for horticulture and air-conditioning purposes, use of fly ash bricks, low heat gain glazing, low Volatile Organic Compound (VOC) paints, LED lighting, energy efficient chillers, and Variable Frequency Drives (VFDs) for high capacity motors.

Going forward, Jabalpur will have a new airport terminal. The Airports Authority of India (AAI) has decided to construct a new terminal building. The Working Group on Improvement and Development of Transport Infrastructure in the North East had submitted its report to National Transport Development Policy Committee (NTDPC) in June 2012. The recommendations of the Committee include, intensifying transport linkage with Myanmar in particular; development of hubs and spoke model for improving air connectivity; development of skills for construction and maintenance; inclusion of provision for periodic maintenance in road contracts; optimal use of waterways and development of multi-model hubs. Under the scheme of Non-Lapsable Central Pool of Resources (NLCPR), projects are taken up on the basis of priority list submitted by the state government. In Manipur, under sector “Road and Bridges”, 20 projects with an approved cost of ₹92.37 crore have been completed and 6 projects with an approved cost of ₹205.78 crore are in progress.

BIDDING PROCESS UNDERWAY FOR THE SECOND ROUND UNDER REGIONAL CONNECTIVITY SCHEME

The process for bidding for the second round of the Regional Connectivity Scheme (RCS)–UDAN has started. The thrust in the second round will be on improving connectivity to priority areas like the North East, Jammu & Kashmir, Uttarakhand, Himachal Pradesh, Andaman & Nicobar Islands and Lakshadweep by introducing more operational flexibility and promoting helicopter operations. The Regional Connectivity Scheme-Ude Desh Ka Aam Nagrik (UDAN) is a key component of the National Civil Aviation Policy (NCAP), which was released by the Ministry of Civil Aviation on 15 June 2016. UDAN was launched in October 2016 with the prime objective to facilitate/stimulate regional air connectivity by making it affordable for the masses. There are a few changes in the second round. Among the important changes that are being effected, in the second round, is that routes with stage length less than 150 km will now be permitted for operations as RCS Routes through fixed wing aircraft. While exclusivity of operations will continue to be applicable for a period of 3 years, selected airline operators (SAO) can issue No-Objection Certificate (NOC) to other airline operators willing to operate on the respective RCS Route. To provide more flexibility to selected airline operators (SAO), the maximum number of flights with viability gap funding (VGF) has been increased to 14 for priority areas. Further, the SAOs can increase at any time the number of flights on RCS Routes to any number. Also, the minimum performance specifications will no longer be applicable on Non-RCS Routes. Helicopter operations under the scheme are limited to priority areas only. To encourage this, the VGF caps for helicopters have been increased and 10% of the estimated annual inflows in the RCF will be earmarked for helicopter operations. Further, all 13 passenger seats for helicopters will be considered as RCS seats and VGF will be provided accordingly. The methodology for computing flight duration for helicopters has also been revised based on the recommendation of the expert committee. Several changes have been brought in to improve connectivity to priority areas. Priority RCS route is being defined as an RCS Route in which at least one of the airports' origin or destination is an RCS Airport located in a priority area, and the said RCS Airport satisfies the definition of Underserved Airport or Unserved Airport under the Scheme. An Underserved Airport for Priority Areas will mean any airport that is not an Unserved Airport and there are no more than 14 scheduled commercial flight departures per week as per the latest flight schedule published by the DGCA on its website. Additional category of aircrafts will be permitted for operations on Priority RCS Routes. Proposals for these areas will be prioritised.

NHAI LAUNCHES MOBILE APP MYFASTAG AND FASTAG PARTNER; APPS WILL FACILITATE THE AVAILABILITY OF FASTAGS FOR ELECTRONIC TOLL COLLECTION

The National Highways Authority of India (NHAI) launched two mobile Apps – MyFASTag and FASTag Partner, to facilitate the availability of FASTags for Electronic Toll Collection. The purchase and recharge of FASTags has been one of the major challenges. The mobile Apps will ease the process, making it possible to buy or recharge FASTags at the click of a mobile button. MyFASTag is a consumer App that can be downloaded from the App Store for both Android and iOS systems. A consumer can purchase or recharge FASTags on this App. The App also helps to keep track of transactions and provides for online grievance redressal. FASTag Partner is a merchant App. Agencies like Common Services Centre, banking partners and vehicle dealers can sell and enroll FASTag through this App. In addition to this, the App can also be used to activate the RFID tags that come built in with around 74 lakh cars in the country following the 2013 Gazette Notification in this regard. This App will convert these RFID tags into ETC Tag (FASTag). From 1 October 2017, all lanes of all 371 NHAI toll plazas in the country will become FASTag enabled. One lane in every toll plaza will be a dedicated FASTag lane where no other form of payment will be accepted. The other lanes, though FASTag enabled, can accept other forms of payment too. The dedicated FASTag lanes will become operational on all 371 NHAI toll plazas from 1 September 2017. In addition, the NHAI has also come up with online sale of FASTags and offline sale through Common Services Centre (CSC) near toll plazas. FASTag can now be purchased online from Issuer Banks websites/NHAI website/IHMCL website and will be delivered by courier at the door step of the purchaser. More than 6 lakh FASTags have been sold so far. It is expected that these initiatives for improving the availability and access to FASTags will encourage more and more people to buy them.

APPENDICES

1. INFLATION

	WPI	CPI
Jul-17	**1.88**	**2.36**
Jun-17	0.90	1.54
May-17	2.17	2.18
Apr-17	3.85	2.99
Mar-17	5.70	3.81
Feb-17	6.55	3.65
Jan-17	5.25	3.17
Dec-16	3.39	3.41
Nov-16	3.15	3.63
Oct-16	3.79	4.20
Sep-16	3.80	4.39
Aug-16	3.74	5.05
Jul-2016	**3.72**	**6.07**

WPI Base Year = 2004-05, CPI Base : 2012 = 100

2. IIP

INDEX OF INDUSTRIAL PRODUCTION – GROWTH RATE				
	General Index	Mining & Quarrying	Manufacturing	Electricity
Jun-17	**-0.1**	**0.4**	**-0.4**	**2.1**
May-17	1.7	-0.9	1.2	8.7
Apr-17	6.5	6.7	5.5	14.4
Mar-17	2.5	7.9	1.3	5.8
Feb-17	-1.2	3.3	-2.0	0.3
Jan 2017	2.7	5.3	2.3	3.9
Dec-16	-0.4	5.2	-2.0	6.3
Nov-16	5.7	3.9	5.5	8.9
Oct-16	-1.9	-1.1	-2.4	1.1
Sep-16	0.7	-3.1	0.9	2.4
Aug-16	-0.7	-5.6	-0.3	0.1
Jul-16	-2.4	0.8	-3.4	1.6
Jun-16	**2.1**	**4.7**	**0.9**	**8.3**

Source: Ministry of Statistics and Programme Implementation, Government of India

3. CORE SECTOR

Sector	Coal	Crude oil	Natural gas	Refinery products	Fertilisers	Steel	Cement	Electricity	Overall Index
Weight	**10.3335**	**8.9833**	**6.8768**	**28.0376**	**2.6276**	**17.9166**	**5.372**	**19.853**	**100**
Jul-17	**0.7**	**-0.5**	**6.6**	**-2.7**	**-0.3**	**9.2**	**-2**	**5.4**	**2.4**
Jun-17	**-6.7**	**0.6**	**6.4**	**-0.2**	**-3.6**	**5.8**	**-6.3**	**2.2**	**0.8**
May-17	-3.2	0.7	4.5	5.4	-6.5	3.9	-0.4	8.6	**4.1**
Apr-17	-3.3	-0.6	2.0	0.2	6.2	9.0	-5.2	5.3	**2.6**
Mar-17	10.6	0.9	9.6	2.0	-3.0	11.0	-6.8	6.2	**5.2**
Feb-17	6.6	-3.4	-2.1	-2.8	-4.0	8.7	-15.8	1.2	**0.6**
Jan-17	3.5	1.3	11.6	0.0	-1.2	11.3	-13.3	5.2	**3.4**
Dec-16	3.6	-0.8	-0.4	5.4	-2.9	15.9	-8.7	6.4	**5.6**
Nov-16	6.1	-5.4	-2.1	-0.7	4.2	5.4	0.5	9.5	**3.2**
Oct-16	-1.9	-3.2	-1.5	12.6	0.7	17.4	6.2	3.0	**7.1**
Sep-16	-6.7	-4.1	-5.9	6.9	0.3	16.1	6.7	5.1	**5.3**
Aug-16	-9.7	-3.9	-5.9	2.5	2.5	16.7	3.1	2.2	**3.1**
Jul-16	**4.1**	**-1.8**	**4.1**	**8.0**	**-3.2**	**0.0**	**0.7**	**2.1**	**3.1**
Feb 2016	**9.1**	**-4.6**	**-15.3**	**4.8**	**6.2**	**-2.8**	**9**	**6**	**9.4**

Source: Ministry of Commerce & Industry

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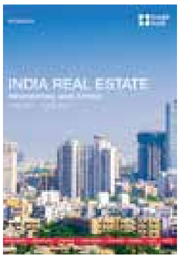

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