

INFLATION EASES FURTHER



GLOBAL UPDATE



FED HIKES INTEREST RATES BY 25 BPS

In a recent move the US Federal Reserve has hiked interest rates by 25 bps. The US central bank increased its benchmark overnight lending rate from 1.50% to 1.75%. Indicating its faith in the gradual recovery of the economy, the Fed also forecasted for two more hikes in 2018. In a statement the Fed observed that in recent months the economic outlook has improved.

INDIA BECOMES SECOND LARGEST PRODUCER OF CRUDE STEEL

India is now the second largest producer of crude steel, in the world, according to the Steel Users Federation of India (SUFI). In February 2018, India took over from Japan and is now placed behind China, which accounts for more than 50% of crude steel production in the world. Interestingly, India had overtaken the United States to secure the third position in 2015. As per the World Steel Association, India's crude steel production stood at 8.4 million tonnes (mt), in February 2018, an increase of 3.4%, compared to the same period last year. Further, as per a statement by SUFI, India's crude steel production was up 4.4%, at 93.11 mt, between April 2017 to February 2018 compared to the same period last year.

INDIA HAS THE POTENTIAL OF SILICON VALLEY: WORLD BANK

According to Junaid Kamal Ahmad, the World Bank Country Director for India, India has the potential to do what Silicon Valley has achieved with regards to innovation. However, the India head of the World Bank stated that, the country needs to do more for expanding the necessary ecosystem that will enable innovation in India, where firms continue to remain stagnant. While releasing a World Bank report, Mr Ahmad stated that if necessary ecosystems are created, in India, then the country has the potential to do what Silicon Valley has accomplished, in the next five years.

AUTOMATION COULD LEAD TO 66 MILLION JOB LOSSES IN COMING YEARS: OECD

According to a new study by the Organisation for Economic Cooperation and Development (OECD) automation will lead to job losses of approximately 66 million in the coming years. As per the Paris based think tank, 14% of jobs in developed countries were highly automatable, while a further 32% of jobs were likely to experience significant changes to the way they are done in the present day. Some of its member states

were far more vulnerable to losing out to automation than others. As per the OECD, jobs in Anglo-Saxon, Nordic countries and the Netherlands are less automatable than jobs in Eastern European countries, South European countries, Germany, Chile and Japan.



	DATE	BID	ASK	PRO
339	JAN	€ 598,00	€ 391,00	€ 820,00
223	FEB	€ 891,00	€ 958,00	€ 784,00
269	MAR	€ 748,00	€ 627,00	€ 934,00
437	APR	€ 589,00	€ 335,00	€ 555,00
934	MAY	€ 949,00	€ 885,00	€ 386,00
933	JUN	€ 843,00	€ 256,00	€ 974,00
691	JUL	€ 836,00	€ 1628,00	€ 575,00
801	AUG	€ 349,00	€ 341,00	€ 645,00

INDIA UPDATE

RBI KEEPS POLICY RATES UNCHANGED

In its first Bi-Monthly Monetary Policy Statement 2018–19, the Reserve Bank of India kept the policy rate under the liquidity adjustment facility (LAF) unchanged at 6%. As a consequence of the banking regulator maintaining status quo on policy rates, the reverse repo rate under LAF stands at 5.75% and the marginal standing facility (MSF) rate and the bank rate at 6.25%. The bi-monthly statement further stated that the status quo on policy rates have been maintained with the aim of keeping the CPI at 4% within a band of +/-2% along with supporting growth. While the RBI did not tinker with the policy rates, it did give an idea of what to expect on the economic front. The CPI inflation for 2018–19 is projected to 4.7–5.1% in H1 2018–19 and 4.4% in H2. This, however, includes the HRA impact for central government employees with risks tilted to the upside. On the positive side there are clear signs of revival in investment activity and global demand has been improving. Against this background, the GDP growth is projected to strengthen from 6.6% in 2017–18 to 7.4% in 2018–19, in the range of 7.3–7.4%, in H1 and 7.3–7.6%, in H2, with risks evenly balanced.

NO TO BITCOINS: RBI

In a recent move, the RBI has directed all regulated entities, including banks, to stop dealing with individuals and businesses involved in virtual currency. The banking regulator in a statement stated that in view of the associated risks, it

has been decided that with immediate effect, entities regulated by the Reserve Bank of India shall not deal with or provide services to any individual or business entities dealing with or settling virtual currencies.

DEPOSIT RATES MOVE NORTH

In a recent move, major financial institutions have hiked their deposit rates. State Bank of India (SBI), the country's largest bank, hiked deposit rates, across tenures, by up to 25 bps. It is worth noting that on 28 February, the SBI had increased deposit rates by 10–75 bps across tenures. Following the recent deposit hike by SBI, Indian Overseas Bank (IOB) too has hiked its deposit rates by 4.5–6.8%, for tenures ranging from a week to five years, for deposits up to ₹1 crore. While the hike in interest rates on retail deposits is a welcome move for investors, it is also a harbinger of an era of higher interest rates, on loans, in the future, as a hike in deposit rates increases the cost of funds for financial institutions. However, an increase in interest rates, on home loans, in the near future will not augur well for the real estate sector, which is trying hard to regain lost ground. Also, with two large public sector giants hiking deposit rates, others too are expected to follow suit.

HDFC HIKES INTEREST RATES

HDFC, the country's largest home finance company, has increased its home loan interest rates by up to 20 bps with effect from 1 April 2018.

TAX-FREE GRATUITY CEILING INCREASED TO ₹20 LAKH

The Payment of Gratuity (Amendment) Bill, 2018 has been passed by the Lok Sabha on 15 March 2018 and by the Rajya Sabha on 22 March 2018 and has been brought in force on 29 March, 2018. Before implementation of the 7th Central Pay Commission, the ceiling under Central Civil Services (Pension) Rules, 1972 was tax-free for up to ₹10 lakh. However, with implementation of the 7th Central Pay Commission, in case of government servants, the ceiling has been raised to ₹20 lakh. Considering the inflation and wage increase even in case of employees engaged in private sector, it has been decided that the entitlement of gratuity should also be revised in respect of employees who are covered under the Payment of Gratuity Act, 1972. The government has issued the notification specifying the maximum limit to ₹20 lakh, tax-free, even for employees in the private sector who are covered under the Payment of Gratuity Act 1972.

PROVISIONAL DIRECT TAX COLLECTIONS AND NUMBER OF INCOME TAX RETURNS

The provisional figure of direct tax collections for FY 2017–18 shows that net collections are at ₹9.95 lakh crore, which is 17.1% higher than the net collections for FY 2016–17. Gross collections (before adjusting for refunds) in FY 2017–18 have

increased by 13% to ₹11.44 lakh crore. Refunds amounting to ₹1.49 lakh crore have been issued during 2017–18. The growth rate for net collections for corporate income tax (CIT) is 17.1% and for personal income tax (including STT) is 18.9%. During FY 2017–18, 6.84 crore income tax returns (ITRs) were filed with the Income Tax Department as compared to 5.43 crore ITRs filed during FY 2016–17, a growth of 26%. During FY 2017–18, the number of new ITR filers has also increased to 99.49 lakh (as on 30-03-2018) as compared to 85.51 lakh new ITR filers added during FY 2016–17, translating into a growth of 16.3%.

PASSPORT DETAILS REQUIRED IF LOAN IS ₹50 CRORE AND ABOVE

With a view to enable banks to inform relevant authorities of passport details, if the need arises, the government has advised all public sector banks to obtain a certified copy of the passport of the promoters/directors and other authorised signatories of companies availing of loan facilities of ₹50 crore and above. The government order further states that in existing cases, where the loan amount is ₹50 crore and above, banks may collect passport details. In cases where the concerned person does not have a passport, a certificate in the form of declaration that he does not possess a passport would suffice.

ECONOMIC UPDATE

MANUFACTURING PMI SLIPS FURTHER IN MARCH

The Nikkei India Manufacturing Purchasing Managers' Index (PMI), which was placed at 52.4 in January, slipped marginally to 52.1 in February. In March, the Index slipped further to 51. Even though the PMI has slipped further in March, it is still in the expansion zone. A score below 50 points towards economic contraction, while a score above 50

hints towards economic expansion. What is, however, heartening is the fact that even though the PMI has slipped in March, conditions in the manufacturing sector has witnessed significant improvement and it still remains in the growth zone.

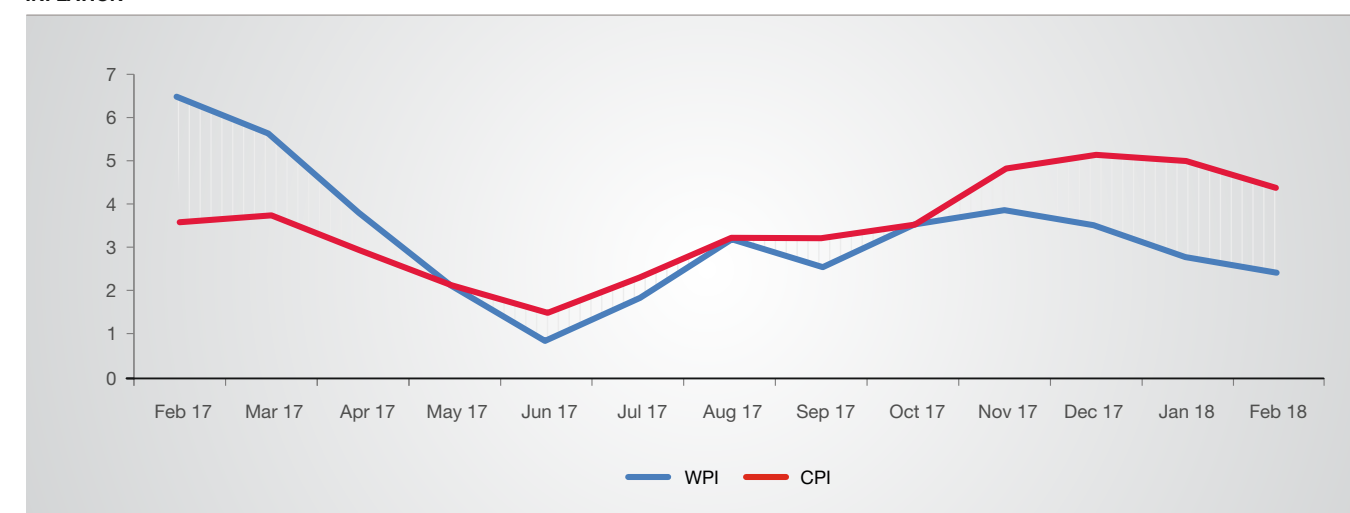
SERVICES PMI BOUNCES BACK IN MARCH

The Nikkei India Services Business Activity, which stood at 47.8 in February, bounced back to 50.3 in March. As per the study, the index received a fillip largely on the back of firms increasing their staffing levels at the fastest pace witnessed

in seven years. It is worth noting that a score higher than 50 represents expansion and a score below 50 is that of contraction

INFLATION MODERATES FURTHER

INFLATION



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

Inflation, especially retail inflation that hit a 17-month high of 5.21% in December 2017, moderated a bit in January 2018 to 5.07%. Moderation in retail inflation continued further in February. In February, the CPI stood at 4.44% compared to 5.07% in January. The consumer food price index too went down in February compared to the previous month. In February 2018, the consumer price index stood at 3.26% compared to 4.70% in January. Even though moderation in the CPI has further intensified in February 2018, it is still higher than the same period last year. In February 2018, the CPI stood at 4.44% compared to 3.65% a year earlier. As a result, on a year-on-year (Y-o-Y) comparison, price growth has been in the negative zone only in a few sub-categories. Prominent among them are prices of pulses and products,

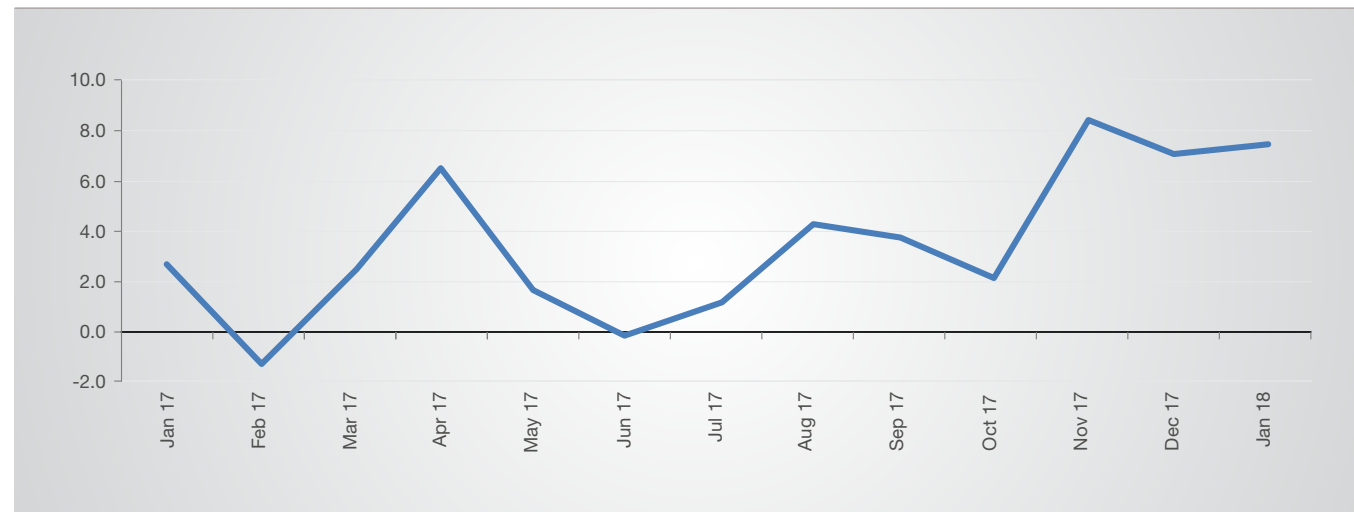
where prices have gone down by 17.35%. Other sub-categories that witnessed a drop in prices in February 2018 compared to the same period last year are spices (-1.01%) and sugar and confectionary (-0.26%). The sub-category that witnessed the maximum increase in prices in February 2018 compared to the same period last year was vegetables. Prices in that sub-category shot up by 17.57%. It is worth noting that all major categories have witnessed a price increase in February 2018 compared to February 2017. Housing witnessed the maximum price increase of 8.28%. Next in line were pan, tobacco and intoxicants (7.34%); fuel and light (6.80%); clothing and footwear (5%) and food and beverages (3.35%).

The rate of growth of WPI, however, was not as sharp as the CPI, especially in the past six months. After hitting a low of 0.90% in June 2017, the WPI had been gradually moving up to hit a high of 3.93% in November 2017. After that, the rate of growth of WPI has slowed down. In December 2017, the WPI stood at 3.58%, in January 2018 it reached 2.84% and by February 2018 it stood at 2.48%. The index for primary

articles went down by 1.3% while that of fuel and power moved up by 1.2%. The index for manufactured goods too went up by 0.4%. The WPI Food Index consisting of “food articles” from the primary articles group and “food products” from manufactured products shrunk from 1.65% in January to 0.07% in February.

IIP MAINTAINS A HEALTHY RATE

IIP (GENERAL INDEX)

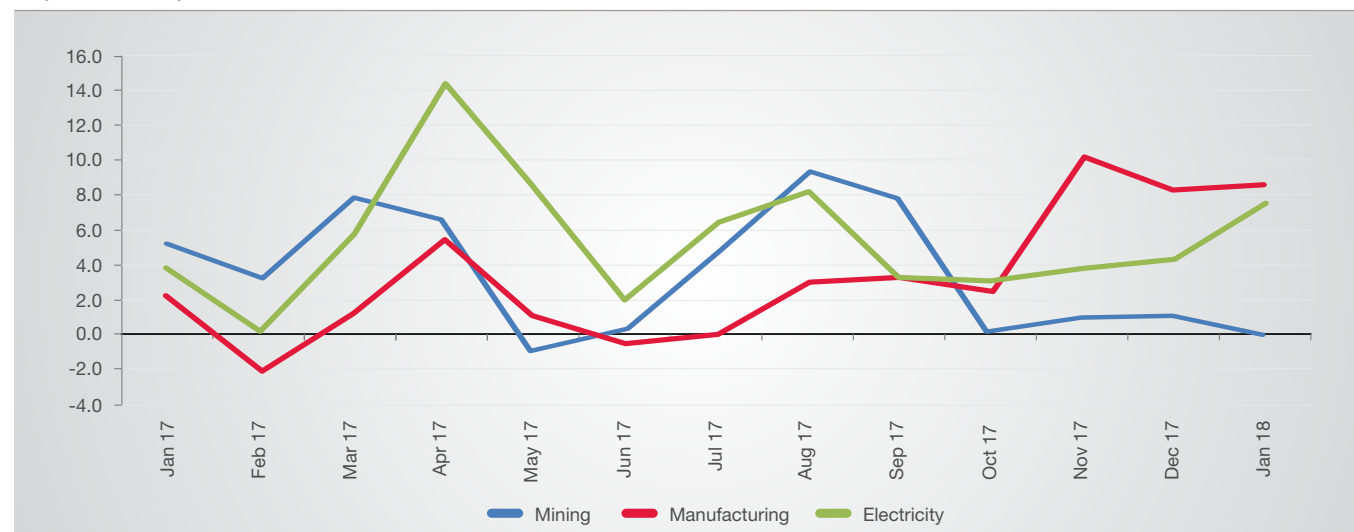


Source: Ministry of Statistics and Programme Implementation, Government of India

The impressive show that the IIP registered in November 2017 moderated a bit in December registering a growth of 7.1%. The growth momentum of the IIP gained further strength in January registering a growth of 7.5%. The healthy

growth momentum maintained by the IIP is largely on the back of an impressive performance of the manufacturing sector for the third month in a row.

IIP (SECTOR WISE)



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

Like in December 2017, the rate of growth of IIP was largely propelled by the manufacturing sector with a helping hand from the electricity sector. In January 2018, the manufacturing sector recorded a growth of 8.7%, which is slightly higher than the growth rate recorded by the sector in December 2017. The electricity sector recorded its most

impressive performance since April 2017. In January 2018, the electricity sector recorded a growth rate of 7.6% compared to 4.4% in the previous month. The growth of the mining sector, however, shrunk in January 2018 compared to the previous month.

CORE SECTOR SLIPS marginally

INDEX OF EIGHT CORE INDUSTRIES



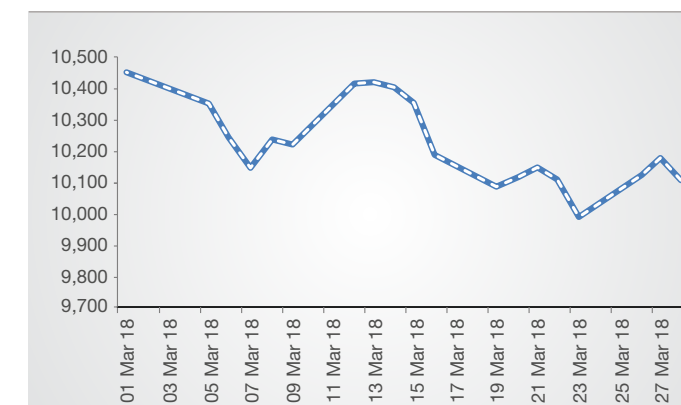
Source: Ministry of Commerce & Industry, Government of India

The growth rate of the core sector that touched a four month low of 4.2% in December 2017, bounced back in January 2018 to a record a growth of 6.7%. While the core sector growth still remains healthy at 5.3%, the rate of growth has slipped marginally compared to the previous month. Among the sectors that have grown at a positive rate in February are

cement (22.9%), refinery products (7.8%), fertilizers (5.3%), steel (5%), electricity (4%) and coal (1.4%). The sectors that witnessed a negative growth rate in February 2018 are crude oil (-2.4%) and natural gas (-1.5%). It is worth noting that of the eight sectors only two sectors recorded a negative growth rate in February 2018.

NIFTY

NIFTY 50

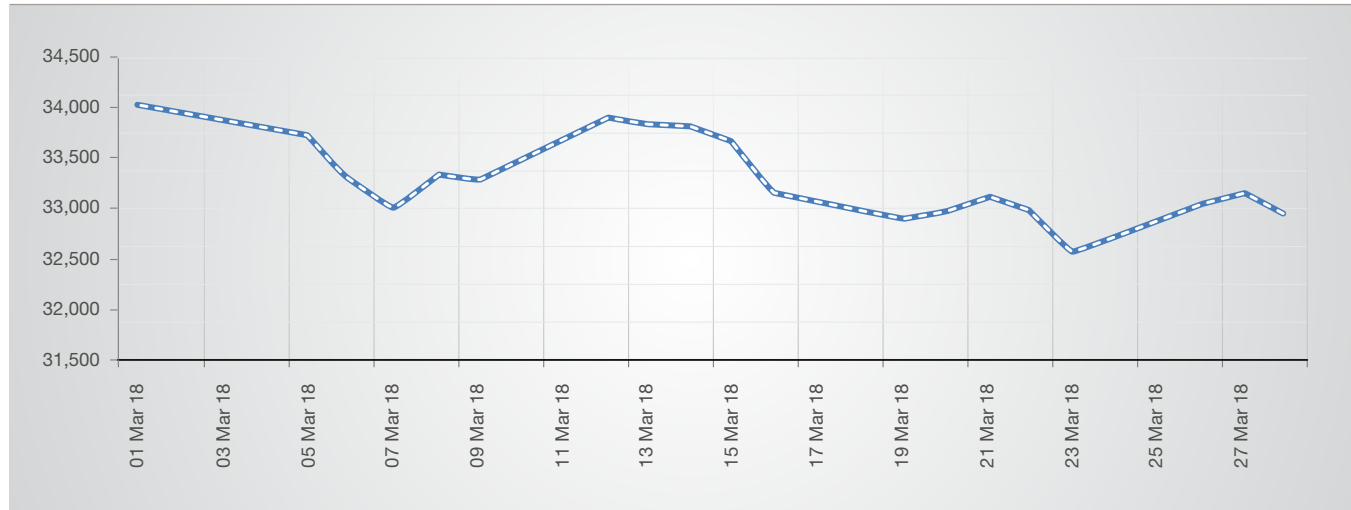


Source: National Stock Exchange

The NIFTY 50 lost 3% in March 2018. It is interesting to note that the NIFTY 50, which breached the 11,000 mark in January 2018, settled at 10,493 points at the end of February 2018. The Index did close at above 10,000 points at the end of March, but on 23 March it closed below the 10,000 point mark.

SENSEX

S&P BSE SENSEX



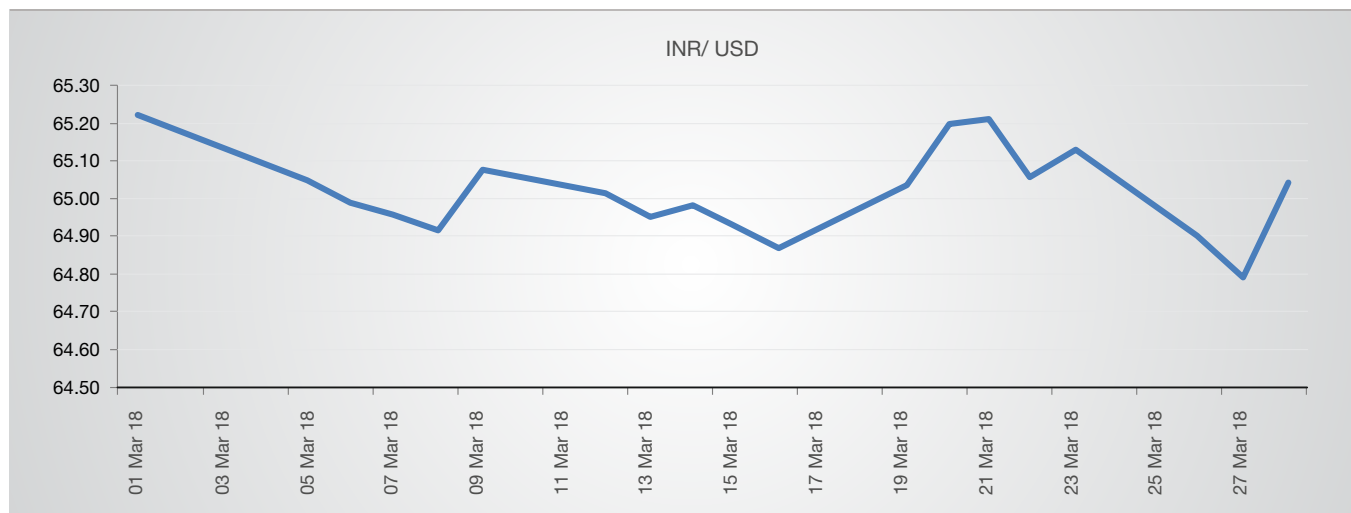
Source: Bombay Stock Exchange

The S&P BSE Sensex lost 3% in February 2018. It is worth noting that the S&P BSE Sensex has been on a downward slide since January 2018. The S&P BSE Sensex opened above the 36,000 mark on 1 February 2018 and closed at

34,180 points at the end of February 2018. While the S&P BSE Sensex opened above the 34,000 mark on 1 March 2018, it closed at sub 33,000 levels at the end of the month.

CURRENCY

CURRENCY



Source: Reserve Bank of India

The USD lost 0.28% compared to the INR in March 2018.



INDIA INFRASTRUCTURE & REALTY UPDATE

UPDATE ON DWARKA EXPRESSWAY

The National Highways Authority of India (NHAI) has issued a Letter of Award (LOA) for Package-4 of Dwarka Expressway from Basai RoB to NH-8 – SPR intersection in Haryana on EPC under Bharatmala Pariyojna. The 8.76 km stretch of the road will be constructed by Larsen & Toubro. The project comprises of an eight-lane elevated structure for the main carriageway of Dwarka Expressway, trumpet interchange for Manesar Road and cloverleaf interchange with the NH-8-SPR intersection. The completion period of the project is two years with a maintenance period of four years. Under the project, a minor bridge will be widened, additional ROBs, five VUP, six bus bays with a bus shelter will be erected and four junction improvements will be carried out.

METRO CONNECTIVITY TO HYDERABAD AIRPORT

In view of the good response that metro services have been generating in Hyderabad, the erstwhile city of Nizams, the state government has decided to extend metro services to the airport, in the second phase. This will involve extending Corridor-III from Biodiversity Park to the airport, a distance of approximately 31 kilometres. In this regard, the state government announced that a special purpose vehicle (SPV) will be setup. The Hyderabad Metro Rail (HMR) would have 51% stake in the SPV, the balance will be taken up by the Hyderabad Metropolitan Development Authority (HMDA).

FREQUENCY OF BULLET TRAINS BETWEEN AHMEDABAD AND MUMBAI

The proposed bullet train will greatly reduce travel time between Ahmedabad and Mumbai. Work on this front has been going on at a steady pace. It has been revealed further that bullet train services will be available every 20 minutes from Bandra Kurla Complex (BKC), which will be the originating station under this project. During peak hours (7 am to 10 am and 5 pm to 9 pm) there will be three train services and during non-peak hours there will be two train services. Further, the train will run at approximately 320 kmph and cover the distance between Ahmedabad and Mumbai within two hours. will be 12 stations on the bullet train route. The stations are as follows: BKC, Thane, Virar, Boisar, Vapi, Bilimora, Surat, Bharuch, Baroda, Anand, Sabarmati and Ahmedabad.

SERVICES OF GATIMAAN EXPRESS EXTENDED UP TO BUNDELKHAND REGION

With effect from 1 April, Gatimaan Express, India's fastest train will run up to Gwalior, in the Bundelkhand region. It has

been notified that the 'Train no. 12049/50 Nizamuddin-Agra Cantt Gatimaan Exp' has been extended up to Gwalior/Jhansi. As per the government release, the extension of this prestigious premium train will facilitate movement of tourists to various tourist attractions in and around Gwalior and Jhansi of the Bundelkhand region. The train will run six days a week, except on Fridays.

MULTI-MODAL LOGISTICS PARK AT BALLI INAUGURATED

A Multi Modal Logistics Park at Balli Station near Madgaon in Goa, on the Konkan Railway route, has been inaugurated. The park has been set up with an investment of ₹43 crore as per the MoU entered between Konkan Railway and Container Corporation of India Ltd. (CONCOR). The distance between the JNPT port of Mumbai and Goa is around 650 km. Presently, containers from Goa reach JNPT via road in 30–40 hrs. After completion of the Container Depot at Balli, the containers would reach JNPT within 16 to 18 hrs, which would save not only time but also reduce the cost of transportation, relieving congestion on the road, which will further lead to reduction in pollution.

3.21 LAKH AFFORDABLE HOUSES SANCTIONED FOR URBAN POOR UNDER PMAY

Ministry of Housing and Urban Affairs has approved the construction of 321,567 more affordable houses for the urban poor under the Pradhan Mantri Awas Yojana (PMAY Urban). This will be done with an investment of ₹18,203 crore. The assistance from the central government will be ₹4,752 crore. The projects were sanctioned across 523 cities in the states of Haryana, West Bengal, Rajasthan, Uttar Pradesh, Gujarat, Mizoram, Karnataka, Maharashtra, Madhya Pradesh, Bihar, Kerala, Himachal Pradesh, Punjab and Goa. Haryana has been sanctioned 70,671 houses in 55 cities and towns and West Bengal, 59,929 houses in 86 cities and towns. Rajasthan has been sanctioned 54,821 affordable houses in 48 cities. Uttar Pradesh has been sanctioned 39,683 houses in 121 cities. Gujarat has been sanctioned 35,851 houses in 19 cities and towns. Mizoram got 15,798 houses in 16 cities. Karnataka has been sanctioned 11,941 houses in 58 cities. Maharashtra has been sanctioned 10,639 houses in 15 cities. Madhya Pradesh received the sanction for 5,426 houses in 11 cities. Bihar has been sanctioned 8,154 affordable houses in 10 cities and Kerala, 5,073 houses in 32 cities. Himachal Pradesh received 3,345 houses in 41 cities. Punjab has been sanctioned 176 affordable houses in 1 city and Goa has been sanctioned 60 houses in 10 cities.



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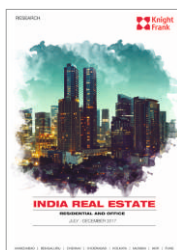
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