



**MARKET MOVEMENT**

Major Indices	January 27, 2017	February 3, 2017	% Change	Change
BSE Sensex	27,882.46	28,240.52	1.28	
NSE Nifty	8,641.25	8,740.95	1.15	

**INDIAN ECONOMY AT A GLANCE****POLICY WATCH**

- Income tax relief given to individuals and companies
- Union Cabinet approves short term market borrowing by NABARD
- India - Serbia sign MoU on Information Technology
- Tenure of loans under PM's housing scheme increased to 20 years
- New schemes for promotion of rural housing

**Income tax relief given to individuals and companies**

The Union Budget for 2017-18 has announced tax sops for the middle class and small companies. It has been proposed to reduce the tax rate for individuals in the income tax slab of approx. USD 3675 to USD 7350 from 10 per cent to 5 per cent. The tax rate for companies with an annual turnover of up to USD 7 million has been brought down to 25 per cent from 30 per cent. This will benefit 96 per cent of the 694,000 companies filing tax returns.

**Union Cabinet approves short term market borrowing by NABARD**

The Union Cabinet has approved the proposal of short term borrowing by the National Bank for Agriculture and Rural Development (NABARD), in order to lend funds to Cooperative banks. The decisions will enable NABARD to make short term borrowings at prevailing market rate of interest for approx. USD 2.95 billion for on-lending to Cooperative banks at 4.5 per cent rate of interest.

**India - Serbia sign MoU on Information Technology**

The Union Cabinet has given ex-post facto approval to the Memorandum of Understanding (MoU) signed between India and Serbia for promoting cooperation in the field of Information Technology and Electronics. The MoU aims to promote cooperation between India and Serbia in the field of IT and

Electronics, and to foster active cooperation and exchanges between private entities, capacity building institutions, the Governments and other public and private organizations of the two countries in IT & Electronics.

### **Tenure of loans under PM's housing scheme increased to 20 years**

The Centre has approved the extension of tenure of loans under Credit Linked Subsidy Scheme (CLSS) of Pradhan Mantri Awas Yojana to 20 years from 15 years and introduction of a new CLSS for middle income group with a provision of USD 147 million in 2017-18. The scheme will be renamed as CLSS for economically weaker sections of society/Lower Income Group.

### **New schemes for promotion of rural housing**

The cabinet has approved a new housing scheme to provide interest subsidy for loans up to approx. USD 3,000 for construction of new houses or renovation of existing ones in rural areas. It will be implemented by National Housing Bank (NHB). However, the scheme will not be extended to those who have already availed benefits under a similar programme, the Pradhan Mantri Awas Yojana-Grameen.

## **INDUSTRY WATCH**

- **Railways gets largest-ever allocation at USD 19 billion**
- **Highways construction, cargo, power generation exhibit record growth**
- **India beats Canada, EU in internal trade**
- **India's oil imports from Iran hit a record high in 2016**
- **Forex reserves up USD 932 million to touch USD 361 billion**

### **Railways gets largest-ever allocation at USD 19 billion**

The Indian railways has got the largest ever fund allocation of USD 19 billion in the Union Budget 2017. The Budget provides for a corpus of USD 15 billion for a rail safety fund to be spent over five years. Plans have also been announced for solar power for 7,000 railway stations, redevelopment of 25 railway stations, 70 projects for construction and development through joint ventures with nine state governments and commissioning of 2175 miles railway lines in 2017-18, up from 1740 miles in 2016-17.

### **Highways construction, cargo, power generation exhibit record growth**

Highways construction/ widening witnessed about 10 per cent growth in the first half of the current fiscal. Power generation saw a 6 per cent increase and rail freight traffic recorded 2 per cent growth. Despite

facing challenging infrastructure deficit in the country aided by resource crunch, debt-laden firms and stressed assets, highways construction registered impressive growth in the first half FY2017.

### **India beats Canada, EU in internal trade**

India's aggregate interstate trade (54 per cent of GDP) has outgrown the provincial trade within Canada and greater than trade between Europe Union (EU) countries. India's internal trade in goods is surprisingly robust when compared to India's external trade. India's internal trade is however low compared to that of the United States (78 per cent of GDP) or China (74 per cent of GDP).

### **India's oil imports from Iran hit a record high in 2016**

India's annual oil imports from Iran surged to a record high in 2016. This was because of some refiners resuming purchases after the lifting of sanctions against Tehran. The sharp increase propelled Iran into fourth place among India's suppliers in 2016, up from seventh position in 2015. Iran used to be India's second-biggest supplier before sanctions.

### **Forex reserves up USD 932 million to USD 361 billion**

Country's foreign exchange reserves surged for the second consecutive week by USD 932 million to USD 361 billion in the week to January 20 on account of rise in foreign currency assets. The reserves in the previous week had increased by USD 688 million to USD 360 billion. Foreign currency assets a major component of the overall reserves, increased by USD 926 million to USD 338 billion.

## **CORPORATE HIGHLIGHTS**

- **Sona Group sells entire stake in Sona Koyo to Japanese partner**
- **CureFit acquires majority stake in The Tribe to expand offline footprint**
- **ONGC to invest USD 11 billion in KG basin**
- **IndiaPost becomes 3<sup>rd</sup> entity to receive licence to start payment bank operations**
- **Nissan India's sales rise 63 per cent in January 2017**

### **Sona Group sells entire stake in Sona Koyo to Japanese partner**

Indian auto components maker Sona Group will sell its entire 25.12 per cent equity holding in its flagship Sona Koyo Steering Systems Ltd to JTEKT Corp. for about USD 62 million, ending its 32-years old relationship with the Japanese partner. The deal was sealed at a price of USD 1.22 a share, valuing the joint venture company at about USD 283 million. The joint venture is a manufacturer of steering systems for passenger cars and utility vehicles in India.

### **CureFit acquires majority stake in The Tribe to expand offline footprint**

Healthcare and fitness start-up CureFit (Healthcare Pvt. Ltd), has acquired a majority stake in fitness centre chain The Tribe, in a bid to expand its offline footprint. The addition of the three centres run by The Tribe will bring Curefit's total centres to nine by March. It plans to open at least 20 centres in the city by the end of the year. CureFit had bought Bengaluru-based fitness centre brand Cult for USD 3 million last August.

### **ONGC to invest USD 11 billion in KG basin**

Oil and Natural Gas Corp. Ltd (ONGC) will invest USD 11 billion in the Krishna Godavari (KG) basin for producing hydrocarbons. It has signed an agreement with the Andhra Pradesh government for smooth execution of the projects. The state government will assist ONGC in taking over land and in obtaining other statutory clearances.

### **IndiaPost becomes 3rd entity to receive license to start payment bank operations**

IndiaPost has become the third entity to receive a final license last week from the Reserve Bank of India to start its payment bank operations. India's largest telecom service provider Bharti Airtel and digital payments firm Paytm are the other two to have received the license. Only Airtel has started operations so far. Each post office in the country will offer the post bank services. The department of post has an existing network of around 155,000 post offices currently.

### **Nissan India's sales rise 63 per cent in January 2017**

Nissan Motor India has reported a nearly 63 per cent jump in domestic sales in January at 4,346 units compared to 2,668 vehicles sold in the same month last year. The company sells products across hatchback, multi-utility vehicle, sports utility vehicle and sedan segments under the Nissan and Datsun brands in India.