Trends ..... February 2017

Budget 2017-18, in a different avatar this time, laid out a roadmap of infrastructure and rural development which in the coming days, is expected to boost domestic steel demand. Steel imports continued to drop in FY17 so far, courtesy the policy structure firmly in place and the government's GDP announcement reflected an economic stability which spelt good for commodity demand growth - both current and future.

WORLD ECONOMY AT A GLANCE

- The J.P. Morgan Global Manufacturing PMI broke records to reach a 69-month high level of 52.9 in February 2017, led by stronger growth of total new orders and rising levels of international trade, as per Markit Economics press release.

- The latter indicates that in the overall sum-up, developed nations tended to fare better than emerging markets with the PMI for Euro area and Japan offseting mild decelerations in the rates of expansion in the US and the UK. Growth in the Asian region remained strong as noted for China, India, Vietnam and the Czech Republic.

- The Markit Economics reports also indicate that in February 2017, global manufacturing employment increased for the sixth successive month, international trade flows strengthened as reflected in a steady growth in new export orders and a general improvement in business confidence. Such signals were noted for both developed and emerging nations. The month also saw average input prices rising at a marked pace.

Key Economic Figures			
Country	**GDP Q3 2016: % yoy change***	**Manufacturing PMI**	
		January 2017	**February 2017**
India	7.3	50.4	50.7
China	6.7	51.0	51.7
Japan	1.1	52.7	53.3
USA	1.7	55.0	54.2
EU 28	1.7	55.2	55.4
Brazil	-2.9	44.0	46.9
Russia	-0.4	54.7	52.5
South Korea	2.6	49.0	49.2
Source: GDP-official estimates; PMI- Markit Economics, *provisional			

GLOBAL CRUDE STEEL PRODUCTION

World Steel Association (worldsteel) data shows that world crude steel production for February 2017 was 126.58 million tonnes (mt), up by 4.1 per cent year-on-year (yoy) i.e. over February 2016 and was 264.42 mt, during January-February 2017, up by 5.8% yoy. As pointed out by worldsteel, while interpreting the growth figures, it is important to keep in mind that 2016 was a leap year and hence, February 2016 had 29 days.

World Crude Steel Production: January - February 2017*			
Rank	**Country**	**Qty (mt)**	**% change over last year**
1	China	128.77	5.8
2	Japan	17.34	1.3
3	India	16.76	12.1
4	United States	13.34	3.6
5	Russia	11.77	5.7
6	South Korea	11.15	3.6
7	Germany	7.10	1.9
8	Turkey	5.67	14.1
9	Brazil	5.40	9.5
10	Ukraine	4.00	2.3
	Top 10	**221.30**	**5.73**
	World	**264.42**	**5.8**
Source: worldsteel, JPC; * provisional			

- China produced 61.2 mt of crude steel in February 2017, up by 4.6 per cent over February 2016 and production stood at 128.77 mt during January-February 2017, up by 5.8% yoy. China remained the largest crude steel producer in the world, fuelling world production, which, excluding China, was up by 6 per cent. China accounted for 71 per cent of Asian and 49 per cent of world crude steel production during 2017 so far.
- February 2017 Japanese crude steel production (8.3 mt) was down by 0.1 per cent and was at 17.34 mt, during January-February 2017, up by 1.3% yoy. The country remained the second largest crude steel producer in the world during 2017 so far.
- With a 6.3 per cent share in total world production and a 12.1 per cent rise in production over same period of last year, India remained the third largest crude steel producer in the world in January - February 2017. Moreover, with production at 16.76 mt, India inched closer to Japan (17.34 mt) at the 2nd largest spot.
- Crude steel production in the EU (28) countries during February 2017 was at 13.3 mt, down by 0.6 per cent yoy and was at 27 mt, during January-February 2017, up by 2% yoy.
- At 86.2 mt, Asian crude steel production was up by 5.1 per cent in February 2017 and at 180.45 mt, during January-February 2017, it was up by 6.2% yoy. Asia accounted for 68 per cent of world crude steel production during this period.

THE STEEL WORLD LAST MONTH

THE AMERICAS

- NLMK USA has restarted the idled No. 2 HDG line at its Sharon Coating unit in Pennsylvania with annual capacity of 0.23 million tonnes (mt).
- Charter Steel has announced plans to build a $150 million SBQ bar mill next to its Cuyahoga Heights, Ohio steelmaking facility.
- Nucor and 50-50 JV partner JFE Steel have the option to choose another location to build a new galvanizing plant if authorities move forward in imposing a high border tax on imports from Mexico.
- US Steel has said it will invest $200 million more in a sheet steel focused "asset revitalization" this year versus 2016. About $150 million of the $200 million will be dedicated to outage and maintenance costs, and $50 million will be capital expenditures.
- Representatives of the Brazilian Ministry of Development, Industry and Foreign Trade are visiting the offices of steelmakers in the US, Russia and China during this month, as part of their HRC dumping investigation.
- US Steel has filed a motion to withdraw without prejudice the trade secrets claim from consideration in its Section 337 complaint against China, filed with the US International Trade Commission.

ASIA

- China's National Development and Reform Commission has issued a notice to all local governments, re-emphasizing the crucial importance of eliminating surplus steel capacity and cracking down on induction furnaces making low-quality construction steel.
- Crude steel capacity elimination target for 2017 has been set at 6.5 mt by Jinagshu, up by 12% over the 5.8 mt it closed in 2016 while Shandong province has set these at 3.87 mt (iron-making) and 2.87 mt (crude steel).
- China Baowu Steel Group, the entity formed by the combination of the Baosteel and Wuhan Iron & Steel groups aims to produce 63.16 mt of steel and aims to eliminate 5.45 mt of capacity in 2017 as per CISA.
- The new continuous bloom caster with design capacity at 0.14 mtpa at Kobe Steel's Kakogawa steelworks has started commercial production and the capacity on the existing caster has been doubled to 0.3 mtpa.
- Nippon Steel & Sumitomo Metal Corp has cleared the final hurdle to take a controlling stake in Nisshin Steel after Japan's Fair Trade Commission told it has no objections to the move.
- India's Steel Authority of India Ltd.(SAIL) added a feather in its cap by supplying steel to ISRO as part of the space organisation's launch of a record number of 104 satellites in a single rocket on Feb 15, 2017.
- India has conveyed to WTO the reason for imposition of minimum import price (MIP) on steel products and has moved from MIP to a regime of anti-dumping and safeguards.
- JSW Steel, along with three consortium partners, has submitted a final bid for Italy's loss-making 10 mtpa steel plant, Ilva.

- Thailand has finalized safeguard duties on alloy-added H-beam imports for two years, at an initial rate of 31.43% of CIF value for the first year, and thereafter, 31.05%.
- Taiwan has officially applied definitive anti-dumping duties on imports of galvanized flat steel products from China and South Korea.
- Vietnam's Hoa Phat Steel has received approvals to construct a 4 mtpa integrated steel works in central Vietnam's Quang Ngai.
- Pakistan's National Tariff Commission has imposed provisional anti-dumping duties of 13.17%-19.04% on CRC imports from thirteen companies based in China and Ukraine.

RUSSIA, MID-EAST, AFRICA, AUSTRALIA

- Russia has requested the WTO to open consultations with the European Commission with regard to the anti-dumping duties on imports of Russian CRC into the EU market.
- Severstal will reconstruct one of the four reheating furnaces working with the 2000mm HSM at its Cherepovets Iron & Steel Works. Further, the coil and plate rolling shop attached to the Works has developed technology allowing flat rolling of plate in eight new grades.
- Severstal has agreed to sell its Milan-based wire ropes plant, Redaelli Tecna, to Teufelberger Wirerope GmbH, an Austria-based metal wire ropes producer. The transaction is expected to be completed in the first half of 2017.
- Iran's second largest iron ore producer, Chadormalu plans to launch its first steel plant, a rebar mill, and also a 500 mw power plant soon. The steel plant is a 1 mtpa, billet works expandable to 1.3 mtpa and capacity of the rolling mill is 0.5 mtpa.

EU AND OTHER EUROPE

- The European Commission has decided not to impose provisional CVD on HRC imports from China. Further, it has imposed definitive anti-dumping duties at rates of 65.10-73.70% on heavy steel plates imported from China and has opened an expiry review into anti-dumping duties currently applied to imports of steel wire ropes and cables imported from China, Morocco and Korea.
- The European Union imported more steel than it exported in 2016, the first time that has happened in a calendar year since 2008 as imports (9.8% rise) outstripped exports (decline by 6%).
- Tata Steel's speciality steel plant in Stocksbridge near Sheffield, UK,has started production with a new vacuum induction melting furnace. It will produce high-purity steels and special alloys for the aerospace industry.
- German steel companies are protesting against higher power network charges from their regional network provider and have urged to balance higher charges out across the country.
- Thyssenkrupp has announced that it will expand its Chinese presence and open its third spring and anti-roll bars facility in the country in 2018.
- Germany-based Riva Stahl has confirmed its takeover of wire rod processing company Drahtwerk Horath and expects to finalize the acquisition soon.
- Turkey's second-largest alloy bar producer, Bursa-based Cemtas, has completed the installation of its new batch annealing furnace and plans to launch it in April 2017and is also planning to begin production at its new continuous heat treatment furnace in Q3 2017.

[Source Credit: Metal Bulletin, Platts, leading news papers (India news)]

WORLD STEEL PRICE TRENDS

February 2017 continued with global steel prices largely moving north both for long and flat and as seen at the end of 2016, being driven more by raw material price hikes and/or trade related issues than any perceptible robust growth in steel demand. Again as seen earlier also, China remained at the centre of all global action with fresh capacity cuts / targets being announced, though the long-drawn festivities owing to the New Year celebrations dampened transactions. Markets overall remained optimistic given the strong rally in raw material prices and riding on hopes of a demand resurgence.

Long product

- Domestic rebar prices in the USA overall remained weak with the market waiting for cues from the hearing of trade cases and awaiting March scrap price settlements. Transactions, as per Metal Bulletin reports, were quoted at around $540-550/t at month-end.
- February 2017 European long products market remained weak with transactions as per Metal Bulletin reports, quoted at around €405-410/t ($428-434) delivered across Southern Europe and at around €460-475/t ($487-503) in Northern Europe.
- China's spot rebar prices generally moved north at the end of February 2017 with transactions as per Metal Bulletin reports, quoted at around 3630-3660 yuan/t in Shanghai and at around 3680-3710 yuan/t in Beijing. All prices are ex-works and incldues VAT.
- Russian February 2017 rebar prices remained stable and edged past last month's with transactions for 12mm A500C rebar as per Metal Bulletin reports quoted at around 32,000-35,000 roubles/t ($551-603) cpt Moscow, including VAT.

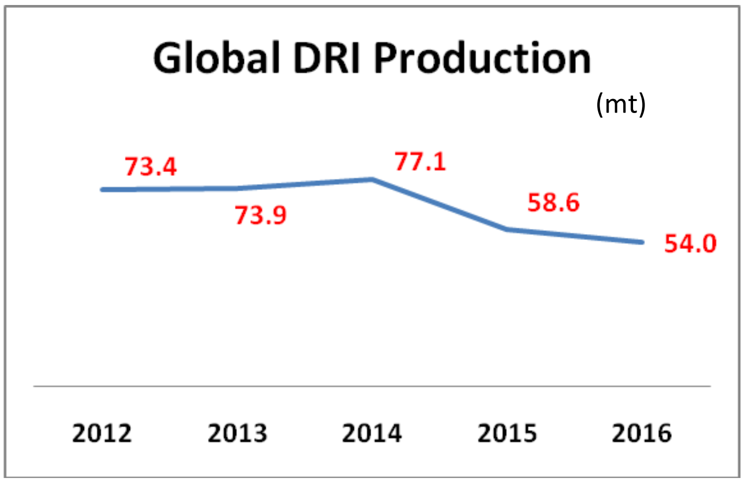
Flat products

- US February 2017 HRC prices rebounded on mill price increases (Nucor, AK Steel, UPI), comfortable lead times and expectations of firming up of scrap prices. Transactions as per Metal Bulletin reports, were quoted at around $620-630/t at month-end.
- February 2017 HRC prices in Europe remained stable and edged slightly past last month's with transactions as per Metal Bulletin reports, quoted at around €550-580/t ($579-611) ex-works in Northern Europe and at around €530-550/t ($560-581) ex-works in Southern Europe.
- Largely volatile but overall northward bound, February 2017 Chinese spot HRC prices were quoted at around 3820-3840 yuan/t in Shanghai and at around 3760-3780 yuan/t in Tianjin. All prices are ex-works and includes VAT. But ferrous futures remained clouded with investigation launched by Chinese authorities on institutional investors including securities companies to determine if there is any speculative or "non-conforming" investment behaviour disrupting the market. Further news of rising crude steel output also dampened sentiments.
- February 2017 Russian HRC prices moved north with Metal Bulletin's price assessment for 4mm HR sheet at around 41,100-41,300 roubles/t ($708-712) cpt Moscow, including VAT.

[Source Credit: Metal Bulletin]

World DRI Production

World DRI production in 2016 stood at 54.03 million tonnes, a decline of 8% over 2015 as per provisional data released by the World Steel Association (worldsteel) and a sustained year-on-year decline in recent times implied that global production fell by 5.9% in terms of CAGR over the last five year period. The core drivers of global production over the last few years have been India, Iran, Mexico, Saudi Arabia and Russia, with annual growth rates fluctuating for most excepting Iran.



The fluctuations in annual performance is reflected in the production rankings for the top 5 global DRI producers in 2016 and 2015 as per data released by the worldsteel. These are shown below and indicates that Iran emerged as the largest global producer of DRI in 2016, displacing India from the top rank, which slipped to the 2nd largest rank after a long run of remaining at the top. At the same time, the UAE emerged as the 5th largest global DRI producer in 2016, displacing Russia from the top 5 list.

Global DRI Production: Top 5			
Country	**2016* (mt)**	**2015 (mt)**	**% yoy change**
Iran	16.01	14.55	10
India	**14.25**	**16.23**	**-12**
Mexico	5.36	5.49	-2
Saudi Arabia	5.12	5.8	-12
UAE	3.48	3.19	9
Top 5	**44.22**	**45.26**	**-2**
World	**54.03**	**58.62**	**-8**
% India	26	28	-
% Top 5	82	77	-
Source: worldsteel; mt=million tonnes; *prov			

Also, besides a steep decline in year-on-year growth rate in 2016 (over 2015 that is), the share of India in global production slipped from 28% in 2015 to 26% in 2016. However, despite the declines noted for India, Mexico and Saudi Arabia in 2016 over 2015, the sharp 10% growth of Iran and the 9% growth in case of the UAE led the share of the top 5 move up from 77% in 2015 to 82% in 2016.

China stops coal imports from North Korea

Metal Bulletin reports indicate that China is suspending coal imports from North Korea - it's biggest supplier of anthracite (85% of its total imports of the item) - for the rest of this year. The ban from February 19 to December 31, 2017 is to comply with United Nations sanctions on North Korea, China's Ministry of Commerce has clarified. The ban, as per market analysts, is to result in a 13% supply drop and is likely push up prices as per market analysts.

INDIAN STEEL MARKET ROUND-UP

India's 2017-18 Budget focuses on infra development - expected to boost steel demand

India's Union Budget for the year 2017-18 indicated that despite challenges, the Indian economy is poised to emerge as one of the fastest growing major economies in 2017. Indicating the betterment of economic situation in the country, the Budget had pointed out that the Indian economy has indeed moved on to a high growth path with CAD having declined from about 1% of GDP last year to 0.3% of GDP in H1 2016-17, CPI-based inflation going down from 6% in July 2016 to 3.4% in December 2016, FDI growing by 36% in H1 2016-17 despite a 5% reduction in global FDI inflows and forex reserves swelling to reach 361 billion US Dollars as on 20th January, 2017. The Budget had laid down it's agenda for 2017-18 as : "Transform, Energise and Clean India" or TEC India , which seeks to:

- Transform the quality of governance and quality of life of our people;
- Energise various sections of society, especially the youth and the vulnerable, and enable them to unleash their true potential; and
- Clean the country from the evils of corruption, black money and non-transparent political funding

The Budget in so doing, has listed out ten distinct themes to foster this broad agenda:

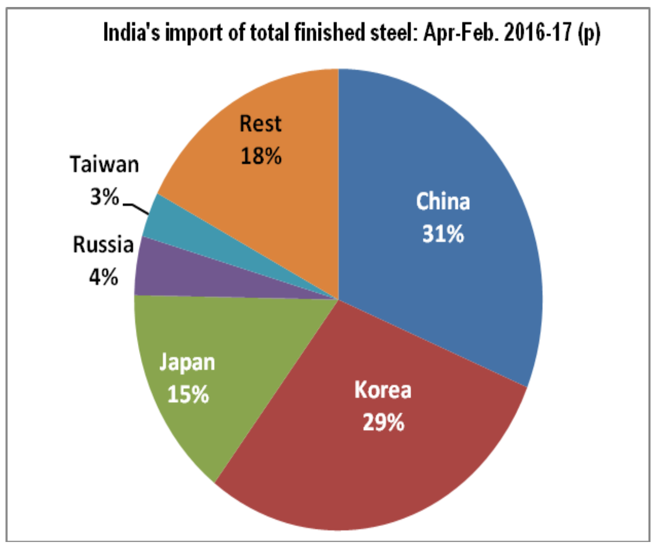
- ✓ Farmers : committed to double the income in 5 years;
- ✓ Rural Population : providing employment & basic infrastructure;
- ✓ Youth : energising them through education, skills and jobs;
- ✓ The Poor and the Underprivileged : strengthening the systems of social security, health care and affordable housing;
- ✓ Infrastructure: for efficiency, productivity and quality of life;
- ✓ Financial Sector : growth & stability by stronger institutions;
- ✓ Digital Economy : for speed, accountability and transparency;

- ✓ Public Service : effective governance and efficient service delivery through people's participation;
- ✓ Prudent Fiscal Management: to ensure optimal deployment of resources and preserve fiscal stability;
- ✓ Tax Administration: honouring the honest.

The Budget was lauded for its take on infrastructure development, fiscal control, education, rural sector, its stress to simplify tax rates and the compliance process, its focus on start-ups, its bold decision to dismantle the FIPB and its move to cleanse the system of political funding in India with a focused policy package, among others. For steel, the sustained focus on infrastructure development specially rural infrastructure, is being perceived as a major impetus to growth in domestic steel demand in the coming days. Duty structures – import, export – on steel and iron ore remained intact.

Trends in finished steel imports - towards a net exporter of total finished steel

- Imports of total finished steel continued to decline during 2016-17 so far, dropping by 38 per cent during April-February 2016-17 to 6.63 million tonnes (mt) as compared to same period of last year.
- Though exports at 6.62 mt was very close to the import level, India nonetheless remained a net importer of total finished steel during April-February 2016-17 with imports at 6.63 mt.
- However, in the month of February 2017, India moved a step towards being a net exporter of total finished steel from its current net importer status:



  - ➢ in February 2017, exports of total finished steel at 0.76 mt shot well past imports (0.53 mt), thereby turning India into a net exporter of the material during February 2017; and
  - ➢ further, during April- February 2016-17, import of non-alloy finished steel at 4.871 mt fell far short of export of same (6.067 mt) thereby making the country a net exporter in this category, which generally accounts for over 90 per cent of the country's total finished steel import.

- During April-February 2016-17, imports accounted for only 9 per cent of total domestic consumption of steel, much lower compared to the 15 per cent recorded for the same period of last year.
- The country-wise import picture indicates that the Chinese share in total finished steel stood at 31 per cent and China, with a total import of 2.07 mt, remained the largest import market

for India during this period. Also, China, Korea and Japan continued to be the top three markets, accounting for 75 per cent of the country's imports of total finished steel during this period.

- Volume-wise, Mumbai was the leading port (36 per cent share of total) followed by Mundra (17 per cent) and Chennai (15 per cent) during this period.
- In the non-alloy, non-flat segment, major contributor to import was bars & rods (0.37 mt, down by 36 per cent) while for the flat segment, import was led by HRC (1.76 mt; down by 44 per cent).
- With a slew of anti-dumping and other measures well in place and the lagged effect of MIP to continue, the rate of growth in imports of total finished steel in the rest of this fiscal is expected to maintain the southward trend. And if exports continue to move at the same pace as currently, India is most likely to conclude 2016-17 as a net exporter of total finished steel.

Indian Steel Industry Performance: April-February 2016-17

The following is a report on the performance of Indian steel industry in terms of total finished steel during April-February 2016-17 based on provisional data released by JPC. All growth comparisons are with regard to same period of last year.

Total Finished Steel (alloy + non-alloy)	Performance Highlights		
	April-February 2016-17*(mt)	April-February 2015-16 (mt)	%yoy change*
Production for sale	91.52	82.67	10.7
Import	6.63	10.72	-38.2
Export	6.62	3.73	77.6
Consumption	75.94	73.71	3.0
Source: JPC ;*provisional			

Production for sale

- During April-February 2016-17, production for sale stood at 91.519 mt, a growth of 10.7 per cent compared to same period of last year, in which contribution of the non-alloy steel segment stood at 83.173 mt (up by 11 per cent), while the rest was the contribution of the alloy steel segment (including stainless steel), where production for sale was up by 9.8 per cent.
- Analyzing by broad divisions, in the total production for sale of finished non-alloy steel, contribution of the non-flat segment stood at 39.901 mt (up by 4.3 per cent) while that of the flat segment stood at 43.272 mt (up by 18 per cent).
- Analyzing by segments, one finds that in the non-flat, non-alloy segment, production for sale of bars & rods, structurals and railway materials stood respectively at 32 mt (up by 4 per cent), 7.2 mt (up by 4 per cent) and 0.94 mt (up by 12 per cent) as compared to same period of last year.
- On the other hand, for the flat segment, with the exception of HR sheets (down by 29 per cent), production for sale was up for all other leading items like Plates (4.1 mt, up

by 10 per cent), HRC (21.65 mt, up by 24 per cent), CRC (7.4 mt, up by 41 per cent) and GP/GC Sheets (6.7 mt; up by 3 per cent).

Export

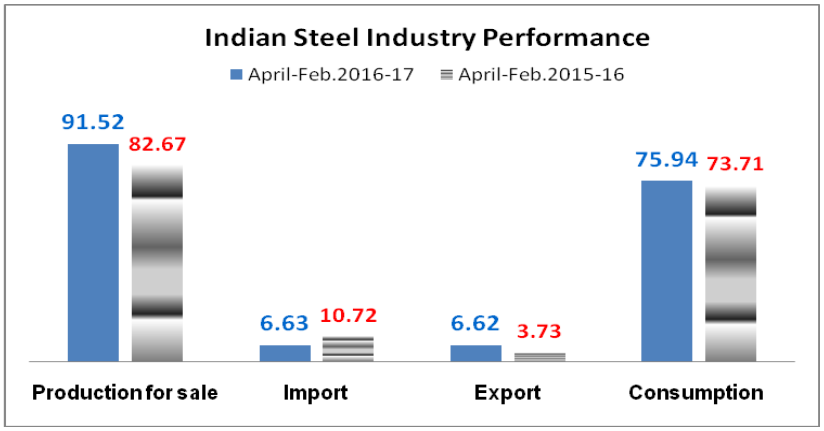
- During April-February 2016-17, export of total finished steel was 6.623 mt, up by 78 per cent compared to same period of last year.
- Contribution of the non-alloy steel segment stood at 6.067 mt (up by 91 per cent) while the rest was that of alloy steel (including stainless steel) segment, where exports were down by 0.5 per cent over last year.
- In the total export of finished non-alloy steel, export of non-flat was at 0.727 mt (up by 79 per cent) and that of flat steel was at 5.34 mt (up by 93 per cent).
- In the non-alloy, non-flat segment, in volume terms, major contributor to export was bars & rods (0.54 mt, up by 65 per cent) and growth in exports in the non-alloy, flat segment was led by GP/GC (1.54 mt, up by 20 per cent).

Import

- Import of total finished steel during April-February 2016-17 was at 6.63 mt, down by 38.2 per cent compared to same period of last year.
- However, it remained slightly above exports, with the result that India remained a net importer of total finished steel during April-February 2016-17.
- In total finished steel import, contribution of the non-alloy steel segment was 4.871 mt (39 per cent decline) while the rest was the contribution of alloy steel (including stainless steel) segment, which was down by 36 per cent over same period of last year.
- In the import of total finished non-alloy steel, non-flat imports were at 0.474 mt (down by 24 per cent) and flat imports were at 4.397 mt (down by 40 per cent).
- In the non-alloy, non-flat segment, major contributor to import was bars & rods (0.37 mt, down by 36 per cent) while for the flat segment, import was led by HRC (1.76 mt; down by 44 per cent).

Consumption

- During April-February 2016-17, real consumption (or simply consumption) of total finished steel stood at 75.941 mt, a growth of 3 per cent compared to same period of last year.
- For non-alloy steel, contribution of the non-flat segment stood at 39.19 mt, up by 5.6 per cent over same period of last year and that of the flat segment (after accounting for double counting) stood at 30.152 mt, up by 3 per cent over same period of last year, taking total non-alloy consumption (after double counting) to 69.342 mt, up by 4.4 per cent. The remainder was the contribution of the alloy/stainless segment, which reported a decline of 9 per cent during this period.
- In the non-alloy, non-flat segment, the major contributor to consumption was bars & rods (31 mt; up by 6 per cent) whereas for the flat segment, consumption was led by HRC (21.4 mt, up by 6 per cent).



JPC Market Prices (Retail)

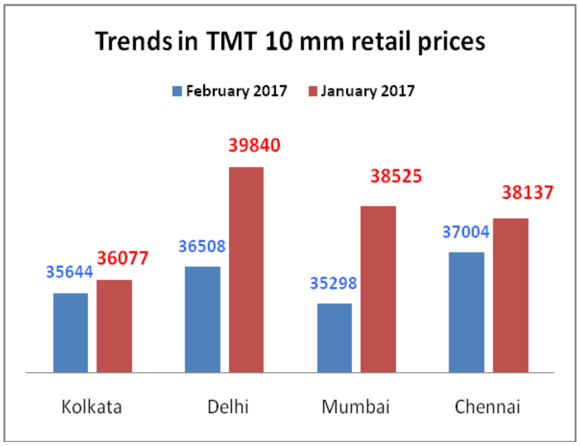
Delhi market prices: Compared to February 2016, average (retail) market prices in Delhi market in February 2017 decreased for long products (represented by TMT 10 mm) but moved north for flat products (represented by HRC 2 mm), largely in response to domestic demand-supply conditions and global influences. When compared to January 2017, however, prices moved north for both TMT and HRC. The situation in February 2017 with regard to February 2016 is shown in the table below for TMT 10 mm and HRC 2.0 mm.

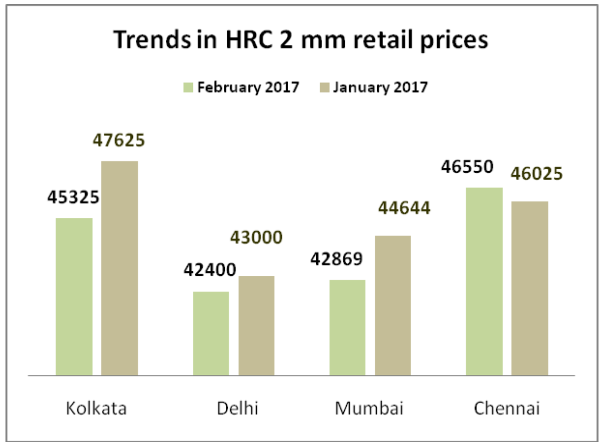
Trends in JPC market price (retail) in Delhi market in February 2017		
Item	**Delhi market prices (Rs/t)**	**% change over February 2016**
TMT, 10 mm	36,508	-0.1
HRC, 2.0 mm	42,400	25
Source: JPC		

All markets: Compared to February 2016, average (retail) market prices in February 2017, excepting for TMT prices in Delhi market, increased for both long products (represented by TMT 10 mm) and flat products (represented by HRC 2 mm) in all metro cities, largely in response to domestic demand-supply conditions. The trend was one of straight increase across markets when compared to January 2017. The situation in February 2017 with regard to February 2016 is shown in the table below for TMT 10 mm and HRC 2.0 mm for all the four markets.

Trends in JPC (retail) market price: %change in February 2017 over February 2016				
Item	**Kolkata**	**Delhi**	**Mumbai**	**Chennai**
TMT 10mm	6.8	-0.1	4.8	10.7
HR Coils 2.00mm	35.2	24.6	26.8	31.8
Source: JPC				

TMT prices were highest in the Chennai market (Rs 37,004/t) and lowest in the Mumbai market (Rs 35,298/t) while HRC prices were highest in the Chennai market (Rs 46,550/t) and lowest in the Delhi market (Rs 42,400/t) during February 2017.





INDIAN ECONOMY – HIGHLIGHTS OF PERFORMANCE

GDP: The Central Statistics Office (CSO), Ministry of Statistics and Programme Implementation has released the 2nd Advance estimates of national income at constant (2011-12) and current prices, for the financial year 2016-17. As per their report, Real GDP or Gross Domestic Product (GDP) at constant (2011-12) prices in the year 2016-17 is likely to attain a level of Rs 121.65 lakh crore, as against the First Revised Estimate of GDP for the year 2015-16 of Rs 113.58 lakh crore. The growth in GDP during 2016-17 is estimated at 7.1 per cent as compared to the growth rate of 7.9 per cent in 2015-16. Real GVA, i.e. GVA at basic constant prices (2011-12) is anticipated to increase from Rs 104.70 lakh crore in 2015-16 to Rs 111.68 lakh crore in 2016-17. Anticipated growth of real GVA at basic prices in 2016-17 is 6.7 percent against 7.8 percent in 2015-16. The sectors which are likely to register growth rate of over 7 per cent are ‘public administration, defence and other services’, 'manufacturing' and ‘trade, hotels, transport, communication and services related to broadcasting’. The growth in the ‘agriculture, forestry and fishing’, ‘mining and quarrying’, ‘electricity, gas, water supply and other utility services’, ‘construction’ and 'financial, real estate and professional services' is estimated to be 4.4 per cent, 1.3 per cent, 6.6 per cent, 3.1 per cent and 6.5 per cent respectively.

Industrial Production: Provisional CSO data show that the Index of Industrial Production (IIP) was up by 2.7 per cent in January 2017 and by 0.6 per cent in April-January 2016-17, encouraged by growth in sectors like Electricity, Motor Vehicles, Mining, Capital Goods in January 2017 but depressed by declining/subdued growth in sectors like Capital Goods, and Intermediate Goods among others.

Inflation: The annual rate of inflation, based on monthly WPI, stood at 6.55 per cent (provisional) for February 2017 (over February, 2016) as compared to 5.25 per cent (provisional) for the previous month. Build up inflation rate in the financial year so far was 5.82 per cent compared to a build up rate of (-)1.14 per cent in the corresponding period of the previous year. The all India CPI inflation rate (combined) for February 2017 stood at 3.65 per cent as compared to 3.17 per cent of previous month.

Infrastructure Growth: The yoy growth rate of the eight core infrastructure industries was up by 3.4 per cent in January 2017 and by 4.5 per cent in April-January 2016-17, led by the growth rates in all sectors except crude oil and natural gas.

Trade: Provisional figures from DGCI&S show that during April-February 2016-17 in dollar terms, overall exports were up by 2.5 per cent while imports were down by 3.7 per cent, both on yoy basis. During the same period, oil imports were valued at US$ 76743.86 million, 1.76 per cent lower yoy while non-oil imports were valued at US$ 263954.57 million, 4.22 per cent lower yoy. The trade deficit for April-February 2016-17 was estimated at US$ 95285.38 million which was 16.65% lower than the deficit of US$ 114317.99 million during April-February 2015-16.

Policy:

- The Union urban development ministry has formulated a policy framework for transit-oriented development (TOD), which promotes living in proximity to mass urban transit corridors such as metros, monorail and bus rapid transit (BRT) corridors.
- State governments allowed to auction coal for private power plants The mechanism devised creates a provision for tariff-based competitive bidding to enable transfer of coal.
- The government may allow the income-tax department to reassess the valuations of any merger and acquisition (M&A) deals and tax them accordingly. It may be looking to prescribe a method whereby it can learn whether the deal was done at lower or higher valuations and then levy tax.
- The steel ministry is looking at coming out with a provision in government tenders to mandate using domestically manufactured steel for the grades that are available in India. The contractor can import grades of steel that are not available in the desired quantity in the country.
- Eligible start-ups can now avail their three-year tax holiday in a block of seven years instead of five years giving them more time to take advantage of the benefit.

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