

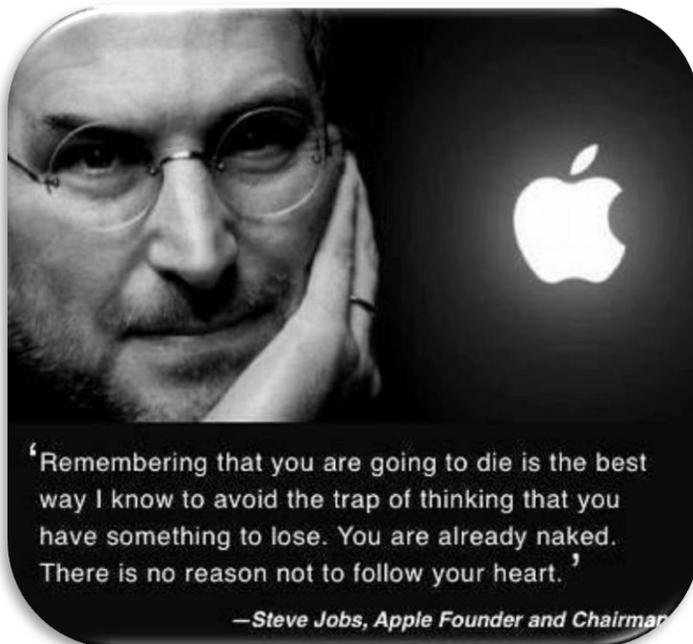
Market Watch	SENSEX 18675.18 ▼ -129.57	NIFTY 5676.05 ▼ -32.00	USD/INR 52.75 ▼ -0.30	Gold (MCX) Rs/10g.) 31377.00 ▲ 56.00
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- Index of Industrial Production (IIP)** for the month of August 2012 stands at 165.7, which is 2.7% higher as compared to the level in the month of August 2011.
- The Consumer Price Index (CPI)** rose 9.73% in September compared with 10.03% in August
- Significant chance of cutting India rating in future: S&P:** Ratings agency Standard & Poor's warned that India still faced a one-in-three chance of a credit rating downgrade within the next 24 months despite a new drive for economic reform that was launched in September. "A downgrade is likely if the country's economic growth prospects dim, its external position deteriorates, its political climate worsens, or fiscal reforms slow," it said in a report dated Tuesday and released on Wednesday.
- IMF Economic Outlook:** Growth in India is projected to average 5 to 6 percent in 2012-13. The downgrade reflects both an expectation that current drags on business sentiment and investment will persist and a weaker external environment. IMF also states that, addressing debt sustainability through credible fiscal consolidation remains a priority for India. India comes second among emerging economies and third among all the economies in the IMF tables; with a 2012 deficit projected at 9.5% of GDP (this includes, of course, the state deficits).
- Growth in the Asia-Pacific region** has slowed. External headwinds played a major role, as the recovery in advanced economies suffered setbacks. Weaker momentum in China and India also weighed on regional economies. For Asia as a whole, GDP growth fell to its lowest rate since the 2008 global financial crisis during the first half of 2012. With inflationary pressures easing, macroeconomic policy stances remained generally supportive of domestic demand and in some cases were eased further in response to the slowdown. More broadly, financial conditions remain accommodative, and capital inflows have resumed. Going forward, growth is projected to pick up very gradually, and Asia should remain the global growth leader, expanding over 2 percentage points faster than the world average next year. However, considerable downside risks remain, in particular with regard to the euro area crisis. The priorities for policymakers are to support noninflationary growth, maintain financial stability, and remain responsive to weaker-than-expected outcomes. Refocusing structural and fiscal reform efforts toward sustained and more inclusive growth remains a priority.
- 870 million people in the world are undernourished**, and more than 2.5 million children die each year of malnutrition. Tackling this horrifying situation is a priority for the European Union and the Food and Agriculture Organisation. EU is a key strategic partner for FAO and discuss food security including development, resilience and nutrition policies, as well as global governance issues.
- The European Union won the Nobel Peace Prize** for its long-term role in uniting the continent, the Norwegian Nobel Committee said on Friday, an award seen as morale boost for the bloc as it struggles to resolve its debt crisis. The committee praised the 27-nation EU for rebuilding after World War Two and for its role in spreading stability to former communist countries after the 1989 fall of the Berlin Wall. The prize, worth \$1.2 million, will be presented in Oslo on December 10.
- The international crude oil price** for Indian Basket increased to US\$ 112.30/barrel (bbl) on 10.10.2012. The price was higher than US\$ 110.69bbl on 09.10.2012, the last trading day.
- Report of the Rangarajan Committee on Deregulation of Sugar Sector in India:** major recommendation of the committee relates to revising the existing arrangement for the price to be paid to sugarcane farmers, which suffers from problems of accumulation of arrears of cane dues in years of high price and low price for farmers in other years. The committee has also recommended dismantling of the levy obligation for sourcing PDS sugar at a price below the market price. States should be allowed henceforth to fix the issue price of PDS sugar, while the existing subsidy to states for PDS sugar transport and the difference between the levy price and the issue price would continue at the existing level, augmented by the current level of implicit subsidy on account of the difference between the levy price and the open market price. This will free the industry from the burden of a government welfare programme, and indirectly benefit both the farmer and the general consumer since the industry passes on the cost of levy mechanism to farmers and consumers. The committee has recommended dispensing with the present mechanism of regulated release of non-levy sugar, as it imposes additional costs on factories on account of inventory accumulation. The committee has recommended that cane area reservation ultimately be phased out and contracting between farmers and mills allowed for enabling the emergence of a competitive market for assured supply of cane, in the interest of farmers and economic efficiency. On external trade, the committee has favoured a stable policy regime with modest tariff levels of 5% to 10% ordinarily, and dispensing with outright bans and quantitative restrictions. The committee has also recommended dispensing with the mandatory requirement of jute packaging. In respect of molasses, the committee favours free movement and dismantling of end-use based allocation quotas that are in vogue in several states, to enable creation of a national market and better prices for this valuable by-product as well as improved efficiency in its use.
- Gross direct tax collection** during April-September of the F.Y. 2012-13 was up by 5.87 percent at Rs. 2,72,133 crore as against Rs. 2,57,042 crore in the same period last year. While gross collection of **corporate taxes** showed an increase of 1.60 percent (Rs. 1, 78,173 crore as against Rs. 1, 75,360 crore last year), gross collection of **personal income tax** was up by 14.87 percent (Rs.93,451 crore as against Rs.81,353 crore last year). **Net direct tax collections** was up by 16.32 percent and stood at Rs.2, 26,603 crore, as compared to Rs.1, 94,812 crore in the same period in the last fiscal. Growth in **wealth tax** was 53.9 percent (Rs.474 crore against Rs.308 crore), while growth in **securities transaction tax (STT)** was (-) 17.03 percent (Rs.2, 076 crore against Rs.2,502 crore).
- Based on the recommendations of Foreign Investment Promotion Board (FIPB) in its meeting held on September 18, 2012, the Central Government has approved fourteen (14) **proposals of Foreign Direct Investment** amounting to Rs.113.35 crore approximately.



- ✚ **Infosys Q2 net up 3.5% at Rs 2,369 cr q-o-q**
- ✚ **HDFC Bank Q2 PAT up 30% aided by robust loan growth**
- ✚ The Cabinet Committee on Economic Affairs has approved that the **payment of fertilizer subsidy** to companies will be based on the receipt of fertilizers and the acknowledgement of receipts of fertilizers by the retailers (last point of sale of fertilizers).
- ✚ The Cabinet Committee on Economic Affairs has given its approval to continue the sharing pattern of costs between the Central and State/UT Governments in the ratio of 75:25 during the year 2012-13 in respect of State sector component of the Scheme for setting up of 6,000 **model schools** at block level as benchmark of excellence. For the year 2012-13, an amount of Rs.1080.00 crore has been allocated for the Scheme. Any financial liability arising due to continuation of sharing pattern of 75:25 would be taken care of within the said allocation. This will ease the extra financial burden of the State/UT Governments "resulting in effective and speedy implementation of the Scheme. As each school will have 560 students, total number of beneficiaries for 3,500 schools will be 19.60 lakh students.
- ✚ **MRP of Urea** increases by Rs. 50 PMT following CCEA Decision on 11th October 2012. The CCEA decision to increase the MRP of urea by 2.50 per bag or 50 PMT is to provide an incentive to the retailer to give the acknowledgement of the fertilizers that he has received from the manufacturer/importer or wholeseller. This is in the context of the phased implementation of the project for direct transfer of subsidy to farmers.
- ✚ **India's exports** during September, 2012 were valued at US \$ 23698.30 million (Rs. 129405.75 crore) which was 10.78 per cent lower in Dollar terms (2.28 per cent higher in Rupee terms) than the level of US \$ 26561.20 million (Rs. 126520.28 crore) during September, 2011. India's imports during September, 2012 were valued at US \$ 41778.68 million (Rs.228134.59 crore) representing a growth of 5.09 per cent in Dollar terms and 20.47 per cent in Rupee terms over the level of imports valued at US \$ 39756.07 million (Rs. 189372.08 crore) in September, 2011. Oil imports during September, 2012 were valued at US \$ 14093.6 million which was 30.74 per cent higher than oil imports valued at US \$ 10779.5 million in the corresponding period last year. Non-oil imports during September, 2012 were estimated at US \$ 27685.0 million which was 4.46 per cent lower than non-oil imports of US \$ 28976.5 million in September, 2011. The trade deficit for April - September, 2012-13 was estimated at US \$ 89251.47 million which was lower than the deficit of US \$ 89397.39 million during April - September, 2011-12.
- ✚ The comments and suggestions on the draft **Report of the Expert Committee on Retrospective Amendments** relating to Indirect Transfer may be submitted by 19th October, 2012 at the email address: jstpl2@nic.in

As a matter of fact ;)



Unbeatable Thought:
It takes around 2 years to learn to speak.
But it takes a lifetime to learn what NOT to speak

