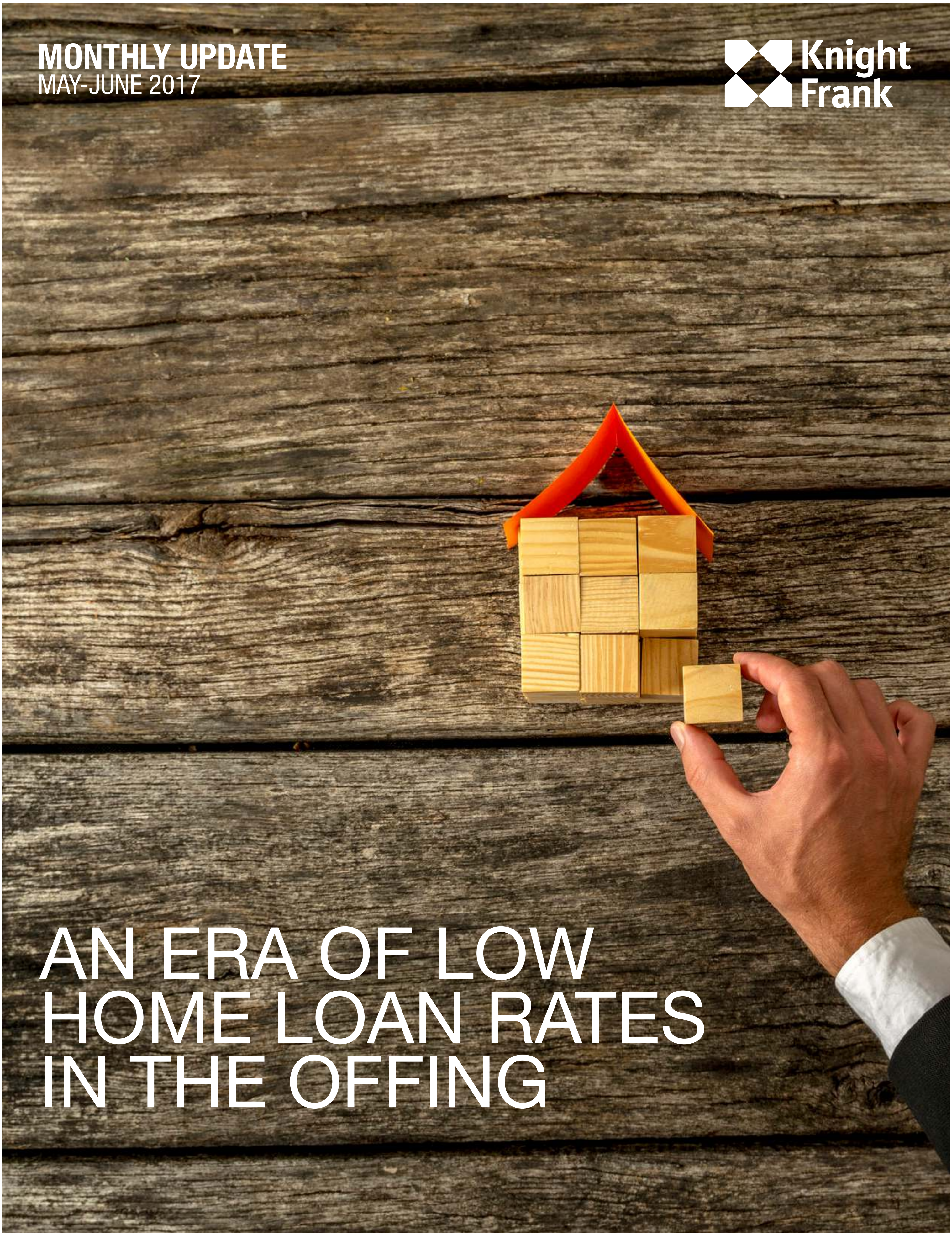
MONTHLY UPDATE
MAY-JUNE 2017

Knight Frank



AN ERA OF LOW HOME LOAN RATES IN THE OFFING

GLOBAL UPDATE | INDIA UPDATE | INDIA INFRASTRUCTURE & REALTY UPDATE

GLOBAL UPDATE

CRUDE OIL PRICES ENTER BEAR MARKET

Global crude oil prices fell to a new low in mid-June. West Texas Intermediate crude, the U.S. benchmark, fell more than 20% from its highest close this year, meeting the common definition of a bear market. Futures settled at $43.23 a barrel in New York, down from $54.45 on Feb 23. This is the lowest it hit in nine months. In fact, crude oil prices are expected to drop below $40 a barrel. The falling prices are a result of overproduction in the United States, Nigeria and Libya, despite the Organization of Petroleum Exporting Countries (OPEC) pact with Russia to reduce supply levels in the first six months of 2017. Libya's oil production has tripled over the last year to 885,000 barrels a day. This, combined with the hostile political climate in North Africa and West Asia has threatened exports, causing the supply glut. Nigeria and Libya were exempted from the OPEC deal. Interestingly, in February 2016, crude oil prices had crashed to $26 a barrel, causing dozens of shale companies to go bankrupt.

US ECONOMY RECORDS SLOWEST GROWTH IN THREE YEARS

The US economy grew by a meagre 0.7% Y-o-Y in the first quarter of 2017. This is the slowest that the US economy has grown in three years. The growth rate recorded in Q1 2017 is 2.1% slower than the growth recorded in Q1 16. On the contrary, many analysts had forecasted a 1% GDP growth. The contraction in growth in Q1 2017 was a result of less corporate spending as businesses postponed their inventory purchases. A slowdown in consumer spending, including sales of cars, added to economic woes. However, exports and housing investments helped offset some of this negativity.

IMF RAISES CHINA'S GROWTH FORECAST

The International Monetary Fund (IMF) has raised its growth forecast for China from 6.6% to 6.7% due to expanding credit and investment. The IMF has said that China must quicken the pace of reforms and do more to curb rising debt, as it raised its growth forecast for the world's number two economy. The revised growth rate would match last year's growth rate of the Chinese economy, which was the slowest in a quarter of a century. The economy is then expected to slow down to an average of 6.4% of expansion between 2018 and 2020. The IMF also urged China to phase out support for underperforming, state-owned enterprises (SOEs) and so-called zombie companies – those firms that survive only on rolling credit from the banks.

COMMERCIAL AND PROFESSIONAL SERVICES SECTOR LEADS GROWTH IN ASIA, IN JUNE 2017

Output increased in the majority of the 19 categories covered by the Nikkei Asia Sector PMI, in June 2017. The commercial and professional services lead increased followed by beverages and food. Even though the rate of output expansion in the insurance category reached a 19-month high, the insurance sector was ranked third in the overall ratings. Other categories which witnessed increased activity are healthcare services, technology equipment and consumer services. On the other hand some sectors witnessed contraction in activity. These include categories like metals and mining and real estate. In fact, the real estate category witnessed its steepest contraction since February 2016. Business activity also decreased in the automobiles and auto parts and household and personal use product categories.

INDIA UPDATE

GROWTH RATE DROPS TO 6.1% IN Q4 2016–17

The real impact of demonetisation finally became known when the growth rate in the last quarter of FY17 slowed down to 6.1%. The real gross value added also slowed down to 5.6% in the March quarter. The slowdown in growth rate of the GDP, in the fourth quarter, is a direct impact of the policy intervention by the Central Government. The policy intervention largely created a cash crunch and disrupted businesses, especially in the unorganised sector. The construction sector, which is largely labour intensive, also contracted because of the policy intervention by the government. This slowdown in growth has been on expected lines. The construction sector grew by 3.4% in the December quarter and shrunk by 3.7% in the following quarter, largely as a result of demonetisation. Lack of clarity over implementation of the Real Estate (Regulation and Development) Act, (RERA) 2016, in full letter and spirit may have further contributed to the slowdown. This slowdown in growth will in most likelihood soon bottom out due to remonetisation and clarity on various policies being introduced by the government.

STATUS QUO ON POLICY RATES; RELAXING RISK-PROVISIONING NORMS

The Reserve Bank of India (RBI) in its Second Bi-monthly Monetary Policy Statement, 2017-18 kept the policy rates unchanged. As a result, the repo rate under the liquidity adjustment facility (LAF) stands at 6.25%. The reverse repo rate under LAF remains at 6% and the marginal standing facility (MSF) rate and the bank rate at 6.50%. While the banking regulator kept the policy rates unchanged, it provided banks more elbow room to reduce home loan rates. The RBI in its circular stated that as a countercyclical measure, the LTV ratios, risk weights and standard asset provisioning rate for individual housing loans sanctioned on or after the date of this circular will be reduced. The risk weightages under different loan categories have been relaxed in the following manner. For loans above ₹75 lakh, with loan to value (LTV) ratio of up to 75%, the revised risk weight stands at 50%. For loans up to ₹30 lakh to ₹75 lakh with LTV ratio of up to 80%, the risk weight has been brought down to 35%. For loans up to ₹30 lakh where the LTV is up to 80%, the revised risk weight will be 35% and 50%, if the LTV is between 80–90%. Standard asset provision for all individual home loans is kept at 0.25%. The relaxation in risk provisioning will give banks more room to reduce rates. Even before this relaxation in risk provisioning norms, banks had started to pare home loan rates for loans up to ₹30 lakh. Due to the revised norms, banks will have more elbowroom to make home loans more attractive to a large chunk of homebuyers. Taking cue from the revised norms, banks have started to reduce home loan rates. State Bank of India has recently reduced its home loan rates by 10 basis points for home loans above ₹75 lakh. Going forward, we expect banks to make home loans more attractive, which should in turn revive sentiments in the residential property market.

GST BECOMES A REALITY

The Goods and Services Tax (GST) has finally become a reality. This most revolutionary tax reform was rolled out, across the country, on 1 July 2017, except for the state of Jammu and Kashmir because of the special provisions applicable to the State of Jammu and Kashmir extra steps had to be taken before the State could join the GST fold. On 6 July 2017, the State of Jammu and Kashmir had taken the first step towards adopting the GST regime with the President of India giving assent to the Constitution (Application to Jammu and Kashmir) Amendment Order, 2017. Resultantly, the One Hundred and First Amendment Act, 2016 to the Constitution of India that paved the way for introduction of GST in the country, became applicable to the State of Jammu and Kashmir as well. Following this, on 7 July 2017, the Jammu and Kashmir Goods and Services Tax Bill, 2017 was passed by the State Legislature, empowering the State to levy State GST on intra-state supplies with effect from 8 July 2017. With Jammu and Kashmir coming into the GST fold, India truly became a 'one nation one tax' regime.

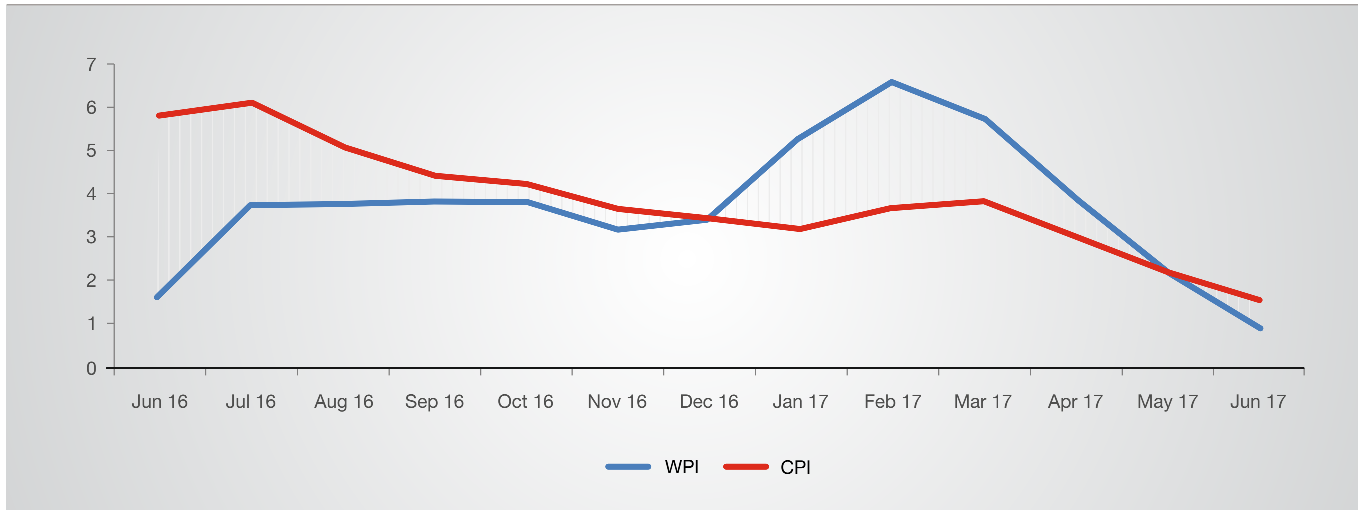
To ensure that stakeholders are better equipped to recalibrate their businesses to embrace GST, the government, on its part, has been coming up with a host of initiatives. The Union Finance Minister, Mr Arun Jaitley, launched a mobile app 'GST Rates Finder', which is now available on android platform and will soon be available on the iOS platform as well. This mobile app helps users find rates of GST for various goods and services. It can be downloaded on any smart phone and can work in offline mode, once downloaded. The user can determine the GST rate for a good or service by entering the name or chapter heading of the commodity or service. The search result will list all the goods and services containing the name that was typed in the search box. The user can scroll down the list of description and when any specific item on the list is clicked, the display window will pop-up, containing details such as GST rate, description of goods or services and the chapter heading of the Harmonised System of Nomenclature (HSN). For example, any person who has been billed by a hotel or a restaurant or for footwear can cross-verify the correctness of the rate of GST charged. The Central Board of Excise and Customs (CBEC) has also provided a GST rate finder on its portal (cbec-gst.gov.in) to help the taxpayers know the applicable GST rate on their supplies of goods and services. A taxpayer can search for the applicable Central GST (CGST), State GST (SGST), Union Territory GST (UTGST) rate and compensation cess on a supply. The search can be made based on the description of goods or services or HSN Chapter or section or heading number.

DIRECT TAX COLLECTIONS MOVE UP

Direct Tax collections up to June 2017 for FY 2017–2018 stood at ₹1.42 lakh crore registering a growth of 14.8% compared to the corresponding period of last year; net direct tax collections represent 14.5% of the total Budget Estimates of ₹9.8 lakh crore for Direct Taxes for FY18. While the gross collection under Corporate Income Tax (CIT) grew at 4.8%, the growth under Personal Income Tax (PIT) including Securities Transaction Tax (STT) is 12.9%. However, after adjusting for refunds, the net growth in CIT collections is 22.4% while that in PIT is 8.5%. Refunds amounting to ₹55,520 crore have been issued during April to June 2017, which is 5.2% lower than the refunds issued during corresponding period of FY17. An amount of ₹58,783 crore has been received as Advance Tax up to 30 June 2017 reflecting a growth of 11.9% over the Advance Tax payments of the corresponding period of last year. The growth in Corporate Advance Tax is at 8.1% and that in Personal Advance Tax is at 40.3%.

CPI AND WPI HIT NEW LOWS

INFLATION



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

Retail inflation, which hit a new low since 2012, of 2.18% in May 2017 further went down below 2% to 1.54% in June 2017. The CPI has been on a free fall since October 2016. In April 2017, it fell below 3% and in May 2017 was nearing 2%. The fall in CPI has largely been responsible because of falling inflation in the consumer food price index. Inflation in the consumer food price index, in June 2017 was -2.12%. The fall was more pronounced in urban areas where prices fell by 3.16% compared to May 2016. Among sub categories, the ones that witnessed the maximum fall in prices are pulses, products and vegetables. Prices of pulses and products fell by 21.92% and that of vegetables went down by 16.53%. As in the case of consumer food price index, the fall in prices, compared to June 2016 in these two sub categories, was higher in urban areas compared to rural India. In urban India, prices of pulses, products and vegetables went down by 30.48% and 18.13%, respectively. In comparison, in rural India, prices of pulses, products and vegetables went down by 17.20% and 15.64%, respectively. Apart from the above mentioned sub categories, prices also went down in the food and beverages category by 1.17%.

There are however, certain categories where inflation has moved up in June 2017 compared to the same period last year. These categories consist of pan, tobacco and intoxicants (5.62%), clothing and footwear (4.17%), housing (4.70%), fuel and light (4.54%) and miscellaneous (3.29%).

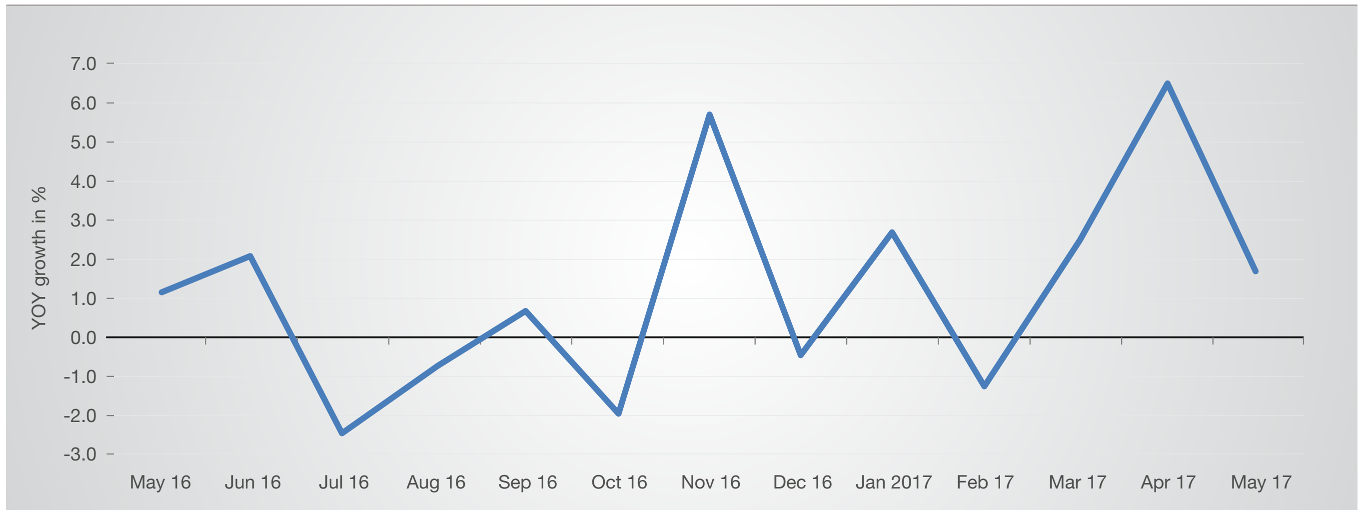
Like the CPI, the wholesale price inflation as measured by the wholesale price index (WPI) too has been on a falling trend since February 2017. WPI for June 2017 dropped to 0.90% compared to 2.17% in May 2017. The index for primary articles group rose by 0.3% compared to the previous month. The index for 'Food Articles' group rose by 0.9% compared to previous month due to higher price of fruits and vegetables (6%), fish-marine (2%) and egg, poultry chicken, fish-inland and milk (1% each). However, the price of betel leaves (46%), peas/chawali (4%), urad, ragi, jowar, moong, masur, gram, arhar, condiments and spices, tea and bajra (3% each) and rajma (2%) and maize and wheat (1% each) declined.

The index for 'Non-Food Articles' group declined by 1.7% compared to the previous month due to lower price of floriculture (17%), guar seed (8%), raw rubber (5%), sunflower (4%), castor seed (3%), groundnut seed, cotton seed, soyabean, coir fibre and gingelly seed (2% each) and linseed and rape and mustard seed (1% each). However, the price of raw cotton, safflower (kardi seed), niger seed, raw silk and copra (coconut) (1% each) moved up. The index for 'Minerals' group rose by 1.3% compared to May 2017 due to higher price of zinc concentrate (12%), iron ore and lead concentrate (9% each), copper concentrate (2%) and chromite (1%). However, the price of manganese ore (21%) declined. The index for 'Crude Petroleum & Natural Gas' group declined by 2.4% compared to May 2017 due to the lower price of crude petroleum (3%).

The index for fuel and power declined by 1.2% compared to May 2017. The index for 'Coal' group rose by 0.8% due to higher price of coking coal (2%).The index for 'Mineral Oils' group declined by 2.3% due to lower price of LPG (12%), naphtha and ATF (3% each), HSD (2%) and petrol and lube oils (1% each). However, the price of petroleum coke (3%) and furnace oil (2%) moved up. The index for 'Electricity' group declined by 0.7% due to lower price of electricity (1%). The index for manufactured products declined by 0.1%. The index for 'Manufacture of Food Products' group declined by 0.4% due to lower price of groundnut oil (4%), basmati rice (3%), wheat bran, sooji (rawa), salt, wheat flour (atta) and other meats, preserved/processed (2% each) and mustard oil, palm oil, sugar, manufacture of cocoa, chocolate and sugar confectionery, maida, cotton seed oil, rice bran oil, soyabean oil, ghee, manufacture of prepared animal feeds, coffee powder with chicory and powder milk (1% each). However, the price of honey and processed tea (7% each), instant coffee (4%), manufacture of macaroni, noodles, couscous and similar farinaceous products (3%), gur, rice products, buffalo meat (fresh/frozen), gram powder (besan) and rapeseed oil (2% each) and processing and preserving of fish, crustaceans and molluscs and products thereof, spices (including mixed spices), condensed milk, manufacture of bakery products, manufacture of processed ready to eat food and processing and preserving of fruit and vegetables (1% each) moved up. The index for 'Manufacture of Beverages' group rose by 0.1% due to higher price of bottled mineral water (1%). The index for 'Manufacture of Tobacco Products' group rose by 1% due to higher price of other tobacco products and biri (2% each). However, the price of cigarettes (1%) declined. The index for 'Manufacture of Textiles' group rose by 0.1% due to higher price of ortla yarn, viscose yarn and weaving and finishing of textiles (1% each). However, the price of manufacture of other textiles (1%) declined. The index for 'Manufacture of Wearing Apparel' group declined by 0.2% due to lower price of manufacture of wearing apparel (woven), except fur apparel (1%). However, the price of manufacture of knitted and crocheted apparel (1%) moved up. The index for 'Manufacture of Leather and Related Products' group rose by 0.3% due to higher price of belt and other articles of leather (3%), chrome tanned leather (2%), travel goods, handbags, office bags, etc. and waterproof footwear (1% each). However, the price of vegetable tanned leather and leather shoe (1% each) declined.

IIP SHRINKS IN MAY 2017

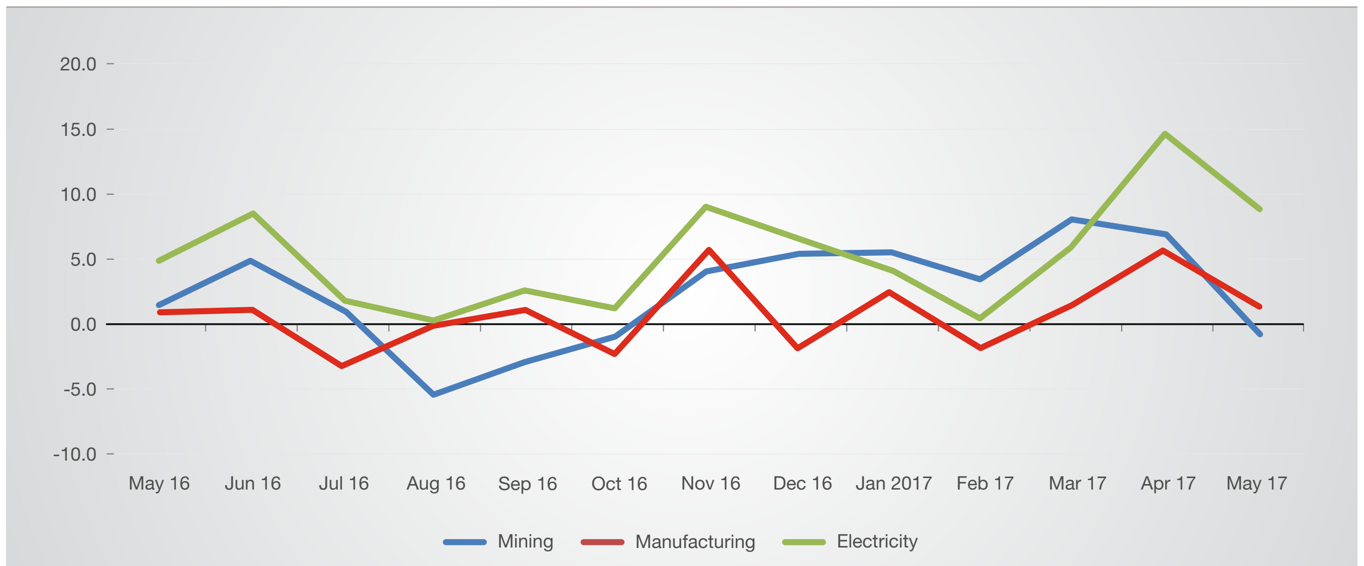
IIP (GENERAL INDEX)



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

The index of Industrial production (IIP), which had hit a new high of 6.5% in April 2017, shrunk to 1.7% in May 2017. This was however high, compared to May 2016, when the index moved up by only 1.2%. The shrinking of IIP is largely a result of mining category witnessing a sharp slowdown in May 2017, contracting -0.9% from a growth of 6.7% in April 2017. Manufacturing activity also slowed to 1.21% from 5.5%. The electricity sector witnessed an uptick in activity, growing by 8.7% in May 2017. This was however, slower compared to April 2017, when it grew by 14.4%.

IIP (SECTOR WISE)



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

As regards industries, twelve out of the twenty-three industry groups in the manufacturing sector have shown positive growth during the month of May 2017 compared to May 2016. The industry group 'Manufacture of pharmaceuticals, medicinal chemical and botanical products' has shown the highest positive growth of 24.5% followed by 24.4% in 'Other manufacturing' and 11.8% in 'Manufacture of other transport equipment'. On the other hand, the industry group 'Manufacture of beverages' has shown the highest negative growth of -16.5% followed by -15.1% in 'Manufacture of motor vehicles, trailers and semi-trailers' and -15% 'Manufacture of electrical equipment'. The growth rates in May 2017 over May 2016 are 3.4% in Primary goods, -3.9% in Capital goods, 0.7% in Intermediate goods and 0.1% in Infrastructure/Construction Goods. The Consumer durables and Consumer non-durables have recorded growth of -4.5% and 7.9%, respectively. Some important items showing high positive growth during May 2017 compared to the same period last year include 'Digestive enzymes and antacids (incl. PPI drugs)' (90.5%), 'Textile machinery' (51.8%), 'Meters (electric and non-electric)' (48.7%), 'Jewellery of gold (studded with stones or not)' (36.7%), 'Industrial valves of different types – safety, relief and control valves (non-electronic, non-electrical)' (32.8%), 'Telephones and mobile instruments' (29.2%), 'Aluminium billets/ingots' (23.6%) and 'Tea' (21.8%). Some important items that have registered high negative growth include 'API and formulations of hypo-lipidemic agents incl. anti-hyper-triglyceridemics; antihypertensive' -72.8%, 'Air filters' -63.7%, 'Shelled cashew kernel, whether or not processed/roasted/salted' -63.3%, 'Axle' -47.0%, 'Plastic jars, bottles and containers' -41.1%, 'Kerosene' -40.6%, 'Rice (excluding basmati)' -36.1%, 'Tooth Paste' -33.8%, 'API and formulations of vitamins' -32.0%, 'Electrical apparatus for switching or protecting electrical circuits (e.g. switchgear, circuit breakers/switches,control/meter panel)' -29.5%, 'Commercial Vehicles' -26.5% and 'Beer and other undistilled and fermented alcoholic liqueurs other than wines' -24.9%.

CORE SECTOR MOVES UP

INDEX OF EIGHT CORE INDUSTRIES

Source: Ministry of Commerce & Industry, Government of India

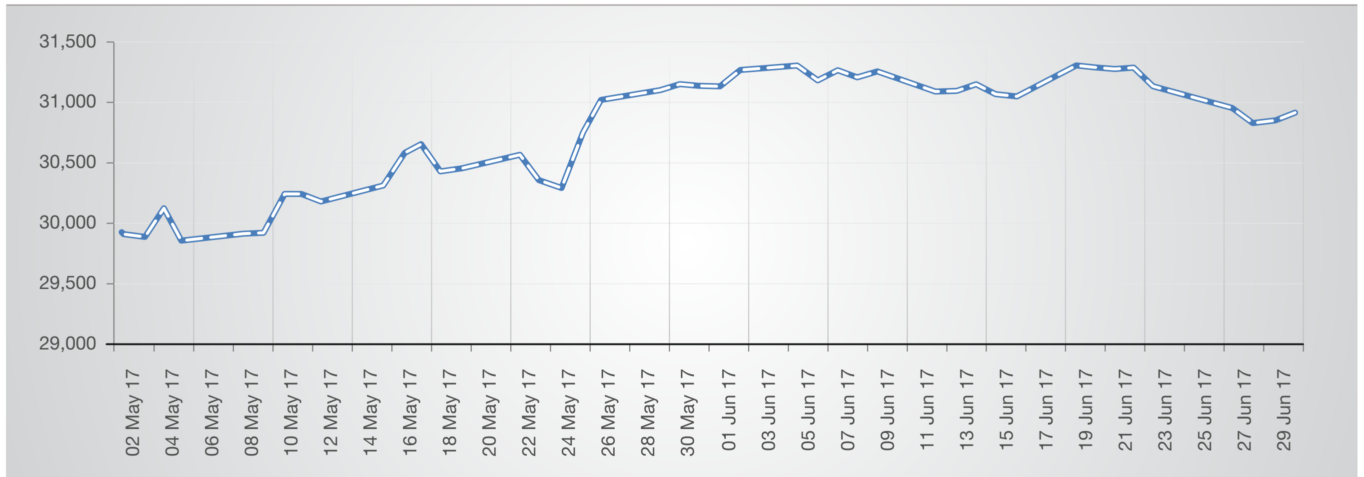
The core sector moved up in May 2017 by 3.6% compared to the index of May 2016. Its cumulative growth during April–May 2017 was 3.2%. The spike in May is a result of a steep jump in the output of electricity, natural gas, and refinery production. The combined Index of Eight Core Industries stood at 126.4 in May 2017. The Eight Core Industries comprise 40.27% of the weight of items included in the Index of Industrial Production (IIP). Compared to May 2016, the following sectors saw positive growth in May 2017. Crude oil production moved up by 0.7% while natural gas production increased by 4.5%. Petroleum refinery production too moved up by 5.4%. Steel production was up by 3.7% and electricity generation increased by 6.4%.

TRADE DEFICIT WIDENS TO A 30-MONTH HIGH

Trade deficit hit a new high, in May 2017, as import of precious metals like gold and silver, and petroleum products rose significantly. The gap between imports and exports increased to $13.8 billion from $13.2 billion in April. Imports in May rose 33.1%, in dollar terms, to $37.8 billion compared to May 2016. The value of gold imports rose 236.7% from last year. The value of silver imports multiplied more than 11 times over the last year to $442.9 million. Import of precious metals continued to move up, as jewellers stocked up in anticipation of a demand recovery due to the upcoming festive season.

SENSEX

S&P BSE SENSEX



Source: Bombay Stock Exchange

After breaching the 30,000 mark in April 2017, the S&P BSE Sensex remained above that mark for most part of May-June 2017. During the month, the S&P BSE Sensex gained 3.3% between May-June 2017.

CURRENCY

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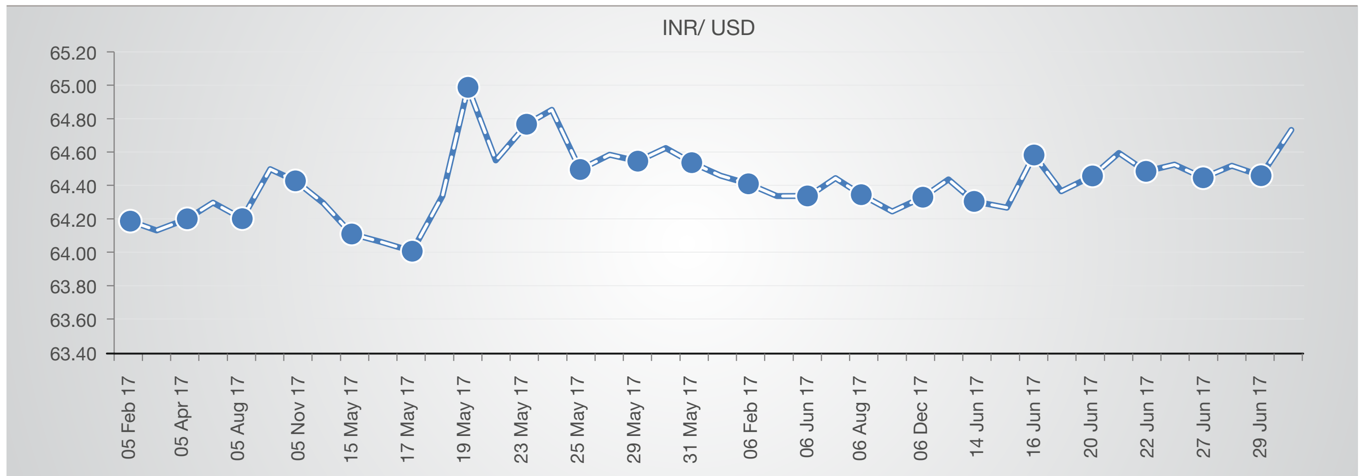


Source: Reserve Bank of India

The USD gained by 0.8% compared to the INR between May-June 2017.

UPGRADED WEB PLATFORM FOR SALE AND PURCHASE OF CONSTRUCTION MATERIAL AND SERVICE LAUNCHED.

INAM-Pro+, an upgraded version of INAM-Pro was recently launched by Nitin Gadkari, Union Minister of Road Transport & Highways and Shipping. The web platform is designed by National Highways and Infrastructure Development Corporation Ltd (NHIDCL). INAM-Pro was launched two years back as a common platform that would bring cement buyers and sellers together. Since its launch more than 700 construction companies have used INAM-Pro. With more than 37 cement companies registered on it, the portal facilitated options like price comparison, availability of materials and made it convenient for prospective buyers to procure cement at reasonable rates in a transparent manner. This reduced the time and effort in preparation of proposals and bid submissions and helped increase efficiency in procurement of construction materials. The publicly visible prices have promoted transparency and enhanced ease of doing business. Following the success with cement, the portal has recently been upgraded as INAM-Pro+ to include the A to Z of construction materials, equipment/machinery and services like purchase/hiring/lease of new/used products and services in the domains of construction materials, infrastructure machinery, intelligent transport system equipment, road furniture, haulage vehicles, road safety and protection works and services. The portal allows stakeholders to seek operational guidance, give their feedback and submit suggestions.

INDIA'S LONGEST BRIDGE BRINGS ASSAM CLOSER TO ARUNACHAL

With the inauguration of the 9.15 Kilometre Dhola-Sadiya Bridge over the river Brahmaputra in Assam, it will now be much easier to reach Arunachal Pradesh. The longest bridge in the country will reduce the travel time between Rupai (on NH-37), in Assam, and Meka/Roing (on NH 52), in Arunachal

Pradesh by five hours. Earlier it used to take six hours to travel between the two locations mentioned above. The new bridge will reduce the distance between Rupai and Meka/ Roing by 165 kilometres. Among other things, the bridge will ensure 24x7 connectivity between Upper Assam and eastern Arunachal Pradesh, marking a major transformation from the ferry-based, day-only connectivity that collapses during floods. The bridge is also expected to open the doors for economic development of the North-east region.

PROJECT TO CUT TRAVEL TIME TO KULLU-MANALI, LEH UNDERWAY

The Cabinet Committee on Economic Affairs chaired by the Prime Minister Narendra Modi has approved the four-laning of Pandoh bypass to Takoli section of the NH-21 in Himachal Pradesh. This is part of the National Highways Authority of India's (NHAI) four-laning initiative of the NH-21 from Kiratpur in Punjab to Manali in Himachal Pradesh. The four-laning of the NH-21 will provide all-weather connectivity to the tourist destinations of Kullu, Manali and even up to Leh. Improved road conditions will help in reduction of accidents, especially on the high mountain roads that are also prone to landslides. Most importantly, it will lead to reduction in travel time up to three hours between Kiratpur and Manali. Apart from the improved road conditions, this will also result in the reduction in distance between the two locations. The project is expected to generate employment all along the project area. NHAI is also in the process of widening the NH-21 between Parwanoo and Shimla (including Shimla bypass). Work has already commenced between Parwanoo and Solan. Work on the stretch between Solan and Shimla is expected to start shortly. Once complete, the project is expected to bring all-round development of Himachal Pradesh.

NEW BRIDGE CONSTRUCTED IN 165 DAYS ON SAVITRI RIVER IN MAHARASHTRA

The In August 2016, an old, masonry arch bridge on the Savitri and Kal rivers near Mahad in Maharashtra had collapsed due to heavy rain. The construction of a new bridge was announced immediately. The new bridge was constructed in a record time of 165 days. The work on the construction of the bridge started on a war footing. The survey, design and detailed estimate were prepared by the state PWD in-house within three weeks and were submitted to the Ministry of Road Transport and Highways, New Delhi. The government also approved the four-laning of the Mumbai–Goa road. The Panvel-Mahad-Panjim NH-66 is a major highway that connects Mumbai to Goa.

CENTRE GRANTS APPROVAL FOR AIRPORT AT JEWAR IN GREATER NOIDA

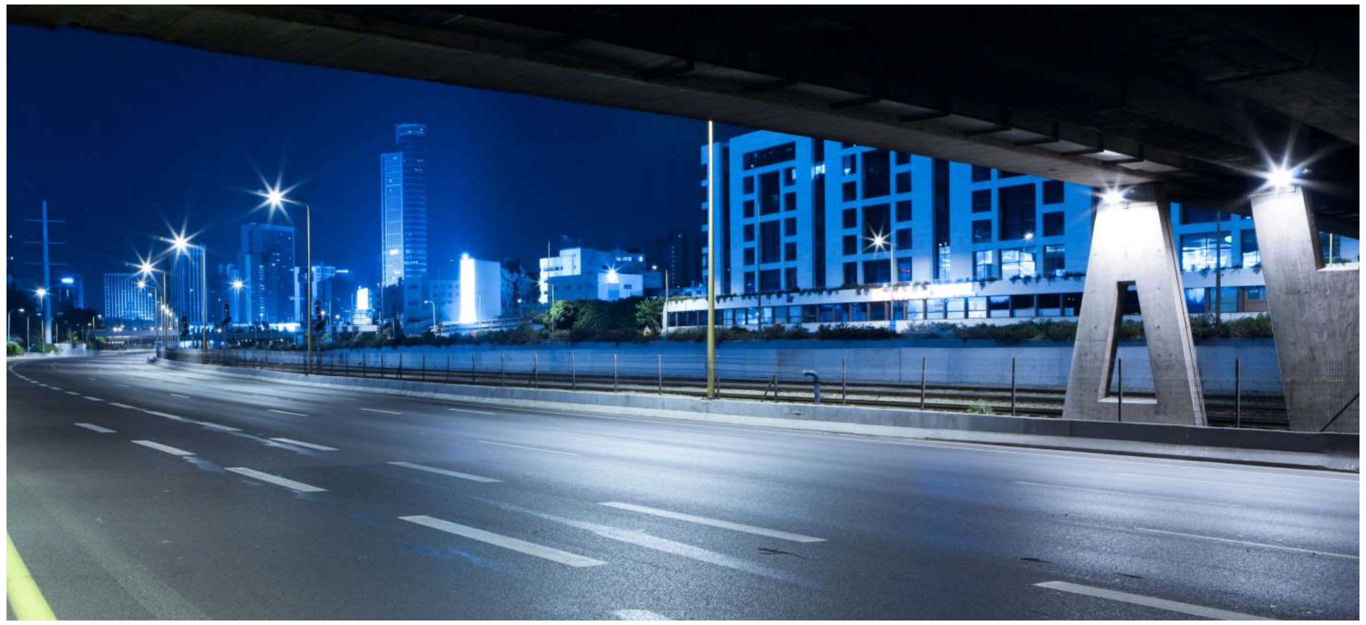
In view of the rapidly growing flying requirements of the NCR region, the government has granted in-principle approval for a greenfield airport at Jewar in Greater Noida. Air traffic in the NCR region is growing rapidly. From the current level of 62 million passengers per annum (MPPA), it is expected to reach up to 91 MPPA by 2020 and 109 MPPA by 2024, which would saturate the existing Indira Gandhi International (IGI) Airport in Delhi. Thus, Delhi will require a second airport in the next 7–10 years. The Noida International Airport will be located 72 km from IGI Airport and 65 km from Hindon Air Force at Ghaziabad. The Yamuna Expressway Industrial Development Authority (YEIDA) is the implementing authority of the project. An area of 3,000 hectares has been notified for the airport, which will be developed in phases. An area of 1,000 hectares will be developed in the first phase at an estimated cost of ₹10,000 crore. There will be one runway in the first phase. Three more runways will be developed in subsequent phases. The total cost of development of all phases is expected to be around ₹15,000–20,000 crore. The airport is expected to cater to 30–50 million passengers per year over the next 10 to 15 years. The Government of Uttar Pradesh (UP) along with YEIDA will bear the cost of land procurement. The project will be implemented in the public-private partnership (PPP) mode for which the concessionaire is to be identified based on the open market competitive bidding process. Since, the metro connectivity is being extended up to Jewar, the airport would have multi-modal connectivity by road and rail. The UP government and YEIDA will prepare the Techno-Economic Feasibility Report for the project. The Jewar airport is expected to be operational within the next four to five years.

ADB AND INDIA SIGN $220 MILLION LOAN AGREEMENT

The Asian Development Bank (ADB) and the Government of India signed a $220 million loan agreement to improve the connectivity as well as transport efficiency and safety on the State Highways of Rajasthan. The loan is the first tranche of the $500 million Rajasthan State Highways Investment Programme, approved by ADB Board in May 2017 that will upgrade approx 2,000 kilometres of state highways and major district roads to two-lane or intermediate-lane standards to meet road safety requirements. The first tranche loan will improve about 1,000 kilometres of state highways and major district roads. It will have a 25-year term, including a grace period of eight years, and carry an annual interest rate determined in accordance with ADB's London interbank offered rate-based (LIBOR) lending facility. The total cost of the project is $1.415 billion, with the government contributing $465 million and $450 million coming from the private sector and other concessionaries.

CABINET APPROVES THE DEVELOPMENT OF SIX LANING OF THE CHAKERI–ALLAHABAD SECTION OF NH-2

The Cabinet Committee on Economic Affairs, chaired by Prime Minister Narendra Modi, has given its approval for the development of six laning of the Chakeri-Allahabad section of the National Highway (NH)-2 in Uttar Pradesh. The estimated cost of this project including cost of land acquisition, resettlement and rehabilitation and other pre-construction activities is ₹3,691.09 crore. This six laning of the highway will be done under the National Highways Development Project (NHDP) Phase V on Hybrid Annuity Mode. The project will help in expediting the improvement of infrastructure in Uttar Pradesh and in reducing the time and cost of travel for traffic, particularly heavy traffic, plying between Chakeri and Allahabad. The development of this stretch will also help the socio-economic condition of this region in the State. The project road will have direct influence on the south-western part of Uttar Pradesh. The important towns and urban settlements enroute are Kanpur Nagar, Ruma, Chaudagra, Malwa, Fatehpur and Kaushambi. In the project, there is a provision of 11 truck lay-by-bays, where trucks stop mainly for loading and unloading. There is also a provision of bus lay-by-bays at 18 locations. Nine flyovers are also proposed in addition to 14 vehicular underpasses and 25 pedestrian underpasses. The project would also increase the employment potential for local labourers for project activities. It has been estimated that a total number of 4,076 person-days are required for construction of one kilometre of highway.



APPENDICES

1. INFLATION

	WPI	CPI
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 16	3.72	6.07
Jun 16	1.62	5.77
WPI Base Year = 2004-05, CPI Base : 2012 = 100		

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

2. INDEX OF INDUSTRIAL PRODUCTION

INDEX OF INDUSTRIAL PRODUCTION – GROWTH RATES (in %)				
	General Index	Mining	Manufacturing	Electricity
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 17	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
May 16	1.2	1.3	0.7	4.7

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

3. CORE SECTOR

CORE SECTOR GROWTH RATES (in %)									
	Coal	Crude Oil Gas	Natural Products	Refinery	Fertilizers	Steel	Cement	Electricity	Overall Index
Weight	10.3335	8.9833	6.8768	28.0376	2.6276	17.9166	5.372	19.853	100
May 17	-3.3	0.7	4.5	5.4	-6.5	3.7	1.8	6.4	3.6
Apr 17	-3.3	-0.6	2.0	0.2	6.2	9.3	-2.4	5.4	2.8
Mar 17	10.8	0.9	9.6	2.0	-3.2	11.0	-6.8	6.2	5.3
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
Jun 16	12.1	-4.3	-4.0	5.8	5.9	8.8	10.5	9.8	7.0
May 16	6.0	-3.3	-6.5	3.3	6.2	13.4	2.7	6.2	5.2

Source: Ministry of Commerce & Industry, Government of India

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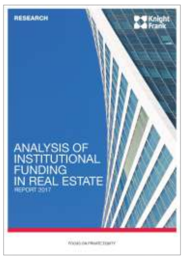

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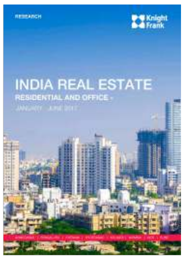

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