

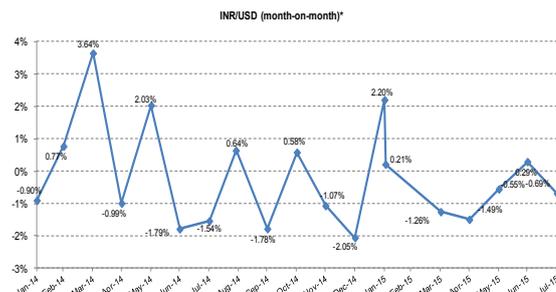
1-year BRICs performance comparison*

India's SENSEX emerged 2nd amongst the BRICS (1-year)



In descending order (from 31st July 2014 to 31st July 2015): **SHCOMP (Shanghai Composite Index)**, **INDXCF(MICEX)**, **BSE Sensex(Bombay Stock Exchange Index)** & **IBOVESPA (Brasil Sao Paulo Stock Exchange Index)**.

INR/USD chart (from Jan 2014 to July 2015)**



* Source: Bloomberg

** S&P

RBI Monetary Policy

In its latest bi-monthly monetary policy meeting RBI maintained a status quo on policy rates. Thus the repo rate stands at 7.25%, reverse-repo at 6.25% and MSF rate at 8.25%. RBI also maintained the CRR at 4%. It specified that future policy actions would continue to be determined by 1. Rate transmission by banks, 2. Inflation momentum keeping in mind food prices and monsoons 3. Policy initiatives to unplug supply side issues in Power sector and Land acquisition and 4. Normalization of US monetary policy. RBI maintained FY16 GDP growth expectation at 7.6% which is a modest improvement over FY15 GDP growth which had come in at 7.3%. RBI's projects the CPI to decline slightly till Q2 FY16 after which it is expected to rise to 6% by Mar'16.

Government allocates USD 8 billion for developing 100 smart cities

The Government has allocated (US\$ 8 billion) to develop 100 smart cities in the country from which each selected city would get assistance of US\$ 16 million per year for five years, as announced by the Union Urban Development Minister Mr M. Venkaiah Naidu. He was speaking at an international seminar on sustainable and inclusive urban development organized by National Institute for Transforming India Aayog (NITI), the Institute for Human Development (IHD) and Department of Urban and Regional Planning of the University of Florida. He added that sustainable and inclusive urban development is the main focus of the government and special emphasis will be given to citizen participation while developing these smart cities.

Core Industries register growth

Eight core industries registered growth of 3% The key sectors registering sharp growth were- Refinery products (7.5%), Coal (6.3%), Fertilizers (5.8%).

International Monetary Fund: India to grow faster in 2015, China's growth to decline

According to World Economic Outlook report released by International Monetary Fund (IMF) in June 2015 India is estimated to grow by 7.5 per cent in FY 2015 and maintain the same pace in FY 2016, outpacing China's expected growth rate of 6.8 per cent in FY 2015.

Rating agency ARC ratings affirms 'BBB+' rating on India

Global rating agency ARC Ratings today affirmed the 'BBB+' foreign currency rating for the country and 'A-' local currency sovereign rating of the government. The agency also affirmed its 'A-' foreign currency and 'A' local currency country ceilings for the country, it said in a report here today. "India's stable ratings reflect our expectations for accelerating growth over the near- and medium-term. Country's growth prospects over the next few years likely hover around the 7 per cent range, and could be north of that if the structural reform effort is pursued more vigorously," it said. The report said growth this year is likely to exceed 7.5 per cent, assisted by a good monsoon. The agency said the ratings also reflect its expectation for stability of the current account deficit.

India could be supreme gainer with lifting of sanctions in Iran

India can be the biggest gainer from the lifting of trade sanctions on Iran even as both countries are planning to take their bilateral ties to newer heights, a top Iranian official said. There exists huge potential for India and Iran to cooperate on energy security and connectivity can form the main backbone of bilateral relationship. India is engaged in building terminals at Iran's strategically located Chabahar port, which is expected give the country, access to Afghanistan and other mineral-rich Central Asian nations. India is also building Iran's railway network, which the official said, will benefit both Iran as well as India, in achieving greater connectivity.

CPI & Inflation

Domestic CPI for Jun was reported at 5.4% yoy, higher than 5% seen in May. The Jun inflation print was higher than consensus at 5% tracking a sharp upswing in food prices. The core CPI moved up to 4.85% v/s 4.62% seen in May. Price momentum (1.15% MoM) is the highest in last 11 months. Much of the price increase came from an upward spike in the food index (1.8% MoM) tracking higher prices of vegetables, pulses, egg, meat & fish. The unseasonal rains impacting the acreage of pulses and damaged vegetables have led to the rise in food prices. Transport & communication index reflected hike in petrol price announced in June. Services such as education, health, recreation and household services marked a higher than trend rise. The revised service tax since June has added to the price rise.

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