Trends ….. June 2016

Global markets took a beating post-Brexit as it slowly digested the need to prepare for a world with new rules and dynamics of operation. It is not simply a question of who wins or who loses, for the road ahead for implementation of Brexit would be one full of significant ramifications for the global economy, touching all spheres of operation - growth, trade, socio-economics, politics, currency, commodity and financial markets, to name a few. And all these, against a backdrop of still-wavering global growth.

WORLD ECONOMY AT A GLANCE

- At the end of the 2nd quarter / first half of 2016, the global manufacturing sector posted a dismal record. Markit Economics press releases indicate that the J.P.Morgan Global Manufacturing PMI stood at 50.4 in June 2016, only a few points up from the May's threshold value of 50.0 while January-June 2016 PMI averaging at 50.3.

- The US, the UK, Spain, the Netherlands, Russia, Mexico, India, Taiwan, South Korea, Indonesia and Vietnam were key nations where the manufacturing sector recorded growth. PMI levels for China and Japan remained significantly below the threshold level of 50 for both nations, indicating continuation in contractions, noted earlier while operating conditions deteriorated in France, Brazil, Malaysia and Turkey.

- The Markit repors also indicate that June 2016 saw a marginal rise in global manufacturing new orders but the trend in new export business remained subdued and global manufacturing employment fell for the fifth successive month. Price pressures also remained moderate during June 2016, as per the report.

Key Economic Figures			
Country	GDP Q1 2016: % yoy change*	Manufacturing PMI	
		May 2016	June 2016
India ^	7.9	50.7	51.7
China	6.7	49.2	48.6
Japan	0.5	47.7	48.1
USA	0.5	50.7	51.3
EU 28	0.6	51.5	52.8
Brazil	0.3	41.6	43.2
Russia	1.6	49.6	51.5
South Korea	0.5	50.1	50.5
Source: GDP-official estimates; PMI- Markit Economics, *provisional; ^based on new series data			

GLOBAL CRUDE STEEL PRODUCTION

World Steel Association data shows that world crude steel production for June 2016 was 135.72 million tonnes (mt), almost at same level as in June 2015 (nil growth) and 794.85 mt during January–June or H1 2016, down by 1.9 per cent year-on-year (yoy).

World Crude Steel Production: January-June 2016*			
Rank	**Country**	**Qty (mt)**	**% change**
1	China	399.56	-1.1
2	Japan	52.04	-1.1
3	India	46.67	3.3
4	United States	40.06	0.2
5	Russia	35.18	-1.3
6	South Korea	33.36	-3.4
7	Germany	21.88	-1.2
8	Turkey	16.49	3.2
9	Brazil	14.87	-13.0
10	Ukraine	12.41	10.2
	Top 10	**672.52**	**-0.9**
	World	**794.85**	**-1.9**
Source: worldsteel, JPC; over last year;* provisional			

- China produced 69.47 mt of crude steel in June 2016, up by 1.7 per cent over June 2015 and 399.56 mt during H1 2016, down by 1.1 per cent yoy and remained the largest crude steel producer in the world, fuelling world production, which, excluding China, was down by 3 per cent.
- China accounted for 73 per cent of Asian and 50 per cent of world crude steel production in H1 2016.
- June 2016 Japanese crude steel production (8.76 mt) was a yoy growth of 2.7 per cent but production was down by 1.1 per cent in H1 2016 (52.04 mt). The country remained the second largest crude steel producer in the world in 2016 so far.
- With a 6 per cent share in total world production and a 3.3 per cent rise in production over same period of last year, India remained the third largest crude steel producer in the world in H1 2016.
- Crude steel production in the EU (28) countries during June 2016 was at 13.77 mt, down by 5.3 per cent yoy and at 82.74 mt in H1 2016, it was down by 6.1 per cent yoy.
- At 93.84 mt, Asian crude steel production was up by 1.4 per cent yoy in June 2016 but declined by 1 per cent in H1 2016 (545.66 mt). Asia accounted for 69 per cent of world crude steel production during this period.

THE STEEL WORLD LAST MONTH

THE AMERICAS

- The US International Trade Commission has sanctioned ADD on CRC imports from China (265.79%) and Japan (71.35%) and CVD of 256.44% for all Chinese producers.
- The US Department of Commerce issued preliminary ADD on circular welded carbon-quality steel pipe from Pakistan (11.8%), Oman (7.86%), the UAE (6.1- 9.25%) and Vietnam (1.19-113.18%).
- US regulators has launched an investigation into complaints by United States Steel Corp. that Chinese competitors stole its secrets and fixed prices, in the latest trade spat between the two countries.
- Mexico has started reviewing an agreement that imposes conditions on the country's imports of CR sheet steel from South Korea's Posco and Hyundai Hysco's.
- Chile's Anti-Price Distortion Commission has set a provisional duty of 13.1% for imports of rebar from Mexico for an initial period of four months.
- Brazil's Cisa Trading and US Steel Warehouse started operations at their joint-venture 0.2 mtpa flat steel service center named Steel Warehouse Cisa.
- Gerdau has announced a definitive agreement to sell its Spanish special steel operation and go back to operate under its old name, Sidenor.
- Acerinox has put on hold new investments for its 1 mtpa integrated mill at its Bahru stainless facility in Malaysia.

ASIA

- Baosteel and Wuhan Iron & Steel (Wugang) are working on a merger, which if realized, will creat China's largest and world's 2nd largest steel company.
- Baosteel has permanently stopped a 2,500 cubic metre blast furnace and thus ended an era of stainless steel making at the works.
- China is looking to eliminate up to 45 mtpa of crude steel capacity this year as part of its efforts to address overcapacity.
- Baoshan Iron & Steel has began hot-run trials of the 4,200mm wide, 1.6 mtpa plate mill at its Zhanjiang steelworks in southern China.
- China exported 0.25 mt of CRC in May 2016, up 4.9% over April 2016 amd down 45.4% yoy. Its May 2016 HRC export stood at 1.07 mt, down 5.7% over April 2016 and 3.6% yoy.
- Tonggang has restarted a 2,680 cubic meter blast furnace which was shut since last July.
- China's Shanghai Stal Precision Stainless Steel is to install a new 80,000 tpm CRM at its Xin-Zhuang industrial zone works, which will be commissioned in 2017.
- India's Tata Steel plans to bring its 50,000 tpa Gopalpur high-carbon ferrochrome plant in Odisha state on stream in late June 2016.
- Indian steelmaker Uttam Galva Steel, jointly controlled by the Miglani family and ArcelorMittal, has been declared a "sick" company.
- The Indian government announced that foreign producers of certain grades of stainless steel used in kitchen goods will need to meet special quality standards.

- Posco has started hot-run trials at its new HDG line for autosheet in eastern Thailand. It has also started two new automotive steel sheet processing plants in China.
- South Korea is reviewing whether to extend for a third time trade penalties it imposed over a decade ago on imports of stainless steel angles, rounds, and hexagonal bars from Japan, India and Spain.
- Vietnam's Cao Bang Iron & Steel Joint Stock Co has commenced commercial operations at its 0.22 mtpa billet plant in Cao Bang.
- Malaysia initiated a safeguard investigation into imports of rebar products.
- Taiwan's Tung Ho Steel Enterprise will invest $17.5 million in its Fuco Steel operation to diversify from billets into rebar, rod and sections production.

RUSSIA, MID-EAST, AFRICA, AUSTRALIA

- Russia's production capacity for large-diameter pipes has increased by half a million tonnes to 5.5 mtpa with the start-up of Zagorsk Tube Plant, now the country's fifth LDP producer.
- Iranian mines and metal state holding company Imidro has agreed with Investment holding company Mahan Industries & Mines Development Corp to revive Baft Steel, the incomplete DRI and thin slab caster project located in Kermen province in central Iran.
- The Gulf Co-operation Council (GCC) has launched a safeguard investigation into flat steel imports, according to the World Trade Organization (WTO).

EU AND OTHER EUROPE

- Eurofer has sent a petition to the European Commission to extend the scope of the AD investigation into HRC imports to several more countries of origin including Turkey, Russia, Brazil, Iran, Serbia and Ukraine.
- The European Union has made cutting steel capacity by China, a precondition of establishing a broad free trade agreement between the two.
- Voestalpine is planning to open a new special steel making plant by 2020 in Kapfenberg, Austria, with investment costs of up to €300 million if location conditions remain stable.
- Tata Steel is believed to be close to striking a deal with the UK government to keep its British steelworks rather than sell it off, which would secure the future of 11,000 workers.
- One of Turkey's biggest mining and logistics companies, Atakas Group, will start trial production at its new 1.2 mtpa CRM and coil-coating plant in Iskenderun, southern Turkey, within a month.
- Turkey's Tat Metal is putting up a 0.5 mtpa galvanizing line, in order to produce high-grade products for the automotive and white good sectors.
- ArcelorMittal plans to invest more than 100 million zloty ($25 million) into an upgrade of the dedusting systems for the melt shop at its Dabrowa Gornicza mill in Poland.

[Source Credit: Steel First, Platts, leading news papers (India news)]

WORLD STEEL PRICE TRENDS

June 2016 was marked by two polar opposite events: one, the breaking out of the UK from the EU and two, the announcment of the biggest merger in China - that between Baosteel and Wuhan Iron and Steel Group, which if materializes, will create the largest steel company in China and the 2nd largest in the world. While the former led global financial markets astray and major currencies to slip, the positive buzz around the latter perked up Chinese market sentiments. Steel prices in this zone got a further boost with production cuts announced earlier in Tangshan, being lifted. Despite Brexit, global ore and steel prices remained on stable grounds, influenced largely by regional factors, though markets around the world kept a close watch on post-Brexit developments.

Long product

- US rebar prices were steady in June 2016 due to modest construction demand with transactions quoted at around $540-560/t as per Steel First reports.
- Slack demand pulled down EU rebar prices in June 2016. Steel First's weekly assessment for domestic rebar stood at around €495-515/t ($547-569) in Northern Europe and at around €395-410/t ($437-453) in Southern Europe.
- Positive market sentiments owing to merger annoucment and lifting of production cuts in Tangshan pushed up June rebar prices in China with transactions for grade III rebar, as per Steel First reports, quoted at around 2150-2170 yuan/t in Shanghai. Prices are ex-w and include VAT.
- Sluggish demand led June Russian rebar prices to move south with transactions for 12mm A500C rebar, as per Steel First reports, quoted at around 34,500-34,550 roubles/t ($534-535) cpt Moscow, including VAT.

Flat products

- Restricted supply rather than bouyant demand pushed up flat steel prices in the US in June 2016 with leading producers hiking steel prices. Thus while for CSI, hot rolled sheet and pickled and oiled product prices are up by a minimum of $20/t, ArcelorMittal USA has set new minimum base prices of $630/t for HRC and NLMK USA raised prices for new spot orders by $30/t effective immediately. Transactions at end-June were around $690-700/t.
- European flat steel prices in June showed mixed trends as per Steel First reports: prices in the Northern Europe remained more or less steady at around €420-430/t ($475-486) ex-w while those in the Southern part were at around €400-430/t ($452-486).
- China's spot HRC prices dipped in end-June owing to seasonally slack demand with transactions, as per Steel First reports, quoted at around 2520-2550 yuan/t ($379-384/t) in Shanghai and at around 2460-2470 yuan/t ($370-372/t)in Tianjin. All prices are ex-w and include VAT.
- Russian June flat prices slipped owing to lack of strong demand with transactions for 4mm HR sheet at around 36,000-38,400 roubles/t ($551-588) cpt Moscow, including VAT as per Steel First reports.

[Source Credit: Steel First, Platts]

SPECIAL FOCUS

Brexit is not without hiccups

Following the historic referendum, Brexit or Britain's exit from the EU (28) came as a result of a closely-fought victory of the "Leave" campaigners over the "Remain" group. With ties of over four decades snapped in a ballot of a day which went 52:48 in favor of Brexit, the situation at hand, despite the euphoria of the victory-group, is not without its share of hiccups.

The split shook global financial markets like never before, pushing to the backseat the impact of the surprise devaluation of the Yuan last year. Stock markets around the world went astray, tumbling and slipping in varied degrees on the day the results were declared and the Pound sank to a historic low. Billions were reportedly wiped out from share values as European stock markets opened in deep red with major benchmark global indices/currencies slipping markedly. Currency volatility is not only feared widely but is almost taken as a given fallout of the separation.

Speculation of Brexit referendum spawning clones in other nations (re: Scotland) leading to further disintegration gripped markets as realization seeped in that this apparently zonal or regional issue has huge global ramifications in every sphere of operation. In fact, Moody's ratings agency indicated that Britain's vote to leave the European Union was "credit negative" for Britain's sovereign ratings and for other issuers in the country.

The other speculation that grabbed headlines is that of impending recession in the EU, if not the world. World Bank data shows that in 2014, the per capita Gross National Income of the UK (43390 USD) was much higher than the per capita income of the entire EU (35742 USD). Again, as far as economic /GDP growth itself is concerned, while the EU emerged out of a long recession only recently, the UK economy, despite bearing a brunt, grew at a modest rate. Such economic factors alone are going to make a substantial difference in the coming days, for the separation has sparked off speculations of the possibility of EU (28) now slipping into a recession, sans the strength of the UK economy. Though these are mere speculations at this stage but have nonetheless, gained ground what with global economic growth still struggling to get a strong footing.

For Britain, the loss of automatic access to the large EU market (granting assured access to its some 500-odd million consumers) and the loss of the power of the EU membership which in turn, granted further assured and automatic access to other markets via existing trade agreements, is expected to weigh down its own business heavily. Moreover, now that its no longer a part of the bloc, this implies that trade negotiations will have to be worked out afresh. Re-worked tariffs/duties will be a pivotal aspect of such negotiations and it is too early to say how trade will be affected for both partners. Also, local companies may well face key issues like increased cost of operation, immigration hurdles for their employees, drop in export/export earnings among others.

For steel, the situation was no different. Market sentiments received a major dampener with steel and steel making raw materials both getting affected, though analysts pointed out that this would be more of a short term impact.

Steel First reports indicate that the UK steel industry, in particular, has expressed its concern over Brexit, labelling the decision, a challenge "like no other" for the country's steel industry. While the exact industry dynamics remain uncertain, but market analysts indicate that the present situation may lead to further consolidation in the EU market while creating pressure on the UK steel industry to formulate the right policies for ensuring un-disturbed growth for its local steel industry. Incidentally, Steel First reports indicate that the local result in Neath Port Talbot in South Wales, where Tata Steel's 4.9 mtpa steel plant is based, saw 56.8% of the electorate vote to leave the EU on a turnout of 71.5%.

World Steel Association (WSA) data on the top 10 crude steel producers in the EU (28) is shown below for 2015 (prov) and indicates that the UK was the 5th largest producer in the bloc, accounting for 7% of total EU (28) production during the year. The top 10 accounted for 85% of total EU (28) production during 2015. Globally, UK was the 18th largest crude steel producing country in the world in 2015, accounting for 0.7% of the world output during the said year. Moreover, on a standalone basis (excluding group companies like Tata Steel), none of the UK steel plants featured in the list of top 20 crude steel producing companies globally in 2015, as per provisional list released by the WSA.

Top 10 Crude Steel Producers in the EU (28): 2015				
Rank	**Country**	**Qty (mt)**	**%Share in EU (28)**	**%CAGR: last 5 years**
1	Germany	42.7	26	-0.5
2	Italy	22.0	13	-3.1
3	France	15.0	9	-0.5
4	Spain	14.8	9	-1.9
5	UK	10.9	7	2.4
6	Poland	9.2	6	3.1
7	Austria	7.7	5	1.4
8	Belgium	7.3	4	-1.6
9	Netherlands	7.0	4	1.2
10	Czech Republic	5.3	3	0.4
Total: Top 10		**141.9**	**85**	**-0.5**
Total: EU (28)		**166**	**100**	**-0.8**
Source: WSA, *prov.; mt=million tonnes				

But the underlying performance strength of the UK steel industry cannot be undermined. For, during the period of last five years, while crude steel production in the EU (28) dropped by 0.8% on a CAGR basis, the same in the UK rose by 2.4% indicating the relatively strong performance of the country. In fact, a similar status applies for steel

%CAGR growth in last five years: 2010-2015			
Item	**EU (28)**	**UK**	**World**
Crude Steel Production	-0.8	2.4	2.5
Exports	0.7	3.9	3.5
Imports	2.7	2.7	3.7
Apparent Steel Use	0.7	11.1	2.7
Per Capita Steel Consumption	0.6	7.3	1.5
Source: WSA, *prov			

consumption (both overall and per capita) and exports where the performance of the UK has edged past the EU (28) as a whole with imports being an exception, where growth rates have been at same level for both. Comparison with world data for similar period shows a relatively stronger performance of the UK again in cases of exports and consumption (both overall and per capita) while the reverse applied for imports and in case of production, growth rates have been almost at par.

The road ahead for implementation of Brexit would be one full of deep ramifications for the global economy, touching all spheres of operation - growth, trade, socio-politics, currency, commodity and financial markets, to name a few.

INDIAN STEEL MARKET ROUND-UP

Trends in finished steel imports

Under the cumulative impact of the plethora of measures announced since June last year and culminating in the much sought-after MIP in February 2016, provisional data released by JPC for April-June 2016-17 indicates that imports of total finished steel which ended 2015-16 on an upward note, continues to decline during 2016-17 so far, dropping by 29.3 per cent during April-June 2016-17 to 1.83 million tonnes (mt) as compared to same period of last year. However, imports in June 2016 (0.63 mt) though down (also by 29.3 per cent) over June 2015, recorded a 16 per cent jump over May 2016. The latter is however, partly attributable to the decline in indigenous production for sale (by 5.3 per cent) and a sharp rise (by 42 per cent) in exports during this period. Further, at 1.83 mt during April-May 2016-17, imports accounted for only 9.2 per cent of total domestic consumption of steel during this period, much lower compared to the 13.1 per cent as recorded for the same period of last year. Also notably, production for sale remained firmly in growth territory in April-June 2016, growing by 3.8 per cent while exports recorded a 9.2 per cent rise only during this period.

Import of total finished steel: top 5 markets in April-June 2016-17 (prov)			
Rank	**Country**	**Qty ('000t)**	**%Share**
1	KOREA	511.3	28
2	CHINA	510.7	28
3	JAPAN	299.8	16
4	RUSSIA	168.9	9
5	GERMANY	54.3	3
	Top 5	**1545**	**84**
	All Total	**1832**	**100**
Source: JPC			

In the most interesting development in steel imports during this period, provisional data reveals that Korea replaced China as the largest import market for Indian steel. But the difference was marginal as a country-wise import analysis shows that during April-June 2016-17, Korea with a slightly higher volume of imports edged past China. Further, the percentage share in overall total remained the same for both the countries. Also, China, Korea and Japan continued to be the top three markets, accounting for 72 per cent of the country's imports of total finished steel during the current fiscal so far.

Indian Steel Industry Performance: April-June 2016-17

The following is a report on the performance of Indian steel industry in terms of total finished steel during April-June 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-June 2016-17* (mt)	April-June 2015-16 * (mt)	%yoy change
Production for sale	24.474	23.576	3.8
Import	1.832	2.593	-29.3
Export	1.227	1.124	9.2
Consumption	19.899	19.825	0.4
Source: JPC ;* provisional			

Production for sale

- During April-June 2016-17, production for sale stood at 24.474 mt, a growth of 3.8 per cent compared to same period of last year, in which contribution of the non-alloy steel segment stood at 22 mt (up by 4.5 per cent), while the rest was the contribution of the alloy steel segment (including stainless steel), where production for sale was down by 2.3 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 10.927 mt (up by 2.7 per cent) while that of the flat segment stood at 11.076 mt (up by 6.5 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 8.75 mt (up by 3 per cent), 1.95 mt (down by 0.7 per cent) and 0.23 mt (up by 23 per cent) as compared to same period of last year.
- On the other hand, for the flat segment, with the exception of Plates (down by 3.4 per cent), pipes, tinplate, HR Sheet, production for sale was up for all other items like HRC (5.2 mt, up by 13.3 per cent), CRC (2 mt, up by 6.1 per cent) and GP/GC Sheets (1.8 mt, up by 4 per cent).

Export

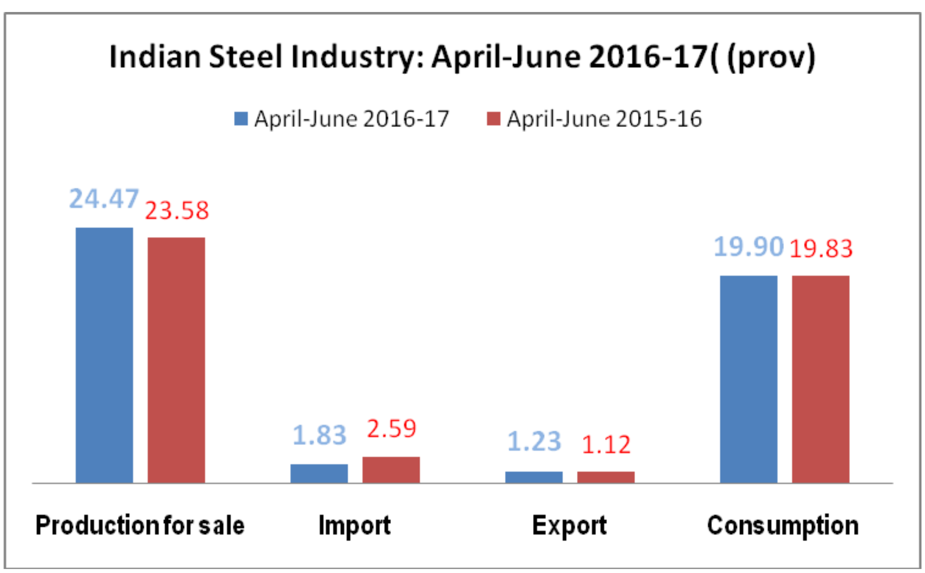
- During April-June 2016-17, export of total finished steel was 1.227 mt, up by 9.2 per cent compared to same period of last year.
- Contribution of the non-alloy steel segment stood at 1.11 mt (up by 10 per cent) while the rest was that of alloy steel (including stainless steel) segment, where exports were at the same level as last year's, showing nil growth.
- In the total export of finished non-alloy steel, export of non-flat was at 0.15 mt (up by 44 per cent) and that of flat steel was at 0.96 mt (up by 6.4 per cent).
- In the non-alloy, non-flat segment, in volume terms, major contributor to export was bars & rods (0.12 mt, up by 50 per cent) while growth in exports in the non-alloy, flat segment was led by GP/GC sheets (0.34 mt, down by 7 per cent).

Import

- Import of total finished steel during April-June 2016-17 was at 1.832 mt, down by 29.3 per cent compared to same period of last year.
- However, it remained well above exports, with the result that India remained a net importer of total finished steel during April-June 2016-17.
- In total finished steel import, contribution of the non-alloy steel segment was 1.42 mt (29 per cent decline) while the rest was the contribution of alloy steel (including stainless steel) segment, which was down by 31 per cent over same period of last year.
- In the import of total finished non-alloy steel, non-flat imports were at 0.141 mt (down by 31 per cent) and flat imports were at 1.28 mt (down by 29 per cent).
- In the non-alloy, non-flat segment, major contributor to import was bars & rods (0.11 mt, down by 39 per cent) while for the flat segment, import was led by HRC (0.55 mt; down by 26 per cent).

Consumption

- During April-June 2016-17, real consumption (or simply consumption) of total finished steel stood at 19.899 mt, a growth of 0.4 per cent compared to same period of last year.
- For non-alloy steel, contribution of the non-flat segment stood at 10.568 mt, up by 4.4 per cent over same period of last year and that of the flat segment (after accounting for double counting) stood at 7.399 mt, up by 0.9 per cent over same period of last year, taking total non-alloy consumption (after double counting) to 17.967 mt, up by 2.9 per cent. The remainder was the contribution of the alloy/stainless segment, which reported a decline of 19 per cent during this period.
- In the non-alloy, non-flat segment, the major contributor to consumption was bars & rods (8.51 mt; up by 6 per cent) whereas for the flat segment, consumption was led by HRC (5.08 mt, up by 4 per cent).



JPC Market Prices (Retail)

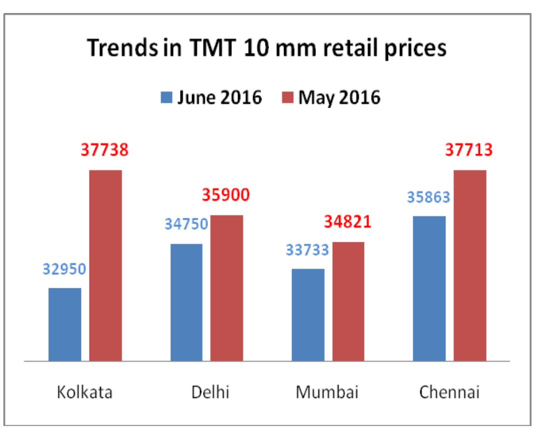
Delhi market prices: Compared to June 2015, average (retail) market prices in Delhi market in June 2016 declined for both long products (represented by TMT 10 mm) and flat products (represented by HRC 2 mm), largely in response to domestic demand-supply conditions. The trend was similar when compared to May 2016 as well for both these categories of products. The situation in June 2016 with regard to June 2015 is shown in the table below for TMT 10 mm and HRC 2.0 mm.

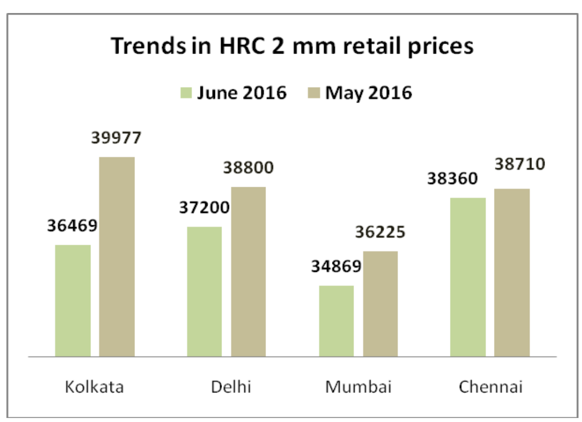
Trends in JPC market price (retail) in Delhi market in June 2016		
Item	**Delhi market prices (Rs/t)**	**% change over June 2015**
TMT, 10 mm	34750	-14.3
HRC, 2.0 mm	37200	-0.6
Source: JPC		

All markets: Compared to June 2015, average (retail) market prices in all four metro cities (Kolkata, Delhi, Mumbai and Chennai) in June 2016 declined for both long products (represented by TMT 10 mm) and flat products (represented by HRC 2 mm), largely in response to domestic demand-supply conditions. The trend was similar when compared to May 2016 as well for both these categories of products for all the four markets. The situation in June 2016 with regard to June 2015 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 June 2016 over June 2015				
Item	**Kolkata**	**Delhi**	**Mumbai**	**Chennai**
TMT 10mm	-11.4	-14.3	-12.1	-8.0
HR Coils 2.00mm	-5.8	-0.6	-5.7	-3.9
Source: JPC				

TMT prices were highest in the Chennai market (Rs 35863/t) and lowest in the Kolkata market (Rs 32950/t) while HRC prices were highest in the Chennai market (Rs 38360/t) and lowest in the Mumbai market (Rs 34869/t) during June 2016.





INDIAN ECONOMY – HIGHLIGHTS OF PERFORMANCE

GDP: The Central Statistics Office (CSO), Ministry of Statistics and Programme Implementation have released the provisional estimates of national income for the financial year 2015-16 at constant (2011-12) and current prices. As per their report, the growth in GDP during 2015-16 is estimated at 7.6 per cent as compared to the growth rate of 7.2 per cent in 2014-15 and real GVA is estimated at 7.2 per cent as compared to the growth rate of 7.2 per cent in 2014-15.

Industrial Production: Provisional CSO data show that the Index of Industrial Production (IIP) was up by 1.2 per cent in May 2016 but was down by 0.1 per cent in April-May 2016-17, depressed by declining growth in sectors like Manufacturing, Capital Goods.

Inflation: The annual rate of inflation, based on monthly WPI, stood at 1.62% (provisional) for the month of June 2016 (over June 2015) as compared to 0.79% (provisional) for the previous month. Build up inflation rate in the financial year so far was 3.82% compared to a build up rate of 1.7% in the corresponding period of the previous year. The all India CPI inflation rate (combined) for June 2016 stood at 5.77 per cent as compared to 5.76 per cent of previous month.

Infrastructure Growth: The yoy growth rate of the eight core infrastructure industries was up by 2.8 per cent in May 2016 and by 5.5 per cent in April-May 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-June 2016 in dollar terms, overall exports were down by 2.07 per cent and imports were also down (by 14.53 per cent), both on yoy basis. During the same period, oil imports were valued at US$ 18846.62 million, which was 23.57 per cent lower yoy while non-oil imports were valued at US$ 65699.16 million which was 11.53 per cent lower yoy. The trade deficit for April-June 2016-17 was estimated at US$ 19234.01 million which was lower than the deficit of US$ 32225.66 million during April-June 2015-16.

Policy:

- The National Mineral Exploration Policy (NMEP) got the Cabinet approval, paving the way for auction of 100 prospective mineral blocks and boosting the country's mining potential. To encourage mineral exploration in the country, the Mines Ministry has already notified the National Mineral Exploration Trust (NMET). Through NMEP, the government wants to attract private sector in exploration, besides involving state-run GSI, MECL and other notified agencies. States will also play a greater role by referring exploration projects, which can be taken up through NMET.
- The government is working on a plan to use solid waste generated by urban centres for the construction of national highways. The first such project will be the Delhi-Meerut expressway where solid waste from Delhi's Ghazipur landfill site would be used for construction.
- The Centre has notified the relaxed norms on FDI in nine sectors. In food processing, 100 per cent FDI will be permitted; in defence, the government has dropped the condition of access to 'state-of-the-art' technology for FDI beyond 49 per cent. Relaxations in FDI

norms in pharma, civil aviation, broadcasting and private security agencies have also been notified.

- The environment ministry has come out with a draft National Forest Policy (NFP), proposing levy of a green tax while calling for safeguarding forest land by exercising strict restraint on diversion for non-forestry purposes like mining and industrial projects and practising responsible eco-tourism in forest areas to ensure safety of wildlife.
- Mining companies are to be star rated for responsible mining so local communities in mineral rich states, environmental activists and green investors can gauge the social and environmental impact of their activities. Environmental activists, green investors and the local community in mineral rich states will soon be able to know how responsible mining companies are when exploiting natural resources by looking at their star rating.
- The government will soon be announcing a scheme to extend single port clearance, deferred duty payment and relief from routine checks for select importers.
- In order to check the sale of defective and sub-standard stainless steel products used for making utensils and various kitchen appliances, the government has issued the Stainless Steel (Quality Control) Order, 2016 for products used in making utensils and kitchen appliances, that will help filter imports of the metal.
- The DGAAD has initiated anti-dumping duty investigations against imports of “Colour coated/Pre-painted flat products of alloy or non-alloy steel” originating in or exported from China PR and European Union (EU) and also a separate one on imports of “Wire Rod of Alloy or Non- Alloy Steel” originating in or exported from China.

Prepared by Joint Plant Committee