

# Info Capsule

## **INDEX NUMBERS OF WHOLESALE PRICE IN INDIA (BASE: 2004-05=100) REVIEW FOR THE MONTH OF FEBRUARY, 2017<sup>1</sup>**

The official Wholesale Price Index for 'All Commodities' (Base: 2004-05=100) for the month of February, 2017 rose by 0.5 percent to 185.5 (provisional) from 184.6 (provisional) for the previous month.

### **INFLATION**

The annual rate of inflation, based on monthly WPI, stood at 6.55% (provisional) for the month of February, 2017 (over February, 2016) as compared to 5.25% (provisional) for the previous month and -0.85% during the corresponding month of the previous year. Build up inflation rate in the financial year so far was 5.82% compared to a build up rate of -1.14% in the corresponding period of the previous year.

The movement of the index for the various commodity groups is summarized below:-

### **PRIMARY ARTICLES (Weight 20.12%)**

The index for this major group rose by 0.9 percent to 258.1 (provisional) from 255.7 (provisional) for the previous month. The groups and items which showed variations during the month are as follows:-

The index for 'Food Articles' group rose by 0.1 percent to 267.5 (provisional) from 267.2 (provisional) for the previous month due to higher price of fruits & vegetables (5%), jowar and poultry chicken (2% each) and rice, bajra, fish-inland, ragi and beef & buffalo meat (1% each). However, the price of gram (14%), arhar (7%), condiments & spices (6%), urad (5%), tea and masur (3% each), egg, moong and maize (2% each) and wheat and coffee (1% each) declined.

The index for 'Non-Food Articles' group rose by 1.5 percent to 234.8 (provisional) from 231.3 (provisional) for the previous month due to higher price of flowers (13%), copra (coconut) (9%), raw rubber (8%), raw silk (4%), raw cotton (3%), gingelly seed (2%) and coir fibre, fodder, safflower (kardi seed), niger seed and cotton seed (1% each). However, the price of linseed, rape & mustard seed, soyabean and mesta (2% each) and sunflower, raw wool, groundnut seed, hides (raw) and castor seed (1% each) declined.

The index for 'Minerals' group rose by 9.0 percent to 234.8 (provisional) from 215.5 (provisional) for the previous month due to higher price of manganese ore (24%), crude petroleum (13%), copper ore (11%), chromite (8%), iron ore (3 %) and zinc concentrate (2%). However, the price of sillimanite (11%) declined.

<sup>1</sup> Available at: <http://pib.nic.in/newsite/erelease.aspx?relid=0>

## **FUEL & POWER (Weight 14.91%)**

The index for this major group rose by 1.3 percent to 203.8 (provisional) from 201.2 (provisional) for the previous month due to higher price of coking coal (15%), aviation turbine fuel (3%), bitumen (2%) and kerosene, high speed diesel, LPG and lignite (1% each). However, the price of furnace oil (1%) declined.

## **MANUFACTURED PRODUCTS (Weight 64.97%)**

The index for this major group remained unchanged at its previous month's level of 158.8 (provisional). The groups and items for which the index showed variations during the month are as follows:-

The index for 'Beverages, Tobacco & Tobacco Products' group declined by 0.2 percent to 221.5 (provisional) from 221.9 (provisional) for the previous month due to lower price of zarda (7%) and beer (3%). However, the price of soft drinks & carbonated water and rectified spirit (1% each) moved up.

The index for 'Textiles' group rose by 0.2 percent to 142.6 (provisional) from 142.3 (provisional) for the previous month due to higher price of tyre cord fabric (4%) and man made fabric (2%). However, the price of jute sacking cloth and jute sacking bag (1% each) declined.

The index for 'Wood & Wood Products' group declined by 0.4 percent to 191.8 (provisional) from 192.6 (provisional) for the previous month due to lower price of plywood & fibre board (1%).

The index for 'Leather & Leather Products' group declined by 0.3 percent to 145.1 (provisional) from 145.5 (provisional) for the previous month due to lower price of leather footwear (1%). However, the price of leathers (1%) moved up.

The index for 'Rubber & Plastic Products' group rose by 0.2 percent to 148.9 (provisional) from 148.6 (provisional) for the previous month due to higher price of rubber products (1%).

The index for 'Chemicals & Chemical Products' group rose by 0.4 percent to 151.5 (provisional) from 150.9 (provisional) for the previous month due to higher price of non-cyclic compound (4%), turpentine oil (3%) and basic organic chemicals, synthetic resin, explosives, ayurvedic medicines and toilet soap (1% each). However, the price of rubber chemicals and pesticides (1% each) declined.

The index for 'Non-Metallic Mineral Products' group rose by 0.1 percent to 178.8 (provisional) from 178.6 (provisional) for the previous month due to higher price of railway sleeper (3%) and grey cement (1%). However, the price of glass bottles & bottleware and marbles (1% each) declined.

The index for 'Basic Metals, Alloys & Metal Products' group declined by 0.5 percent to 160.4 (provisional) from 161.2 (provisional) for the previous month due to lower price of pig iron (5%), pipes/tubes/rods/strips, gp/gc sheets and wire rods (3% each), pencil ingots and HRC (2% each) and rounds, angles, sheets, CRC and rebars (1% each). However, the price of ferro chrome (7%) and steel castings, gold & gold ornaments, pressure cooker, silver, iron & steel wire, steel: pipes & tubes, ferro silicon and aluminium (1% each) moved up.

The index for 'Transport, Equipment & Parts' group rose by 0.5 percent to 140.5 (provisional) from 139.8 (provisional) for the previous month due to higher price of auto rickshaw / tempo / matador (4%) and auto parts (1%).

## **FINAL INDEX FOR THE MONTH OF DECEMBER, 2016 (BASE YEAR: 2004-05=100)**

For the month of December, 2016, the final Wholesale Price Index for 'All Commodities' (Base: 2004-05=100) stood at 183.3 as compared to 182.8 (provisional) and annual rate of inflation based on final index stood at 3.68 percent as compared to 3.39 percent (provisional) respectively as reported on 16.01.2017.

## **INCLUSION OF "THE ROYAL BANK OF SCOTLAND PLC" IN THE SECOND SCHEDULE TO THE RESERVE BANK OF INDIA ACT, 1934<sup>2</sup>**

"The Royal Bank of Scotland plc" has been included in the Second Schedule to the Reserve Bank of India Act, 1934 vide Notification DBR.IBD.No.3878/23.13.020/2016-17 dated September 29, 2016, and published in the Gazette of India (**Part III - Section 4**) dated January 21- January 27, 2017

## **DISBURSAL OF LOAN AMOUNT IN CASH<sup>3</sup>**

- Reference is invited to instructions contained in para 37(iii)(b) of Non-Banking Financial Company – Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016 and Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 which states that high value loans against gold of Rs.1 lakh and above must only be disbursed by cheque.
- On review, and in line with the rules issued under Section 269SS and 269T of the Income Tax Act, 1961, the requirements under the Income Tax Act, 1961, as amended from time to time, would be applicable to all NBFCs with immediate effect. Currently, the relevant threshold under the Income Tax Act, 1961 is Rupees Twenty thousand.
- Accordingly, para 37(iii)(b) of the above Master Directions stands deleted and the above provision stands incorporated at para 104 and 117, respectively, in the Master Directions referred above.

---

<sup>2</sup> Available at : <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=10879&Mode=0>

<sup>3</sup> Available at : <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=10880&Mode=0>

## **GOODS & SERVICES TAX<sup>4</sup>**

With the Government recently bringing some parts under GST, especially contractual farming, quick service restaurants and big retail chains may see the impact. Some renowned burger chains give contract for potato farming. Some middle men that trade in agricultural commodities will also come in the ambit. As far as traditional farmers are concerned, persons buying from them would need to get themselves registered under GST.

*Team ICSI*

*Disclaimer : The information in the Info Capsules is developed according to the information available in public domain and for academic purposes only. Any person wishing to act on the basis of this document should do so only after cross checking with the original source.*

---

<sup>4</sup> Available at : <http://economictimes.indiatimes.com/news/economy/agriculture/gst-new-rules-will-have-impact-on-retail-chains-restaurants-and-contractual-farming/articleshow/57618858.cms>