

Vol. XVII Issue No. 641  
July 23-29, 2017  
Total No. of Pages (including Cover):14



# ASSOCHAM NEWS & VIEWS

WEEKLY

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THE ASSOCIATED CHAMBERS OF COMMERCE AND INDUSTRY OF INDIA

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## **MINISTRY OF COMMERCE & INDUSTRY**

### **INDIA'S FOREIGN TRADE: June 2017**

#### **EXPORTS (including re-exports)**

Exports have been exhibiting positive growth for the last nine months. In continuation with growth indicated by exports since September 2016, exports during June 2017 have shown growth of 4.39 per cent in dollar terms valued at US\$ 23562.62million as compared to US\$ 22572.30 million during June, 2016. In Rupee terms, during June 2017 exports were valued at Rs. 151844.56 crore as compared to Rs. 151904.56 crore during June,2016, registering a negative growth of 0.04 per cent.

During June 2017, Major commodity groups of export showing positive growth over the corresponding month of last year are Engineering Goods (14.78%), Petroleum Products (3.60%), Organic & Inorganic Chemicals (13.20%), Rice (27.29%) and Marine Products (24.27%).

Cumulative value of exports for the period April-June 2017-18 was US \$72212.33million (Rs 465472.04 crore) as against US \$65311.77 million (Rs 436960.98 crore) registering a positive growth of 10.57 per cent in Dollar terms and 6.52 per cent in Rupee terms over the same period last year.

Non-petroleum and Non Gems & Jewellery exports in June 2017 were valued at US\$ 17480.56 million against US\$ 16488.23 million in June 2016, an increase of 6.02 %. Non-petroleum and Non Gems and Jewellery exports during April -June 2017-18 were valued at US\$ 52713.79 million as compared to US\$ 48028.95 million for the corresponding period in 2016-17, an increase of 9.75%.

#### **IMPORTS**

Imports during June 2017 were valued at US\$ 36522.48 million (Rs 235361.85 crore) which was 19.01 per cent higher in Dollar terms and 13.96 per cent higher in Rupee terms over the level of imports valued at US\$ 30688.54 million (Rs. 206524.39 crore) in June, 2016. Cumulative value of imports for the period April-June 2017-18 was US\$ 112263.10 million (Rs. 723631.11crore) as against US\$ 84545.78 million (Rs. 565754.29 crore) registering a positive growth of 32.78 per cent in Dollar terms and 27.91per cent in Rupee terms over the same period last year.

Major commodity group of imports showing high growth in June 2017 over the corresponding month of last year are Petroleum, Crude & products (12.04%), Electronic goods (24.22%), Pearls, precious & Semi-precious stones (86.31%) , Machinery, electrical & non-electrical (7.02%) and Gold(102.99%).

## **CRUDE OIL AND NON-OIL IMPORTS:**

Oil imports during June, 2017 were valued at US\$ 8125.51 million which was 12.04 percent higher than oil imports valued at US\$ 7252.11 million in June 2016. Oil imports during April-June, 2017-18 were valued at US\$ 23177.49 million which was 22.98 per cent higher than the oil imports of US\$ 18846.62 million in the corresponding period last year.

In this connection it is mentioned that the global Brent prices (\$/bbl) have decreased by 3.28 % in June 2017 vis-à-vis June 2016 as per World Bank commodity price data (The pink sheet).

Non-oil imports during June, 2017 were estimated at US\$ 28396.97 million which was 21.17 per cent higher than non-oil imports of US\$ 23436.43 million in June, 2016. Non-oil imports during April-June 2017-18 were valued at US\$ 89085.61 million which was 35.60 per cent higher than the level of such imports valued at US\$ 65699.16 million in April-June, 2016-17.

## **TRADE BALANCE:**

Trade deficit for April-June 2017-18 is estimated at US\$ 28.6 billion as compared to US\$ 8.0 billion during April-June 2016-17. (Services data pertains to April-May 2017-18 as May 2017 is the latest data available as per RBI's Press Release dated 14th July 2017)

## **MINISTRY OF COMMERCE & INDUSTRY**

### **Index Numbers of Wholesale Price in India (Base: 2011-12=100)**

#### **Review for the month of June, 2017**

The official Wholesale Price Index for 'All Commodities' (Base: 2011-12=100) for the month of June, 2017 declined by 0.1 percent to 112.7 (provisional) from 112.8 (provisional) for the previous month.

#### **INFLATION**

The annual rate of inflation, based on monthly WPI, stood at 0.90% (provisional) for the month of June, 2017 (over June,2016) as compared to 2.17% (provisional) for the previous month and - 0.09% during the corresponding month of the previous year. Build up inflation rate in the financial year so far was -0.44% compared to a build up rate of 3.71% in the corresponding period of the previous year

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

#### **PRIMARY ARTICLES (Weight 22.62%)**

The index for this major group rose by 0.3 percent to 126.9 (provisional) from 126.5 (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 0.9 percent to 139 (provisional) from 137.7 (provisional) for the previous month due to higher price of fruits & 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 & 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 percent to 117.8 (provisional) from 119.8 (provisional) for 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 & 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 percent to 116.3 (provisional) from 114.8 (provisional) for the previous month 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 percent to 69.4 (provisional) from 71.1 (provisional) for the previous month due to lower price of crude petroleum (3%).

## **FUEL & POWER (Weight 13.15%)**

The index for this major group declined by 1.2 percent to 89.7 (provisional) from 90.8 (provisional) for the previous month. The groups and items which showed variations during the month are as follows:-

The index for 'Coal' group rose by 0.8 percent to 117.5 (provisional) from 116.6 (provisional) for the previous month due to higher price of coking coal (2%).

The index for 'Mineral Oils' group declined by 2.3 percent to 77.5 (provisional) from 79.3 (provisional) for the previous month 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 percent to 102 (provisional) from 102.7 (provisional) for the previous month due to lower price of electricity (1%).

## **MANUFACTURED PRODUCTS (Weight 64.23%)**

The index for this major group declined by 0.1 percent to 112.5 (provisional) from 112.6 (provisional) for the previous month. The groups and items which showed variations during the month are as follows:-

The index for 'Manufacture of Food Products' group declined by 0.4 percent to 126.7 (provisional) from 127.2 (provisional) for the previous month 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 & preserving of fish, crustaceans & molluscs & products thereof, spices (including mixed spices), condensed milk, manufacture of bakery products, manufacture of processed ready to eat food and processing & preserving of fruit & vegetables (1% each) moved up.

The index for 'Manufacture of Beverages' group rose by 0.1 percent to 117.6 (provisional) from 117.5 (provisional) for the previous month due to higher price of bottled mineral water (1%).

The index for 'Manufacture of Tobacco Products' group rose by 1 percent to 144.3 (provisional) from 142.9 (provisional) for the previous month due to higher price of other tobacco products and biri (2% each). However, the price of cigarette (1%) declined.

The index for 'Manufacture of Textiles' group rose by 0.1 percent to 113.7 (provisional) from 113.6 (provisional) for the previous month due to higher price of ortla yarn, viscose yarn and weaving & 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 percent to 133.2 (provisional) from 133.5 (provisional) for the previous month due to lower price of manufacture of wearing apparel (woven), except fur apparel (1%). However, the price of manufacture of knitted & crocheted apparel (1%) moved up.

The index for 'Manufacture of Leather and Related Products' group rose by 0.3 percent to 119.9 (provisional) from 119.5 (provisional) for the previous month due to higher price of belt & 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.

The index for 'Manufacture of Wood and of Products of Wood and Cork ' group declined by 0.1 percent to 130.5 (provisional) from 130.6 (provisional) for the previous month due to lower price of wooden board (non-electrical) (2%) and wood cutting, processed/sized, particle boards, wooden box/crate and timber/wooden plank, sawn/resawn (1% each). However, the price of plywood block boards (1%) moved up.

The index for 'Manufacture of Paper and Paper Products' group declined by 0.6 percent to 115.7 (provisional) from 116.4 (provisional) for the previous month due to lower price of corrugated sheet box (4%) and card board, laminated plastic sheet and map litho paper (1% each). However, the price of base paper (4%) and kraft paper (1%) moved up.

The index for 'Printing and Reproduction of Recorded Media ' group rose by 0.5 percent to 142.4 (provisional) from 141.7 (provisional) for the previous month due to higher price of sticker plastic (4%) and journal/periodical (2%). However, the price of printed labels/posters/calendars (1%) declined.

The index for 'Manufacture of Chemicals and Chemical Products' group declined by 0.1 percent to 111.6 (provisional) from 111.7 (provisional) for the previous month due to lower price of phthalic anhydride (7%), ammonium sulphate (5%), mono ethyl glycol, poly propylene (pp), ammonium nitrate, xlp compound and shampoo (4% each), polystyrene, expandable, oleoresin and polyester chips or polyethylene ortlandlate (pet) chips (2% each) and fatty acid, aromatic chemicals, liquid air & other gaseous products, nitric acid, dye stuff/dyes incl. dye intermediates and pigments/colours, ethylene oxide, polyethylene, alkyl benzene, aniline (including pna, ona, ocpna), adhesive tape (non-medicinal), varnish (all types) and ammonium phosphate (1% each). However, the price of ammonia liquid and organic chemicals (4% each), foundry chemical, organic surface active agent and caustic soda (sodium hydroxide) (3% each), camphor, ortlan, adhesive excluding gum and paint (2% each) and carbon black, additive, insecticide and pesticide, printing ink, polyester fibre fabric, toilet soap, powder coating material, sodium silicate, safety matches (match box), polyester film(metalized), acetic acid and its derivatives, amine, sulphuric acid, other inorganic chemicals, tooth paste/tooth powder and rubber chemicals (1% each) moved up.

The index for 'Manufacture of Pharmaceuticals, Medicinal Chemical and Botanical Products' group declined by 0.5 percent to 120.2 (provisional) from 120.8 (provisional) for the previous month due to lower price of sulpha drugs (7%), antibiotics & preparations thereof (2%) and anti-retroviral drugs for HIV treatment, vials/ampoule, glass (empty or filled), anti allergic drugs and plastic capsules (1% each). However, the price of antioxidants and cotton wool (medicinal) (2%

each) and digestive enzymes and antacids, anti-malarial drugs and anti cancer drugs (1% each) moved up.

The index for 'Manufacture of Rubber and Plastics Products' group declined by 0.1 percent to 108.5 (provisional) from 108.6 (provisional) for the previous month due to lower price of polyester film (non-metalized) (5%), rubber crumb (4%), pvc fittings & other accessories and rubber tread (3% each), medium & heavy commercial vehicle tyre and 2/3 wheeler tyre (2% each) and rubber moulded goods, polypropylene film, plastic film, plastic box/container, plastic tube (flexible/non-flexible), acrylic/plastic sheet and motor car tyre (1% each). However, the price of plastic components (6%), conveyer belt (fibre based) (3%), rubber cloth/sheet, cycle/cycle rickshaw tyre and plastic tank (2% each) and thermocol and rubber components & parts (1% each) moved up.

The index for 'Manufacture of Other Non-Metallic Mineral Products' group rose by 0.8 percent to 112.3 (provisional) from 111.4 (provisional) for the previous month due to higher price of slag cement and graphite rod (3% each), marble slab, pozzolana cement and porcelain sanitary ware (2% each) and clinker, ordinary ortland cement, granite, cement blocks (concrete), toughened glass and lime and calcium carbonate (1% each). However, the price of cement superfine, non ceramic tiles and plain bricks (1% each) declined.

The index for 'Manufacture of Basic Metals' group declined by 0.1 percent to 96.7 (provisional) from 96.8 (provisional) for the previous month due to lower price of ferrochrome (5%), ms slabs (4%), silicomanganese (3%), brass metal/sheet/coils and aluminium disk and circles (2% each) and mild steel (ms) blooms, copper shapes-bars/rods/plates/strips, alloy steel wire rods, ms bright bars, cold rolled (CR) coils & sheets, including narrow strip, gp/gc sheet, aluminium alloys, ms pencil ingots and ms wire rods (1% each). However, the price of ferromanganese (6%), stainless steel pencil ingots/billets/slabs and zinc metal/zinc blocks (4% each), sponge iron/direct reduced iron (DRI) and alloy steel castings (3% each), stainless steel bars & rods, including flats and other ferro alloys (2% each) and cast iron, castings, aluminium castings, ms castings, stainless steel tubes and copper metal/copper rings (1% each) moved up.

The index for 'Manufacture of Fabricated Metal Products, Except Machinery and Equipment' group declined by 0.1 percent to 108 (provisional) from 108.1 (provisional) for the previous month due to lower price of stainless steel utensils (3%), cylinders and steel drums and barrels (2% each) and steel container and forged steel rings (1% each). However, the price of hand tools (4%) and bolts, screws, nuts & nails of iron & steel, iron/steel cap and steel structures (1% each) moved up.

The index for 'Manufacture of Computer, Electronic and Optical Products' group declined by 0.5 percent to 108.5 (provisional) from 109.1 (provisional) for the previous month due to lower price of ups in solid state drives and colour tv (4% each), watch and electro-diagnostic apparatus, used in medical, surgical, dental or veterinary sciences (2% each) and capacitors (1%). However, the price of meter (non-electrical) and air conditioner (3% each) and electronic printed circuit board (pcb)/micro circuit (1%) moved up.

The index for 'Manufacture of Machinery and Equipment' group declined by 0.5 percent to 107.8 (provisional) from 108.3 (provisional) for the previous month due to lower price of pressure vessel and tank for fermentation & other food processing (12%), excavator, cranes and solar power system (solar panel & attachable equipment) (5% each), rice mill machinery and moulding machine (3% each), roller and ball bearings, manufacture of bearings, gears, gearing & driving

elements and printing machinery (2% each) and industrial valve, agriculture implements, drilling machine and chemical equipment & system (1% each). However, the price of precision machinery equipment/form tools (3%), pharmaceutical machinery and road roller (2% each) and pump sets without motor, air gas compressor including compressor for refrigerator, clutches and shaft couplings, injection pump, open end spinning machinery and sewing machines (1% each) moved up.

The index for 'Manufacture of Motor Vehicles, Trailers and Semi-Trailers' group rose by 0.3 percent to 111.6 (provisional) from 111.3 (provisional) for the previous month due to higher price of chain, minibus/bus and chassis of different vehicle types (2% each) and silencer & damper and wheels/wheels & parts (1% each). However, the price of head lamp (3%) and shafts of all kinds, crankshaft, brake pad/brake liner/brake block/brake rubber, others and cylinder liners (1% each) declined.

The index for 'Manufacture of Other Transport Equipment' group rose by 0.6 percent to 109.7 (provisional) from 109 (provisional) for the previous month due to higher price of motor cycles (1%).

The index for 'Manufacture of Furniture' group rose by 1.8 percent to 116.2 (provisional) from 114.2 (provisional) for the previous month due to higher price of foam and rubber mattress (8%) and iron/steel furniture (2%). However, the price of steel shutter gate (1%) declined.

The index for 'Other Manufacturing' group declined by 3.8 percent to 110.3 (provisional) from 114.6 (provisional) for the previous month due to lower price of gold & gold ornaments (5%). However, the price of intraocular lens (6%) moved up.

### **WPI FOOD INDEX (Weight 24.38%)**

The rate of inflation based on WPI Food Index consisting of 'Food Articles' from Primary Articles group and 'Food Product' from Manufactured Products group decreased from 0.15% in May, 2017 to -1.25% in June, 2017.

### **FINAL INDEX FOR THE MONTH OF APRIL, 2017 (BASE YEAR: 2011-12=100)**

For the month of April, 2017, the final Wholesale Price Index for 'All Commodities' (Base: 2011-12=100) and annual rate of inflation remained unchanged at its provisional level of 113.2 and 3.85 percent respectively as reported on 12.05.2017.

## MINISTRY OF FINANCE

### **Provisions related to registration under GST regime; Traders are requested to register now without waiting for the last date i.e. 30th July, 2017.**

As per the GST laws, one is required to take registration on or before **30<sup>th</sup> July, 2017**. All traders are requested to register now without waiting for the last date.

If one is carrying-out any business and have an Annual Aggregate turnover in the preceding Financial Year exceeding Rs. 20 lakh (Rs. 10 lakh in Special Category States), you need to register in all the States/Union Territories from where you are making taxable supplies. However, one need not register if one is engaged exclusively in the supply of exempted goods or services or both. The timelines for applying for registration are as follows:-

|  |                                       |   |  |
|--|---------------------------------------|---|--|
| Registered under any of the existing law | Migrated                              | Liable for registration in GST regime     | Provisional Ids issued need to be converted to GSTIN by submitting necessary documents in 3 months (i.e. by 22 <sup>nd</sup> September 2017) |
|  |                                       | Not liable for registration in GST regime | Need to apply for cancellation in 30 days (i.e. by 22 <sup>nd</sup> July, 2017)  |
|  | Not-Migrated                          | Liable for registration in GST regime     | Need to apply for registration within 30 days (i.e. by 22 <sup>nd</sup> July, 2017)  |
| Not registered under any of existing law | Liable for registration in GST regime | Become liable from 01/07/2017             | Need to apply for registration within 30 days (i.e. by 30 <sup>th</sup> July, 2017)  |
|  |                                       | Become liable after 01/07/2017            | Need to apply for registration within 30 days from becoming liable for registration  |

Taking registration in GST is a very simple process, and the comfort of the taxpayer has been kept in mind while designing the procedure. You can take registration from the comfort of your home by filing an online application on the common portal <https://www.gst.gov.in/>. All one need is a valid PAN, email id and a mobile number. Once these 3 details are verified, one will be required to furnish other details relating to his/her business. There is no need to submit any physical documents (unless a query is raised and documents asked for) and all necessary documents can be scanned and uploaded. If there are no queries, one will receive his/her registration online within 3 working days from submission of online application.

It's simple. But what will happen if one doesn't get registered?

More than anything, getting registered is for one's own benefit. If one is liable to take registration but don't get registered, one will not be able to enjoy the benefit of input tax credit. Not only

he/she, but any registered person, purchasing from him/her may not be able to get the input tax credit. Not obtaining registration, though liable to do so, would also attract penalty.

Getting registered would lead to growth in one's business. Prospective buyers, who are registered under GST, will prefer to buy from suppliers who are also registered under GST, as this would entitle them to the input tax credit. This also means that one is contributing his bit towards nation building, by ensuring that appropriate taxes are collected and paid to the Government. Therefore, traders are requested to register under GST immediately without wasting any more time.

## MINISTRY OF FINANCE

### **Position regarding applicability of the Margin Scheme under GST for dealers in second hand goods in general and for dealers in old and used empty bottles in particular.**

Doubts have been raised regarding the applicability of the Margin Scheme under GST for dealers in second hand goods in general and for dealers in old and used empty bottles in particular.

Rule 32(5) of the Central Goods and Services Tax (CGST) Rules, 2017 provides that where a taxable supply is provided by a person dealing in buying and selling of second hand goods i.e., used goods as such or after such minor processing which does not change the nature of the goods and where no input tax credit has been availed on the purchase of such goods, the value of supply shall be the difference between the selling price and the purchase price and where the value of such supply is negative, it shall be ignored. This is known as the margin scheme.

Further, notification No.10/2017-Central Tax (Rate), dated 28.06.2017 exempts Central Tax leviable on intra-State supplies of second hand goods received by a registered person, dealing in buying and selling of second hand goods [who pays the central tax on the value of outward supply of such second hand goods as determined under sub-rule (5)] from any supplier, who is not registered. This has been done to avoid double taxation on the outward supplies made by such registered person, since such person operating under the Margin Scheme cannot avail input tax credit on the purchase of second hand goods.

Thus, Margin Scheme can be availed of by any registered person dealing in buying and selling of second hand goods [including old and used empty bottles] and who satisfies the conditions as laid down in Rule 32(5) of the Central Goods and Services Tax Rules, 2017.

## **MINISTRY OF FINANCE**

### **Position regarding applicability of GST on Legal Services provided by individual Advocates including Senior Advocates and a Firm of Advocates.**

There are points being raised about the applicability of GST on legal services provided by advocates – whether it is in forward charge or reverse charge. It may be mentioned that there is no change made in taxation of legal services in the GST era.

In this context, it is further clarified that legal service has been defined to mean any service provided in relation to advice, consultancy or assistance in any branch of law, in any manner and includes representational services before any court, tribunal or authority.

It is further clarified that notification No. 13/2017-Central Tax (Rate) dated 28.6.2017 (Serial No. 2) specifies, inter alia, the following service under reverse charge mechanism,-

“Services supplied by an individual advocate including a senior advocate by way of representational services before any court, tribunal or authority, directly or indirectly, to any business entity located in the taxable territory, including where contract for provision of such service has been entered through another advocate or a firm of advocates, or by a firm of advocates, by way of legal services, to a business entity.”

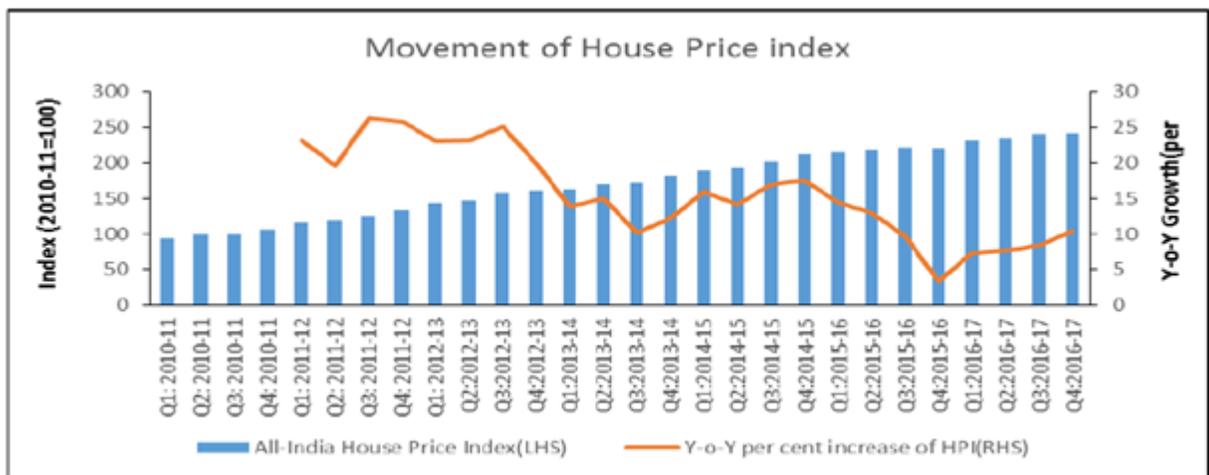
The words “by way of legal services” are preceded and succeeded by comma. Therefore, the said words apply to an individual advocate including a senior advocate and a firm of advocates. Legal services provided by either of them are liable for payment of GST under reverse charge by the business entity. The words “by way of representational services before any court, tribunal or authority....” appear in conjunction with senior advocate without a comma and merely describe the nature and mode of representational services provided by a senior advocate to a business entity. It, therefore, follows that legal services, which includes representational services, provided by advocates are under reverse charge.

## RESERVE BANK OF INDIA

The Reserve Bank released the quarterly House Price Index (HPI)<sup>1</sup> (base 2010-11=100) for Q4:2016-17, based on transaction data received from housing registration authorities in 10 major cities (viz., Mumbai, Delhi, Chennai, Kolkata, Bengaluru, Lucknow, Ahmedabad, Jaipur, Kanpur and Kochi). Time series data on all-India and city-wise HPI are available in the Database of Indian Economy (DBIE) portal (<https://dbie.rbi.org.in/DBIE/dbie.rbi?site=statistics> > RealSector > Price&Wages > Quarterly).

### Highlights:

- The all-India HPI recorded a sequential increase (*i.e.*, Q4:2016-17 over Q3:2016-17) of 0.8 per cent in Q4:2016-17 with six of the ten cities recording a rise in sequential terms- Kochi recorded the highest rise (18.3 per cent) whereas Chennai witnessed significant contraction [(-) 6.7 per cent].
- On an annual basis, the all-India HPI increased by 10.5 per cent with Mumbai, Bengaluru, Ahmedabad, Lucknow, Kanpur and Kochi recording double-digit annual growth whereas Chennai witnessed a marginal moderation in housing prices.



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