



Update on Indian Economy

June 2007

Economic Snapshot

Contents	Item	Units	May	April	May	(% Change	
			2007	2007	2006	[1] / [2]	[1]/[3]
			[1]	[2]	[3]	[4]	[5]
- Editorial	WPI -Index*	1993-94=100	211.4	210.8	200.5	0.28	5.4
- Capital Market	WPI -Inflation**	Per cent	5.4	6.1	4.3		
- National		Week ended	05.05.07	07.04.07	06.05.06		
Development	IIP (93-94=100)	2 months lag	284.5	252.4	249.2	12.72	14.17
Council : Meeting			(Mar 07)	(Feb 07)	(Mar 06)		
- Other Markets	INR / US\$	Month End	40.65	41.29	46.43	(1.55)	(12.45)
- Important Policy	M3	Rs. '000 Cr.	3333.17	3321.49	2771.70	0.35	20.26
Pronouncements	[i] Agg. Deposits	Rs. '000 Cr.	2822.56	2822.03	2329.13	0.02	21.19
	[ii] Currency	Rs. '000 Cr.	510.61	499.46	442.57	2.23	15.37
		(Outstanding as on)	(11.05.07)	(13.04.07)	(12.5.06)		
	Call Money	% Range	1.00-7.75	1.50-7.50	4.00-5.95	-	-
	(Lendings)	Week ended	11.05.07	13.04.07	19.5.06		

Source: RBI Weekly Statistical Supplement May 25, 2007 & Economic & Political Weekly May 26, 2007

*All Commodities. **Over the year.

Editorial

A) Domestic

During the first quarter of 2006-07 the GDP registered a growth of 9.6%, and in the second quarter it rose to 10.2% but in the third quarter the growth rate declined to 8.7% on the back of weak farm growth resulting from poor monsoons in 2006. However, the continued strong industrial growth and the boom in the service sector registered a growth rate of 9.4% during fiscal 2006-07 which is comparable with the highest growth rate since 1988-89 when the economy recorded a growth rate of 10.4%.

One of the concerns is rising inflation, and in order to tame the rate of inflation the Reserve Bank of India tightened monetary policy and took monetary measures mainly to control the demand for goods such as cement, steel and basic food items. However, the year 2007-08 may witness spill over of the effect of monetary measures in controlling inflation, the result of which would be that the overall GDP growth rate may decline to the level between 8.75-9.0%, during fiscal 2007-08. Another reason for the decline in GDP rate may be the slow down of export production because of the appreciating Indian rupee which may act as a soft break on export demand.

B) International

In the address on May 02, 2007 to the Washington Conference of the Council of Americas, De Rato IMF Managing Director has indicated that in an increasingly interdependent world, there are **two** areas viz financial globalisation and trade which provide greatest opportunity and at the same time are associated with the risk. He expressed great concerns about the hedge funds which now attract large sum of money usually from pension funds which are cautious in the nature. It was mentioned that pension funds provide about 30% of the investment in hedge funds which when pooled often make investment in high risk areas in search of returns which are higher than normal return. From the pension fund angle investment in hedge funds tentamounts to diversification. The fact is that as much as 30% of investment in hedge funds comes from pension funds, when the first priority of the pension funds investment is safety. It is estimated there are about 9,500 world wide hedge funds raising money from sources such as pension funds which are historically risk avert. But, the return from some hedge funds are found to be close to market return which raises the doubt on their belief of risk diversification because there is no significant difference in the rate of return realised from hedge funds and that from the market.

Recently, the Bush administration has set up a working group on financial markets the main objective of which being to control the risk of the hedge funds through due diligence, counterparty risk management, and the exclusion of unsophisticated investors. As the structure of the markets changes, the regulators may need to adapt the framework of supervision so as to improve investors' protection and reduce the systematic risks and vulnerabilities.

De Rato sees "a significant risks in the recent increase in large private equity buyouts financed by a rising proportion of debt" because if some of the deals turned sour investors might become more risk averse, which would curtail market access from lower-rated corporate borrowers, and hurt future investment and growth prospects.

Finally, De Rato called for successful conclusion to the Doha Trade Round to forestall rising protectionist sentiments.

Capital Market Review

During the month of May 2007, the market rose steadily, the Sensex (30-share index) of BSE which closed at 13,872.37 on April 30, 2007 rose to 14,544.46 on May 31, 2007, the last trading day of the month, registering a growth of 672.09 or 4.84%. The month witnessed a major event in the history of Bombay Stock Exchange in the sense that demutualization process which sought to separate trading rights from ownership was completed on May 19, 2007.

The process of demutualization of the Bombay Stock exchange started in 2005 when each member broker was issued 10,000 shares of BSE at Re.1 per share. The process was completed on May 19, 2007 with dilution of broker's share to 49%. The demutualization was mandated by Securities and Exchange Board of India (SEBI) in terms of the BSE (Corporatisation and Demutualization) Scheme, 2005 and the demutualization process was to be completed before May 2007, the deadline set by SEBI.

As per the Scheme, the BSE was required to ensure that at least 51% of its equity shares are held by public other than member brokers in the manner and within the period prescribed in sub-section (8) of Section 4B of the Securities Contracts (Regulation) Act, 1956. As a part of the process, the BSE had earlier announced strategic tie-ups with two leading exchanges of the world viz. Deutsche Boerse and Singapore Exchange with fresh issue of equity shares representing 10 (ten) % of the equity capital. Issue of fresh equity fetched Rs.5200 per share of Re.1 face value to the Bombay Stock Exchange giving it a valuation of nearly US\$ 1 billion.

The BSE which is Asia's oldest bourse sold its 51 per cent stake to 21 domestic and foreign investors, including, it is learnt, high net worth individuals Kris Gopalakrishnan and N S Raghavan of Infosys Technologies.

a) Foreign Investors

The BSE stocks were sold at Rs 5,200 per share, the same price at which it issued shares to Germany's Deutsche Boerse and Singapore Exchange (SGX), at nearly US\$ 1 billion.

Besides, Deutsche Boerse and SGX which bought 5 per cent each paying about Rs 200 crore each, the foreign investors in the deal are US private equity fund Atticus Mauritius Ltd and Caldwell Asset Management. Both bought 4 per cent each. The two other foreign investors are Dubai Financial and Katrel Investment Ltd, Cyprus which also bought 4% each. Together, these four overseas investors have picked up 16 per cent stake in BSE.

Foreign direct investment in an Indian stock exchange is capped at 26 per cent. No single entity whether foreign or domestic is allowed to buy more than 5 per cent (even within the 5% cap, purchase of more than 1% stake requires specific clearance of SEBI, the capital market regulator). According to sources in the Foreign Investment Promotion Board (FIPB), Finance Minister P Chidambaram has cleared the sale of 16 per cent stake in Bombay Stock Exchange to these four foreign entities.

b) Domestic Investors

Four domestic financial institutions have also bought stakes in BSE — Life Insurance Corporation of India (5 per cent), State Bank of India (5 per cent), Bank of India and Central Bank. Domestic investors including the 4 institutions provided upto 26% of the stake at the same price of Rs.5200 per share. Thus, the 800-odd brokers in BSE sold nearly half their shareholding, constituting 41 per cent equity stake in the exchange. This would mean that these members have collectively received about Rs.1,600 crore through the stake sale.

By separating ownership and trading rights, and creating a corporate governance structure, demutualisation helps stock exchanges to access capital markets to meet their resource needs. BSE is the first exchange in India to be demutualised. Other Regional Stock Exchanges run by their respective trading members have time upto August / September 2007 to demutualise themselves.

	May	April	May	April	(% Change)		
	2007	2007	2006	2006	[1]/[2]	[1]/[3]	[2]/[4]
Major Indices	[1]	[2]	[3]	[4]	[5]	[6]	[7]
BSE Sensex – Close	14,544.46 (31.05.07)	13872.37 (30.04.07)	10398.61 (31.05.06)	11851.93 (29.04.06)	4.84	39.87	17.05
Monthly High	14,544.46 (31.05.07)	14228.88 (26.04.07)	12612.38 (10.05.06)	12042.56 (29.04.06)	2.22	15.32	18.15
Monthly Low	13,765.46 (08.05.07)	12455.37 (02.04.07)	10398.61 (31.05.06)	11237.23 (13.04.06)	10.52	32.38	10.84
S&P CNX Nifty –Close	4295.80	4087.90	3071.05	3508.35	5.09	39.88	16.52
P/E Ratio : BSE – 30	21.05	20.71	18.27	21.02	1.64	15.22	(1.47)
FII Investments (Equity+ Debt)							
Inflows – Rs. Cr.	52127.6	50633.3	48737.8	43236	2.95	6.96	17.11
Outflows – Rs. Cr.	46808.0	42911.8	55385.1	42414	9.08	(15.49)	1.17
Net – Rs. Cr.	5319.8	7721.5	(6647.4)	821.8	(31.1)	(180.03)	839.58
Cum. Net Inv–US\$ Mn. (Month End)	54982.4	53717.7	43959.6	45443.9	2.35	25.07	18.21

Some of the developments in the capital market were as follows :

- To curb excessive capital flow into the real sector and contain to inflation and prevent large the appreciation of the rupee, Government of India banned companies from tapping the external commercial borrowing (ECB) route for developing town ships (economy).
- At present, the RBI holds a 59.7 per cent stake in SBI, which is to be transferred to the central Government in July 2007. The other shareholders of the bank include FIIs with a 20 per cent stake, public with 6 per cent and financial institutions with the rest. The State Bank of India (SBI) has plans to issue shares to the tune of Rs.6,000 crores to the public with restricted or no voting rights for the subscribers to its public issue. The issue is slated to hit the market this financial year. The SEBI Act is to be amended to enable the bank to issue non-voting or restricted voting shares and SEBI has already submitted a proposal to the Government to carry out necessary changes to the SBI Act in this regard.
- The Government has paved the way for subsidiary banks of State Bank of India (SBI) to list on stock exchanges, make private placements of equity and appoint separate chairmen. This will enable banks like State Bank of Hyderabad, State Bank of Patiala, State Bank of Saurashtra and State Bank of Indore to come out with initial public offers. Of the seven SBI subsidiaries, three banks, viz, State Bank of Mysore, State Bank of Travancore and State Bank of Bikaner & Jaipur are already listed. State Bank of India, at present, owns 75% or more of equity of each of its subsidiaries.

- The Securities and Exchange Board of India (SEBI) proposes to ask the stock exchanges to put circuit filters on the first day of listing of those companies with issue sizes up to Rs.200 crores. A formal communication to this effect will follow. A circuit filter is a daily price band imposed by the exchanges on the price movement of listed securities. There is no circuit filter on the first day of listing, which is a price discovery day and the prices of the securities can move freely without any limits. The decision follows the recent SEBI investigation into the huge surge in equity prices of six companies on the listing day. The market regulator has also observed that certain entities placed abnormally large share orders at prices far below the prevailing market rates on the opening day.
- The Bombay Stock Exchange Ltd. (BSE) has tied up with four state-owned financial institutions, viz, Life Insurance Corporation, State Bank of India, Bank of India and Central Bank to sell a part of its holding under its demutualization plan; demutualization guidelines allow BSE to sell up to 25% to such institutional players. While Deutsche Boerse and Singapore Exchange have already bought 5% each in BSE, the exchange is awaiting approval from the Foreign Investment Promotion Board to sell another 4% to the US-based Caldwell AMC.
- The Government is likely to bar real estate companies from issuing American Depository Receipts (ADRs) and Global Depository Receipts (GDRs). It is believed that it may be difficult to enforce the conditions attached to foreign direct investment (FDI) in real estate, particularly the one that requires investors to lock-in their funds for a minimum of three years. As per the FDI norms, there is a three-year lock-in period for any FDI which comes in a real estate company. Under the circumstances, it would not be possible for real estate companies to raise capital through ADRs or GDRs.
- Unlike in the last year, the stock market in 2007 has, on an average, given less than 10% return. But, FIIs and NRI investors who bought Indian Stocks in dollars, the rupee appreciation has almost doubled their returns. Morgan Stanley Capital Index (MSCI)'s India Index, has given a return of 5.6% in rupee terms while in terms of dollar, the returns have been 12.5% compared to the returns of 10.7% and 10% respectively, in 2006.

The release by CSO the fourth quarter figure of GDP growth led to the rate of 9.4% during the year 2006-07 which is the highest rate in recent years. Not only Indian but also global markets continue to be strong, and at the same time Indian rupee is steadily appreciating vis-a-vis the US dollar. There is also ample liquidity in the economy but there are risks not only in the exchange rate movement but also in the investment. Markets are likely to move northward but given the fact that nominal interest rates have risen recently and these are likely to remain at this level in the medium term, there is therefore likelihood of the correction in the stock market taking place in the coming months. The sectors which will be adversely affected are those of **IT, banking and steel** in the wake of large number of IPOs which may hit the market in the next two months.

National Development Council :
Meeting – May 2007

Fifty-third meeting of the National Development Council was held on May 29, 2007 under the Chairmanship of Prime Minister Dr. Manmohan Singh. In his welcome speech, the Prime Minister mentioned that in the last meeting in December 2006 the Approach Paper to the 11th Five Year Plan was discussed. While endorsing the overall approach to the Plan and expressing cautious optimism about achieving a growth target reaching 10% in the last year of the 11th Five Year Plan, there was a sense of urgency about the need to redress the emerging weaknesses in our agricultural sector. At less than 2% per annum growth, the growth of the agricultural sector – since the mid-1990s has been a cause for concern.

Subsequently, the Planning Commission has been working on these issues to evolve a strategy for the 11th Five Year Plan. In this process, the work of several expert groups and the report of the NDC Committee was reviewed and the present perception was summarized in the paper on **“Agricultural Strategy for the Eleventh Plan : Some Critical Issues”** which was distributed to all participants as an input into the deliberations of this meeting. In his address, Dr. Montek Singh Ahluwalia, Deputy Chairman, Planning Commission referred, among other points, to the emergence of a technology fatigue in Indian agriculture. This is reflected in the fact that the yield of new varieties released in recent years has plateaued. However, there is still considerable scope for increasing productivity in the field because the yields actually being achieved on the field for many crops in many States are much below the realizable potential even of existing varieties if best cultivation practices are used.

In wheat, the unutilized potential is only 6% in Punjab, but it is 84% in Madhya Pradesh. In Maize, the gap is only 7% in Gujarat, but it is as high as 300% in Assam. In rice the potential yield increase is over 100% in Assam, Bihar, Chhattisgarh and UP. These yield gaps suggest that there is considerable scope for increasing production with existing technology to realize the targets of 4% growth in agricultural GDP in the Eleventh Plan.

In the longer run, there is a need to go beyond closing yield gaps and work to extend the technology frontier to overcome the problem of technology fatigue. In the closing Special Session on Food and Agriculture the Prime Minister stated as follows :

1. We have reached the end of a long and fruitful discussion on the problems of our agriculture sector and possible strategies for revitalizing it in the next few years. The discussion was appropriate in many ways. It has focused our collective attention on agriculture and firmly placed it at the top of our priorities - both at the Centre and in the States. This is as it should be, given that over 60% of our people still depend on it for sustenance and livelihood.
2. One feature that stands out is the lack of any breakthroughs in agricultural production technology in recent years. There is a technology fatigue which we need to address. The Prime Minister expressed confidence that the goal of 4% annual growth in agriculture and allied activities in 11th Five Year Plan is certainly feasible and achievable if and only if we are willing to take tough decisions and back it up with concerted action.

3. He was confident that we are all simultaneously united to do everything in our power to get our agriculture once again on the road to prosperity. He indicated that the State Plans should be comprehensive with both an immediate objective and a medium-term goal for 4-5 years. They should build upon current base line levels of production, yields and investments and must have clear, tangible targets in terms of raising agricultural output and yields. The States can take into account all the endowments and constraints and must have credible strategies and programmes for achieving the targeted goals. They should address all supply constraints be they seeds, fertilizers, water or credit.
4. The Central Government will commit Rs.25,000 crore in the next four years as its share of funding for this major new programme. The Planning Commission and the Agriculture Ministry will finalize the details of this programme in the next two months. I hope States will make full use of this opportunity and live up to the collective aspirations of our people.
5. While these plans will impact agriculture generally in all its aspects, there is an additional need to immediately arrest the stagnation in the production of rice, wheat and pulses. Based on the agreement reached today, we will initiate steps to launch a **Food Security Mission** in the coming months, and hopefully, this will reduce our need to import basic food items.
6. The importance of agriculture to our economy cannot be underestimated. Reversing the prolonged slowdown in the sector is essential for our goal of inclusive growth, for ensuring that growth benefits all sections of society and all regions of the country. The rates of growth of agriculture in the last decade have been poor and are a major cause of rural distress. Farming is increasingly becoming an unviable activity, particularly because of the nature of landholdings. Small and marginal farming has become an unviable proposition and till we make farming viable, it would be virtually impossible to reduce rural poverty and distress.
7. Finally, the important decisions taken today are vital to our national goals of becoming a prosperous, equitable and inclusive nation. Your collective political leadership and will are capable of transforming our agricultural economy and in the process help ride the country of chronic poverty and disease. I am confident that after today's meeting, we will put all our might in achieving the goals we have set for ourselves.

Other Markets

Debt Market

Issuances during April 2007 continued to be at low level; banking and financial institutions accounted for bulk of the issuances. The largest issue was from the Oriental Bank of Commerce for Lower Tier-II bonds worth Rs.350 crore, Bank of Maharashtra, HDFC Ltd and IDFC Ltd. were other issuers.

	Name of the Issuer	Rate %	Duration	Rating	Amount Rs. Crore	Type of Instrument
i)	Bank of Maharashtra Ltd	10.25 ^a	15 years ^b	AA-	150	Upper Tier-II Bonds
ii)	HDFC Ltd.	10.75	18 months	AAA	150 ^c	Bonds
iii)	IDFC Ltd.	10.35	15 months	AAA	150	Bonds
iv)	Oriental Bank of Commerce	9.95	10 years	AAA	350 ^d	Lower Tier-II Bonds

a. With a mark-up of 50bps if call option is not exercised.

b. With a call option at the end of 10 years

c. With a greenshoe option of Rs.350 crore

d. With a greenshoe option of Rs.150 crore

(Source : Credit Analysis & Research Ltd. May 2007)

Call Money Market

The call money market rate on May 11, 2007 in respect of borrowings ranged widely between 1.00% and 7.75% as compared to the rates of 3.00% - 6.05% on May 12, 2006 (i.e. a year ago) reflecting that there was a not only hardening of the interest rate but reflected volatility during the year. The average daily turnover in the call money market was Rs.10,084 crore for the week ending May 11, 2007 and this daily turnover virtually remained flat at Rs.10,525 crore in the week ending May 18, 2007.

Foreign Exchange Market

The exchange rate (RBI reference rate) on May 18, 2007 was Rs.40.90 per US dollar as compared to Rs.40.93 per US dollar on May 14, 2007, that is, a week ago; this reflected appreciation of the rupee vis-a-vis US dollar. Further, the six month forward premia was 4.55% on May 18, 2007 as compared to a premium of 4.98% on May 14, 2007 (a week ago), and this reflects that supply of dollars is likely to become relatively easy in the forthcoming weeks. The foreign currency asset were US \$ 196.49 billion on May 18, 2007, and inclusive of gold and SDRs and the reserve position in the Fund, the foreign exchange reserves aggregated to US\$ 203.98 billion. From end-March 2006, the foreign exchange reserves registered a rise of US\$ 4.80 billion. The market rate (buying) was Rs.40.65 per US dollar on May 31, 2007. The RBI intervened occasionally into the market by buying dollars in a bid to curb the rise of rupee.

Important Policy Pronouncements

Few important policy changes announced by Reserve Bank of India during the month were :

➤ Remittance towards Donation by Corporates

AD Category-I banks are now permitted to make remittances abroad on account of donations by Indian corporates for specified purposes as under:

- Creation of chairs in reputed educational institutes.
- Donations to funds (not being an investment fund) promoted by educational institutes.
- Donation to a technical institution or body or association in the field of activity of the donor company.

Such remittances would be subject to a limit of one per cent of the foreign exchange earnings during the previous three financial years or USD 5 million, whichever is less. Applications for remittances for purposes other than those specified above should be forwarded to the Chief General Manager, Reserve Bank of India, Central Office, Foreign Exchange Department, Foreign Investments Division, Central Office Building, Mumbai-400 001, together with (a) details of their foreign exchange earnings during the last 3 years, (b) brief background of the company's activities, (c) purpose of the donation and (d) likely benefits to the corporate.

The existing facility for remittance up to USD 5000 per remitter/per donor per financial year towards donations by Indian corporates would continue as earlier.

➤ **Infrastructure Consultancy - Remittance Limit Raised**

The limit for remittance for consultancy service procured from outside India by Indian companies executing infrastructure projects has been raised from USD 1 million per project to USD 10 million per project. For this purpose, infrastructure sector is defined as (i) power, (ii) telecommunication, (iii) railways, (iv) road including bridges, (v) sea port and airport, (vi) industrial parks, and (vii) urban infrastructure (water supply, sanitation and sewage projects). Accordingly, AD Category - I banks may allow remittances on behalf of Indian companies in such cases up to USD 10 million per project after verifying the bonafides of the transaction.

In all other cases, the existing limit of USD 1 million, per project, for any consultancy service procured from outside India, would continue.

➤ **ECBs - End-use and All-in-Cost Ceilings – Revised**

Based on a review undertaken of the external commercial borrowing (ECB) guidelines, the ECB policy has been modified as indicated below:

End-use

Utilisation of ECB proceeds is not permissible in real estate, without any exemption. As per the earlier ECB policy, the term 'real estate' excluded 'development of integrated township'. This exemption accorded to 'development of integrated township' as a permissible end-use of ECB has now been withdrawn.

All-in-cost Ceilings

With the sovereign credit ratings of India enhanced to investment grade, the all-in-cost ceilings for ECBs have been modified as follows:

Average Maturity Period	All-in-Cost Ceilings over 6 Months LIBOR*	
	Existing	Revised
Three years and up to five years	200 basis points	150 basis points
More than five years	350 basis points	250 basis points

* for the respective currency of borrowing or applicable benchmark.

These changes would apply to ECBs both under the automatic route as well as approval route with immediate effect

➤ **Interest Subvention for Crop Loans**

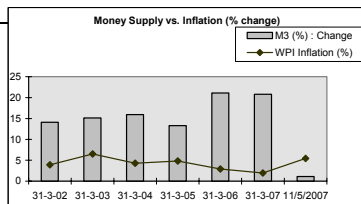
Pursuant to the announcement made by the Hon'ble Finance Minister in his Budget Speech, the government will provide interest subvention of 2 per cent per annum to public sector banks for short-term production credit up to Rs. 3 lakh provided to farmers. The amount of subvention would be calculated on the amount of crop loan disbursed from the date of disbursement/drawal up to the date of payment or up to the date beyond which the outstanding loan becomes overdue i.e., March 31, 2008 for kharif and June 30, 2008 for rabi respectively, whichever is earlier. The subvention would be available to public sector banks on the condition that they make available short-term credit at ground level at 7 per cent per annum.

APPENDIX
GDP growth in FY 2006-07

Industry	Q1	Q2	Q3	Q4	FY 2006-07 (in%) (RE)
➤ Agri, forestry & fishing	2.8	2.9	1.6	3.8	2.70
➤ Mining & quarrying	3.7	3.9	5.5	7.1	5.10
➤ Manufacturing	12.3	12.7	11.8	12.4	12.3
➤ Elec, gas & water supply	5.8	8.1	9.1	6.9	7.40
➤ Construction	10.5	11.1	10.0	11.2	10.7
➤ Trade, hotels	12.4	14.2	13.1	12.4	13.0
➤ Financing, insurance*	10.8	11.1	11.2	9.3	10.6
➤ Services**	11.3	8.3	6.7	5.7	7.80
➤ Overall GDP	9.6	10.2	8.7	9.1	9.40

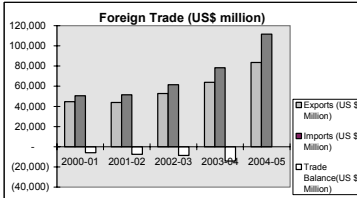
RE: Revised estimates: *real estate & business services;

** services include community, social & personal



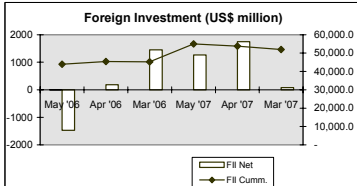
	31-3-02	31-3-03	31-3-04	31-3-05	31-3-06	31-3-07	11/5/2007
M3 (Rs. Crore)	14,96,355	17,25,222	20,03,102	22,53,938	27,29,535	32,96,919	33,33,173
M3 (%) Change	14.1	15.14	15.95	13.30	21.10	20.79	1.10
WPI (Index) All Commodities@	161.8	172.30	180.30	189	196.6*	200.5@	211.4*
WPI Inflation (%)	3.92	6.49	4.29	4.83	2.91	1.98	5.44

Source: RBI Bulletin, March 2007, WSS: April 27, 2007 #1993-94+100@yearmonth-end; @ May 06, 2006 *May 05, 2007



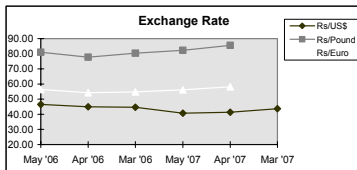
During the Year	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	April 06-Mar 2007*
Exports (US \$ Million)	44,560	43,827	52,719	63,843	83,536	103,091	124,629
Imports (US \$ Million)	50,537	51,413	61,412	78,149	111,517	149,166	181,368
Trade Balance (US \$ Million)	(5,977)	(7,586)	(8,693)	(14,306)	(27,981)	(46,075)	(56,739)

Source: RBI Bulletin, January 2007; Revised figures for 2000-01 to 2005-06 (April-March) *DGI&S data for April 2006 to March 2007 (Provisional)



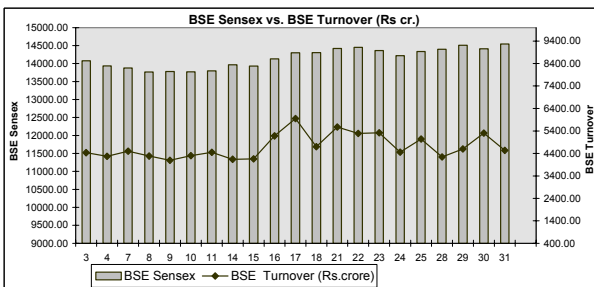
	2005-06 (US\$ million)			2006-07 (US\$ million)		
	May '06	Apr '06	Mar '06	May '07	Apr '07	Mar '07
FI Net	(1,473.0)	185.5	1,450.2	1,265.0	1,752.0	81.5
FI Cumulative	43,959.6	45,443.9	45,258.7	54,932.4	53,717.7	51,965.7

Source: SEBI - Diff. in total figures are due to rounding off.



	2005-06			2006-07		
	May '06	Apr '06	Mar '06	May '07	Apr '07	Mar '07
Rs/US\$	46.43	44.97	44.61	40.73	41.29	43.59
Rs/Pound	87.43	81.04	77.80	80.43	82.30	85.53
Rs/Euro	59.80	56.41	54.20	54.74	56.20	58.14

Figures are for month-end



May 2007	BSE Sensex Close	BSE Turnover (Rs. crore)
Apr 30, 2007	13872.37	3282.00
3	14078.21	4432.00
4	13934.27	4268.00
7	13879.25	4497.00
8	13765.46	4281.00
9	13781.51	4094.00
10	13771.23	4305.00
11	13796.16	4450.00
14	13965.86	4136.00
15	13929.33	4159.00
16	14127.31	5179.00
17	14299.71	5952.00
18	14303.41	4697.00
21	14418.60	5576.00
22	14453.72	5290.00
23	14363.26	5316.00
24	14218.11	4458.00
25	14338.45	5045.00
28	14397.89	4241.00
29	14508.21	4605.00
30	14411.38	5303.00
31	14544.46	4537.00



Annexure 1 : Select International Economic Indicators for Developed Industrialised Countries And India

Country	Interest rates, (%)		CPI (percentage change)		Currency unit per US \$		Union Budget (+) / (-) % of GDP 2007	Real Rate (Short-term) (1-3)	Currency unit per Euro 23.05.07	Balance Latest :12 months		Col 11 as Percentage of GDP 2007
	3-month latest	10-year gov't bonds latest	Latest	A Year ago	As on 23.05.07	A Year ago				Trade Account (US\$ bn)	Current Account (US\$ bn)	
	1	2	3	4	5	6	7	8	9	10	11	12
Euro-11	4.07	na	1.90	2.40	0.74	0.78	-1.00	2.17	1.00	3.2	-5.1	-0.1
			Apr								Feb	
U. S. A.	5.18	4.86	2.50	3.50	1.00	1.00	-1.60	2.58	1.35	-827.2	-856.70	-6.1
			Apr								Mar	
Britain	5.71	5.20	**2.8	2.00	0.50	0.54	-2.60	2.53	0.68	-157.6	-80.10	-3.0
			Apr								Mar	
Japan	0.57	1.68	-0.1	-0.20	121.00	113.00	-4.70	0.67	163.51	89.8	181.50	4.0
			Mar								Mar	
Sweden	3.33	4.21	1.90	1.50	6.82	7.29	2.20	1.43	9.22	20.1	28.40	6.8
			Apr								Mar	
Switzerland	2.46	2.98	0.50	1.10	1.23	1.22	1.20	1.96	1.66	10.4	106.10	15.9
			Apr								Mar	
India	7.62	8.42	6.70	4.90	40.60	45.80	-4.30	0.92	54.86	-58.2	-10.00	-1.8
			Mar								Mar	

Source: The Economist London: May 26th-June 1st, 2007
**RPI Inflation rate 4.8% in March

Figures in Column 9 are derived.

Annexure 2 : Important Economic Indicators for Select Emerging Market Countries

Country	Interest rates, (%)		CPI (percentage change)		Currency unit per US \$		Union Budget (+) / (-) % of GDP 2007	Real Rate (Short-term) (1-3)	Currency unit per Euro 23.05.07	Balance Latest :12 months		Col 11 as Percentage of GDP 2007
	3-month latest	10-year gov't bonds latest	Latest	A Year ago	As on 23.05.07	A Year ago				Trade Account (US\$ bn)	Current Account (US\$ bn)	
	1	2	3	4	5	6	7	8	9	10	11	12
China	3.02	3.74	3.0	1.2	7.65	8.03	-1.6	0.02	10.34	207.3	249.9	8.1
			Apr								2006	
Hongkong	4.40	4.17	1.3	1.9	7.82	7.76	2.0	3.10	10.57	-18.2	20.6	9.8
			Apr								Mar	
Indonesia	8.63	6.25	6.3	15.4	8710	9360	-1.4	2.33	11770.27	41.1	9.6	2.2
			Apr								Mar	
Malaysia	3.62	5.40	1.5	4.6	3.39	3.64	-3.3	2.12	4.58	28.6	25.6	13.5
			Apr								Mar	
Singapore	2.34	2.65	0.9	1.1	1.53	1.59	0.3	1.74	2.07	35.0	36.3	23.3
			Apr								Apr	
South Korea	5.05	5.22	2.5	2.0	932	950	0.4	2.55	1259.46	17.2	5.7	0.2
			Apr								Mar	
Taiwan	1.86	2.23	0.7	1.2	33.40	32.0	-2.3	1.16	45.14	13.0	28.1	6.7
			Apr								Apr	
Thailand	3.90	3.46	1.8	6.0	34.6	38.6	-1.2	2.10	46.76	6.6	8.1	2.1
			Apr								Mar	
Brazil	12.43	6.16	3.0	4.6	1.94	2.34	-2.2	9.43	2.62	46.7	13.6	0.8
			Apr								Apr	
Venezuela	10.11	6.55	19.4	11.4	2147	2565	-3.8	-9.29	2901.35	33.0	27.2	9.8
			Apr								Mar	
India	7.62	8.42	6.70	4.9	40.6	45.8	-4.3	0.92	54.86	-58.2	-10.0	-1.8
			Mar								Mar	

Source: The Economist London: May 26th-June 1st, 2007

The Research Group : Prof. Poonam Kumar & Dr. D.K. Bhatia
For research queries contact –
Mega Ace Consultancy [India] Private Limited,
B-68, Mittal Tower, Nariman Point, Mumbai 400 021
Tel : +91-22-2281 2298
Fax: +91-22-2281 2305
Url: www.mega-ace.com
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