



## Update on Indian Economy

June 2006

### Economic Snapshot

Contents	Item	Units	May	April	May	(% Change	
			2006	2006	2005	[1] / [2]	[1]/[3]
			[1]	[2]	[3]	[4]	[5]
- Editorial	WPI -Index*	1993-94=100	200.5	198.5	192.2	1.00	4.3
- Capital Market	WPI -						
- Country : China	Inflation**	Per cent	4.3	3.5	5.5	-	-
- Other Markets		Week ended	13.5.06	15.4.06	14/5/2005		
- Important Policy Pronouncements	IIP (93-94=100)	2 months lag	249.2	227.3	225.8	9.63	10.3
			<b>(Mar 06)</b>	<b>(Feb 06)</b>	<b>(Mar 05)</b>		
	INR / US\$	Month End	46.43	44.97	43.69	3.25	6.27
	M3	Rs. '000 Cr.	2771.70	2747.92	2350.37	0.87	17.93
	[i] Agg. Deposits	Rs. '000 Cr.	2329.13	2320.88	1967.8	0.36	18.36
	[ii] Currency	Rs. '000 Cr.	442.57	427.04	382.57	3.64	15.68
		(Outstanding as on)	(12.5.06)	(14.4.06)	(13/05/05)		
	Call Money	% Range	4.00-5.95	4.10-6.25	3.50-5.25	-	-
	(Lendings)	Week ended	19.5.06	21.4.06	20.5.05		

Source: RBI Weekly Statistical Supplement June 04, 2005 / June 02, 06 & Economic & Political Weekly June 03, 06.

\*All Commodities. \*\*Over the year.

### Editorial

#### A) Domestic

The last quarter data of the fiscal 2005-06 indicated that the GDP growth for the whole year is 8.4%; but some considered that the economy is over heated. However the official version is that there is no evidence of the economy being over heated and several macro-economic indicators are reasonably good. The Finance Minister appeared to be satisfied with this overall growth rate of 8.4% but indicated that more structural, legal and administrative reforms are needed particularly in the mining and electricity sector to sustain even higher growth rate. In fact the mining sector grew by only 0.9% in 2005-06 as against 5.8% in the preceding year. The Finance Minister indicated that a sizeable foreign capital is moving to Indian economy and this includes Foreign Institutional Investors (FIIs) which is in addition to Foreign Direct Investment (FDIs).

The trade data indicated that exports during April 2006, the first month of 2006-07 touched to US\$ 8,347 bn recording a growth rate of 27.1% over the exports in the same month of 2005-06. On the top of it software and services export grew by US\$ 22.4 bn in 2005-06 registering an increase of 33%. This augurs well for the Indian economy, and it seems that the economy can sustain the GDP growth rate even higher than 8% annually during 11th Plan Period of 2007-2012.

## **B) International**

Global payment imbalances resulting from large US current account deficit which reach 6.4% of GDP in 2005 alongwith surpluses mainly of oil exporting countries induced by high crude oil prices internationally and number of Asian economies continue to remain worrisome for economic policy makers. The continuing US large current account deficit increases the risk of disorderly downward adjustment in the US dollar which in turn would sharply push up US interest rates. This could possibly lead to global slowdown and even recession.

It is indicated in the World Economic Outlook (WEO) that high oil prices would indeed widen global external imbalances. About one half of the deteriorations in the US current account deficit is due to higher oil prices and its contribution is expected to be equivalent to about one percentage point of US GDP. On the other hand the oil exporting countries which have realized large earnings from increased oil prices are cautious about spending in tune with the increased revenue; as a result the current account surplus of oil exporting countries amounted to 15% of GDP or even higher. Further the impact of oil prices is that the petrol dollar are being recycled through international capital markets which is helping to keep the long term interest rates low in the US and help further in widening the current account deficit through increased domestic demand.

In the earlier oil prices shocks oil importing countries experienced increases in energy prices leading to higher inflation and interest rates which dampened the domestic demand. Further in the present scenario many countries have strong monetary framework and enjoy the improved credibility of Central Bank; as a result of this the impact on the real side of the economy is subdued. In view of these developments the current account deficit in US and the current account surpluses in Asian and oil exporting countries may adjust rather slowly. (*IMF Survey: April 17, 2006*)

### **Capital Market Review**

The month of May 2006 experienced a lot of volatility in the Sensex; at the end of April it was 11,851.93 and on May 2nd, 2006 the first day of the trading in May it was 12,218.78. The index reached the highest level of 12,612.38 on May 10th which was also the closing value on that day and subsequently it declined to touch 10,398.61 on May 31, 2006. During the month, the market gyrated with selling pressures remaining unabated, the index experienced sharp fall on day to day basis. From the end April to May 31st there was a net decline of 1453.32 points. According to Finance Minister the fall in the stock market was due to decline in global market and margin pressures. The increase in the interest rate in major markets abroad led to the decline. However, on the official version was that there is no danger to the growth story of the country and the responsibility for regulating the market and its orderly functioning is that of SEBI.

At present, there is a quota system in IPOs with QIBs retail investors and HNIs who are allotted 50%, 35% and 15% respectively, of the issue size. This quota system creates artificiality in the market and results in price manipulation and other irregularities. SEBI after examining the possibility of shifting away from the quota system, has decided that there would be no change in the existing system of allotment.

One of the IPOs of Deccan Aviation did not receive the response as expected and infact the last day of its subscription was extended to May 26, 2006; the Company also reduced the price band from Rs.150-Rs.175 to Rs.146-Rs.175. The trading was suspended for one hour on May 22, 2006 due to the index falling by more than 10% a day. While the FIIs continued to be net sellers which made partial contribution to the decline. In contrast, the Mutual Funds and the domestic financial institutions were major buyers of equity during the month.

Many small investors have been hit by losses – notional or real – after the two previous trading sessions (May 18 and 19, 2006). Each one of them wanted to know whether they should sell, or hold, and this was the beginning of the end of the three-year-old bull run. The panic seemed to be widespread, and there was frenetic selling. When the markets opened on May 22, 2006, the day was termed as Black Monday. Of late FIIs have been net sellers of equities, which have largely contributed to the current downslide in the stock market. The net cumulative investment by the FIIs declined by US\$ 1,484 million during the month.

	May	Apr	May	Apr	(% Change		
	2006	2006	2005	2005	[1] / [2]	[1] / [3]	[2] / [4]
	[1]	[2]	[3]	[4]	[5]	[6]	[7]
<b>Major Indices</b>							
BSE Sensex – Close	10398.61 (31.05.06)	11851.93 (29.04.06)	6715.11	6154.44	(12.26)	54.85	92.58
Monthly High	12612.38 (10.05.06)	12042.56 (29.04.06)	6724.99	6288.44	4.73	87.54	91.50
Monthly Low	10398.61 (31.05.06)	11237.23 (13.04.06)	6642.61	6138.47	(7.46)	56.54	83.06
S&P CNX Nifty –Close	3071.05	3508.35	2078.55	1902.50	(12.46)	47.75	84.41
P/E Ratio : BSE – 30	18.27	21.02	15.28	14.40	(13.08)	19.57	45.97
FII Investments (Equity+ Debt)							
Inflows – Rs. Cr.	48737.8	43236	15619.4	16210.3	12.73	212.03	166.72
Outflows – Rs. Cr.	55385.1	42414	17005.4	17685.8	30.58	225.69	139.82
Net – Rs. Cr.	(6647.4)	821.8	(1385.8)	(1475.5)	(908.88)	379.68	(155.70)
Cum. Net Inv–US\$ Mn. (Month End)	43959.6	45443.9	35270.7	35588	(3.27)	24.63	27.69

Contrary to the behaviour of FIIs, Mutual Funds and domestic financial institutions supported the market with net purchases of Rs.7,897 crore in May 2006, which again are the highest net purchases made by them in any single month.

The scrips which can be considered for investment are : **Bharat Forge, Tata Motors, Thermax, ACC and Gujarat Ambuja.**

## Country : China\*

### **I. Introduction**

After the Second World War, the Chinese economy followed a centrally planned system largely closed to international trade, but with US withdrawal from Vietnam the economy turned towards market oriented policies giving more space to the private sector. The Chinese reforms started in the 1970s, with the phasing out of collectivized agriculture, gradual liberalization of prices, fiscal decentralization, providing greater autonomy to state enterprises and growth of private sector.

### **II The Chinese Economy**

The initial opening of the economy was in the area of foreign trade and investment but the implementation of the reforms in other sectors has been gradual though the process continues even till today. It was only in 2005, that the sale of equity in China's largest state bank was allowed to foreign investment and refinements in foreign exchange and bond markets were affected.

The opening of the economy has led to gains in efficiency, and rise in GDP on purchasing power parity (PPP) basis which was estimated at US\$ 8859 billion (in 2005) with per capita GDP of US\$ 6800. Sectorwise 53.1% of GDP was contributed by industry, 32.5% by services and the remaining 14.4% by agriculture. The construction and manufacturing industry has played a major role, and the real annual GDP growth rate in 2005 was estimated at 9.9% with total population of 1314 million (estimate for July 2006). About 71.4% of the population is working in the age group of 15-64 years, but only 7.7% of the population is considered to be aged and is in the age group of 65 years and above; this is in sharp contrast to the population in many of the developed countries where there is a dominance of the aged population. Only about one fifth (20.8%) of the population is in the age group of 0-14 years indicating the level of dependency. For a long time the country has been following one child norm and as a result of this the population growth rate estimated in 2006 is low at around 0.59%. Life expectancy at the birth is estimated at around 73 years.

One demographic consequence of the one child policy in the earlier years is that China will be faced in the near future most rapidly aging population. Over emphasis on manufacturing is likely to pose a threat not only to growth but also in the future to deterioration in the environment like air pollution, soil erosion, and the steady fall in the water table. China has more than 100 million users of the internet at the end of 2005. Expansion in world trade and consequently growth in the urban jobs attracting foreign investment remains one of the goals of economic policy. Because of the Chinese aggressiveness in international trade, the country has accumulated foreign exchange reserves close to about US\$ 900 billion.

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\* Official name is *People's Republic of China*

### III India-China Trade

Trade of India with China indicates that total trade was US\$ 1.8 bn in 1999-2000 which steadily increased to US\$ 4.8 bn in 2002-03 i.e. over a period of two years, and which further rose to US\$ 11.3 bn in 2004-05 (Table 1A). Important macroeconomic indicators are given in the Annexure.

**Table 1A: India's Trade with China : Exports & Imports - Yearly**  
(US\$ Million)

Year (April- March)	Exports to China (US \$ mn)	Total Indian Exports (US \$ mn)	Imports from China (US \$ mn)	Total Indian Imports (US \$ mn)	Share (percent) of total Indian		Total Trade with China (1+3)	India's Total Trade (2+4)
					Exports to China.	Imports from China		
	1	2	3	4	5	7	8	9
1999-00	539	36,822	1,287	49,671	1.46	2.59	1,826	86,493
2000-01	831	44,560	1,502	50,537	1.86	2.97	2,333	95,097
2001-02	952	43,827	2,036	51,413	2.17	3.96	2,988	95,240
2002-03	1976	52,719	2,792	61,412	3.75	4.55	4,768	114,131
2003-04	2955	63,843	4,053	78,149	4.63	5.19	7,008	141,992
2004-05	4586	79,247	6,747	107,066	5.79	6.30	11,333	186,313

Source: RBI: Handbook of Statistics on Indian Economy 2004-05;

The latest available data is for April-January 2005-06 which shows that exports during the first 10 months were US\$ 2.2 bn in 2003-04 which rose to US\$ 3.6 bn in 2004-05 and further increased to US\$ 5.1 bn in 2005-06; thus during the span of two years value of exports more than doubled. Imports from China during the first 10 months were US\$ 3.2 bn in 2003-04, and these rose to US\$ 5.5 bn 2004-05 and further to US\$ 8.7 bn in 2005-06; the imports rose faster than exports and reached in 2005-06 close to three times from the level in 2003-04 (Table 1B).

**Table 1B: India's Trade with China : Exports & Imports - Latest**  
(US\$ Million)

Period (April- January)	India's Exports to China (US \$ mn)	Total Exports (US \$ mn)	India's Imports to China (US \$ mn)	Total Imports (US \$ mn)	Share (percent) of total Indian		Total Trade with China (1+3)	India's Total Trade (2+4)
					Exports to China.	Imports from China		
	1	2	3	4	5	7	8	9
2003-04	2,176	49,739	3,208	62,305	4.3	5.15	5,384	112,044
2004-05	3,556	64,507	5,539	87,260	5.51	6.35	9,095	151,767
2005-06	5,102	82,552	8,668	116,607	6.18	7.43	13,770	199,159

Source: RBI: Monthly Bulletin, May 2006

#### **IV India's Exports To China**

Major items of India's export to China are iron ore and other mineral ores; marine products; drugs and pharmaceuticals; inorganic, organic, agro and fine chemicals; cotton yarn, fabrics & madeups; castor oil, plastic & linoleum products; guergum meals, etc.

Top five items of exports to China which include iron ore, other ores & minerals, plastic & linoleum, marine products and drugs & pharmaceuticals, accounted for a share of about 66 per cent in India's total exports to China

Following products have been identified as **focus products** for enhancing India's exports to China:

- Software
- Diamonds, gems & jewellery
- Processed minerals & steel
- Drugs & pharmaceuticals
- Residual chemicals & allied products
- Textile machinery
- Processed foods, agricultural products esp. fresh fruits & marine products,
- Films, etc.

#### **V India's Imports from China**

India's major imports from China include chemicals, mechanical and electronic goods, silk, pharmaceuticals, machinery, minerals, iron and steel etc. Among the fastest growing Chinese exports to India are artificial resins, plastics, and manufactures of metals, electrical machinery and equipments, project goods, crude minerals and professional instruments.

#### **VI India-China Investment Links**

With China's entry into the WTO, immense opportunities have opened for setting up joint ventures and business collaborations between Indian & Chinese Industry. Though there has not been significant transfer of technology between the two countries, many Chinese conglomerates are looking keenly at the Indian market as part of their "go-out" strategy and have plans to enter the Indian market. Major Chinese companies have set up offices in India in sectors such as **machinery, metallurgical equipments, chemicals, automobiles, silk, engineering, and IT.**

The presence of Indian companies in China has also increased substantially, especially in such sectors as **iron and steel products, textiles, chemicals, automobile components, pharmaceuticals**, etc. Indian companies in China are active in **Services Sector** as well including Restaurants, Entertainment, Culture, Banking, etc.

Further, Indian companies are looking at projects in China in the areas of gas turbine, steel, steel plant, etc. Project exports are an important area, particularly as China receives a large amount of multi-lateral loans and Indian companies can participate in projects enjoying multi-lateral funding.

## **VII India-China Economic Relations**

In 1984, India & China signed a Trade Agreement, providing for **Most Favoured Nation Treatment**. In 1988, Indian Prime Minister Rajiv Gandhi visited China. His visit brought the relations of the two countries into a new stage of development as the two sides agreed to maintain peace and tranquillity along the line of actual control and make efforts to improve and develop bilateral relations. It was then decided to constitute a **Joint Working Groups on Trade, Science & Technology**. In 1994, the two countries signed the agreements on avoiding **double taxation**. Agreements for cooperation on health and medical science, MOUs on simplifying the procedure for visa application and on banking cooperation between the two countries have also been signed.

## **VIII Recent Initiatives**

The 7th Session of a Joint Group on Economic, Trade, Science and Technology Cooperation Between Governments of China and India was held in New Delhi on March 16, 2006. Minister of Commerce of PRC Bo Xilai co-chaired the plenary meeting with Mr. Kamal Nath, Minister for Commerce and Industry of India.

Mr. Kamal Nath said that total population of China and India accounted for 40% of the population worldwide. The economies of the two countries have been expanding, and therefore, China and India should actively weave the benefits of bilateral trade and economic cooperation. China would be the largest trading partner and the Minister emphasized that the Government of the two countries should provide convenience to the enterprises on both sides to promote for increased trading and investment opportunities.

The Two Ministers came at a consensus on several important issues mainly to implement the Five-year Plan for China-India All-round Trade and Economic Cooperation, arrived at an agreement on China-India investment promotion, and agreed to establish a working mechanism by which India recognizes the market economy status of China, and launching the joint feasible research on China-India Regional Trading Arrangement (RTA), and build consensus of the solid political, economic, cultural foundation. The two countries should develop bilateral relations and should go hand in hand in the New Century. Further the business circles of the two countries should correspondingly tap the potential development of bilateral trade and economic co-operation.

In this joint economic forum more than 130 entrepreneurs from China and India took part in the Forum. Chinese entrepreneurs mainly came from Dongfang Electric Corporation, Huawei, ZTE, Sinosteel, China Minmetals Corp., CMEC, CWE and Shanghai Electric Group Co.,Ltd. etc. Indian entrepreneurs mainly came from TATA, MAHINDRA & MAHINDRA, BHATI, JUBILANT, RTC and SRS.

### Annexure : China : Selected Macro Economic Indicators

	2001	2002	2003	2004	2005 Proj.
	(Change in percent)				
<b><i>I. Domestic economy</i></b>					
Real GDP	7.5	8.3	9.5	9.5	9.0
Consumer prices (period average)	0.7	-0.8	1.2	3.9	3.0
	(In billions of US dollars)				
<b><i>II External economy</i></b>					
1. Exports	266	326	438	593	750
2. Imports	-232	-281	-394	-534	-654
3. Current account balance	17	35	46	69	114
4. Capital and financial account balance	35	32	53	111	96
5. Of which: Direct investment, net	37	47	47	53	55
6. Gross official reserves	219	295	412	619	829
7. Current account balance (in percent of GDP)	1.5	2.8	3.2	4.2	6.0

Source : IMF : PIN August 2005

### Other Markets

#### **Debt Market**

There were no major issues of debt during the month, however, the Government of India is desirous of creating a single unified exchange traded market for corporate bonds. In this connection, it is understood that SEBI has chosen BSE to implement the proposed project of setting up a unified exchange traded corporate bond market.

#### **Call Money Market**

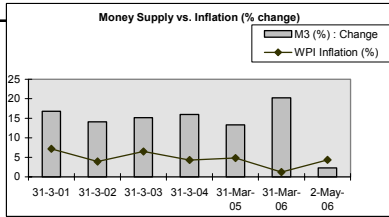
The call money market rate on May 12, 2006 in respect of borrowings ranged between 3.00% and 6.05% as compared to 3.50% and 5.30% on May 13, 2005 i.e. a year ago. A month ago, the rates were 4.50% - 6.70% on April 7, 2006 reflecting that there was a nominal softening of the rate during the month. The average daily turnover in the call money market was Rs.7,964 crore for the week ending May 12, 2006 and this daily turnover rose to Rs.11,251 crore in the week ending May 19, 2006.

#### **Foreign Exchange Market**

The exchange rate (RBI reference rate) on May 19, 2006 was Rs.45.46 per US dollar as compared to Rs.45.39 per US dollar on May 15, 2006. This reflected a nominal depreciation of the rupee vis-a-vis US dollar over the week. Further, the six month forward premia was 1.04% on May 19, 2006 as compared to a premium of 0.99% on May 15, 2006 (a week ago), and this reflects that supply of dollars is likely to ease in the forthcoming months. The foreign currency asset were US \$ 155.88 billion on May 19, 2006, and inclusive of gold and SDRs and the reserve position in the Fund, the foreign exchange reserves aggregated to US\$ 162.96 billion. From end-March 2005, the foreign exchange reserves registered a rise of US\$ 11.34 billion. The market rate (buying) was Rs.46.39 per US dollar on May 31, 2006.

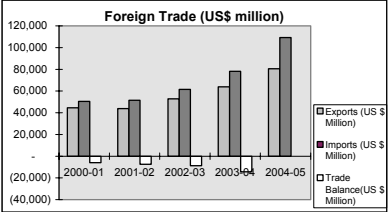
### Important Policy Pronouncements

- The Lok Sabha has passed amendments to RBI and Banking Regulation Act to provide more flexibility to Reserve Bank of India in prescribing the cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR) to be maintained by banks. This augurs well for the banking industry.
- **Limit for Overseas Branch Office Expenses raised**  
The remittance limits for incurring initial and recurring expenses of branch offices opened abroad have been raised to ten per cent and five per cent respectively, of average annual sales / income or turnover during the last two accounting years of the Indian entity. The earlier limits for such remittance were up to two and one per cent, respectively.
- **Realisation of Export Proceeds**  
As a measure of further liberalization, it has been decided that henceforth, authorised dealer banks may grant extension of time for realization of export proceeds beyond the prescribed period from the date of export, up to the invoice value limit of USD 1 million. The earlier invoice value limit for such relaxation was USD 100,000.



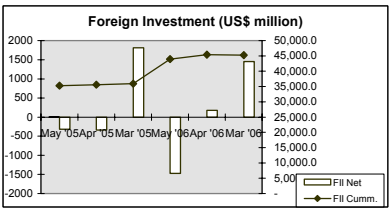
	31-3-01	31-3-02	31-3-03	31-3-04	31-Mar-05	31-Mar-06	2-May-06
<b>M3 (Rs. Crore)</b>	13,13,220	14,98,355	17,25,222	20,03,102	22,53,938	27,09,905	27,71,702
<b>M3 (%): Change</b>	16.82	14.1	15.14	15.95	13.30	20.23	2.28
<b>WPI (Index) All Commodities@</b>	155.7	161.8	172.30	180.30	189	191.4	199.7
<b>WPI Inflation (%)</b>	7.16	3.92	6.49	4.29	4.83	1.23	4.34

Source: RBI Bulletin March 2006; WSS: April 28, 2006 \*#1993-94 = 100 @ year/month-end. \*April 09, 2005 \*May 06, 2006



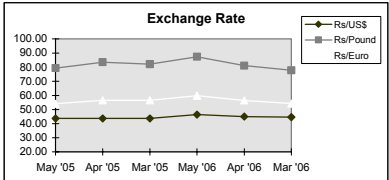
During the Year	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06*	2006-07*
<b>Exports (US \$ Million)</b>	44,560	43,827	52,719	63,843	80,540	100,607	8,347
<b>Imports (US \$ Million)</b>	50,537	51,413	61,412	78,149	109,173	140,238	12,561
<b>Trade Balance (US \$ Million)</b>	(5,977)	(7,586)	(8,693)	(14,306)	(28,633)	(39,631)	(4,214)

Source: RBI Bulletin, March 2006. Revised figures for 2000-01 to 2004-05 \*DGCIS data for April 2006 (Press Release)



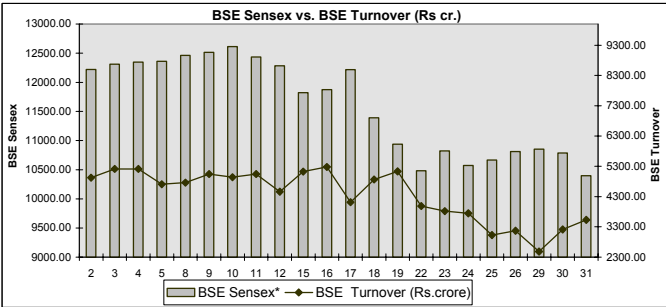
	2005-06 ( US\$ million)			2006-07 (US\$ million)		
	May '05	Apr '05	Mar '05	May '06	Apr '06	Mar '06
<b>FI Net</b>	(317.7)	(337.6)	1,812.5	(1,473.0)	173.9	1,450.2
<b>FI Cum.</b>	35,270.7	35,588.0	35,925.7	43,959.6	45,432.4	45,258.7

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

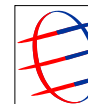


	2005-06			2006-07		
	May '05	Apr '05	Mar '05	May '06	Apr '06	Mar '06
<b>R\$US\$</b>	43.69	43.65	43.75	46.43	44.97	44.61
<b>R\$Pound</b>	79.30	83.57	82.09	87.43	81.04	77.80
<b>R\$Euro</b>	54.13	56.60	56.58	59.80	56.41	54.20

Figures are for month-end



May 2006	BSE Sensex* Close	BSE Turnover (Rs.crore)
2	12218.78	4927.00
3	12310.72	5211.00
4	12347.63	5216.00
5	12359.70	4705.00
8	12462.47	4762.00
9	12513.86	5045.00
10	12612.38	4941.00
11	12435.41	5044.00
12	12285.11	4460.00
15	11822.20	5128.00
16	11873.73	5277.00
17	12217.81	4116.00
18	11391.43	4863.00
19	10938.61	5134.00
22	10481.77	3990.00
23	10822.78	3820.00
24	10573.15	3747.00
25	10666.32	3030.00
26	10809.35	3170.00
29	10853.14	2487.00
30	10786.63	3215.00
31	10398.61	3533.00



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

Country	3-Month Money Mkt		CPI		Currency unit per US \$		Union Budget (+) / (-) % of GDP 2005	Real Rate (Short-term) (1-3)	Currency unit per Euro 24.05.06
	As on 24.05.06	A Year ago	3- Month	A Year ago	As on 24.05.06	A Year ago			
	1	2	3	4	5	6	7	8	9
Euro-11	2.91	2.13	2.40	2.10	0.78	0.79	-2.40	0.51	1.00
			Apr						
U. S. A.	5.06	3.17	3.50	3.50	1.00	1.00	-3.80	1.56	1.28
			Apr						
Britain	4.64	4.81	2.00	1.90	0.54	0.55	-3.20	2.81	0.68
			Apr						
Japan	0.10	0.02	0.30	-0.20	113.00	108.00	-5.20	-0.20	144.00
			Mar						
Sweden	2.12	1.86	1.50	0.30	7.29	7.29	2.70	0.62	9.31
			Apr						
Switzerland	1.41	0.75	1.10	1.40	1.22	1.23	-0.50	0.31	1.55
			Apr						
India*	6.60	5.28	4.37#	4.00	44.42	43.81	-3.80	2.23	53.52
	(Mar 14, 06)	(Feb 18, 05)		(2004-05 over 2003-04)	(Mar 17, 06)	(Dec 24, 04)		(2006-07)	

Source: The Economist London: May 27th - June 2nd, 2006

For India, RBI Weekly Statistical Supplement, (WSS), May 26, 2006 and Union Budget 2006-07

For India, RBI Bulletin, March 2006

# CPI - (IW) January 2006 over January 2005 (RBI Bulletin, March 2006)

\*RPI Inflation rate 2.4% in January 2006

### Annexure 2 : Important Indicators for Select Emerging Market Countries

Country	GDP	Industrial Production	Consumer Prices	Short-term Interest Rates	Foreign Exchange Reserves*	Exchange Rate			Trade Balance	Current Account
	% change on earlier year				% p. a.	US \$ Billion	per US\$		per Euro	Latest 12 Months \$ Billion
	1	2	3	4	5	24.05.06	24.05.06	a year ago	24.05.06	9
China	10.2	16.6	1.2	2.57	875.1	8.03	8.28	10.29	114.1	160.8
	Q1	Apr	Apr		Mar				Apr	2005
Hongkong	8.2	5.9	1.9	4.62	127.0	7.76	7.80	9.95	-11.9	20.3
	Q1	Q4	Apr		Apr				Mar	Q4
India	7.6	7.7	4.9	5.64	153.6	45.80	43.50	58.72	-39.4	-13.3
	Q4	Mar	Mar		Apr				Mar	Q4
Indonesia	4.6	0.2	15.4	13.10	38.3	9360.0	9478.0	12000.00	30.5	3.0
	Q1	Mar	Apr		Mar				Mar	Q4
Malaysia	5.2	3.6	4.6	3.92	73.1	3.64	3.80	4.67	26.7	19.9
	Q4	Mar	Apr		Mar				Mar	Q4
Singapore	10.6	25.2	1.1	3.44	127.9	1.59	1.66	2.04	33.2	33.2
	Q1	Mar	Apr		Apr				Apr	Q4
South Korea	6.2	10.0	2.0	4.36	222.8	950.0	1001.0	1217.95	18.8	9.6
	Q1	Mar	Apr		Apr				Apr	Mar
Taiwan	4.9	5.5	1.2	1.70	259.0	32.00	31.40	41.03	10.4	18.1
	Q1	Apr	Apr		Apr				Apr	Q1
Thailand	4.7	8.2	6.0	5.30	53.7	38.60	40.10	49.49	-5.9	-0.7
	Q4	Mar	Apr		Mar				Jun	Mar

Source: The Economist London: May 27th - June 2nd, 2006

@For India, RBI WSS, May 26, 2006

Note: Quotes for currency units per Euro in Col 8 are derived one.

\*Excluding Gold and SDRs

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