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Update on Indian Economy

October 2007

Economic Snapshot

Contents

- **Editorial**
- **Capital Market**
- **Industry: Textile**
- **Other Markets**
- **Important Policy Pronouncements**

Item	Units	September 2007	August 2007	September 2006	(%) Change [1] / [2]	(%) Change [1]/[3]
		[1]	[2]	[3]	[4]	[5]
WPI -Index*	1993-94=100	214.7	213.1	207.8	0.75	3.3
WPI -Inflation**	Per cent	3.3	4.1	4.6		
	Week ended	(08.09.07)	(04.08.07)	09.09.06		
IIP (93-94=100)	2 months lag	252.2	257.3	233.9	(1.98)	7.82
		(July 07)	**(June 07)**	**(July 06)**		
INR / US$	Month End	39.74	40.96	45.96	(2.98)	(13.53)
M3	Rs. '000 Cr.	3487.13	3489.81	2896.32	(0.08)	20.40
[i] Agg.Deposits	Rs. '000 Cr.	2993.08	2999.12	2457.89	(0.20)	21.77
[ii] Currency	Rs. '000 Cr.	494.05	490.69	438.43	0.68	12.69
	(Outstanding as on)	(14.09.07)	(03.08.07)	(15.09.06)		
Call Money	% Range	1.00-7.50	2.50-6.75	5.25-6.50	-	-
(Lendings)	Week ended	(14.09.07)	(10.08.07)	15.09.06		

Source: RBI Weekly Statistical Supplement September 28, 2007 & Economic & Political Weekly September 15, 2007
**All Commodities. **Over the year.*

Editorial

A) Domestic

According to the provisional data released by the Directorate General of Commercial Intelligence & Statistics (DGCI&S) exports for August 2007 were US$ 12,686.4 million as against US$ 10,668.8 million in August last year. Cumulatively, the country's exports during the first five months (April-August) of 2007-08 registered a relatively healthy growth of 18.4 per cent at US$ 59,484.0 million as compared to US$ 50,255.5 million during the corresponding period of 2006-07. While during this period the rupee appreciated and effected somewhat adversely the exports in the few sectors such as textile and other low technology items but broadly the performance of exports reflects distinct improvement. Looking to the quality, price and delivery schedule the GDP growth during the first quarter (April-June) of 2007-08 at 9.3% is impressive but the export performance during this period emanated from the exports of commodities for which orders were received earlier. There are certain leads and lags. However, the openness of the economy and the breadth of export items seem to have contributed significantly to the momentum in economic growth.

On the import side during the period of five months (April-August) of 2007-08 cumulative imports of US$ 91,986.8 million as against US$ 70,181.4 million registered a growth of 31.1 per cent. Of the total import, the oil import comprised US$ 25,901.3 million which is only 8.3 percent higher than the import of US$ 23,912.1 million in the corresponding five months of last fiscal. Thus, while the oil imports have been contained there is a surge in the non-oil imports which rose during the first five months; the high growth in the non-oil imports in the initial months of the current financial year seems to have distinctly helped in the increase of industrial production because a large proportion of imports comprised capital goods, intermediates and raw materials required by the manufacturing industries which in turn contributed to GDP growth.

B) International

The **global imbalances** have reached alarming proportions and require to be reduced so as to maintain robust world growth. It is planned to monitor the policy commitments of the five major players involved; China, the Euro area, Japan, Saudi Arabia and the United States. It is estimated once the policies are implemented by these countries there could be reduction in the US current account deficit of about 1-1¾% of GDP which would simultaneously be accompanied by reductions in the surpluses everywhere. The IMF has initiated multilateral consultations in June 2006, and again in March 2007 mainly to draw lessons for the future. As early as in 2000, the imbalances in the global economy were thought to delay the global economic growth because the current account deficit of US at that time stood at 4% of GDP. Now this deficit has risen to 6%, and as a consequence it has generated large current account surpluses especially in China, Japan and oil producing countries and in other emerging market countries where it has created problems of absorption. There are two views the one who argue that these imbalances are sustainable and that the World Economy would continue to expand impressively. There is another view that the global imbalances of this magnitude might be sustainable in the long run, but not in the short-run, and action is needed to reduce the size of the imbalances before these imbalances result in abrupt and disorderly manner. Hence to be on the safe side the global imbalances ought to be reduced to avoid abrupt disruption and inflationary pressures in countries like India.

Capital Market Review

During the month the 30-Share Sensex of BSE moved from 15318.60 on August 31, 2007 to 17,291.10 on the last trading day of 28th September 2007. The Sensex moved within a narrow range initially; the volatility in the index being not very large in the initial 2-3 weeks because the index just crossed 16000 points to be precise 16,322.75 on September 19, 2007. Towards the close of the month it crossed the magic figure of 17000 on 27th September 2007. The spurt in the Sensex was largely due to the reduction in the interest rate by 50 basis points by Fed Reserve as against the market expectation of 25 basis points. This reduction resulted in the upward movements in the capital market the world over including Asian markets.

American companies which were hit by the sub-prime crisis and they started revising their technology spending, which in turn has forced Indian companies to revise their quarterly earnings forecasts. For example, **Kanbay**, an Indian IT company that was earlier acquired by Capgemini, indicated that business in the second half of 2007 and for 2008 will be weak because of the sub-prime crisis. Earlier, **WNS** announced a loss of business from First Magnus Financial Corp.,- a US based mortgage company.

While the movement in the Sensex remained within a narrow range initially, the individual stocks in the Sensex reflected high volatility i.e. **Aban Offshore** was able to negotiate the long term contract with ONGC because of the acute shortage of rigs in the upstream oil exploration. It is estimated that the contract with ONGC will result in income of 2000 crore. **Subex Azure**, a company in the IT sector which provides anti-fraud software to telecommunication companies, experienced the biggest fall in its price, partly on account of appreciation of the rupee and largely because a north American client postponed the order.

During the month of September 2007 one of the IPO's by public sector company **Power Grid Corporation of India (PGCI)** was opened. This being PSU the Finance Minister made a statement that listing of the PSU at the stock exchange would unlock the potential value of the company. Though the overall issue was over subscribed 64 times, the institutional investor segment was subscribed 116 times and the High Net Worth (HNW) individual segment 41 times. This was a record made by any PSU and the total worth of the bids worked out to around US$ 30 billion. This is a record for PSU as it overtook the Reliance Petroleum bid of US$ 25 billion from domestic and global institutional investors. The optimism shown by the investors in this PSU is largely because the company belongs to the power sector – a sector which government is trying to push to achieve self sufficiency.

	September	August	September	August	(%) Change		
	2007	2007	2006	2006	[1] /[2]	[1] / [3]	[2] / [4]
Major Indices	[1]	[2]	[3]	[4]	[5]	[6]	[7]
BSE Sensex – Close	17291.10 (28.09.07)	15318.60 (31.08.07)	12454.42 (29.09.06)	11778.02 (31.08.06)	12.88	38.84	30.06
Monthly High	17291.10 (28.09.07)	15318.60 (31.08.07)	12454.42 (29.09.06)	11778.02 (31.08.06)	12.88	38.84	30.06
Monthly Low	15422.05 (03.09.07)	13989.11 (21.08.07)	11550.69 (11.09.06)	10751.66 (01.08.06)	10.24	33.52	30.11
S&P CNX Nifty –Close	5021.35	4464.00	3588.40	3413.90	12.49	39.93	30.76
P/E Ratio : BSE – 30	23.25	20.76	21.34	20.36	11.99	8.95	1.96
FII Investments (Equity+ Debt)							
Inflows – Rs. Cr.	71164.80	57695.20	34056.7	28395.20	23.35	108.96	103.19
Outflows – Rs. Cr.	52377.00	63929.20	27922.80	22948.00	(18.07)	87.58	178.58
Net – Rs. Cr.	18788.40	(6233.70)	6133.4	5447.6	(401.40)	206.33	(214.43)
Cum. Net Inv–US$ Mn. (Month End)	63633.50	59254.50	46928.5	45610.6	7.39	35.60	29.91

The net cumulative investments by FIIs rose from US$ 59.3 billion in end-August 2007 to US$ 63.6 billion in end-September 2007 registering thereby, a rise of US$ 4.3 billion.

Industry – Textile

Introduction :

The continued appreciation of the Indian rupee has adversely affected the exports of items which are labour intensive, which generate large employment and involve relatively low technology in the production process. Based on these considerations textile is one of the sectors which generates employment and involves a low technology in production.

According to the Annual Report 2006-07 of the Ministry of Textiles, the textile industry plays a pivotal role "through its contribution to industrial output, employment generation, and the export earnings of the country. Currently, it contributes about 14 percent to industrial production, 4 percent to the GDP, and 16.63 percent to the country's export earnings". It provides direct employment to over 35 million people, which includes a substantial number of scheduled castes, scheduled tribes, and women. The textiles sector is the second largest provider of employment.

II Textile Industry :

The Indian textiles industry is extremely varied, with the hand-spun and handwoven sector at one end of the spectrum, and the capital intensive, sophisticated mill sector at the other. The decentralized powerlooms/ hosiery and knitting sectors form the largest section of the textiles sector. The close linkage of the Industry to agriculture and the ancient culture and traditions of the country make the Indian textiles sector unique in comparison with the textiles industry of other countries.

Because of the employment the government has provided budgetary concessions and has year to year rationalized the duty structure and created Technology Upgradation Fund schemes (TUFSs) which is suppose to provide assistance to the textile units. Some of the States have created special apparel export zones to give a fillip to the textile industry. The cumulative effect of the various policy implemented over the years has resulted in increased production of textiles. During 2004-05, production of fabrics touched a peak of 45378 square meters, and in the subsequent year the production of fabrics registered a further growth of around 11%. Apart from production, this is one sector after near stagnation during the year preceding 2004-05 when the quota regime prevailed the prospects for exports during 2004-05.

According to the available statistics the performance in the production of cloth has resulted in per capita domestic availability of cloth. During 2004-05, the per capita availability of cloth was 32.6 sq. mtrs. which increased to 36.5 sq. mtrs. in 2005-06 and is likely to increase further in 2006-07.

III Textile Exports :

Apart from generating large employment next only to the agricultural sector the textile sector has important place in the exports-Table 1 shows that exports of textile and textile products rose from US$ 11.3 billion in 2000-01 US$ 12.8 billion in 2003-04 and rose further to US$ 13.6 billion in 2004-05 and leaped to US$ 16.0 billion in 2005-06.

India : Exports of Textile and Textile products

(US$ million)

		2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07P
Textile & Textile products		**11285**	**10207**	**11617**	**12792**	**13555**	**16402**	**17010**
1	Cotton yarn, fabrics, madeups, etc	3461	3073	3351	3395	3450	3945	4137
2	Natural silk yarn, fabrics, madeups, etc., incl. silk waste	317	286	314	380	405	433	432
3	Manmade yarn, fabrics, madeups, etc.	1059	1065	1372	1761	1963	1958	2165
4	Manmade staple fibre	37	24	46	60	88	82	197
5	Woolen yarn, fabrics, madeups, etc.	62	52	51	58	70	85	84
6	Readymade garments	5569	5007	5690	6231	6561	8618	8695
7	Jute & Jute manufactures	151	128	188	242	276	296	258
8	Coir & coir manufactures	48	62	73	78	106	133	156
9	Carpets	582	510	533	586	636	853	887
	a. Carpet handmade	447	375	401	560	608	829	860
	b. Carpet millmade	111	99	112	0	0	0	0
	c. Silk carpets	24	36	20	26	28	23	27
Total Indian exports		**44560**	**43827**	**52719**	**63843**	**83536**	**103091**	**126331**

Source: RBI: Handbook of Statistics on the Indian Economy 2006-07;

As a proportion of the total Indian exports, the exports of textile & textile products constituted 15.9 per cent in 2005-06, and 13.5 per cent in 2006-07 which reflected a gradually declining trend because the share of textile & textile products comprised 25.3 per cent in 2000-01. This is a reflection of the Indian commodity pattern of exports which has been moving from labour intensive and low technology products to skill based and higher technology items. While this may be so the country cannot ignore the fact that large scale employment is generated and has to be generated through this important sector.

The textile policy of 2000 aims at achieving the target of textile and apparel exports of US $ 50 billion by 2010 of which the share of garments will be US $ 25 billion. The main markets for Indian textiles and apparels are USA, UAE, UK, Germany, France, Italy, Russia, Canada, Bangladesh and Japan.

IV Post Quota Regime :

Earlier exports of textile and its products were governed by quota allocated to each country now the elimination of quota restriction has opened the way for the most competitive developing countries to develop stronger clusters of textile expertise, enabling them to handle all stages of the production chain from growing natural fibres to producing finished clothing, According to the OECD paper while low wages can still give developing countries a competitive edge in world markets, **time factors** now play a far more crucial role in determining international competitiveness. Countries that aspire to maintain an export-led strategy in textiles and clothing need to complement their **cluster** of expertise in manufacturing by developing their expertise in the higher value-added service segments of the supply chain such as design, sourcing or retail distribution.

Also the textile industry is undergoing a major reorientation towards non-clothing applications of textiles, known as **technical textiles**, which are growing roughly at twice the rate of textiles for clothing applications, and now account for more than half of total textile production. The processes involved in producing technical textiles require expensive equipments and skilled workers and are, for the moment, concentrated in developed countries. Technical textiles have many applications including bed sheets; filtration and abrasive materials; furniture and healthcare upholstery; thermal protection and blood-absorbing materials; seatbelts; adhesive tape, and multiple other specialized products and applications. India must take adequate measures for capturing its market by promoting research and development in this sector.

V Technology Mission :

With a view to encourage new investment in the emerging area of Technical Textiles, the setting up of a Technology Mission on Technical Textiles has been announced to direct the growth of such products in desired and time bound manner. The Textile Ministry is planning to create Investment Regions for Textiles Sectors which can reduce transaction costs and enhance competitiveness by removing procedural bottlenecks. On the manpower front, the Ministry is working on a scheme for training a million persons in five years on specific textile related trades. The Textile Ministry has been urged to finalise these two proposals at the earliest.

VI Technology Upgradation Fund Scheme (TUFS) :

The Technology Upgradation Fund Scheme, the flagship scheme of the Ministry of Textiles, was launched on April 1, 1999, with the objective of making funds available to the domestic textiles industry to upgrade the technology of existing units, and also to set up new units with state-of-the-art technology in order to enhance its viability and competitiveness in the domestic and international markets. The scheme, which was to last upto March 31, 2004, was extended till March 31, 2007. In the Xth Five Year Plan (2002-07), Rs.1270 crore was earmarked for the scheme. The Government has decided to continue the scheme in the XIth Five Year Plan, and Rs.911 crore had been earmarked for the scheme during 2007-08.

Benefits

- 5% interest reimbursement of the normal interest charged by the lending agency on Rupee Term Loan (RTL); or
- 5% exchange fluctuation (interest & repayment) from the base rate on Foreign Currency Loan (FCL); or
- 15% credit linked capital subsidy (CLCS) for the SSI textiles and jute sectors; or
- 20% credit linked capital subsidy (CLCS) for the powerlooms sector; or
- 5% interest reimbursement plus 10% capital subsidy for specified processing machinery.
- 25% capital subsidy on the purchase of new machinery and equipment for pre-loom & post-loom operations, upgradation of handlooms, and testing & quality control equipment for handloom production units.

The scheme covers spinning, cotton ginning & pressing, silk reeling & twisting, wool scouring & combing, synthetic filament yarn texturising, crimping and twisting, manufacture of viscose filament yarn (VFY)/ viscose staple fibre (VSF), weaving / knitting (including non-wovens) and technical textiles. It also covers the manufacture and processing of fibres, yarns, fabrics, garments and made-ups, the jute sector, and handloom sector (since 2006-07).

Further the Prime Minister reiterated on August 31, 2007 in the Tex Summit, the Government's commitment for facilitating the long term growth of the textile sector, and said that the Government launched the Integrated Textile Park Scheme to address the infrastructure issues and this will continue also in the Eleventh Plan. The Government has expanded the coverage under TUFS Scheme and will continue in the future also.

VII Investment :

The industry expects investment of Rs.1,40,000 crore in this sector in the post-MFA phase. A Vision 2010 for textiles formulated by the government after intensive interaction with the industry and Export Promotion Councils to capitalise on the upbeat mood **aims to increase India's share in world's textile trade from the current 4% to 8% by 2010 and to achieve export value of US $ 50 billion by 2010 Vision 2010 for textiles envisages growth in Indian textile economy from the current US$ 37 billion to US$ 85 billion by 2010; creation of 12 million new jobs in the textile sector; and modernization and consolidation for creating a globally competitive textile industry.**

VIII Recent Initiatives in Textile :

In the two-day Tex Summit, held during August 30-31, 2007 the Prime Minister Dr.Manmohan Singh in his valedictory address assured that the Government would pay the closest attention and would direct the Ministries of Finance, Commerce and Textiles as well as the National Manufacturing Competitiveness Council to sit together and find out a durable, productive and pragmatic solution to the problems of the textile industry.

Recognising the strategic role of textile sector in industrial economy, the Prime Minister further said that this sector could act as a vehicle for nationwide industrial modernisation and revitalisation of traditional skills and designs. The sector can generate large scale employment, especially in the rural areas.

a. Ministry of finance has added 165 new textile products under duty drawback schedule. The new products included wool tops, cotton yarn, acrylic yarn, viscose yarn, various blended yarn/fabrics, fishing nets etc. Further, the existing entries in the drawback schedule relating to garments have been expanded to create separate entries of garments made up of (1) cotton; (2) man made fibre blend and (3) MMF. Separate rates have been prescribed for these categories of garments on the basis of composition of textiles.

b. Proposals for modernization of NTC mills have been made to the consultative committee members, including formation of a committee of experts to improve management of these mills. Even the present status of jute industry was under the scanner of the consultative committee.

c. Finally, the Prime Minister further assured that the Government would pay the closest attention and would direct the Ministries of Finance, Commerce and Textiles as well as the National Manufacturing Competitiveness Council to sit together and find out a durable, productive and pragmatic solution to the problems of the textile industry.

Other Markets

Debt Market

The month of August 2007 saw a fair amount of activity in corporate issuance market with most of it coming from banks. Indian Hotels Company Ltd. came up with bond issuance worth Rs.300 crore while NABARD stepped in with two issuance of bonds to the tune of Rs.200 crore each.

	Name of the Issuer	Rate %	Duration	Rating	Amount Rs. Crore	Type of Instrument
i)	NABARD	9.50%-9.65% & 9.70%-9.80%	3 years & 5 years	AAA	200	Bonds
ii)	Global Trade Finance Ltd.	10.40%	67 months	AA	25	Non-convertible debentures
iii)	Kotak Mahindra Bank Ltd.	9.95%[a]	15 years	AA	20	Upper Tier II Bonds
iv)	Yes Bank Ltd.	10.70%[b]	15 years	A+	50	Upper Tier II Bonds
v)	Yes Bank Ltd.	11%[c]	15 years	A+	25	Perpetual Bonds
vi)	Andhra Pradesh State Finance Corporation	9.10%	5 years	A(SO)	50	Bonds
vii)	Indian Hotels Company Ltd.	9.70%-9.90%[d]	3 years	AA+	300	Bonds
viii)	NABARD	8.90%-9.05% & 9.05%-9.20%[d]	3 years & 5 years	AAA	200	Bonds

a. 10.45% if call is not exercised at the end of 10th year *b. 11.70% if call is not exercised at the end of the10th year*
c. 12% if call is not exercised at the end of the10th year *d. Through book building*
(Source : Credit Analysis & Research Ltd. September 2007)

Call Money Market

The call money market rate on September 14, 2007 in respect of borrowings ranged between 1.00% and 7.50% as compared to the rates of 5.25% - 6.50% on September 15, 2006 (i.e. a year ago) reflecting that there was only softening of the interest rates. The average daily turnover in the call money market was Rs.10,794 crore for the week ending September 14, 2007 and this daily turnover rose to Rs.14,212 crore in the week ending September 21, 2007.

Foreign Exchange Market

The exchange rate (RBI reference rate) on September 21, 2007 was Rs.39.87 per US dollar as compared to Rs.40.47 per US dollar on September 17, 2007, that is, a week ago; this reflected an appreciation of the rupee vis-a-vis US dollar. Further, the six month forward premia was 1.20% on September 21, 2007 as compared to a premium of 1.73% on September 17, 2007 (a week ago), and this reflects that supply of dollars is likely to become relatively comfortable in the forthcoming weeks. The foreign currency assets were US$ 228.57 billion on September 21, 2007, and inclusive of gold and SDRs and the reserve position in the Fund, the foreign exchange reserves aggregated to US$ 235.80 billion. From end-March 2007, the foreign exchange reserves registered a rise of US$ 36.71 billion upto September 21, 2007. The market rate (buying) was Rs.39.87 per US dollar on September 28, 2007. The RBI intervened occasionally into the market by buying dollars in a bid to curb the rise of rupee.

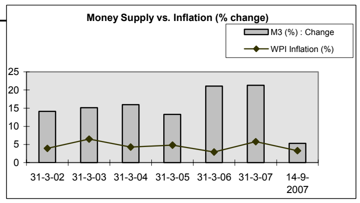
Important Policy Pronouncements

Service Tax and Exports

The Government on September 17, 2007 exempted exporters from paying service tax on services rendered by ports, road transport and railways which are linked to export of goods, and the service tax paid by exporters on these services would be refunded. This will provide a relief to the beleaguered exports sector that has seen significant income squeeze as a result of a strengthening of the rupee.

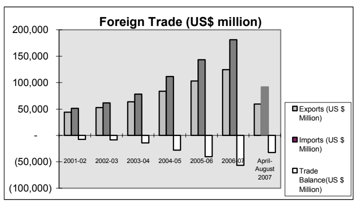
Monitoring of Advances

- Reiterating its earlier instructions, the Reserve Bank has advised banks to put in place stringent safeguards pertaining to post sanction monitoring of advances, such as, regular inspection of borrowers' assets charged to the banks, periodical visits to the assisted units, stock audits, etc,, especially where accounts show signs of turning into non-performing assets (NPAs). In such cases banks should strengthen their monitoring system by resorting to more frequent inspections of borrowers' godowns, ensuring that sale proceeds are routed through the borrower's accounts maintained with the bank and insisting on pledge of the stock in place of hypothecation.
- Banks have also been advised that whenever stocks under hypothecation to cash credit and other loan accounts are found to have been sold but the proceeds have not been credited to the loan account, such action should normally be treated as a fraud. In such cases, banks should take immediate steps to secure the remaining stock so as to prevent further erosion in the value of the available security and also other action as warranted.



	31-3-02	31-3-03	31-3-04	31-3-05	31-3-06	31-3-07	14-9-2007
M3 (Rs. Crore)	14,98,355	17,25,222	20,03,102	22,53,938	27,29,535	33,10,278	34,87,133
M3 (%) : Change	14.1	15.14	15.95	13.30	21.10	21.27	5.34
WPI (Index) All Commodites$$	161.8	172.30	180.30	189	196.6	207.8@	214.7@@
WPI Inflation (%)	3.92	6.49	4.29	4.83	2.91	5.78	3.32

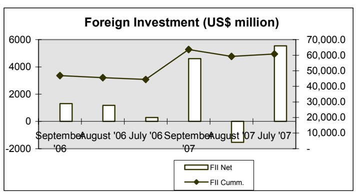
Source: RBI Bulletin September 2007; WSS: September 28,2007 $$1993-94=100; year/month-end; @ September 09, 2006 @@ September 08, 2007



During the Year	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	April-August 2007
Exports (US $ Million)	43,827	52,719	63,843	83,536	103,061	124,629	59,484
Imports (US $ Million)	51,413	61,412	78,149	111,517	143,433	181,368	91,987
Trade Balance(US $ Million)	(7,586)	(8,693)	(14,306)	(27,981)	(40,372)	(56,739)	(32,503)

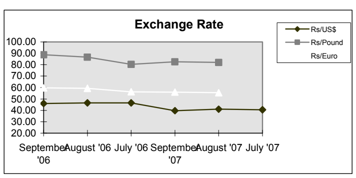
Source:RBI Bulletin, September 2007 : Revised figures for 2001-02 to 2006-07 (April-March)

**DGCI&S data for April 2006 to March 2007 (Provisional)*



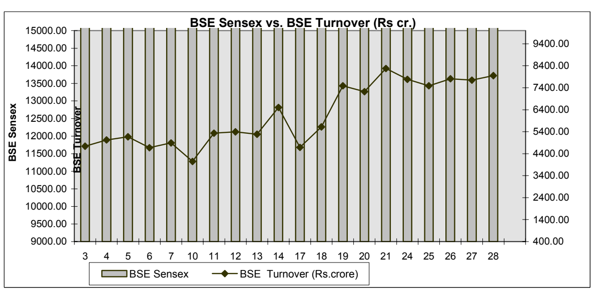
	2006-07 (US$ million)			2007-08 (US$ million)		
	September '06	August '06	July '06	September '07	August '07	July '07
FII Net	1,308.5	1,172.6	285.4	4,608.6	(1,542.4)	5,544.8
FII Cumm.	46,918.8	45,610.6	44,438.2	63,633.50	59,254.50	60,797

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



	2006-07			2007-08		
	September '06	August '06	July '06	September '07	August '07	July '07
Rs/US$	45.96	46.55	46.51	39.74	40.96	40.44
Rs/Pound	86.09	88.72	86.65	80.34	82.55	82.03
Rs/Euro	58.33	59.71	59.31	56.30	55.96	55.42

Figures are for month-end



September 2007	BSE Sensex Close	BSE Turnover (Rs.crore)
August 31,2007	15318.60	5071.00
3	15422.05	4744.00
4	15465.40	5024.00
5	15446.15	5167.00
6	15616.31	4671.00
7	15590.42	4890.00
10	15596.83	4047.00
11	15542.77	5334.00
12	15505.36	5391.00
13	15614.44	5287.00
14	15603.80	6506.00
17	15504.43	4689.00
18	15669.12	5619.00
19	16322.75	7488.00
20	16347.95	7221.00
21	16564.23	8280.00
24	16845.83	7783.00
25	16899.54	7491.00
26	16921.39	7812.00
27	17150.56	7750.00
28	17291.10	7951.00

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

Country	Interest rates, (%)		CPI (percentage change)		Currency unit per US $		Union Budget	Real Rate	Currency	Balance Latest :12 months		Col 11 as
	3-month latest	10-year gov't bonds latest	Latest	A Year ago	As on 19.09.07	A Year ago	(+) / (-) % of GDP 2007	(Short-term) (1-3)	unit per Euro 19.09.07	Trade Account (US$ bn)	Current Account (US$ bn)	Percentage of GDP 2007
	1	2	3	4	5	6	7	8	9	10	11	12
Euro-11	4.73	4.28	1.80	2.30	0.72	0.79	-0.60	2.93	1.00	29.2	3.6	-
			Aug							Jul	Jun	
U. S. A.	4.95	4.52	2.00	3.80	1.00	1.00	-1.30	2.95	1.39	-818.7	-793.20	-5.7
			Aug							Jul	Q2	
Britain	6.53	4.98	1.80**	2.50	0.50	0.53	-2.70	4.73	0.69	-158.6	-93.00	-3.3
			Aug							Jul	Q1	
Japan	0.73	1.58	0.00	0.30	116.00	117.00	-2.50	0.73	161.11	93.2	192.60	4.4
			Jul							Jul	Jul	
Sweden	3.51	4.26	1.80	1.60	6.62	7.27	2.40	1.71	9.19	19.4	29.70	6.8
			Aug							Jul	Q2	
Switzerland	2.78	2.86	0.40	1.50	1.19	1.25	0.30	2.38	1.65	11.1	102.10	16.1
			Aug							Aug	Q1	
India	7.08	8.24	6.50	6.70	40.20	46.00	-3.30	0.58	55.83	-67.9	-9.60	-1.4
			Jul							Jul	Q1	

Source: The Economist London: September 22nd - 28th, 2007 *Figures in Column 9 are derived.*

***RPI Inflation rate 3.8% in July*

Annexure 2 : Important Economic Indicators for Select Emerging Market Countries

Country	Interest rates, (%)		CPI (percentage change)		Currency unit per US $		Union Budget	Real Rate	Currency	Balance Latest :12 months		Col 11 as
	3-month latest	10-year gov't bonds latest	Latest	A Year ago	As on 19.09.07	A Year ago	(+) / (-) % of GDP 2007	(Short-term) (1-3)	unit per Euro 19.09.07	Trade Account (US$ bn)	Current Account (US$ bn)	Percentage of GDP 2007
	1	2	3	4	5	6	7	8	9	10	11	12
China	3.53	4.43	6.5	1.3	7.51	7.93	-0.7	-2.97	10.43	244.9	249.9	10.7
			Aug							Aug	2006	
Hongkong	4.52	4.08	1.6	2.5	7.79	7.79	1.8	2.92	10.82	-20.0	23.8	10.9
			Aug							Jul	Q1	
Indonesia	8.15	6.51	6.5	14.9	9225.00	9168.00	-1.6	1.65	12812.50	42.2	10.3	2.2
			Aug							Jul	Q1	
Malaysia	3.62	5.04	1.9	3.3	3.46	3.68	-3.1	1.72	4.81	28.8	25.9	14.3
			Aug							Jul	Q1	
Singapore	2.69	2.72	2.6	1.1	1.51	1.59	0.30	0.09	2.10	38.1	41.6	24.0
			Jul							Aug	Q2	
South Korea	5.34	5.42	2.0	2.7	927.00	951.00	0.5	3.34	1287.50	20.0	6.9	0.3
			Aug							Aug	Jul	
Taiwan	2.70	2.55	1.6	-0.6	33.10	32.90	-1.9	1.10	45.97	14.3	28.3	5.8
			Aug							Aug	Q2	
Thailand	3.55	4.15	1.1	3.8	34.30	37.80	-1.9	2.45	47.64	9.5	11.5	3.5
			Aug							Jul	Jul	
Brazil	11.18	6.16	4.2	3.8	1.86	2.16	-2.3	6.98	2.58	44.1	11.5	0.7
			Aug							Aug	Jul	
Venezuela	11.07	6.55	15.9	14.9	2147.00	2729.00	-3.1	-4.83	2981.94	23.8	20.4	9.3
			Aug							Q2	Q2	
India	7.08	8.24	6.50	6.70	40.20	46.00	-3.3	0.58	55.83	-67.9	-9.6	-1.4
			Jul							Jul	Q1	

Source: The Economist London: September 22nd - 28th, 2007

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