



Update on Indian Economy February 2011

Economic Snapshot

Contents	Item	Units	January	December	January	(%) Change	
			2011	2010	2010	[1]/[2]	[1]/[3]
			[1]	[2]	[3]	[4]	[5]
-Editorial	WPI -Index*	1993-94=100	144.1	142.30	132.9	1.3	8.4
-Capital Market	WPI -Inflation**	Per cent	8.4	7.5	9.1		
-Microfinance in India	IIP (93-94=100)	2 months lag	317.9	331.5	298.9	(4.10)	6.36
-Other Markets	INR / US\$	Month End	45.93	44.73	46.29	2.68	(0.78)
-Important Policy Pronouncements	M3	Rs. '000 Cr.	6202.43	6060.97	5279.68	2.33	17.48
	[i] Agg. Deposits	Rs. '000 Cr.	5333.51	5193.61	4531.26	2.69	17.70
	[ii] Currency	Rs. '000 Cr.	868.92	867.36	748.42	0.18	16.10
	Call Money	% Range	4.00-7.95	2.00-6.90	1.00-3.40	-	-
	(Lendings)	Week ended	(07.01.2011)	(03.12.2010)	15.01.2010)		

Source: RBI Weekly Statistical Supplement January 21, 2011 & Economic & Political Weekly January 22, 2011

*All Commodities. **Over the year.

Editorial

A) Domestic

Quick Estimates of National Income for the year 2009-10, released on 31st January 2011, reported upward revisions in GDP growth numbers as was expected. While initial estimates had placed the growth rate of GDP at factor cost (2004-05 prices) at around 7.8%, the Quick Estimates placed it at 8%. This was also a welcome development inasmuch as it was significantly higher than the growth rate of 6.8% registered in the preceding financial year.

This spurt in growth rate was spear-headed by the services sector, with a significant contribution also being made by the manufacturing sector. The services sector growth was led by 'transport, storage and communications' (15.0%), followed by 'Community, social and personal services' (11.8%) and 'financing, insurance, real estate and business services' (9.2%). The 'real' sector represented by manufacturing logged a healthy growth rate of 8.8%.

One heartening feature of estimates was the welcome news that gross domestic savings and gross domestic capital formation had logged improvements as compared to the preceding financial year. Thus, the ratio of Gross Domestic Savings in GDP at market prices (current) went up to 33.7% compared to 32.2% in the preceding year. Similarly, the ratio of Gross Domestic Capital Formation at market prices (current) went up to 36.5% relative to 34.5% in the preceding year.

Another positive feature was that the per capita Net National Income (2004-05 prices) registered an improved growth rate of 6.1% (4.8% in the preceding year) to attain a level of Rs 33731 (Rs31801). This would certainly have enabled many individuals below the 'poverty line' to move above it and experience a sense of improved 'well-being'.

While this may have improved the feeling of 'well-being' in the average individual, particularly at the margin, this heightened 'psychological mood' may not be sustained in the current year as well as in the coming financial year. A major development in the current financial year is the sustained 'double digit' food inflation, which may erode the sense of 'well-being'.

While popular media is generally vocal about inflation from the perspective of the relatively prosperous 'middle class', it rarely reflects on the turmoil the current inflation has generated amongst the millions of individuals who have moved above the 'poverty line' in the past decade and are now on the fringe of what might be called the 'lower middle class'. This group is now confronted with a situation where the improvement attained in their consumption levels in recent years is declining rapidly due to persistent inflation. For those 'below the poverty line' also, despite whatever improvement might have been generated by NREGA, it would, perhaps largely be a feeling of 'status quo' in their sense of 'well-being'.

Policy makers are suddenly discovering and are surprised that the consumption pattern has changed, which has stoked food inflation, quite apart from other factors. Perhaps, 'Engel's Law of Consumption' that so many of us learnt while graduating in economics has been forgotten. While it is true that the sustainable remedy to the current problem lies in 'long-term measures', short-term measures, pro-active measures on the supply side, especially public distribution, are equally important, if policy makers want to sustain a continuing national sense of 'well-being' alongside high growth numbers. The Reserve bank cannot be of much help, unless the government also acts.

B) International

World Economic Outlook Update: the IMF released its update on the 'outlook' published in October 2010 on 25th January 2011. It reported that in the 3rd quarter of 2010 the world economy had logged a better than anticipated growth rate of 3½ %, largely on account of improved consumption in the US and Japan buoyed by stimulus measures and the continued robust growth in emerging and developing economies.

Based on evolving economic and policy developments the IMF has marginally revised (by 0.2%) the growth forecast for the world economy in 2011 to 4.4 %, while leaving the projected growth for 2012 unchanged at 4.5 %. The improved forecast is largely on account of a revision in likely performance of US, a few advanced economies and emerging developing economies (other than China & India). In the case of the latter the forecasts remain the same as in October 2010.

A major emerging global concern for 2011 is the rise in world commodity prices (including crude oil) and rising inflation in emerging economies. This is largely on account of the likely robust demand relative to 'sluggish' supply responses. Resultantly, there could be an 'overheating' of some economies. Another concern is the continuing 'weaknesses' of the financial system in advanced economies that could hamper growth revival and if not addressed appropriately could have 'spillover' effects on the global economy.

The IMF has renewed its call for 'rebalancing' efforts, through swift policy measures so that the emerging recovery could be sustained in the medium / long-term.

Unemployment in US & EU: From the Indian perspective US and EU are important markets and their recovery is important to India's future economic fortunes. An important parameter signaling stable / sustainable recovery is the level of unemployment. On this count, while there seems to have been marginal improvement in the US, there has yet to be a major change in EU (27).

Job losses in the US have exceeded job gains (quarterly) since the onset of recession in 2008. The Bureau of Labor Statistics has recently reported that for the first time since then in the second quarter of 2010 this trend reversed, when the net gain in jobs was 728000. Despite this positive development the seasonally adjusted unemployment rose from 9.5% in July 2010 to peak at 9.8 % in November 2010, perhaps, reflecting the lagged impact of the Q3 slowdown in the GDP growth rate. In December 2010, despite 'mass lay-offs' of 137992 workers, the seasonally adjusted unemployment rate in the US has come down to 9.4%, which is a positive development.

In EU (27) the overall desultory picture conceals low unemployment levels / improvements in several countries. According to the latest data released by 'Eurostat' the seasonally adjusted unemployment rate increased to 9.6% (23.179 million persons) in December 2010 as compared to 9.5% in December 2009. Nevertheless, unemployment levels of 5% or lower were reported from Austria, Luxembourg and Netherlands. Spain with an unemployment rate of 20.2% had the highest rate amongst EU (27) countries. Compared to a year earlier unemployment rates fell significantly in 8 countries, the largest falls being recorded in Malta (7.3 % to 6.2 %), Sweden (8.9 % to 7.8%), Germany (7.4% to 6.6%) and Finland (8.8% to 8.1%). While unemployment remained stable in the UK (7.8%), there was marked deterioration unemployment rates in Bulgaria, Greece, Lithuania and Slovenia.

Some analysts feel that while a quick recovery in US / EU could benefit India in terms of higher commerce, it could concurrently generate risks from the perspective of the Indian economy. Quite apart from the fact that it could lead to a flare up in commodity / input prices (including crude), it is feared that it could lead to a slowdown in capital flows to EMEs like India.

Capital Market Review

The stock market lost considerable ground during the month of January 2011 with both the BSE Sensex and S & P Nifty registering a steady decline and in the process shedding gains made after September 2010. A complexity of factors, ranging from domestic to global concerns, appears to have affected market sentiment during the month.

Major domestic concerns are the stubborn food inflation, the risk of inflation becoming general, the scenario of rising interest rates building up, volatility in industrial output, supply constraints, lack of long term fiscal consolidation, high current account deficit, uncertainty of capital inflows and the combined possible adverse impact of these factors on the future growth rate. Important global concerns are flare up in commodity and crude oil prices, faster than expected recovery in developed economies, general inflation, change in direction of capital flows and the combined influence of these developments on growth in the current year

Commencing at a level of 20691 on 3rd January 2011, the BSE Sensex lost ground steadily, despite an 'effort' to stabilise at the 19000 mark. By 31st January the BSE Sensex declined further to 18328 (lowest for the month). In the process it plummeted to levels witnessed in August 2010.

The S & P Nifty of the NSE also displayed similar erosion. Starting from a peak of 6158 on 3rd January 2011, the index steadily weakened. Despite trying to find support at the 5600 level mark, it went below that level by month end, closing at 5506 on 31st January 2011.

While it is normal to see some amount of decline prior to the customary 'pre-budget rally' in share prices, the sustained sharp decline in major share prices is rather unusual for this part of the year. For the time being markets continue to be weak, but some analysts are of the view that the markets may be bottoming out / stabilising in the near future, while others fear that the worst is not yet over.

	January	December	January	December	(%) Change		
	2011	2010	2010	2009	[1]/[2]	[1]/[3]	[2]/[4]
Major Indices	[1]	[2]	[3]	[4]	[5]	[6]	[7]
BSE Sensex – Close	18327.76 (31.01.2011)	20,509.09 (31.12.2010)	16357.96 (19.01.2010)	17464.81 (31.12.09)	(10.64)	12.04	17.43
Monthly High	20561.05 (03.01.2011)	20,509.09 (31.12.2010)	17701.13 (06.01.2010)	17464.81 (31.12.09)	0.25	16.16	17.43
Monthly Low	18327.76 (31.01.2011)	19242.36 (09.12.2010)	16289.82 (27.01.2010)	16601.20 (24.12.09)	(4.75)	12.51	15.91
S&P CNX Nifty –Close	5505.90	6134.50	4882.05	5201.05	(10.25)	12.78	17.95
P/E Ratio : BSE – 30	19.90	23.50	20.3	22.36	(15.32)	(1.97)	5.10
FII Investments (Equity+Debt)							
Inflows – Rs. Cr.	83365.00	82560.60	78811.6	57393.5	0.97	5.78	43.85
Outflows – Rs. Cr.	78001.10	79346.10	70398.9	48682.6	(1.70)	10.80	62.99
Net – Rs. Cr.	5363.50	3213.80	8412.7	8710.9	66.89	(36.25)	(63.11)
Cum. Net Inv–US\$ Mn. (Month End)	120744.91	119546.80	81921.7	80072.71	1.00	47.39	49.30

The cumulative investment by FIIs stood at US\$ 120.74 billion in January 2011, and this reflected an increase of US\$ 1.20 billion over the previous month.

Microfinance in India – Background / Reactions to the Malegam Sub-Committee Report

Background

The microfinance sector emerged as the elixir for poverty alleviation since the 1990's when NABARD started a scheme for creation of Self Help Groups. Promotion of 'inclusive growth' became the fashionable 'catchword' of the Indian financial sector in the 21st century. Thus, over the years, a large number of entities emerged that ranged from (a) non-profit microfinance institutions, covering societies, public trusts and non-profit companies (b) mutual benefit microfinance institutions like co-operatives and (c) for profit organisations focusing on microfinance like Non-Bank Finance Companies (NBFCs) and Local Area Banks (LABs) However, in the year 2010 the sector emerged in a controversial light that was partly the outcome of the success of the sector as a viable commercial activity, particularly the NBFC segment - a number of them operating as public limited companies.

The controversy arose on a number of counts –

- (1) High Profits generated by several Microfinance Institutions (MFIs) in the NBFC segment.
- (2) Excessively high interest rates charged
- (3) Lending practices that imposed excessive costs on the borrower
- (4) Coercive recovery methods that led to suicides by a few defaulters
- (5) Reports of multiple loans
- (6) Lack of standard regulations / monitoring of such institutions.

Such controversy emerging in an activity that directly related to the poverty stricken was bound to be politically sensitive.

In May 2010 the Union Government placed in the public domain 'The Micro Finance (Development and Regulation) Bill 2010 (yet to be enacted), which envisaged NABARD as the regulatory authority. Andhra Pradesh, one of the States afflicted by reports of coercive methods leading to suicides was the first to react when it passed an ordinance on 13th October 2010, which was in December enacted as the 'Andhra Pradesh Micro Finance Institutions (Regulation of Money Lending) Act'. Since these proposed statutes / laws related to the problem concerning regulation of NBFCs / NBFCs operating in Andhra Pradesh, it would create additional regulatory authorities / mechanisms to the statutory powers of Reserve Bank of India already possessed to oversee / regulate the working of such entities.

Malegam Sub-Committee

It was, perhaps, in the light of these developments that the Reserve Bank of India constituted a Sub-Committee of its Board of Directors, under Y.H. Malegam, on 15th October 2010 to 'Study Issues and Concerns in the MFI Sector'. The Committee, among several issues, was expected to provide definitional clarity, examine the prevalent practices of MFIs with regard to interest rate, lending & recovery practices, explore the scope of regulation by RBI and the regulatory framework needed, examine the applicability of money lending legislations of States / other laws, measures to enhance transparency / best practices among players, recommend a grievance redressal machinery and examine the conditions under which loans to MFIs could be considered as 'priority sector' lending. A final item was the 'any other' relevant issue clause.

Recommendations

The major recommendations of the Sub-Committee are –

1. Creation of a separate category of NBFCs designated as NBFC-MFIs, alongwith a definition that excludes 'non-profit' making companies.
2. The NBFC-MFIs will not have less than 90% of their total assets as 'qualifying assets' comprising of (i)loans given to eligible borrowers (with household income Rs 50000 per annum) given loan of up to Rs 25000/- (ii) tenure of loan to be 12 months for up to Rs 15000 and 24 months for other loans (iii) without collateral (iv) 75% of such loans necessarily to be for purposes of 'income generation (v) installment choice to be given to borrower
3. Ceiling of 24% on interest on loans given by NBFC-MFIs alongwith a "margin cap" of 10 % for large MFIs and 12 % for smaller ones (Definition 'faulty/ambiguous)
4. Transparency and uniform practices to be instituted with regard to various charges including interest levied / that can be levied alongwith a standard loan agreement.
5. To avoid multiple lending / over financing / ghost borrowing by among other things (i) borrower must be a member of only one JLG (Joint Liability Group) (ii) not more than 2 MFIs should lend to one borrower (iii) minimum moratorium period (iv) sanction / disbursement of loan must be at a central location involving more than one individual (v) Credit Information Bureaus to be created and MFIs to its members
6. With regard to recovery- (i) Penalties to be imposed on MFIs using coercive methods of recovery (ii) all recoveries to be made at the group level at a central place (iii) grievance redressal procedure to be implemented.
7. Regulator to publish a 'Client Protection Code' for MFIs, which must be observed by them. Further, every MFI must have a system of corporate governance as per rules specified by the regulator.
8. NBFC-MFIs (i)must have a minimum net worth of Rs 15 crores (ii)adhere to a capital adequacy ratio of 15% (iii) have provisions on loans of either 1% of loan portfolio or 505 of loan instalments overdue (whichever is higher)
9. Industry associations / banks / Reserve bank to play key role in monitoring compliance of regulatory norms / codes
10. All MFIs must register with the designated regulator
11. In case NABARD becomes the regulator, it must work in close co-ordination with the Reserve bank.
12. Recommendations, if accepted must be implemented by 1st April 2011

Reactions / Comments on the Report

The Malegam Sub-Committee's Report has largely been publicly hailed by many industry players, which, perhaps, is natural considering the fact that it emanates from the potential regulators of this sector. However, there have been a number of questions raised by many regarding the 'fine print' and the meaning of some of the recommendations of the report.

Some of the issues raised are –

- Why should the cap on 'household income' be only Rs 50000/-? Is the borrower an individual or not?
- Why should the loan limit be restricted to Rs 25000/?
- Would not borrowers genuinely benefitting from borrowing for 'productive purposes' from NBFC-MFIs be enhancing their income over time and would not their funding requirement for the venture increase as they grow?
- How can a cap on interest rates of 24% be imposed and is not 10%-12% 'margin cap' sufficient as a regulatory requirement?
- Should the net worth / capital adequacy requirement of different entities in the financial sector be reviewed alongside freshly imposed requirement for NBFC-MFIs.
- The 'margin cap' recommendation requires redrafting to avoid ambiguity
- Does 'standard form' of loan agreement mean identical formats of do MFIs have liberty to design them individually?
- Does the potential borrower have liberty to 'switch' membership of a particular JLG / SHG or not?
- What does a 'central place' mean in practical terms and how can a defaulter be persuaded to congregate at such a place?

There are innumerable questions that people have raised. In our opinion, the Report is a 'hurriedly' constructed one, which, has, perhaps, not dealt comprehensively with all issues, some of the criticism relates to the 'arbitrariness' of certain recommendations and lack of clarity as to what the committee wants to convey. Therefore, the Reserve Bank has done well to place the Report in the public domain for public comment. April 1, 2011, seems too early to implement the recommendations.

Other Markets

Debt Market

The month of December 2010 there were 16 new corporate debt issues for a total volume of Rs.8,678 crore. Most of the debt issues were by large AAA-rated entities, for medium to long-term instruments.

	Name of the Issuer	Duration	Rating	Amount (Rs. Crore)	Type of Instrument
I.	Bank :				
1.	EXIM Bank of India	3 years	AAA	300	Bonds/NCD
2.	Indian Overseas Bank	10 years	AA+	1000	Bonds/NCD
3.	National Bank for Agriculture and Rural Development (NABARD)	3 years	AAA	1000	Bonds/NCD
4.	Small Industries Development Bank of India (SIDBI)	5 years	AAA	600	Bonds/NCD
		5 years		560	
II.	Financial Service Institutions :				
1.	Housing Development Finance Corp. Ltd.	2 years	AAA	385	Bonds/NCD
2.	Infrastructure Development Finance Co. Ltd. (IDFC)	10 years	AAA	306	Bonds/NCD
3.	LIC Housing Finance Ltd.	2 years	AAA	750	Bonds/NCD
		3 years		300	
4.	Mahindra and Mahindra Financial Services Ltd.	1 years	AA+	35	Bonds/NCD
5.	Power Finance Corporation Ltd.	20 years	AAA	578.1	Bonds/NCD
6.	Talwandi Sabo Power Ltd.	13 years	AA+(SO)	750	Bonds/NCD
III.	Public Sector Company :				
1.	GAIL (India) Ltd	10 years	AAA	500	Bonds/NCD
2.	GVK Airport Developers Pvt. Ltd.		AA-(SO)	750	Bonds/NCD
3.	Indiabulls Real Estate Ltd.	3 years	A+	400	Bonds/NCD
4.	North Karnataka Expressway Ltd.	10 years	AAA(SO)	463.6	Bonds/NCD

(Sources: Credit Analysis & Research Ltd., January, 2011)

Call Money Market

The call money rate on January 7, 2011 in respect of borrowings ranged between 4.00% and 7.95% as compared to the rates of 1.50% - 4.50% on January 8, 2010 (i.e. a year ago) reflecting that there was hardening of interest rates. The average daily turnover in the call money market was Rs. 8,411 crore for the week ending January 7, 2011 and this daily turnover decreased to Rs.8,130 crore on January 14, 2011.

Foreign Exchange Market

The exchange rate (RBI reference rate) on January 14, 2011 was Rs.45.30 per US dollar as compared to Rs.45.44 per US dollar on January 10, 2011, that is, a week ago; this reflected a nominal appreciation of the rupee vis-a-vis US dollar. Further, the six month forward premia was 6.27% on January 14, 2011 as compared to a premium of 6.43% on January 10, 2011 (a week ago), which reflects that supply of dollars is likely to become relatively soft in the forthcoming weeks. The market rate (buying) was Rs. 45.93 per US dollar on January 31, 2011. The foreign currency assets were US\$ 267.87 billion on January 14, 2011, and inclusive of gold and SDRs and the reserve position in the Fund, the foreign exchange reserves aggregated to US\$ 297.4 billion. From end-March 2010, the foreign exchange reserves registered an increase of US\$ 18,361 billion upto January 14, 2011.

Important Policy Pronouncements

Third Quarter Review of Monetary Policy 2010-11: The third quarter Monetary Policy Review by the Governor of Reserve bank of India noted that the advanced economies were now showing signs of a sustainable recovery and that India's growth rate had been restored to its pre-recession trend level of 8.5%. Despite this positive outlook there were major concerns, which could not singly be addressed by monetary policy.

An area of concern has been the rise in the current account deficit, which needed to be curbed in order to avoid the risk of a possible crisis generated by volatility in capital flows. This largely required a long-term / sustainable fiscal consolidation on the part of government.

A major concern, from the monetary policy perspective, was the emergence of inflation (bolstered by commodity & oil prices) alongside continuing 'slack' in advanced economies and continuing inflation, largely concentrated in primary articles (including food) and stoked further by rising energy prices (especially crude oil / petroleum products) in India. With respect to India a major concern was the danger of the persistent inflation in primary articles transforming into a general inflation. In the case of India, the inflation, particularly in food articles, has been brought about partly by 'prosperity-generated' alteration in consumption patterns in the face of 'sluggish' supply responses. The latter, to be addressed satisfactorily, in Reserve Bank's opinion, would require long-term policy responses from the government to encourage productivity improvements.

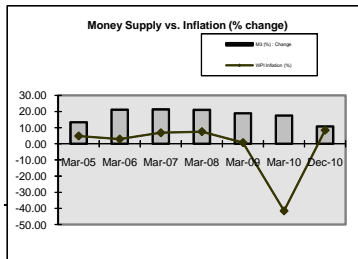
The policy dilemma confronting the Reserve bank at the current juncture is to avoid stifling growth alongside an effort to curb demand-generated inflation. A major risk to growth from a monetary policy perspective has been the 'tight' liquidity conditions prevailing in the banking sector in the second half of 2010-11, which require policy responses to improve liquidity and thereby enable banks to lend to improve productivity of the economy. At the same time, there is need to 'tame' excessive demand by appropriate monetary policy responses in terms of interest rates. This largely explains the course of policy measures taken during 2010-11 as well as those announced in the Third Quarter Policy Review.

Accordingly, the Reserve Bank of India, took the following policy measures to signal a rise in interest rates as well as ease the liquidity situation –

- Increase the repo and reverse repo rates by 25 basis points each – the former being enhanced to 6.5% and the latter to 5.5%.
- To extend the liquidity enhancement measure up to 8th April 2011 –
 - The additional liquidity support to Scheduled Commercial Banks under Liquidity Adjustment Facility LAF to the extent of up to one per cent of their net demand & time liabilities (NDTL).
 - The conduct, on a daily basis, a Second Liquidity Adjustment Facility (SLAF).

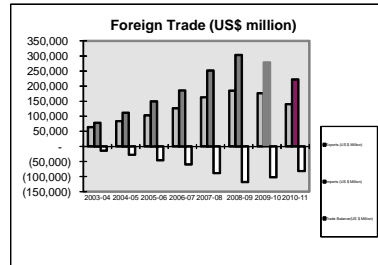
As guidance for the future the Reserve Bank has provided the following –

- Need for a persistent anti-inflationary stance needs to be pursued further in the present environment / circumstance.
- GDP is growth rate in 2011-12 may moderate marginally, as agricultural growth rate was likely to moderate to the trend level on the assumption of a normal monsoon.
- Inflation likely to moderate by the first quarter of 2011-12, but the global environment has several potential risks that could prevent this.
- Fiscal consolidation process both in terms of enhanced revenues and composition / quality of expenditure was also important for inflation control.
- While frictional liquidity was likely to ease as government balances adjust to expenditure, it would also depend on how banks manage their credit flows relative to deposits.



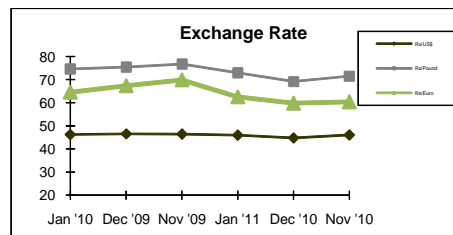
	Mar-05	Mar-06	Mar-07	Mar-08	Mar-09	Mar-10	Dec-10
M3 (Rs. Crore)	2,253,938	2,729,535	3,310,278	4,006,722	4,764,019	5,599,762	6,202,428
M3 (%) : Change	13.30	21.10	21.27	21.04	18.90	17.54	10.76
WPI (Index) All Commodities\$	189	196.6	210	225.7	227.3*	132.9**	144.1***
WPI Inflation (%)	4.83	2.91	6.82	7.48	0.71	-41.50	8.40

Source: RBI Bulletin March 2009; WSS: December 17, 2010 \$S1993-94=100; year/month-end; * December 2008 ** December 2009 *** December 2010



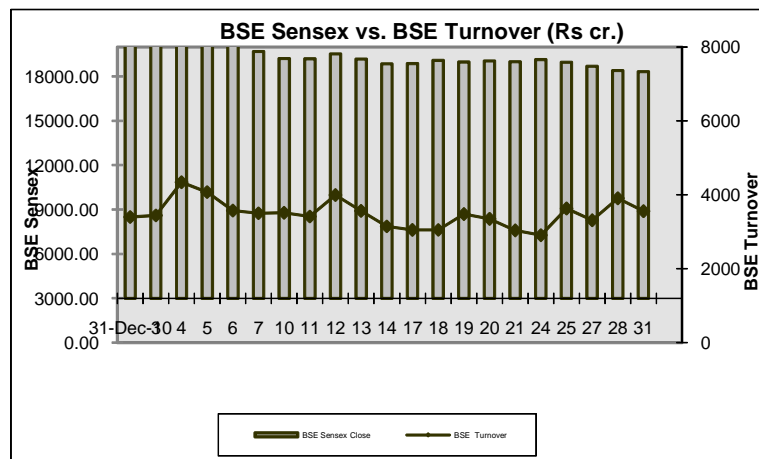
During the Year	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	Nov-10
Exports (US \$ Million)	63,843	83,536	103,091	126,361	163,132	185,295	176,574	140,289	18,895
Imports (US \$ Million)	78,149	111,517	149,166	185,749	251,654	303,696	278,681	221,963	27,796
Trade Balance (US \$ Million)	(14,306)	(27,981)	(46,075)	(59,388)	(88,522)	(118,401)	(102,106)	(81,674)	(8,901)

Source: Ministry of Commerce Revised figures for 2001-02 to 2007-08 (April-March)
*DGI&S data for April 2008 to March 2009 (Provisional)



	2009-10			2010-11		
	Jan '10	Dec '09	Nov '09	Jan '11	Dec '10	Nov '10
Rs/US\$	46.29	46.56	46.42	45.95	44.81	46.04
Rs/Pound	74.62	75.48	76.74	72.95	69.28	71.61
Rs/Euro	64.55	67.36	69.88	62.54	59.81	60.36

Figures are for month-end



Jan 2011	BSE Sensex Close	BSE Turnover (Rs.crore)
31-Dec-10	20,509.09	3403
3	20,561.05	3447
4	20,498.72	4339
5	20,301.10	4076
6	20,184.74	3571
7	19,691.81	3504
10	19,224.12	3517
11	19,196.34	3416
12	19,534.10	3992
13	19,182.82	3564
14	18,860.44	3148
17	18,882.25	3052
18	19,092.05	3055
19	18,978.32	3477
20	19,046.54	3347
21	19,007.53	3038
24	19,151.28	2906
25	18,969.45	3629
27	18,684.43	3314
28	18,395.97	3904
31	18,327.76	3560



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 2010	Real Rate (Short-term) (1-3)	Currency unit per Euro 19.01.2011	Balance Latest :12 months		Col 11 as Percentage of GDP 2010
	3-month latest	10-year gov't bonds latest	Latest	A Year ago	As on 19.01.2011	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	1.01	3.10	2.2	0.90	0.74	0.71	-6.2	-1.19	1.00	7.0	-67.5	-0.5
			Dec							Nov	Oct	
U. S. A.	0.24	3.34	1.5	2.70	1.00	1.00	-8.9	-1.26	1.35	-643.4	-460.5	-3.4
			Dec							Nov	Q3	
Britain	0.80	3.73	3.7	2.90	0.63	0.61	-10.1	-2.9	0.85	-147.7	-41.5	-2.1
			Dec							Nov	Q3	
Japan	0.16	1.25	0.1	-1.90	82.10	91.20	-7.4	0.1	110.95	88.9	190.6	3.4
			Nov							Nov	Oct	
Sweden	2.03	3.24	2.30	0.90	6.60	7.19	-1.4	-0.27	8.92	9.5	28.1	6.6
			Dec							Nov	Q3	
Switzerland	0.17	1.76	0.5	0.30	0.96	1.04	-0.3	-0.33	1.30	19.3	83.2	11.3
			Dec							Nov	Q3	
India	7.19	8.39	8.3	13.40	45.50	45.90	-5.5	-1.11	61.49	-123.3	-53.1	-2.1
			Nov							Nov	Q3	

Source : The Economist London: January 22nd -28th, 2011

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 2010	Real Rate (Short-term) (1-3)	Currency unit per Euro 19.01.2011	Balance Latest :12 months		Col 11 as Percentage of GDP 2010
	3-month latest	10-year gov't bonds latest	Latest	A Year ago	As on 19.01.2011	A Year ago				Trade Account (US\$ bn)	Current Account (US\$ bn)	
	1	2	3	4	5	6	7	8	9	10	11	12
China	4.36	4.10	4.6	1.9	6.58	6.83	-2.2	-0.24	8.89	184.5	316.3	6.1
			Dec							Dec	Q3	
Hongkong	0.21	2.56	2.9	0.5	7.78	7.77	2.9	-2.69	10.51	-41.9	14.8	10.1
			Nov							Nov	Q3	
Indonesia	9.19	4.53	7.0	2.8	9,050.00	9,295.00	-1.4	2.19	12,229.73	21.1	8.7	0.9
			Dec							Nov	Q3	
Malaysia	3.01	2.80	2.2	1.1	3.05	3.36	-5.6	0.81	4.12	34.5	28.4	12.5
			Dec							Nov	Q3	
Singapore	0.44	2.50	3.8	-0.8	1.28	1.40	-0.7	-3.36	1.73	41.1	41.7	18.4
			Nov							Dec	Q3	
South Korea	2.97	4.61	3.5	2.8	1,110.00	1,138.00	-2.0	-0.53	1,500.00	41.7	25.8	3.9
			Dec							Dec	Nov	
Taiwan	1.18	1.33	1.3	-0.2	29.00	31.80	-1.9	-0.12	39.19	10.9	41.9	8.4
			Dec							Dec	Q3	
Thailand	2.40	3.40	3.0	3.5	30.50	32.90	-0.2	-0.6	41.22	12.6	13.9	3.9
			Dec							Nov	Nov	
Brazil	10.66	6.16	5.9	4.3	1.67	1.79	-2.3	4.76	2.26	20.3	-49.4	-2.6
			Dec							Dec	Nov	
Venezuela	14.59	6.55	27.4	26.9	5.30	na	-5.7	-12.81	7.16	28.9	16.9	7.5
			Dec							Q3	Q3	
India	7.19	8.39	8.3	13.40	45.50	45.90	-5.5	-1.11	61.49	-123.3	-53.1	-2.1
			Nov							Nov	Q3	

Source : The Economist London: January 22nd -28th, 2011

Figures in Column 9 are derived.

For research queries contact – research@mega-ace.com
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
February 2011