



Update on Indian Economy January 2009

Economic Snapshot

| Contents | Item | Units | December | November | December | (%) Change | |
|----------------------------------|---------------------|--------------|-----------------|------------------|-----------------|-------------------|------------------|
| | | | 2008 | 2008 | 2007 | [1] / [2] | [1] / [3] |
| | | | [1] | [2] | [3] | [4] | [5] |
| | | | (Oct.08) | (Sept.08) | (Oct.07) | | |
| -Editorial | WPI -Index* | 1993-94=100 | 231.1 | 235.0 | 216.3 | (1.66) | 6.8 |
| -Capital Market | WPI -Inflation** | Per cent | 6.8 | 8.9 | 3.7 | | |
| -Government Stimulus Package | Week ended | | (06.12.08) | (08.11.08) | (08.12.07) | | |
| -Other Markets | IIP (93-94=100) | 2 months lag | 261.5 | 273.0 | 261.5 | (4.21) | 0.00 |
| -Important Policy Pronouncements | INR / US\$ | Month End | 48.45 | 49.84 | 39.41 | (2.79) | 22.94 |
| | M3 | Rs. '000 Cr. | 4423.74 | 4377.85 | 3682.40 | 1.05 | 20.13 |
| | [i] Agg.Deposits | Rs. '000 Cr. | 3801.57 | 3755.65 | 3152.21 | 1.22 | 20.60 |
| | [ii] Currency | Rs. '000 Cr. | 622.17 | 622.20 | 530.20 | 0.00 | 17.35 |
| | (Outstanding as on) | | (05.12.08) | (07.11.08) | (07.12.07) | | |
| | Call Money | % Range | 3.00-6.20 | 4.20-10.09 | 3.50-7.90 | - | - |
| | (Lendings) | Week ended | (12.12.08) | (14.11.08) | (07.12.07) | | |

Source: RBI Weekly Statistical Supplement December 26, 2008 & Economic & Political Weekly December 20, 2008

*All Commodities. **Over the year.

Editorial

A) Domestic

During the first half of the current fiscal 2008-09, GDP grew by 7.8 per cent based on the investment rate achieved in the first half of the current fiscal which rate of 39.6 per cent was higher by one percentage point than the rate achieved during the first half of 2007-08 indicating that there is an increase in the rate of investment during 2008-09. This increase in investment will tend to generate the economic growth not only during second half of 2008-09 but even thereafter. On the top of it the stimulus package first announced on December 07, 2008, and the second on January 02, 2009 (Friday) jointly by Government and Reserve Bank will bring about increased consumption and exports. These measures will have positive impact on the growth rate. Thus the growth rate during the third quarter of 2008-09 may slow down because of 26/11 Mumbai carnage and volatility in the Sensex recorded during December 2008, but the economy would register an upsurge at the back of the stimuli introduced and injection of liquidity into the banking system by RBI and decline in the interest rates affecting SMEs, housing sector and exports. Taking these factors into consideration the fourth quarter of 2008-09 is likely to record a rate of growth higher than that recorded in the third quarter of 2008-09. Figure of the GDP growth rate for the full year of 2008-09 is likely to be available in June 2009 and one can then expect the growth rate to be higher than the rate of 7 per cent but close to 8 per cent.

B) International

In November 2008, the forecast for global growth was cut by $\frac{3}{4}$ percent points to 2.2 percent for 2009 by IMF. Because the crisis has spread rapidly worldwide it is likely that the IMF may announce in January 2009 a further downward revision in the new global forecast. In the context of November 15, 2008 emergency summit called by the leaders of the Group of 20 (G-20) industrialized and emerging market economies, it was suggested by the Managing Director of IMF for a global fiscal stimulus. As the financial crisis has now spread into a broader economic area triggered by the freeze of credit market, large wealth losses, and a loss of confidence, there are indications that there will be contraction in the demand which could perhaps exceed since the Great Depression of 1930s. It is not a question of what policy, and what set of policies to pursue but there is a need for three types of policy measures to be implemented in parallel:

First, there is a need to repair the financial system by recapitalizing banks and isolating bad assets. Frameworks have been put in place, but execution is complex and will take time. Only when this is achieved we hope for a sustained flow of credit and a lasting recovery.

Second, there is a need to use monetary policy to increase demand. Here, the room for further monetary easing – at least in a traditional sense – is shrinking: in some countries, policy interest rates are approaching zero. Moreover, the effect of lower interest rates on demand is weakened by the disruption in credit markets.

Third, a set of measures involving fiscal stimulus are requested. In the short run, such a stimulus, if designed right, can limit the decline in demand as well as output. The fiscal measures that should be taken should be reversible and governments may want to precommit to unwinding some of the policies.

As the world struggles to contain the continued fallout from the financial crisis, attention has shifted from rescuing failing financial institutions to supporting domestic demand, which has fallen off sharply almost everywhere.

(Source : IMF Survey, December 29, 2008)

Capital Market Review

With the month of December 2008, the year ended when the market experienced sudden and intense gyrations which surprised many investors who in their life time never experienced such wide ups and downs in equity, debt, commodity and forex markets. At the end of December 2008, the investors in the equity market were wondering as to when this crisis would end. The Sensex after touching a peak of 21,200 in the early January 2008, ruled for most of the month of December 2008 close to 10,000. In fact looking to the day to day movements it appeared that there was a resistance in the Sensex even to cross 10,000. These factors led to the present situation, continuing global recession, crisis in financial markets especially after September 15, 2008 when Lehman Brothers filed bankruptcy proceedings. In fact adverse effects on the markets due to global recession, hangover of tight liquidity and higher interest rates were clearly visible. Many of the Central Banks in Europe and Bank of England injected funds to improve the liquidity but the process of revival was rather slow. One wonders whether global markets would continue their slides and it was also not clear when the new bottoms would be

reached. Given the adequate surveillance and safe guards provided it is likely that the Indian market after the Sensex crossed the resistance level of 10,000 would march forward and one could see the Sensex moving upward, albeit, slowly to close the Financial Year 2008-09 (April-March) at 13,000-14,000.

Once the economy unfreezes, interest rates across the board will come down as risk-aversion will reduce. The only stumbling block will be the high cost of funds as most banks have taken huge deposits at high interest rates and they will not like to reduce lending rate significantly as long as demand for funds exceeds supply. However, as the economy slows down, demand for funds will also fall once the initial period of inventory clearance is over.

Since October 2008, the Reserve Bank of India (RBI) has been reducing all the key parameters guiding interest rates: cash reserve ratio (CRR) by 350 basis points (bps) to 5.5 per cent, statutory liquidity ratio (SLR) by 100 bps to 24.0 per cent, repo rates by 250 bps to 5.5 per cent and the reverse repo rates by 100 bps to 4.0 per cent.

The Sensex closed at 9092.72 on November 28, 2008. It touched 9162.62 on December 8, 2008 and steadily rose and reached above 10,000 on December 18 and 19, 2008 but during the subsequent days it slid gradually and closed at 9647.31 on December 31, 2008. Thus during the month of December 2008 the Sensex rose by 554.59 points over the figure of 9092.72 on November 28, 2008. As the slide was wide spread almost all the sectors were affected except banking which maintained the reasonable growth during the month.

Towards the close of the month fraud in the IT Company, namely, Satyam Computer was discovered for which market regulators SEBI ordered investigation.

| | December | November | December | November | (% Change | | |
|--|------------------------|------------------------|------------------------|------------------------|-----------|----------|----------|
| | 2008 | 2008 | 2007 | 2007 | [1]/[2] | [1]/ [3] | [2]/ [4] |
| Major Indices | [1] | [2] | [3] | [4] | [5] | [6] | [7] |
| BSE Sensex – Close | 9647.31 (31.12.08) | 9092.72 (28.11.08) | 20286.99 (31.12.07) | 19363.19 (30.11.07) | 6.10 | (52.45) | (53.04) |
| Monthly High | 10099.91 (19.12.08) | 10631.12 (04.11.08) | 20375.87 (12.12.07) | 19976.23 (02.11.07) | (5.00) | (50.43) | (46.78) |
| Monthly Low | 8739.24 (02.12.08) | 8451.01 (20.11.08) | 19079.64 (18.12.07) | 18526.32 (22.11.07) | 3.41 | (54.20) | (54.38) |
| S&P CNX Nifty –Close | 2959.15 | 2755.10 | 6138.60 | 5762.75 | 7.41 | (51.79) | (52.19) |
| P/E Ratio : BSE – 30 | 12.30 | 11.60 | 27.60 | 26.20 | 6.03 | (55.43) | (55.73) |
| FII Investments (Equity+ Debt) | | | | | | | |
| Inflows – Rs. Cr. | 40310.70 | 39488.70 | 91023.80 | 88510.5 | 2.08 | (55.71) | (55.39) |
| Outflows – Rs. Cr. | 37933.50 | 37871.30 | 82132.70 | 94829.5 | 0.16 | (53.81) | (60.06) |
| Net – Rs. Cr. | 2376.60 | 1616.70 | 8891.10 | (6319.2) | 47.00 | (73.27) | (125.58) |
| Cum. Net Inv–US\$ Mn. (Month End) | 59737.30 | 59148.20 | 69954.30 | 67750.3 | 1.00 | (14.61) | (12.70) |

The net cumulative investment by FIIs nominally increased by US\$ 0.59 billion, from US\$ 59.15 billion in end November 2008 to US\$ 59.74 billion in end December 2008.

Government Stimulus Package

The Government is committed to taking steps for minimizing the impact of the global financial crisis on the Indian economy. To this end Government has taken a number of steps since October 7, 2008, again on January 02, 2009 the government announced another stimulus the highlights of which are :

- (i) Additional plan expenditure upto Rs.20,000 crore in the current year mainly for critical rural, infrastructure and social security schemes such as Pradhan Mantri Gram Sadak Yojana (PMGSY), Jawaharlal Nehru National Urban Renewal Mission (JNNURM), National Rural Employment Guarantee Scheme (NREGS), Indira Awas Yojana Accelerated Irrigation Benefit Programme and National Social Assistance Programme (NSAP).
- (ii) An across-the-board cut of 4 per cent in ad-valorem Cenvat rate except for petroleum products.
- (iii) Several other measures to support exports, housing, Micro, Small & Medium Enterprises (MSME) and textile sectors.
- (iv) ECB Policy :
 - FII investment limit in rupee denominated corporate bonds in India increased from USD 6 bn to USD 15 bn.
 - All-in-cost ceilings on such borrowings removed.
 - Development of integrated townships permitted as an eligible end-use of ECB.
 - NBFCs dealing exclusively with infrastructure financing would be permitted to access ECBs from multilateral institutions.
- (v) Flow of credit :
 - SPV designated to provide liquidity support against investment grade paper to NBFCs fulfilling certain conditions. Scale of liquidity potentially available through this window is Rs.25,000 crore.
 - Arrangement made with PSBs to provide line of credit to NBFCs for buying commercial vehicles.
 - Credit targets of PSBs revised upward to reflect the needs of the economy in the present difficult situation.
 - Hold special monthly meetings of State-Level Bankers Committees to resolve credit issues of MSMEs.
 - Department of Financial Services to set up cell to monitor progress.
 - For micro enterprises, guarantee cover extended by Credit Guarantee Fund Trust to 85 per cent for credit facility up to Rs.5 lakh.
 - States will be allowed to raise in the current financial year additional market borrowings of 0.5 per cent of their GSDP.
 - Authorising India Infrastructure Finance Company Limited (IIFCL) to raise Rs.10,000 crore to refinance bank lending for infrastructure projects.
 - IIFCL is allowed to access in tranches an additional Rs.30,000 crores through tax free bonds.
- (vi) For exporters:
 - Restoration of DEPB rates prevailing prior to November 2008.
 - Duty drawback benefits enhanced. Will take effect from September 1, 2008.
 - Committee set up under the chairmanship of the Finance Secretary to discuss exporters issues.

- EXIM Bank to provide pre-shipment and post-shipment credit, in rupees or dollars.
- (vii) Other measures designed to counter recessionary trends are:
 - TMT bars and structurals exempted from CVD.
 - Cement exempted from CVD and Special CVD.
 - Full exemptions on zinc and ferro alloys from basic customs duty withdrawn.
- (viii) Commercial Vehicles
 - Accelerated depreciation of 50 per cent will be provided for commercial vehicles to be purchased on or after 1.1.2009 up to 31.03.09.
- (ix) Working with States
 - The Centre to work with states governments and encourage them to release land for low- and middle-income housing schemes.
 - Assistance to states under the Jawaharlal Nehru National Urban Renewal Commission (*JNNURM*) for the purchase of buses for their urban transport systems.
- (x) Set up a Fast Track Monitoring Committee to ensure expeditious approval and implementation of central projects. Chief Ministers advised to do the same.

Other Markets

Debt Market

The month of November 2008 witnessed fair amount of activity in the primary issuance market. Tata Motors Ltd. came up with several issues of bonds to raise an aggregate amount of Rs.940 crore, largest among other corporate / banks. Central Bank of India issued bonds worth Rs.300 crore. Infrastructure Development Finance Co. Ltd., Aditya Birla Nuvo Ltd. were the other major issuers.

| | Name of the Issuer | Rate % | Duration | Rating | Amount (Rs. Crore) | Type of Instrument |
|------|---|--------|--------------|--------|--------------------|--------------------|
| i) | Aditya Birla Nuvo Ltd. | 13.00 | 3 years | AAA | 125 | Bonds/NCDs |
| ii) | Central Bank of India | 11.45 | - | AA- | 300 | Bonds/NCDs |
| iii) | Infrastructure Development Finance Co. Ltd. | 11.66 | 5 years | AAA | 250 | Bonds/NCDs |
| iv) | Kesoram Industries Ltd. | - | Below 1 year | PR1+ | 50 | Short-term debt |
| v) | Kalpataru Power Transmission Ltd. | - | Below 1 year | PR1+ | 25 | Short-term debt |
| vi) | Tata Motors Ltd. | - | Below 1 year | A1+ | 940 | Short-term debt |
| vii) | Usha Martin Ltd. | - | Below 1 year | PR1+ | 25 | Short-term debt |

(Source : Credit Analysis & Research Ltd., December 2008)

Call Money Market

The call money market rate on December 12, 2008 in respect of borrowings ranged between 3.00% and 6.20% as compared to the rates of 5.00% - 8.30% on December 14, 2007 (i.e. a year ago) reflecting that there was softening of the interest rates. The average daily turnover in the call money market was Rs.13,308 crore for the week ending December 12, 2008 and this daily turnover declined to Rs.11,045 crore in the week ending December 19, 2008.

Foreign Exchange Market

The exchange rate (RBI reference rate) on December 19, 2008 was Rs.47.08 per US dollar as compared to Rs.47.94 per US dollar on December 15, 2008, 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 3.31% on December 19, 2008 as compared to a premium of 3.73% on December 15, 2008 (a week ago), and this reflects that supply of dollars is likely to become relatively easy in the forthcoming weeks. The foreign currency assets were US\$ 245.31 billion on December 19, 2008, and inclusive of gold and SDRs and the reserve position in the Fund, the foreign exchange reserves aggregated to US\$ 254.05 billion. From end-March 2008, the foreign exchange reserves registered a decline of US\$55.67 billion upto December 19, 2008. The market rate (buying) was Rs.48.75 per US dollar on December 31, 2008.

Important Policy Pronouncements

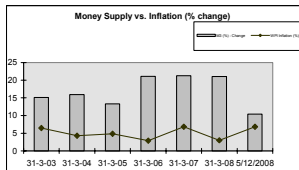
On December 06, 2008, the Reserve Bank of India announced the economic stimulus, the highlights of which are given below :

- The Reserve Bank of India on Saturday cut repo rate by 100 basis points to 6.5 per cent and reverse repo by 100 basis points to 5 per cent.
- The primary liquidity made available to the system through various measures is now worth over Rs 3,00,000 crore (Rs 3,000 billion), announced by Reserve Bank of India Governor D Subbarao.
- In view of the need to enhance credit delivery to the employment- intensive micro and small enterprises sector, it has been decided to provide refinance of an amount of Rs 7,000 crore (Rs 70 billion) to the Small Industries Development Bank of India under the provisions of Section 17(4H) of the Reserve Bank of India Act, 1934. The utilisation of funds will be governed by the policy approved by the Board of the SIDBI.
- The RBI is working on a similar refinance facility for the National Housing Bank of an amount of Rs.4,000 crore (Rs.40 billion). The details of this will be announced later after the proposal is approved by the Central Board of the Reserve Bank.
- On November 15, 2008, the Reserve Bank had announced that proposals by Indian companies for premature buyback of foreign currency convertible bonds would be considered under the approval route, provided that the buyback is financed by the company's foreign currency resources held in India or abroad and/or out of fresh external commercial borrowings raised in conformity with the current norms for ECBs.
- It was decided that loans granted by banks to Housing Finance Companies (HFCs) for on-lending to individuals for purchase/construction of dwelling units may be classified under priority sector, provided the housing loans granted by HFCs do not exceed Rs.20 lakh per dwelling unit per family. However, the eligibility under this measure will be restricted to five per cent of the individual bank's total priority sector lending. This special dispensation will apply to loans granted by banks to HFCs up to March 31, 2010.
- Under the current guidelines, exposures to commercial real estate, capital market exposures and personal/ consumer loans are not eligible for the exceptional regulatory treatment of retaining the asset classification of the restructured standard accounts in standard category. As the real estate sector is facing difficulties, it has been decided to

extend exceptional/ concessional treatment to the commercial real estate exposures which are restructured up to June 30, 2009.

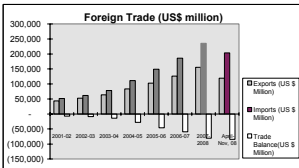
- It was also decided, as a one time measure, that the second restructuring done by banks of exposures (other than exposures to commercial real estate, capital market exposures and personal/ consumer loans) up to June 30, 2009, will also be eligible for exceptional regulatory treatment.
- In view of the difficulties faced by exporters on account of the weakening of external demand, it was decided that the interest rate on Post-shipment Rupee Export Credit up to 180 days will not exceed BPLR minus 2.5 percentage points.

In short, while the fundamentals of the Indian economy continue to be strong, the stimulus now announced by the Reserve Bank has targeted vulnerable sectors such as small scale, housing and exports.



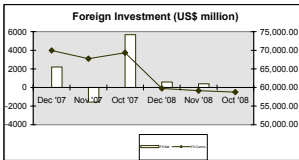
| | 31-3-03 | 31-3-04 | 31-3-05 | 31-3-06 | 31-3-07 | 31-3-08 | 5/12/2008 |
|-----------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| M3 (Rs. Crore) | 17,25,222 | 20,03,102 | 22,53,938 | 27,29,535 | 33,10,278 | 40,06,722 | 44,23,743 |
| M3 (%) - Change | 15.14 | 15.95 | 13.30 | 21.10 | 21.27 | 21.04 | 10.41 |
| WPI (Index) All Commodities | 172.30 | 180.30 | 189 | 198.0 | 210.07 | 216.77 | 231.17** |
| WPI Inflation (%) | 6.49 | 4.29 | 4.83 | 2.91 | 6.82 | 3.00 | 6.84 |

Source: RBI Bulletin, December 2008; WSS: December 26, 2008; **1993-94=100, year/month-end; * March 31, 2007; ** December 08, 2007; *** December 06, 2008



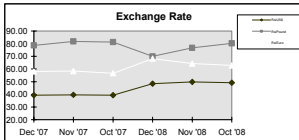
| During the Year | 2001-02 | 2002-03 | 2003-04 | 2004-05 | 2005-06 | 2006-07 | 2007-2008 | April-Nov, 08 |
|-------------------------------|---------|---------|----------|----------|----------|----------|-----------|---------------|
| Exports (US \$ Million) | 43,827 | 52,719 | 63,843 | 83,536 | 103,091 | 126,414 | 155,612 | 119,301 |
| Imports (US \$ Million) | 51,413 | 61,412 | 78,149 | 111,517 | 149,166 | 185,735 | 235,911 | 203,642 |
| Trade Balance (US \$ Million) | (7,586) | (8,693) | (14,306) | (27,981) | (46,075) | (59,321) | (80,398) | (84,341) |

Source: RBI Bulletin, December 2008; Revised figures for 2001-02 to 2007-08 (April-March)
**DGCI&S data for April 2008 to March 2007 (Provisional); Economic & Political Weekly, December 20, 2008



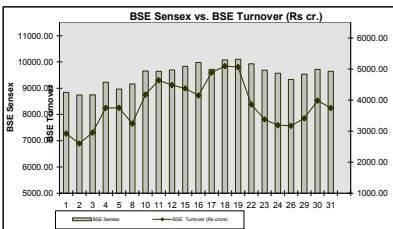
| | 2007-08 (US\$ million) | | | 2008-09 (US\$ million) | | |
|----------|------------------------|-----------|-----------|------------------------|-----------|-----------|
| | Dec '07 | Nov '07 | Oct '07 | Dec '08 | Nov '08 | Oct '08 |
| FDI Net | 2,203.9 | 1,568.61 | 5,883.5 | 488.9 | 400.3 | 6,255.3 |
| FDI Cum. | 69,924.30 | 67,750.38 | 69,318.30 | 58,737.30 | 59,148.20 | 65,403.50 |

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



| | 2007-08 | | | 2008-09 | | |
|----------|---------|---------|---------|---------|---------|---------|
| | Dec '07 | Nov '07 | Oct '07 | Dec '08 | Nov '08 | Oct '08 |
| Rs/US\$ | 39.41 | 39.67 | 39.35 | 48.45 | 49.84 | 49.23 |
| Rs/Pound | 78.74 | 81.78 | 81.35 | 70.01 | 76.81 | 80.36 |
| Rs/Euro | 58.12 | 58.46 | 58.75 | 68.22 | 64.33 | 62.84 |

Figures are for month-end



| December 2008 | BSE Sensex Close | BSE Turnover (Rs.crore) |
|---------------|------------------|-------------------------|
| 28-Nov-08 | 9922.72 | 2396.00 |
| 1 | 8839.87 | 2922.00 |
| 2 | 8739.24 | 2603.00 |
| 3 | 8747.43 | 2955.00 |
| 4 | 9229.75 | 3748.00 |
| 5 | 8965.20 | 3756.00 |
| 8 | 9162.02 | 3243.00 |
| 10 | 9654.90 | 4181.00 |
| 11 | 9645.46 | 4638.00 |
| 12 | 9690.07 | 4487.00 |
| 15 | 9852.39 | 4381.00 |
| 16 | 9976.98 | 4150.00 |
| 17 | 9715.29 | 4894.00 |
| 18 | 10076.43 | 5096.00 |
| 19 | 10099.91 | 5067.00 |
| 22 | 9924.35 | 3861.00 |
| 23 | 9686.75 | 3370.00 |
| 24 | 9568.72 | 3189.00 |
| 26 | 9328.92 | 3175.00 |
| 29 | 9533.52 | 3412.00 |
| 30 | 9716.16 | 3984.00 |
| 31 | 9647.31 | 3746.00 |



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 10.12.08 | 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 10.12.08 | 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 | 3.38 | 3.18 | 2.10 | 3.10 | 0.77 | 0.68 | -1.40 | 1.28 | 1.00 | -40.4 | -51.4 | -0.4 |
| | | | Nov | | | | | | | | Sep | |
| U. S. A. | 0.50 | 2.68 | 3.70 | 3.50 | 1.00 | 1.00 | -3.20 | -3.20 | 1.30 | -851.1 | -699.0 | -4.5 |
| | | | Oct | | | | | | | | Q2 | |
| Britain | 3.08 | 3.78 | 4.50 | 2.10 | 0.67 | 0.49 | -4.90 | -1.42 | 0.87 | -185.5 | -82.9 | -3.0 |
| | | | Oct | | | | | | | | Sep | |
| Japan | 0.80 | 1.42 | 1.70 | 0.30 | 92.80 | 112.00 | -3.30 | -0.90 | 120.52 | 64.8 | 176.5 | 3.8 |
| | | | Oct | | | | | | | | Sep | |
| Sweden | 2.60 | 2.82 | 2.50 | 3.30 | 8.12 | 6.42 | 2.40 | 0.10 | 8.12 | 18.9 | 40.5 | 7.6 |
| | | | Nov | | | | | | | | Oct | |
| Switzerland | 1.14 | 2.23 | 1.50 | 1.80 | 1.20 | 1.14 | 1.10 | -0.36 | 1.56 | 17.7 | 60.2 | 9.8 |
| | | | Nov | | | | | | | | Oct | |
| India | 6.59 | 7.20 | 10.40 | 5.50 | 49.00 | 39.40 | -4.30 | -3.81 | 63.64 | -109.6 | -21.9 | -3.6 |
| | | | Oct | | | | | | | | Oct | |

Source: The Economist London, December 13th - 19th, 2008

Figures in Column 9 are derived.

**RPI Inflation rate 4.2% in Oct.

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 10.12.08 | 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 10.12.08 | A Year ago | | | | Trade Account (US\$ bn) | Current Account (US\$ bn) | |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
| China | 2.52 | 3.03 | 4.0 | 6.5 | 6.86 | 7.38 | 0.2 | -1.48 | 8.91 | 278.8 | 371.8 | 10.5 |
| | | | Oct | | | | | | | | Nov | 2007 |
| Hongkong | 1.75 | 1.62 | 1.8 | 3.2 | 7.75 | 7.80 | -1.0 | -0.05 | 10.06 | -27.2 | 27.5 | 10.3 |
| | | | Oct | | | | | | | | Q2 | |
| Indonesia | 12.12 | 11.33 | 11.7 | 5.6 | 10913.00 | 9301.00 | -1.4 | 0.42 | 14172.73 | 13.5 | 3.9 | 0.4 |
| | | | Nov | | | | | | | | Q3 | |
| Malaysia | 3.40 | 5.16 | 7.6 | 1.9 | 3.62 | 3.32 | -5.0 | -4.20 | 4.70 | 42.0 | 35.3 | 12.8 |
| | | | Oct | | | | | | | | Q2 | |
| Singapore | 0.84 | 2.03 | 6.4 | 3.6 | 1.50 | 1.44 | 0.80 | -5.56 | 1.95 | 20.6 | 29.2 | 17.4 |
| | | | Oct | | | | | | | | Q3 | |
| South Korea | 5.42 | 5.25 | 4.5 | 3.5 | 1394.00 | 927.00 | 1.0 | 0.92 | 1810.39 | -14.2 | -8.3 | -2.3 |
| | | | Nov | | | | | | | | Oct | |
| Taiwan | 2.40 | 1.62 | 1.9 | 4.8 | 33.40 | 32.40 | -1.7 | 0.50 | 43.38 | 3.9 | 28.8 | 5.8 |
| | | | Nov | | | | | | | | Q3 | |
| Thailand | 3.85 | 2.73 | 2.2 | 3.0 | 35.40 | 33.60 | -1.4 | 1.65 | 45.97 | 1.3 | 2.6 | -1.0 |
| | | | Nov | | | | | | | | Oct | |
| Brazil | 13.66 | 6.16 | 6.4 | 4.2 | 2.43 | 1.76 | -1.5 | 7.26 | 3.16 | 25.1 | 28.6 | -1.8 |
| | | | Nov | | | | | | | | Oct | |
| Venezuela | 17.01 | 6.55 | 32.7 | 20.7 | 4.90 | 5.50 | -1.1 | -15.69 | 6.36 | 50.2 | 49.4 | 14.7 |
| | | | Nov | | | | | | | | Q3 | |
| India | 6.59 | 7.20 | 10.40 | 5.50 | 49.00 | 39.40 | -4.3 | -3.81 | 63.64 | -109.6 | -21.9 | -3.6 |
| | | | Oct | | | | | | | | Oct | |

Source: The Economist London, December 13th - 19th, 2008

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