



## Update on Indian Economy

June 2005

### Economic Snapshot

| Contents                    | Item              | Units              | May        | April      | May        | (% ) Change |           |
|-----------------------------|-------------------|--------------------|------------|------------|------------|-------------|-----------|
|                             |                   |                    | 2005       | 2005       | 2004       | [1] / [2]   | [1] / [3] |
|                             |                   |                    | [1]        | [2]        | [3]        | [4]         | [5]       |
|                             |                   |                    |            |            |            |             |           |
| <b>Editorial</b>            | WPI -Index*       | 1993-94=100        | 192        | 190.7      | 181.1      | 0.68        | 6.02      |
| <b>Capital Market</b>       | WPI -Inflation**  | Per cent           | 6.02       | 5.65       | 5.05       | -           | -         |
| <b>Industry : Crude Oil</b> |                   | Week ended         | 7/5/2005   | 9/4/2005   | 8/5/2004   | -           | -         |
| <b>Other Markets</b>        | IIP (93-94=100)   | 2 months lag       | 225.8      | 206.9      | 208.1      | 9.13        | 8.55      |
| <b>Important Policy</b>     |                   |                    | (Mar 05)   | (Feb 05)   | (Mar 04)   | -           | -         |
| <b>Pronouncements</b>       | INR / US\$        | Month End          | 43.54      | 43.71      | 45.56      | (0.39)      | (4.43)    |
|                             | M3                | Rs. '000 Cr.       | 2350.37    | 2336.95    | 2066.63    | 0.57        | 13.73     |
|                             | [i] Agg. Deposits | Rs. '000 Cr.       | 1967.8     | 1967.34    | 1729.87    | 0.02        | 13.75     |
|                             | [ii] Currency     | Rs. '000 Cr.       | 382.57     | 369.61     | 336.76     | 3.51        | 13.6      |
|                             |                   | (Outstanding as on | (13/05/05) | (15/04/05) | (14/05/04) | -           | -         |
|                             | Call Money        | % Range            | 3.50-5.30  | 3.75-5.50  | 2.5-4.95   | -           | -         |
|                             | (Lendings)        | Week ended         | 13/5/2004  | 15/4/2005  | 14/05/2004 | -           | -         |

Source: RBI Weekly Statistical Supplement May 28, 2005 & Central Statistical Organisation, Govt. of India

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

### Editorial

#### A) Domestic

Rate of industrial production at 8.0% during the fiscal 2004-05 was higher than the rate of 7.0% recorded during 2003-04; it was largely due to better performance of the manufacturing sector, which accounts for almost 80% weight in the index of Industrial production (IIP). The manufacturing sector registered a growth rate of 8.8% in 2004-05 as compared to 7.4% during 2003-04. The growth rate of mining sector declined from 5.2% in 2003-04 to 4.3% in 2004-05, while that of electricity generation at 5.2% in 2004-05 was marginally higher than that of 5.1% in 2003-04.

According to the used-based classification, the growth rate of consumer goods registered 11.3% in 2004-05 in contrast to only 7.1% in 2003-04. The rate of production of basic goods increased nominally from 5.4% in 2003-04 to 5.5% in 2004-05. However, there was a modest decline in the rate of production of capital goods, from 13.6% in 2003-04 to 12.6% in 2004-05.

|         | Sectoral      |        |             |         | Use-based classification |               |                |
|---------|---------------|--------|-------------|---------|--------------------------|---------------|----------------|
|         | Manufacturing | Mining | Electricity | Overall | Basic goods              | Capital goods | Consumer goods |
| 2002-03 | 6.0           | 5.8    | 3.2         | 5.7     | 4.9                      | 10.5          | 5.4            |
| 2003-04 | 7.4           | 5.2    | 5.1         | 7.0     | 5.4                      | 13.6          | 7.1            |
| 2004-05 | 8.8           | 4.3    | 5.2         | 8.0     | 5.5                      | 12.6          | 11.3           |

Of the 17 two digits industrial groups 14 showed positive growth in March 2005 as compared to March 2004. Textile production grew by 29.4% followed by 22% growth in leather and leather products and 18% in beverage and related products.

## B) International

Global Economic growth in 2004 at 5.1 percent was the highest in the decades. However, for 2005, the World Economic Outlook projected the growth rate of 4.3 percent. This rate is close to the trend given the high volatility in oil prices, and expectation towards increase of interest rates followed by widening of current account imbalances. The global rate of US economy was projected at 3.6 percent both for 2005 and 2006, and this is due to moderation in private consumption following withdrawal of fiscal and monetary stimuli. In the Euro area, there was a weak domestic demand which was compounded by weak export growth. The growth in 2005 is now projected at 1.6 percent which is lower than from the earlier projections of 2.2 percent made in September 2004. In Japan, while the underlying fundamentals have improved, the economy is expected to record the growth rate of 0.8 percent in 2005 and 1.9 percent in 2006.

The two fastest growing and emerging giants are India and China. In China investment in 2004 was 45 percent of GDP, and there are concerns about the quality of this investment : Reforms in financial sector and in public enterprises will be crucial together with greater exchange rate feasibility, for improvement in the quality of investment.

India needs more investment especially in infrastructure, and there is a need to rationalize expenditures and expand revenues. The policy framework to encourage increased investment by private sector is necessary. In Latin America Brazil has done notably well in 2004 with growth rate of 5.2 percent, and this is due to the implementation of fiscal and structural reforms of the Government. As expected countries like China and India will experience relatively spectacular growth notwithstanding strains on their existing resources.

Further, the regional disparity is clear by the global payment balances, and for the correction of this the regions will have to play an important role.

### Current Account Payment Imbalances

|                                             | (Percent of GDP) |      |                   |                   |
|---------------------------------------------|------------------|------|-------------------|-------------------|
|                                             | 2003             | 2004 | 2005 <sup>1</sup> | 2006 <sup>1</sup> |
| <b>Major advanced economies<sup>2</sup></b> | -1.6             | -1.7 | -1.9              | -1.8              |
| United States                               | -4.8             | -5.7 | -5.8              | -5.7              |
| Euro area <sup>3</sup>                      | 0.3              | 0.6  | 0.4               | 0.4               |
| Japan                                       | 3.2              | 3.7  | 3.3               | 3.5               |
| United Kingdom                              | -1.7             | -2.2 | -2.3              | -2.4              |
| Canada                                      | 2.0              | 2.6  | 2.6               | 2.5               |
| <b>Newly industrialized</b>                 |                  |      |                   |                   |
| Asian economies                             | 7.4              | 7.1  | 6.8               | 6.2               |
| Korea                                       | 2.0              | 3.9  | 3.6               | 2.9               |
| Taiwan Province of China                    | 10.2             | 6.2  | 6.6               | 5.9               |
| Hong Kong SAR                               | 10.3             | 9.6  | 9.4               | 9.3               |
| Singapore                                   | 29.2             | 26.1 | 23.4              | 22.9              |

<sup>1</sup> Projections.

<sup>2</sup> Includes Canada, France, Germany, Italy, Japan, the United Kingdom, and the United States.

<sup>3</sup> Corrected for reporting discrepancies in intra-area transactions.

Data : IMF, World Economic Outlook, April 2005.

### Capital Market Review

During the month of May 2005, the BSE sensx rose from 6154.44 on April 29, 2005 to 6715.11 on May 31, 2005 registering a whopping growth of 660.67 points. This is perhaps the largest growth in a single month. The mood during the month was optimistic as the sensx rose and closed at 6715 which is perhaps the highest closing in the preceding 11 weeks. The trading volumes during the last week of the month were also high. There was a month long trend of consistent inflows by Mutual Funds into the market. According to reliable sources inflows by domestic Mutual Fund during past 8 weeks were over Rs.6000 crore, and it is expected that more domestic savings are likely to flow to mutual funds which will ultimately land in the equity segment.

Among the shares in the limelight during the month were those of **Reliance Industry** and **Infosys Technology**, apart from the scrips such as **TCS, Patni Computers, Polaris, NIIT** recording gains. In contrast, the pharma stocks such a Pfizers, Sun Pharma, Nicholas Piramal, Abindo Pharma which had put up earlier a great show remained weak during the month.

In the earlier part of the month bears dominated on the banking stocks and the bear domination were more pronounced on 26th May, 2005, when the Union cabinet approved the divestment of 10% government stake in **Bhel** through the market route. Further, the government decided to split the Bhel stock ahead of divestment to attract greater retail participation. Flush with funds from the hefty collections of IPOs of new equity schemes, mutual funds stepped up buying. The net outflows of FIIs reached Rs.1385.8 crore in May 2005 but they slowed down their buying possibly on the expectation of higher US interest rates.

|                                       | May      | Apr      | May       | Apr      | (% ) Change |           |           |
|---------------------------------------|----------|----------|-----------|----------|-------------|-----------|-----------|
|                                       | 2005     | 2005     | 2004      | 2004     | [1] / [2]   | [1] / [3] | [2] / [4] |
|                                       | [1]      | [2]      | [3]       | [4]      | [5]         | [6]       | [7]       |
| <b>Major Indices</b>                  |          |          |           |          |             |           |           |
| BSE Sensx – Close                     | 6715.11  | 6154.44  | 4759.62   | 5655.09  | 9.11        | 41.08     | 8.83      |
| Monthly High                          | 6724.99  | 6288.44  | 5757.30   | 5925.58  | 6.94        | 16.81     | 6.12      |
| Monthly Low                           | 6642.61  | 6138.47  | 4505.16   | 5655.09  | 8.21        | 47.44     | 8.55      |
| S&P CNX Nifty –Close                  | 2078.55  | 1902.50  | 1483.60   | 1796.10  | 9.25        | 40.10     | 5.92      |
| P/E Ratio : BSE – 30                  | 15.28    | 14.40    | 15.80     | 18.83    | 6.11        | (3.92)    | (23.53)   |
| <b>FII Investments (Equity+ Debt)</b> |          |          |           |          |             |           |           |
| Inflows – Rs. Cr.                     | 15619.4  | 16210.3  | 15654.70  | 19691.50 | (3.65)      | (0.23)    | (17.68)   |
| Outflows – Rs. Cr.                    | 17005.4  | 17685.8  | 19200.80  | 12972.00 | (3.85)      | (11.43)   | 36.34     |
| Net – Rs. Cr.                         | (1385.8) | (1475.5) | (3546.40) | 6719.50  | (6.08)      | (60.9)    | (78.04)   |
| Cum. Net Inv–US\$ Mn. (Month End)     | 35270.7  | 35588    | 27753.80  | 27237.50 | (0.89)      | 27.08     | 30.66     |

### Industry : Crude Oil - Recent Measures to Enhance Energy Security

#### **I. Introduction :**

Indian imports at US\$ 106 billion increased by 35.6% during 2004-05, and of these POL imports at US\$ 29.1 billion rose by 41.4% indicating a sharp impact of high crude oil prices in international market. However in volume terms, imports of POL slowed down to about 6% in 2004-05 from about 11% in the preceding year. Nearly 70% of the domestic demand is met by imports, and only a smaller

proportion around 30% of the demand is met by the domestic production. This is so because production at around 35 million tonne from the domestic reserves of oil are far below the domestic demand.

## **II. Strategy for Energy Security :**

On the domestic front, the steps include intensive exploration for oil and gas through the New Exploration Licensing Policy (NELP); exploration by National Oil companies, namely, ONGC and OIL, in their nomination blocks; increasing recovery of oil and gas from existing major producing fields by enhanced oil recovery (EOR) / improved oil recovery (IOR) techniques; exploring for alternative sources of hydrocarbons such as Coal Bed Methane (CBM), gas hydrates and underground coal gasification (UCG); and creating strategic petroleum reserves.

On the external front, the strategy is to acquire equity oil abroad, the augmentation of natural gas supply in the country with import of LNG and transnational gas pipelines.

## **III. Present Situation Domestic Exploration :**

- a. India's Fifth exploration bidding round, NELP-V was launched in New Delhi in the first week of January 2005 and this offered a total of 20 exploration blocks. The 20 blocks on offer under NELP-V comprised six deepwater (beyond 400 meter bathymetry), two shallow water and 12 onshore blocks covering a sedimentary area of 1,09,210 sq km. Of the deepwater blocks, two each are on the east and west coasts and two in the Andaman-Nicobar basin. The shallow water blocks are on the west coast, while the 12 onshore blocks are spread across several basins.
- b. The bid terms for NELP-V are basically same as those of the previous rounds. However, the net worth criteria for bidding companies has been slashed from \$1 billion to \$ 500 million. To encourage small and medium size investors, companies with net worth of \$500 million or more will not be required to give a bank guarantee towards minimum work program commitment in respect of onshore and shallow water blocks. Additionally, the Government has decided to exercise the option to take its profit share of natural gas in cash or kind once in five years instead of exercising such option every year, as in the previous four rounds.
- c. The main parameters for bid evaluation were : technical capability of the bidding company / consortium; operatorship experience; financial capability of the bidding company / consortium; work programme and fiscal package. It was indicated by the Minister that the awards would be announced within 60 days of the submission of bids, and contracts would be signed in another 60 days. The last date for receiving bids was 31 May 2005.
- d. In all 69 bids were received for the blocks offered under the new exploration licencing policy. The bids received indicated that 48 companies provided the bids out of which Reliance bid for maximum number of 12 blocks while ONGC put in bids for 10 blocks.

#### **IV. External Sourcing :**

- a. ONGC Videsh Ltd. (OVL), the wholly-owned subsidiary of ONGC, engaged in oil exploration and production (E&P) activities abroad, as well as other national oil companies such as IOC, OIL and GAIL, have been pursuing the acquisition of equity oil and gas abroad, as well as the overseas acquisition of exploration acreages and production properties.

These national oil companies have been participating interests in oil and gas projects in Vietnam, Sudan, Russia, Iraq, Myanmar, Libya, Syria, Australia, Ivory coast, Qatar and Egypt. OVL, in partnership with other oil PSUs which are “aggressively scouting” for E&P opportunities in such far-flung countries as Venezuela, Cuba, Sierra Leone and Ecuador besides Kazakhstan, Kuwait, Yemen, Chad, Niger, Nigeria and Angola.

- b. It is a testimony to the success of OVL that of the 33.98 million tonne of crude and 31.75 billion cubic metre (bcm) of gas that the country produced last year, OVL’s share of production from its overseas assets was 3.7 million tonne of oil and 1.35 bcm of gas.

#### **V. Crude Oil Prices :**

- a. International crude oil prices witnessed a sharp increase during 2004-05 due to various demand and supply side factors. World demand for petroleum products recorded its fastest growth in the last 16 years which is attributable to higher economic growth in the US and Asia, particularly, China. China’s oil consumption grew by 15.6 per cent in 2004, up from 11 per cent in 2003. China accounted for 32 per cent of the increase in global oil demand in 2004. In the US, oil demand grew by 2.4 per cent in 2004 as compared with 1.4 per cent in 2003.
- b. In the Indian context, demand for petroleum products increased by 4.7 per cent in 2004 as compared with 1.3 per cent in 2003. According to International Energy Association (IEA), India’s share in global consumption of oil has increased steadily from about 1.2 per cent in 1981 to 2.2 per cent in 1993 and further to 3.1 per cent in 2003. India emerged as the sixth largest consumer of petroleum products in the world in 2003 (14th in 1993).
- c. The commodity futures market for crude oil, however reveals that the upward pressure on crude oil prices may continue to remain until September-October 2005.

#### **VI. Potential in the country :**

The research indicates that sufficient hydro carbon potential exists in the country both in the explored as well as in the frontier basis. In the wake of rising crude oil prices internationally coupled with high volatility and uncertainty about the supply in international market from the OPEC countries, and other producing countries, the Government has been working out strategies to achieve an increased energy security in the country. The recent negotiations between India and Pakistan of having a gas pipeline from Iran and running through their country is one example of the strategy.

Eventually, as the Mid-Term Appraisal of the Tenth Plan is reported to have suggested for encouraging private participation by each participant in the oil and gas industry from exploration, production and refining to marketing, the Government should set up a long-pending Petroleum and Natural Gas Regulatory Authority by initiating the legislative work in this regard. This would help depoliticize the pricing issue for the eventual benefit of the economy so that hard decisions can be taken without jettisoning good economics.

### **PETROLEUM AND PETROLEUM PRODUCTS : COMMODITY BALANCE**

(Million tonnes)

|           |                                 | 2000-01 | 2001-02 | 2002-03 | 2003-04 | 2004-05*<br>(Apr-Nov) |
|-----------|---------------------------------|---------|---------|---------|---------|-----------------------|
| <b>I</b>  | <b>Crude Oil</b>                |         |         |         |         |                       |
| 1.        | Refinery throughput             | 103.4   | 107.3   | 112.6   | 121.8   | 84.4                  |
| 2.        | Domestic production             | 32.4    | 32.0    | 33.0    | 33.4    | 22.7                  |
|           | a) On-shore                     | 11.8    | 11.9    | 11.5    | 11.5    | 7.7                   |
|           | b) Off-shore                    | 20.6    | 20.1    | 21.5    | 21.9    | 15.0                  |
| 3.        | Imports                         | 74.1    | 78.7    | 82.0    | 90.4    | 64.9                  |
| 4.        | Exports                         | -       | -       | -       | -       | -                     |
| 5.        | Net imports (3-4)               | 74.1    | 78.7    | 82.0    | 90.4    | 64.9                  |
| <b>II</b> | <b>Petroleum Products</b>       |         |         |         |         |                       |
| 1.        | Domestic consumption of which : | 100.1   | 100.4   | 104.1   | 107.8   | 72.9                  |
|           | a) Naphtha                      | 11.7    | 11.7    | 11.9    | 11.9    | 9.1                   |
|           | b) Kerosene                     | 11.3    | 10.4    | 10.4    | 10.2    | 6.2                   |
|           | c) High speed diesel oil        | 37.9    | 36.5    | 36.6    | 37.1    | 26.1                  |
|           | d) Fuel oils                    | 12.7    | 13.0    | 12.7    | 12.9    | 8.7                   |
| 2.        | Domestic production of which :  | 95.6    | 100.00  | 104.1   | 113.5   | 78.0                  |
|           | a) Naphtha                      | 9.9     | 9.2     | 9.7     | 11.3    | 9.3                   |
|           | b) Kerosene                     | 8.7     | 9.7     | 10.0    | 10.2    | 6.3                   |
|           | c) High speed diesel oil        | 39.0    | 39.8    | 40.2    | 43.3    | 30.4                  |
|           | d) Fuel oils                    | 11.4    | 12.2    | 12.2    | 13.4    | 9.8                   |
| 3         | Imports                         | 9.3     | 7.0     | 6.7     | 7.9     | 5.0                   |
| 4         | Exports                         | 8.4     | 10.1    | 10.3    | 14.6    | 11.5                  |
| 5         | Net Imports (3-4)               | 0.9     | -3.1    | -3.6    | -6.7    | -6.5                  |

Source : Government of India, Economic Survey - 2004-05

### **Other Markets**

#### **Debt Market**

Debt market witnessed major developments during the month of May 2005. First, the decision of the Employees' Provident Fund (EPF) Trustees fixed the interest in PF balances at 9.5% for the fiscal 2004-05. This will result in dipping into the Special Reserve Fund to the extent of Rs.927 crore. It is a short-term vision but has dangerous portents. Secondly, there is an issue whether the present cap of US\$ 2.5 billion on the Foreign Institutional Investments in the domestic debt market be removed or should it use additional FIIs inflows to develop further the debt market. There is a view that promised committee on debt market development needs to be appointed in view of the fact that foreign exchange reserves are close to US\$ 140 billion which are more than adequate to meet domestic debt capital needs in addition to imports.

### **Call Money Market**

The call money market rate on May 13, 2005 in respect of borrowings ranged between 3.50% and 5.30% as compared to 2.50% and 4.60% on May 14, 2004 i.e. a year ago. A month ago, the rates were 3.75% - 5.50% on April 15, 2005 reflecting that there was virtual stability in the rate during the month. The average daily turnover in the call money market was Rs.8,910 crore for the week ending May 13, 2005 and this daily turnover declined to Rs.8,572 crore in the week ending May 20, 2005.

### **Foreign Exchange Market**

The exchange rate (RBI reference rate) on May 20, 2005 was Rs.43.50 per US dollar as compared to Rs.45.33 per US dollar on May 21, 2004. This reflected an appreciation of the rupee vis-a-vis US dollar. Further, the six month forward premia was 1.46% on May 20, 2005 as compared to negative premium of 0.68% on May 21, 2004 (a year ago), and this reflects that demand for dollars has been rising and is likely to increase in the forthcoming months. The foreign currency asset were US \$ 133.77 billion on May 20, 2005, and inclusive of gold and SDRs and the reserve position in the Fund, the foreign exchange reserves aggregated to US\$ 139.65 billion. From end-March 2005, the foreign exchange reserves registered a decline of US\$ 1.86 billion. The market rate (buying) was Rs.43.82 per US dollar on May 31, 2005.

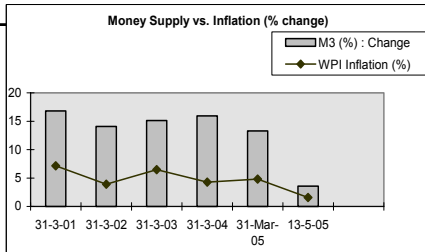
### **Important Policy Pronouncements**

The Reserve Bank has decided to grant general permission to banks to declare dividends, provided they comply with the guidelines indicated below :

#### **Eligibility Criteria**

1. Only those banks, which comply with the following minimum prudential requirements, would be eligible to declare dividends without the Reserve Bank's prior approval:
2. The bank should have :
  - a. Capital to risk-weighted assets ratio (CRAR) of at least 9 per cent for preceding two completed years and the accounting year for which it proposes to declare dividend.
  - b. Net non-performing assets (NPAs) of less than 7 per cent.

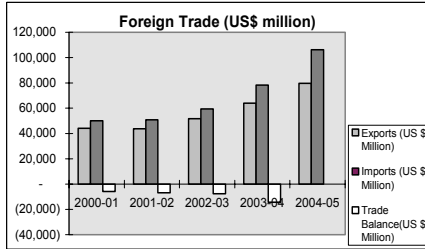
In case any bank does not meet the above CRAR norm, but is having a CRAR of at least 9 per cent for the accounting year for which it proposes to declare dividend, it would be eligible to declare dividend provided, its net NPA ratio is less than 5 per cent.



|                                      | 31-3-01   | 31-3-02   | 31-3-03   | 31-3-04   | 31-Mar-05 | 13-5-05   |
|--------------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|
| <b>M3 (Rs. Crore)</b>                | 13,13,220 | 14,98,355 | 17,25,222 | 20,03,102 | 22,69,156 | 23,50,372 |
| <b>M3 (%): Change</b>                | 16.82     | 14.1      | 15.14     | 15.95     | 13.30     | 3.58      |
| <b>WPI (Index) All Commodities#@</b> | 155.7     | 161.8     | 172.30    | 180.30    | 189       | 192.0*    |
| <b>WPI Inflation (%)</b>             | 7.16      | 3.92      | 6.49      | 4.29      | 4.83      | 1.59      |

Source: RBI Bulletin April 2005; WSS: May 28, 2005

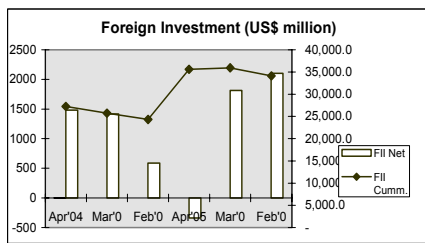
#1993-94 = 100 @ year/month-end; \*7/05/05



| During the Year                      | 2000-01 | 2001-02 | 2002-03 | 2003-04  | 2004-05  | 2005-06* |
|--------------------------------------|---------|---------|---------|----------|----------|----------|
| <b>Exports (US \$ Million)</b>       | 44,076  | 43,796  | 51,702  | 63,979   | 79,594   | 6,568    |
| <b>Imports (US \$ Million)</b>       | 49,975  | 50,746  | 59,387  | 78,251   | 106,121  | 10,423   |
| <b>Trade Balance (US \$ Million)</b> | (5,899) | (6,950) | (7,685) | (14,272) | (26,527) | (3,855)  |

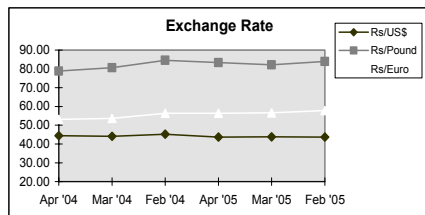
Source: D G C I S

\*April 2005



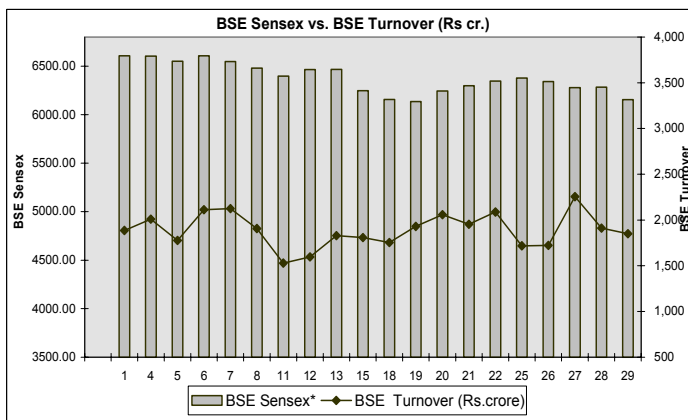
|                      | 2003-04 ( US\$ million) |          |          | 2004-05 (US\$ million) |          |          |
|----------------------|-------------------------|----------|----------|------------------------|----------|----------|
|                      | Apr'04                  | Mar'04   | Feb'04   | Apr'05                 | Mar'05   | Feb'05   |
| <b>FI Net</b>        | 1,483.3                 | 1,418.2  | 587.3    | (337.6)                | 1,812.5  | 2,100.9  |
| <b>FI Cumulative</b> | 27,237.3                | 25,753.8 | 24,335.8 | 35,588.0               | 35,925.7 | 34,113.1 |

Source: SEBI



|                 | 2003-04 |         |         | 2004-05 |         |         |
|-----------------|---------|---------|---------|---------|---------|---------|
|                 | Apr '04 | Mar '04 | Feb '04 | Apr '05 | Mar '05 | Feb '05 |
| <b>Rs/US\$</b>  | 44.41   | 44.08   | 45.24   | 43.72   | 43.82   | 43.69   |
| <b>Rs/Pound</b> | 78.82   | 80.55   | 84.57   | 83.37   | 82.15   | 83.92   |
| <b>Rs/Euro</b>  | 53.14   | 53.65   | 56.35   | 56.39   | 56.63   | 57.80   |

Figures are for month-end



| April 2005 | BSE Sensex* | BSE Turnover (Rs.crore) |
|------------|-------------|-------------------------|
| 1          | 6,605.04    | 1,885                   |
| 4          | 6,604.42    | 2,009                   |
| 5          | 6,550.29    | 1,776                   |
| 6          | 6,606.41    | 2,113                   |
| 7          | 6,545.64    | 2,125                   |
| 8          | 6,479.54    | 1,907                   |
| 11         | 6,397.52    | 1,528                   |
| 12         | 6,464.61    | 1,595                   |
| 13         | 6,467.92    | 1,829                   |
| 15         | 6,248.34    | 1,807                   |
| 18         | 6,156.78    | 1,753                   |
| 19         | 6,134.86    | 1,930                   |
| 20         | 6,243.74    | 2,057                   |
| 21         | 6,299.20    | 1,952                   |
| 22         | 6,346.57    | 2,087                   |
| 25         | 6,377.85    | 1,717                   |
| 26         | 6,339.98    | 1,722                   |
| 27         | 6,278.50    | 2,256                   |
| 28         | 6,284.20    | 1,911                   |
| 29         | 6,154.44    | 1,850                   |



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

| Country            | 3-Month Money Mkt |              | CPI      |            | Currency unit per US \$ |              | Union Budget  | Real Rate    | Currency      |
|--------------------|-------------------|--------------|----------|------------|-------------------------|--------------|---------------|--------------|---------------|
|                    | As on             | A Year ago   | 3- Month | A Year ago | As on                   | A Year ago   | (+) / (-)     | (Short-term) | unit per Euro |
|                    | 25.05.05          |              |          |            | 25.05.05                |              | % of GDP 2004 | (1-3)        | 25.05.05      |
|                    | 1                 | 2            | 3        | 4          | 5                       | 6            | 7             | 8            | 9             |
| <b>Euro-11</b>     | 2.13              | 2.09         | 2.10     | 2.00       | 0.79                    | 0.83         | -2.80         | 0.03         | 1.00          |
|                    |                   |              | Apr      |            |                         |              |               |              |               |
| <b>U. S. A</b>     | 3.17              | 1.09         | 3.50     | 2.30       | 1.00                    | 1.00         | -4.10         | -0.33        | 1.26          |
|                    |                   |              | Apr      |            |                         |              |               |              |               |
| <b>Britain</b>     | 4.81              | 4.56         | 1.90     | 1.20       | 0.55                    | 0.55         | -2.90         | 2.91         | 0.69          |
|                    |                   |              | Apr      |            |                         |              |               |              |               |
| <b>Japan</b>       | 0.02              | 0.02         | -0.20    | -0.10      | 108.00                  | 112.00       | -6.10         | 0.22         | 136.00        |
|                    |                   |              | Mar      |            |                         |              |               |              |               |
| <b>Sweden</b>      | 1.86              | 1.94         | 0.30     | 0.30       | 7.29                    | 7.52         | 0.80          | 1.56         | 9.18          |
|                    |                   |              | Apr      |            |                         |              |               |              |               |
| <b>Switzerland</b> | 0.75              | 0.27         | 1.40     | 0.50       | 1.23                    | 1.27         | -1.00         | -0.65        | 1.55          |
|                    |                   |              | Apr      |            |                         |              |               |              |               |
| <b>India*</b>      | 5.30              | 4.60         | 3.81#    | 3.70       | 43.50                   | 45.33        | -4.30         | 1.49         | 55.06         |
|                    | (May 13, 05)      | (May 14, 04) |          |            | (May 20, 05)            | (May 21, 04) | (2005-06)     |              |               |

Source: The Economist London: May 28 - June 3, 2005

For India, RBI Bulletin, May 2005: Column 1&2 relate to Call Money Rates (borrowings-high)

For India, RBI Weekly Statistical Supplement, May 28, 2005 and Union Budget 2005-06

# CPI - Average figures for 12 months (April-March 2004-05 over 2003-04)

### 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 |    |
|                    | 1                        | 2                     | 3               | 4                         | 5                          | 25.05.05      | 25.05.05 | a year ago | 25.05.05      | 9                | 10 |
| <b>China</b>       | 9.4                      | 16.0                  | 1.8             | 2.00                      | 659.1                      | 8.28          | 8.28     | 10.48      | 64.1          | 68.7             |    |
|                    | Q1                       | Apr                   | Apr             |                           | Mar                        |               |          |            | Apr           | 2004             |    |
| <b>Hongkong</b>    | 7.1                      | 5.0                   | 0.5             | 3.36                      | 122.6                      | 7.78          | 7.79     | 9.85       | -11.0         | 16.0             |    |
|                    | Q4                       | Q4                    | Apr             |                           | Apr                        |               |          |            | Mar           | Q4               |    |
| <b>India</b>       | 6.2                      | 7.2                   | 4.2             | 5.15                      | 136.0                      | 43.50         | 45.10    | 55.06      | -28.9         | -3.9             |    |
|                    | Q4                       | Mar                   | Mar             |                           | Apr                        |               |          |            | Apr           | Q4               |    |
| <b>Indonesia</b>   | 6.4                      | -5.7                  | 8.1             | 8.07                      | 34.7                       | 9478.0        | 9050.0   | 11997.47   | 27.4          | 2.9              |    |
|                    | Q1                       | Jan                   | Apr             |                           | Mar                        |               |          |            | Mar           | Q4               |    |
| <b>Malaysia</b>    | 5.7                      | 5.0                   | 2.7             | 2.84                      | 71.7                       | 3.80          | 3.80     | 4.81       | 22.8          | 15.1             |    |
|                    | Q1                       | Mar                   | Apr             |                           | Mar                        |               |          |            | Mar           | Q4               |    |
| <b>South Korea</b> | 2.7                      | 4.8                   | 3.1             | 3.51                      | 206.3                      | 1001.0        | 1174.0   | 1267.09    | 28.8          | 27.5             |    |
|                    | Q1                       | Mar                   | Apr             |                           | Apr                        |               |          |            | Apr           | Mar              |    |
| <b>Taiwan</b>      | 2.5                      | 0.6                   | 1.6             | 1.40                      | 252.6                      | 31.40         | 33.40    | 39.75      | 3.6           | 16.9             |    |
|                    | Q1                       | Apr                   | Apr             |                           | Apr                        |               |          |            | Apr           | Q1               |    |
| <b>Thailand</b>    | 5.1                      | 7.1                   | 3.6             | 2.65                      | 47.7                       | 40.10         | 40.70    | 50.76      | -1.8          | 3.6              |    |
|                    | Q4                       | Mar                   | Apr             |                           | Mar                        |               |          |            | Mar           | Apr              |    |

Source: The Economist London: May 28 - June 3, 2005

@For India, RBI WSS, May 28, 2005

Note : Quote for currency units per Euro in Col. 8 and is a derived one

\*Excluding Gold and SDRs

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