Mega Ace Consultancy [India] Pvt Ltd

Visit us at : www.mega-ace.com

Update on Indian Economy
May 2010

Economic Snapshot

Contents

Item	Units	April 2010 [1]	March 2010 [2]	April 2009 [3]	(%) Change [1]/[2] [4]	(%) Change [1]/[3] [5]
WPI -Index*	1993-94=100	250.8	250.1	228.2	0.3	9.9
WPI -Inflation**	Per cent	9.9	9.9	0.2		
	Week ended	(Mar.10)	(Feb. 10)	(04.04.09)		
IIP (93-94=100)	2 months lag	318.5	332.3	272.8	-4.2	16.8
		(Feb 10)	**(Jan.10)**	**(Feb 09)**		
INR / US$	Month End	44.44	44.97	50.22	-1.2	-11.5
M3	Rs. '000 Cr.	5640.05	5416.96	4853.91	4.1	16.2
[i] Agg.Deposits	Rs. '000 Cr.	4855.46	4661.89	4173.12	4.2	16.4
[ii] Currency	Rs. '000 Cr.	784.6	755.1	680.79	3.9	15.2
	(Outstanding as on)	(09.04.2010)	(26.02.2010)	(10.04.09)		
Call Money	% Range	1.25-3.75	1.50-3.40	1.25-4.00	-	-
(Lendings)	Week ended	(09.04.2010)	(05.03.2010)	(10.04.09)		

Source: RBI Weekly Statistical Supplement April 23, 2010 & Economic & Political Weekly April 24, 2010
**All Commodities. **Over the year.*

Editorial

A) Domestic

Based on the sustained revival in the economy during fiscal 2009-10, there is optimism in India about the growth prospects for the coming year with preliminary forecasts ranging from 8% to 9%. However, both domestic as well as global uncertainties and risks prevail.

A major domestic concern is the monsoon. Despite it having failed last year and being the worst year since 1972 in terms of precipitation, the industrial output revived and the overall GDP is estimated to have registered a growth rate of 7 to 7.5% in 2009-10. While the Indian economy might have become more ‘resilient’ to the vagaries of the monsoon, it is not certain that this resilience would endure should there be a second successive year of failure in 2010.

The adverse impact of a monsoon failure is largely foreseen in terms of moderating domestic demand via lower farm incomes, upsetting of the fiscal arithmetic and in fuelling inflationary expectations. This moderation could be compensated, to some extent, by an economic revival amongst India’s major trading partners, but the chances of such an event do not appear too bright.

As of now there are some question marks on an EU revival. In the aftermath of the Greek crisis, governments might increasingly find it difficult to borrow adequately enough to sustain a fiscal stimulus programme that is needed in the current year to buoy growth rates in the absence of a rise in consumption demand. Moreover, the ‘sovereign debt crisis', with its systemic implications, could hamper the revival of the banking sector, dampening the positive impact this sector could have on the growth process.

The path to Indian recovery would, therefore, largely depend on domestic demand. Thus, a good monsoon is a critical assumption that underlies the optimistic forecasts for the current fiscal. But even if there is a good monsoon, factors that could complicate matters are the likely higher capital inflows into India, which can appreciate the real exchange rate adversely impacting the viability of exports and general inflation generated by the 'bottlenecks' caused by the revival process. This makes effective policy management another critical factor needed to support India's growth upsurge.

B) International

IMF in its latest World Economic Outlook has projected the global output to rise by 4 ¼ percent in 2010 as against a decline of ½ percent in the preceding year. Hidden within this overall forecast is the rider of widely variable growth rates amongst different sets of economies.

Thus, emerging and developing economies are expected to expand output by 6 ¼ per cent in 2010-11, compared to only 2 ½ per cent in 2009. On the other hand, advanced economies are expected to grow by 2 ¼ percent in 2010 as against a decline 3 percent in 2009. 2

Even within these sub-sets the growth rates are expected to be variable. More importantly, however, a view expressed in the report is that most of the advanced economies would have to continue with fiscal stimulus packages, for which some may not have the requisite capability. Such a policy stance is also necessary because the banking system in the US and Europe has not yet fully recovered from the exposures to real estate, implying thereby that the funding needed for growth may not be fully met.
A major concern expressed in the report is that some of the advanced economies may not have the capability to sustain fiscal stimulus programmes owing to excessive debt already taken and some may in the course of time lose this capability on account of the Greek crisis turning into a 'full-blown and contagious debt crisis'. The latter fear might be fulfilled at least to some extent in view of the emerging developments in the last week of April.

In this context, the revised 'country ratings' by Standard & Poor immediately impacted Greece and Portugal – the former's sovereign debt being equated to the status of 'junk bonds', while the latter's borrowing capability being considerably constrained. There are fears that government debt may be re-rated in other EU countries with fiscal problems making it difficult for them to sustain fiscal stimulus packages.

Quite apart from influencing the borrowing capabilities of governments, revised ratings would also impact banks in Europe as those with high exposures to government bonds of countries with lower ratings would be impacted in terms of erosion of capital adequacy and the leverage they have for credit expansion. Already two major banks in France, with high exposure to Greek debt, are reported to have been have been impacted by the revised rating. If the 'contagion' spreads over the next few months the IMF may well have to revise its view on the global growth prospects for 2010.

Review of World Economic Outlook – April 2010

IMF in its latest issue of World Economic Outlook (April 2010) confirmed that recovery is stronger than expected, but the speed of recovery varies in different parts of the world. As per the report, world output is expected to grow by 4.2% in 2010, revised upward by 0.3% from January 2010 World Economic Outlook (WEO) update. Advanced economies will grow by 2.3%, among them US has started better than Europe and Japan.

Activity in emerging and developing economies is leading the way. In key emerging Asian economies output already exceeds pre crisis levels by a wide margin and output growth is outpacing estimates of full-capacity output growth. Indian economy will expand rapidly by 8.8% and China will grow by 10% in the year 2010. In 2009, Indian and China grew by 5.7% and 8.7% respectively.

Despite improvements, the outlook remains uncertain as downside risks stemming from fiscal instability still exist leaving the concern that the room for policy action in many advanced economies has either been exhausted or become much more limited. Moreover, sovereign risks in advanced economies could undermine financial stability gains and extend the crisis. The rapid increase in public debt and deterioration of fiscal balance sheets could be transmitted back to banking systems or across borders.

These problems emphasize the need for policy action to sustain the recovery of the global economy and financial system. Given the still fragile recovery, fiscal stimulus planned for 2010 should be fully implemented, except in economies that face large increases in risk premiums.

The report said the policy agenda should include several important elements. "The key task ahead is to reduce sovereign vulnerabilities. These should include clear time frames to bring down gross debt-to-GDP ratios over the medium term, as well as contingency measures if the deterioration in public finances is greater than expected. If macroeconomic developments proceed as expected, most advanced economies should embark on fiscal consolidation in 2011."

Policymakers need to try to ensure that the next stage of the financial sector deleveraging process unfolds smoothly and results in a safer, competitive, and vitalize financial system. The IMF urged that policymakers must strike the right balance between promoting the safety of the financial system and keeping it innovative and efficient.

Capital Market Review

The month of April was full of action on both the economic and corporate earnings fronts. Indian companies reported robust earnings reflecting the economic recovery. Corporate earnings have beaten the expectations boosting investor sentiments. Aggregate earnings growth for Sensex companies at 20% yoy. Sectorally, only IT services exceeded expectations.

Sentiments were boosted further when the IIP data released by the CSO recorded third consecutive double digit growth in February 2010. Industrial production grew by 15.1% in February 2010. The top sectors registered highest growth were 'machinery & other equipments', 'transport and equipment', 'food products', 'basic chemicals and chemical products' and 'metal products and parts'. Reserve Bank of India unveiled its credit policy on April 20, 2010, which was in line with the expectations. The policy rate hikes were lower than expectations, which boosted sentiments. The forecast of a normal monsoon eased concerns about rising inflation as good rainfall can help lower food prices.

Markets started with a strong note on bourses. BSE Sensex rose 164.85 points to 17,692.62 on April 1-1.15 81j1.25x2 m584tnfa wiTJ-120.400 TD0.0019 Tw[(pr41.4o)]cle 16at 5,29TJ as solar cooker, solar water heater, and PV lanterns. Then, in between, there are applications such as industrial process heat, desalination, refrigeration and air-conditioning, drying, large scale cooking, water pumping, domestic power systems, and passive solar architecture. Solar cookers and hot water systems based are gaining popularity in India and to a large extent attained commercial status. Solar energy can be harnessed to supply thermal as well as electrical energy. Solar cells are used to charge batteries which are used either as secondary energy source or for other applications of intermittent use such as night lighting or water pumping etc.

A solar power plant offers good option for electrification in areas of disadvantageous locations such as hilly regions, forests, deserts, and islands where other resources are neither available nor exploitable in techno economically viable manner.

Solar Photovoltaics in India

Solar photovoltaics programme of the Government of India began in 70s, is one of the largest in the World. Electricity and social development go hand in hand. Rural areas of India are so far-flung that in some cases it is decided not to lay down conventional electricity lines due to the small populace to be served and high cost of laying lines. Conventional gen-sets are also not feasible due to recurring maintenance problems. The best solution under the circumstances is solar photovoltaic based systems to generate power, run irrigation pumping sets and home lighting and streetlights. In addition to offering subsidy on these products government is also offering training on PV technology, PV system designs and related fields.

In India the major players are Central Electronics Ltd, BHEL, REIL and the other manufacturers of SPV modules are in fact assemblers sourcing the cells and carrying out assembly. Where this segment of basic manufacturing has not shown much growth in India and is unlikely also in the near future due to high costs involved in manufacturing monocrystalline silicon cells.

The National Solar Mission

The National Solar Mission is a major initiative of the Government of India and State Governments to promote ecologically sustainable growth while addressing India’s energy security challenge. It will also constitute a major contribution by India to the global effort to meet the challenges of climate change.

The objective of the National Solar Mission is to establish India as a global leader in solar energy, by creating the policy conditions for its diffusion across the country as quickly as possible.

The Mission will adopt a 3-phase approach,

Phase I: Remaining period of the 11th Plan and first year of the 12th Plan (up to 2012-13) will be Phase one. The first phase will focus on capturing **solar energy generation through thermal technology (Solar heating),** on promoting off-grid systems to serve populations without access to commercial energy and modest capacity addition in grid-based systems.

Phase II: The remaining 4 years of the 12th Plan (2013-17) will be Phase Two. In the second phase, after taking into account the experience of the initial years, capacity will be aggressively ramped up to create conditions for up scaled and competitive solar energy penetration in the country.

Phase III: Five year span of the 13th Plan (2017-22) will be Phase 3. By the end of 2022, achieve 20, 000 MW of electricity through solar energy generation technology.

At the end of each plan, and mid-term during the 12th and 13th Plans, there will be an evaluation of progress, review of capacity and targets for subsequent phases, based on emerging cost and technology trends, both domestic and global.

The Mission targets are:

- To create an enabling policy framework for the deployment of 20,000 MW of solar power by 2022.
- To ramp up capacity of grid-connected solar power generation to 1000 MW within three years – by 2013; an additional 3000 MW by 2017 through the mandatory use of the renewable purchase obligation by utilities backed with a preferential tariff. This capacity can be more than doubled – reaching 10,000MW installed power by 2017 or more, based on the enhanced and enabled international finance and technology transfer. The ambitious target for 2022 of 20,000 MW or more, will be dependent on the 'learning' of the first two phases, which if successful, could lead to conditions of grid-competitive solar power. To create favorable conditions for solar manufacturing capability, particularly solar thermal for indigenous production and market leadership.
- To promote programmes for off grid applications, reaching 1000 MW by 2017 and 2000 MW by 2022.
- To achieve 15 million sq. meters solar thermal collector area by 2017 and 20 million by 2022.
- To deploy 20 million solar lighting systems for rural areas by 2022.

The aspiration is to ensure large-scale deployment of solar generated power for grid connected as well as distributed and decentralized off-grid provision of commercial\ energy services. The deployment across the application segments is envisaged as follows:

Table 1 : Proposed Roadmap for solar energy

No.	Application segment	Target for Phase I (2010-13)	Target for Phase 2 (2013-17)	Target for Phase 3 (2017-22)
1	Solar collectors	7 million sq meters	15 million sq meters	20 million sq meters
2	Off grid solar applications	200 MW	1000 MW	2000 MW
3	Utility grid power, including roof top	1,000-2000 MW	4000-10,000 MW	20000 MW

Source: Ministry of New and Renewable Sources of Energy

Solar Manufacturing in India

One of the Mission objectives is to take a global leadership role in solar manufacturing (across the value chain) of leading edge solar technologies and target a 4-5 GW equivalent of installed capacity by 2020, including setting up of dedicated manufacturing capacities for poly silicon material to annually make about 2 GW capacity of solar cells. India already has PV module manufacturing capacity of about 700 MW, which is expected to increase in the next few years.

The present indigenous capacity to manufacture silicon material is very low; however, some plants are likely to be set up soon in public and private sector. Currently, there is no indigenous capacity/capability for solar thermal power projects; therefore new facilities will be required to manufacture concentrator collectors, receivers and other components to meet the demand for solar thermal power plants.

Major players are Titan Energy Systems Ltd, Tata BP Solar India Ltd, Enolar Systems Marketing Pvt Ltd, SELCO Solar Light (P) Ltd, Moserbaer Photo Voltaic Ltd and Epic Energy Ltd

Other Markets

Debt Market

The month of March 2010 saw significant activity in the primary market with a total issue amount of Rs.19,935.4 crore.

Name of the Issuer		Duration	Rating	Amount (Rs. Crore)	Type of Instrument
I.	Bank :				
i)	Export Import Bank of India	3	AAA	600	Bonds/NCD
		NA		250	
ii)	ICICI Bank Ltd	NA	AAA	2500	Bonds/NCD
iii)	IDBI Bank Ltd.	NA	AA	550	Bonds/NCD
		10	AA+	600	
iv)	National Housing Bank	3	AAA	500	Bonds/NCD
		NA			
v)	Small Industries Development Bank of India	3	AAA	500	Bonds/NCD
vi)	UCO Bank	15	AA	500	Bonds/NCD
II.	Financial Service Institutions :				
i)	ECL Finance Ltd	1.5/2 years	AA-	250	Bonds/NCD
ii)	Housing Development Finance Corporation Ltd.	10	AAA	500	Bonds/NCD
		NA		1000	
iii)	IFCI Ltd.	15	AA	200	Bonds/NCD
iv)	Indian Railway Finance Corporation Ltd.	NA	AAA	600	Bonds/NCD
v)	Infrastructure Development Finance Corporation Ltd.	2	AAA	485	Bonds/NCD
		NA		250	
vi)	LIC Housing Finance Ltd.	1.25	AAA	720	Bonds/NCD
		NA		400	
viii)	Share Micro Finance Ltd.	NA	BBB+	50	Bonds/NCD
ix)	Tata Motors Finance Ltd.	NA	A	200	Bonds/NCD
x)	West Bengal Infrastructure	7/10 years	A-(SO)	1000	Bonds/NCD

	Development Finance Corporation Ltd.				
III.	Public Sector Company :				
i)	Air India Charters Ltd.	NA	AAA(SO)	95	Bonds/NCD
ii)	NTPC Ltd	10	AAA	500	Bonds/NCD
iii)	Power Grid Corp. of India Ltd.	NA	AAA	1038	Bonds/NCD
iv)	National Aviation Co. of India Ltd.	NA	AAA(SO)	700	Bonds/NCD
v)	The Indian Hotels Co. Ltd.	NA	AA+	300	Bonds/NCD
vi)	Power Finance Corp. Ltd.	15	AAA	561	Bonds/NCD
		NA		1476.6	
IV.	Private Companies :				
i)	GMR Infrastructure Ltd.	5	A(SO)	500	Bonds/NCD
ii)	IVR Prime Urban Developers Ltd.	3	A+(SO)	150	Bonds/NCD
iii)	Kesoram Industries Ltd.	1	AA	50	Bonds/NCD
iv)	Tata Communications Ltd.	NA	AAA	400	Bonds/NCD
v)	Tata Teleservices Ltd.	NA	A+	1000	Bonds/NCD

(Sources: Credit Analysis & Research Ltd., April, 2010)

Housing Development Finance Corporation Ltd., ICICI Bank Ltd. and Power Finance Corporation Ltd. were amongst the biggest issuer.

Call Money Market

The call money rate on April 9, 2010 in respect of borrowings ranged between 1.25% and 3.75% as compared to the rates of 1.25% - 4.00% on April 10, 2009 (i.e. a year ago) reflecting that there was greater liquidity in the market leading to softening of interest rates. The average daily turnover in the call money market was Rs.6,680 crore for the week ending April 9, 2010 and this daily turnover rose to Rs 9,622 crore on April 16, 2010.

Foreign Exchange Market

The exchange rate (RBI reference rate) on April 16, 2010 was Rs.44.49 per US dollar as compared to Rs.44.35 per US dollar on April 12, 2010, that is, a week ago; this reflected a nominal depreciation of the rupee vis-a-vis US dollar. Further, the six month forward premia was 3.60% on April 16, 2010 as compared to a premium of 3.47% on April 12, 2010 (a week ago), which reflects that supply of dollars is likely to become relatively hard in the forthcoming weeks. The foreign currency assets were US$ 255.69 billion on April 16, 2010, and inclusive of gold and SDRs and the reserve position in the Fund, the foreign exchange reserves aggregated to US$ 280.09 billion. From end-March 2010, the foreign exchange reserves registered an increase of US$ 1.03 billion upto April 16, 2010. The market rate (buying) was Rs.44.38 per US dollar on April 30, 2010.

Important Policy Pronouncements

I. Reserve Bank announced the monetary policy measure on March 19, 2010 outside the schedule and increased the Repo rate and reverse repo rate with immediate effect. The revised rates are:

- The repo rate under the Liquidity Adjustment Facility (LAF) increased by 25 basis points from 4.75 per cent to 5.0 per cent and

- The reverse repo rate under the LAF by 25 basis points increased from 3.25 per cent to 3.5 per cent.

II. On April 20, 2010, Dr. D. Subbarao Reserve Bank of India Governor announced the Annual Policy Statement 2010-11 under the backdrop of Macroeconomic and Monetary Developments in 2009-10. The highlights of the developments during 2009-10, and suggested policy response during 2010-11 are given below :

II (A).Developments during 2009-10

Overview

- Recovery was evident in 2009-10 with increase in industrial output, exports and favourable rabi crops, growth outlook remains positive and hence monetary and fiscal exit have started.
- An important challenge in the macroeconomic and monetary policy making during 2009-10 has been moderating inflationary pressure and yet supportive towards growth impulses.

Output

- Indian economy has shown the signs of recovery. GDP growth for 2009-10 has been estimated at 7.2 per cent, up from 6.7 per cent recorded in 2008-09. Output growth was supported by industry and services sector while agriculture sector remained stable on account of deficient monsoon.
- Rebound in Industrial output since June 2009 and double digit growth thereafter, favourable rabi crops and continuing resilience of the services sector are indicative of broad based recovery.
- Output growth in 2010-11 is expected to be higher than in 2009-10 assuming a normal monsoon. Growth can be expected from all three major components, viz., agriculture, industry and service

Aggregate Demand

- Investment demand is expected to continue, pick-up in private consumption demand could drive the recovery in growth. Growth in corporate sales, after remaining significantly depressed over four consecutive quarters, staged a strong recovery in Q3 of 2009-10, indicating improving private demand conditions.
- The fiscal exit, as planned in the Union Budget for 2010-11, would contribute to improving the overall medium-term growth outlook, even as going forward, greater emphasis on quality of fiscal adjustment would be necessary

Monetary Conditions

- Reflecting the stronger recovery in economic activities, growth in broad money (M3) and flow of credit to the private sector exceeded the Reserve Bank's indicative projections for 2009-10.

- Liquidity conditions remain comfortable despite hike in CRR by the RBI in its Third Quarter Policy Review of January 2010. Though the increase in CRR led to liquidity squeeze, improved operations in reverse repo helped increase liquidity.
- The banking system's credit to the government was the prime driver of monetary expansion during the year. The flow of resources to commercial sector distinctly improved from both bank as well as non-bank sources.
- Going forward, the demand for money may increase with acceleration in recovery and the elevated level of inflation

Financial Markets

- With market activity returning to the pre-global crisis level, volatility in the domestic financial markets was much lower during 2009-10 than in the year before, when the crisis erupted.
- Despite considerable stability and the commencement of exit, markets faced concerns emerging from large government borrowings and the increase in inflation. This affected yields in the government bond market.
- The transmission of lower policy rates to the credit markets improved, albeit, slowly.
- Asset prices increased at a relatively faster pace in the recent months, reflecting optimism about the economy's prospects as well as easy liquidity conditions.
- With the revival of capital inflows, nominal exchange rate appreciated. Given higher domestic inflation, the appreciation in real terms was even higher.

Price Situation

- The initial inflationary pressure was predominantly conditioned by rising food and fuel prices, reflecting the impact of a deficient monsoon on agricultural output and the increase in international crude prices. In the second half of the year, with persistent supply side pressures, inflation became increasingly generalized.
- This is evident from the acceleration of inflation in non-food manufactured products from -0.4 per cent in November 2009 to 4.7 per cent in March 2010.
- Inflation, as measured by consumer price indices (CPIs) also remained high, though there was some moderation in February 2010.
- These inflationary conditions, coupled with the stronger momentum seen in the pace of economic recovery, created the compelling ground for altering the Reserve Bank's policy focus to anchoring inflation expectations.

II (B). Annual Policy Statement 2010-11

Growth Outlook

- During 2009-10, real GDP growth accelerated from 6.1 per cent in Q1 to 7.9 per cent in Q2 and 7.2 per cent in Q3 driven by revival in industrial growth, and pick-up in services sector growth.
- The Indian economy is firmly on the recovery path. Exports have been expanding since October 2009, a trend that is expected to continue. The industrial sector recovery is increasingly becoming broad-based and is expected to take firmer hold going forward on the back of rising domestic and external demand.
- On balance, under the assumption of a normal monsoon and sustenance of good performance of the industrial and services sectors on the back of rising domestic

and external demand, for policy purposes the baseline projection of real **GDP growth for 2010-11 is placed at 8.0 per cent with an upside bias.**

Monetary Policy Stance

- Reserve Bank pursued an accommodative monetary policy beginning mid-September 2008 and ensured economic recovery. However, in view of the rising food inflation and the risk of it impinging on inflationary expectations, the Reserve Bank embarked on the first phase of exit from the expansionary monetary policy by terminating some sector-specific liquidity facilities and restoring the statutory liquidity ratio (SLR) of scheduled commercial banks to its pre-crisis level in the Second Quarter Review of October 2009.
- The process was carried forward by the second phase of exit when the Reserve Bank announced a 75 basis points increase in the CRR in the Third Quarter Review of January 2010.
- The stance of monetary policy of the Reserve Bank is intended to:

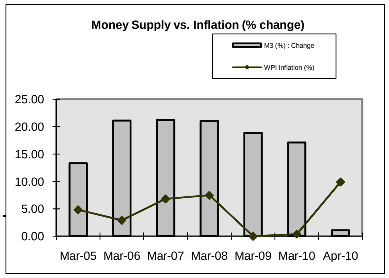
  - Anchor inflation expectations, while being prepared to respond appropriately, swiftly and effectively to further build-up of inflationary pressures.
  - Actively manage liquidity to ensure that the growth in demand for credit by both the private and public sectors is satisfied in a non-disruptive way.
  - Maintain an interest rate regime consistent with price, output and financial stability.

Monetary Measures

On the basis of this overall assessment, the stance of monetary policy in 2010-11

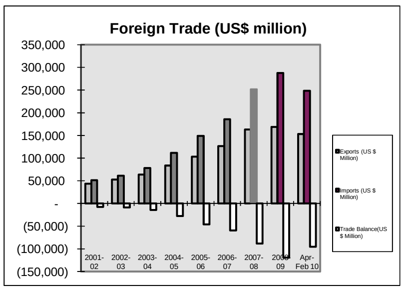
- Bank Rate: **The Bank Rate has been retained at 6.0 per cent**.
- Repo Rate: It has been decided **to increase the repo rate under the** Liquidity Adjustment Facility (LAF) **by 25 basis points from 5.0 per cent to 5.25 per cent** with immediate effect**.**
- Reverse Repo Rate: It has been decided **to increase the reverse repo rate** under the LAF **by 25 basis points from 3.5 per cent to 3.75 per cent** with immediate effect**.**
- Cash Reserve Ratio: It has been decided **to increase the cash reserve ratio (CRR) of scheduled banks by 25 basis points from 5.75 per cent to 6.0 per cent of their net demand and time liabilities (NDTL)** effective the fortnight beginning April 24, 2010.
- The Reserve Bank will continue to monitor macroeconomic conditions, particularly the price situation, closely and take further action as warranted.

The First Quarter Review of Monetary Policy for 2010-11 will be announced on July 27, 2010.



	Mar-05	Mar-06	Mar-07	Mar-08	Mar-09	Mar-10	Apr-10
M3 (Rs. Crore)	2,253,938	2,729,535	3,310,278	4,006,722	4,764,019	5,579,567	5,640,054
M3 (%) : Change	13.30	21.10	21.27	21.04	18.90	17.12	1.08
WPI (Index) All Commodites$$	189	196.6	210	225.7	227.3*	228.2**	250.8***
WPI Inflation (%)	4.83	2.91	6.82	7.47	0.01	0.40	9.90

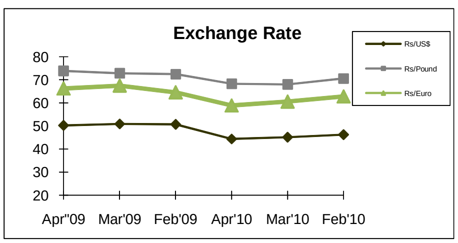
Source:RBI Bulletin March 2009; WSS: April 23, 2010 $$1993-94=100; year/month-end * March 2008 ** March 2009 ***March, 2010



During the Year	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	Apr-Feb 10
Exports (US $ Million)	43,827	52,719	63,843	83,536	103,091	126,361	163,132	168,704	152,983
Imports (US $ Million)	51,413	61,412	78,149	111,517	149,166	185,749	251,654	287,759	248,401
Trade Balance(US $ Mill	(7,586)	(8,693)	(14,306)	(27,981)	(46,075)	(59,388)	(88,522)	(119,055)	(95,418)

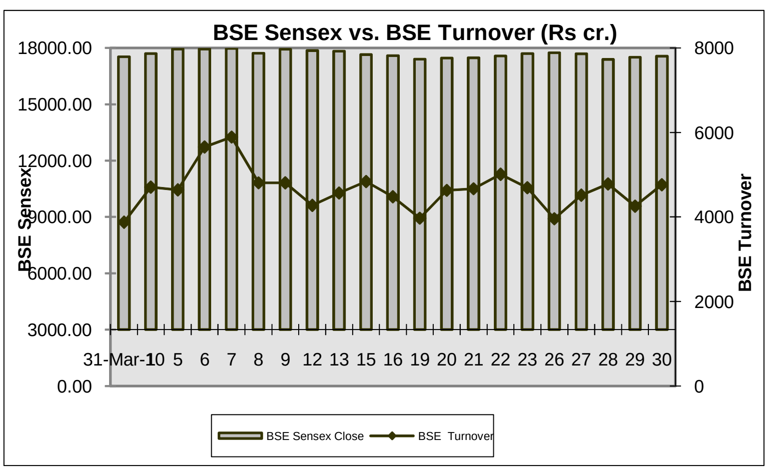
Source: Ministry of Commerce *Revised figures for 2001-02 to 2007-08 (April-March)*

**DGCI&S data for April 2008 to March 2009(Provisional)*



	2008-09			2009-10		
	Apr''09	Mar'09	Feb'09	Apr'10	Mar'10	Feb'10
Rs/US$	50.22	50.95	50.73	44.44	45.14	46.23
Rs/Pound	73.8786	72.861	72.52	68.31	68.03	70.66
Rs/Euro	66.29	67.48	64.57	58.94	60.56	62.81

Figures are for month-end



April 2010	BSE Sensex Close	BSE Turnover (Rs.crore)
31-Mar-10	17,527.77	3874
1	17,692.62	4705
5	17,935.68	4640
6	17,941.37	5653
7	17,970.02	5891
8	17,714.40	4809
9	17,933.14	4805
12	17,853.00	4275
13	17,821.96	4569
15	17,639.26	4839
16	17,591.18	4477
19	17,400.68	3973
20	17,460.58	4631
21	17,472.56	4670
22	17,573.99	5007
23	17,694.20	4695
26	17,745.28	3961
27	17,690.62	4513
28	17,380.08	4781
29	17,503.47	4256
30	17,558.71	4760

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

Country	Interest rates, (%)		CPI (percentage change)		Currency unit per US $		Union Budget	Real Rate	Currency	Balance Latest :12 months		Col 11 as
	3-month latest	10-year gov't bonds latest	Latest	A Year ago	As on 21.04.2010	A Year ago	(+) / (-) % of GDP 2010	(Short-term) (1-3)	unit per Euro 21.04.2010	Trade Account (US$ bn)	Current Account (US$ bn)	Percentage of GDP 2010
	1	2	3	4	5	6	7	8	9	10	11	12
Euro-11	0.64	3.08	1.4	0.60	0.75	0.77	-7.2	-0.76	1.00	41.3	-63.3	-0.2
			Mar							Feb	Feb	
U. S. A.	0.22	3.73	2.3	-0.40	0.00	0.00	-11.1	-2.08	0.00	-532.9	-419.9	-3.2
			Mar							Feb	Q4	
Britain	0.67	4.08	3.4	2.90	0.65	0.69	-12.8	-2.73	0.87	-130.0	-28.8	-1.1
			Mar							Feb	Q4	
Japan	0.24	1.33	-1.1	-0.10	93.20	98.10	-8.0	1.3	124.27	61.3	157.1	3.4
			Feb							Feb	Feb	
Sweden	0.22	3.14	1.20	0.20	7.18	8.42	-3.0	-0.98	9.57	10.6	29.2	6.8
			Mar							Feb	Q4	
Switzerland	0.25	1.77	1.4	-0.40	1.07	1.16	-1.3	-1.15	1.43	21.7	48.2	8.7
			Mar							Mar	Q4	
India	4.17	8.34	14.8	9.70	44.60	50.30	-6.0	-10.63	59.47	-90.5	-31.5	-1.0
			Feb							Feb	Q4	

Source : The Economist London: April 24th - 30th, 2010 *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	Real Rate	Currency	Balance Latest :12 months		Col 11 as
	3-month latest	10-year gov't bonds latest	Latest	A Year ago	As on 21.04.2010	A Year ago	(+) / (-) % of GDP 2010	(Short-term) (1-3)	unit per Euro 21.04.2010	Trade Account (US$ bn)	Current Account (US$ bn)	Percentage of GDP 2010
	1	2	3	4	5	6	7	8	9	10	11	12
China	1.94	3.28	2.4	-1.2	6.83	6.83	-2.9	-0.46	9.11	150.1	284.4	5.2
			Mar							Mar	Q4	
Hongkong	0.13	2.69	2.8	0.8	7.76	7.75	0.8	-2.67	10.35	-33.1	18.4	7.1
			Feb							Feb	Q4	
Indonesia	6.99	5.12	3.4	7.9	9017.00	10855.00	-2.1	3.59	12022.67	21.7	10.6	1.5
			Mar							Feb	Q4	
Malaysia	2.56	1.46	1.2	3.7	3.20	3.64	-5.6	1.36	4.27	35.3	32.0	12.7
			Feb							Feb	Q4	
Singapore	0.50	2.7	1.0	3.3	1.37	1.51	-2.7	-0.5	1.83	27.3	34.0	12.4
			Feb							Mar	Q4	
South Korea	2.69	4.86	2.3	3.9	1108.00	1348.00	-4.1	0.39	1477.33	41.1	40.2	2.9
			Mar							Mar	Feb	
Taiwan	0.91	1.27	1.3	-0.1	31.40	33.90	-3.8	-0.39	41.87	15.7	42.6	8.4
			Mar							Mar	Q4	
Thailand	1.42	3.12	3.4	-0.2	32.20	35.60	-3.6	-1.98	17.80	14.9	16.8	4.1
			Mar							Feb	Feb	
Brazil	8.65	6.16	5.2	5.6	1.75	2.22	-2.4	3.45	2.00	23.3	-28.1	-2.8
			Apr							Mar	Feb	
Venezuela	14.50	6.55	26.2	28.5	7.19	6.60	-3.0	-11.7	9.59	19.2	8.6	5.6
			Mar							Q4	Q4	
India	4.17	8.34	14.8	9.70	44.60	50.30	-6.0	-10.63	59.47	-90.5	-31.5	-1.0
			Feb							Feb	Q4	

Source : The Economist London: April 24th - 30th, 2010 *Figures in Column 9 are derived.*

The Research Group: Prof. Poonam Kumar, Dr. D.K. Bhatia, Mr. Rajiv Channa
Research Support: Vaishali Padake
For research queries contact –
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
May 2010