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AN OVERVIEW

Highlights

Growth Scenario

- GDP growth forecasts drawn by various agencies suggest a real GDP growth of above 8% for the year 2010-11.
- IMF in its World Economic Report released on April 21, 2010 stated that India is expected to grow by 8.75% in 2010 and 8.5% in 2011 on account of a strong domestic demand. The growth will be supported by resurgence in demand from the working class on the back of an improvement in business confidence that in turn will result in increasing investment activities.
- According to CII Business Outlook Survey, the domestic economy is expected to grow by 7.5-8.5% for the fiscal year 2010-11, mainly due to rising capital investment and expanding exports of the country.
- The OECD Composite Leading Indicators (CLI), which provides early signals of turning points in business cycles and fluctuation of the economic activity around its long-term potential level, indicate that India has scored 101-mark at the end of March 2010, higher from 100.7-mark in the previous month of the same year.
- International rating agency Fitch Ratings has predicted India's GDP growth by 8.0% in 2010-11 with the industries and services being the primary drivers of the growth.

Agriculture

- With the rabi harvesting season setting out in different parts across the country, procurement operations have geared up taking the foodgrains stocks to record new highs. It has caused a soothing effect on prices of agricultural commodities across key cities since mid April 2010.Experts believe that this trend will persist if Indian Metrological Department(IMD)'s forecast of a normal monsoon comes true.
- The cumulative rainfall received during the pre-monsoon period by the end of April 2010 was 48 millimetres, 28% less than the normal long period average (LPA).
- As per IMD's first-stage forecast for the southwest monsoon 2010, the rainfall is likely to be 98% of the LPA.
- Data monitored by Central Water Commission (CWC) reveal that as on April 30, 2010 the total live water storage in 81 major reservoirs in different parts of the country was 29.88 billion cubic metres (BCM), 7% higher than the corresponding period of the last year.
- Procurement of wheat by the Food Corporation of India (FCI) and state agencies for crop marketing period (April - March) 2010-11 started at a slow pace but gathered momentum since mid week of April. As on 30th April the procurement totalled 194.4 lakh tonnes slightly higher than the purchase of 193.4 lakh tonnes during the corresponding period of last year.

- Procurement of rice for the marketing season (October – September) 2009-10 has stood at 268.16 lakh tonnes, 3.2% lower than 276.9 lakh tonnes purchased during the same period of the last year. This is attributed to fall in rice output in the kharif season and low procurement reported by Uttar Pradesh, Andhra Pradesh, West Bengal, Orissa and Tamil Nadu.
- The stock level of the staple foodgrains (rice and wheat) totalled 593.29 lakh tonnes by the end of April 2010 exceeding their buffer requirement of 162 lakh tonnes. Rice accounts of 259.9 lakh tonnes while wheat consists of 304.8 lakh tonnes. The stocks of coarse cereals and sugarcane are reported to be around 4.5 lakh tonnes and 0.4 lakh tonnes, respectively.

Industry

- Industrial growth has moderated in March 2010 compared to previous three months in the financial year 2009-10. However, financial year 2009-10 has reflected a significant revival in the industrial production triggering overall GDP growth.
- The index of industrial production for the month March 2010 grew at 13.5% over March 2009 when the growth was 0.3%. The fiscal year 2009-10 recorded a growth of 10.4 % as against 2.8% in the previous fiscal. All the months in the latter half of the fiscal year 2009-10 have shown double-digit y-o-y growth rates in industrial production.
- The Mining sector registered y-o-y growth of 11% in March 2010 over 1.9% in the corresponding month last year. For fiscal 2009-10, the growth stands at 9.7% over the last fiscal where the growth was at a low of 2.6%.
- The Manufacturing sector for the month grew by 14.3 %, partly due to a negative base. Drawing the comparison over the entire fiscal, the manufacturing sector for the year 2009-10 recorded a growth of 10.9% over 2.8% in 2008-09.
- Fourteen among the seventeen manufacturing industries under the two digit classification registered positive growth rates in March 2010. The three industries with negative growth rates are - wool, silk and man-made fibre textiles; jute and other vegetable fibre, textiles (except cotton); and textile products (including wearing apparel). The similar comparison when fiscal 2009-10 is considered shows positive growth for all industries except two: food products and jute; and other vegetable fibre textiles (except cotton).
- The electricity sector for the month recorded a growth of 7.7% over that of 6.3% in March 2009. Considering the fiscal 2009-10, electricity sector grew by 6% against 2.8% in the last fiscal.
- Considering the use-based classification, for March 2010 a growth of 10.1%, 27.4% and 12.7% were registered in basic, capital and intermediate goods, respectively against the corresponding figures of 1.9%, -6.3% and 1.9%, a year ago. The consumer goods industry grew at 10.6% against 1.3% last year largely on account of consumer durables that recorded a robust growth of 32%. Non-durables saw growth turning positive to 3.3% from (-) 1% in March2009.

Infrastructure

- The infrastructure sector showed satisfactory y-o-y growth both in March 2010 as well as in the financial year 2009-10, except for the petroleum refinery products that have continued be a laggard.
- The index of six core infrastructure industries recorded its second highest y-o-y growth rate of 7.2% in the month of March 2010, next to 9.5% attained in January 2010. The financial year 2009-10 ended with growth rate accelerating to 5.5%, as against 3.0% in 2008-09.
- Of l the six industries, production of finished still posted the highest y-o-y growth of 9.2% in March 2010, a sharp turnaround from negative growth (-1.8%) seen in March 2009. Crude oil production also depicted a similar trend growing by 3.5% in March 2010 from (-) 2.3% growth posted a year ago.
- Cement, coal and electricity sectors registered y-o-y growth of 7.8% each in March 2010. At this growth rate, cement production displayed a marginal slowdown from 10.1% growth rate seen a year ago, while the latter two recorded moderate accelerations as against the corresponding 5.3% and 6.3% growth rates posted in March 2009.
- During the financial year 2009-10, cement production clocked a double-digit growth rate of 10.5% against 7.2% in 2008-09. Electricity and finished steel also posted accelerated growth rates of 6.5%, 4.9% respectively, in 2009-10 as compared with corresponding figures of 2.8% and 1.6% a year ago. Coal production, on the other hand, increased by 7.9% during 2009-10, and managed to sustain the last year's growth rate of 8%.
- Production of crude oil improved to mark a positive growth of 0.5% during April-March 2009-10 against a plummeted growth (-1.8%) registered in 2008-09.
- The only sector to record a negative y-o-y growth not only in March 2010 but also during the financial year 2009-10 was petroleum refinery products. After reporting y-o-y positive growth rates since August 2009, output declined by 0.4% in March 2010 as against a 3.3% rise seen in March 2009. In fact, the industry marked the decade's lowest growth rate in 2009-10 with the production falling by a similar extent (-0.4%) against a growth of 3% registered in 2008-09
- Power deficit stood at 10.1% during April-March 2009-10, marginally lower than 11.1% of the last year.

Information and Communication Technology

- The telecom subscriber base in the fiscal year 2009-10 has reached a new milestone, as more than 192.56 million telephony subscribers have been added during April–March 2009-10 registering a growth of 49%. The mobile subscriber base in the country is growing at such a fast pace that mobile operators are breaking the record for net additions almost every second month. With this, the overall tele-density in India reaches 52.74.
- Over three lakh state-owned Bharat Sanchar Nigam Ltd (BSNL) employees called off their nationwide strike within hours of starting their agitation on April 20. The decision was taken following an assurance from Union Minister of Communications that unions would be taken into confidence before taking any decision on disinvestment and

retrenchment. The minister assured the employee union that the proposed listing of BSNL will now be considered by a group of ministers (GoM).

- The competition between the bidders is becoming more vigorous with each passing day of the 3G auction, which began on April 9. The winning price for the pan-India 3G spectrum licence in the ongoing 3G auction rose to Rs 9,920 crore at the end of 19th day (May 1) of the auction. The pan-India price has now almost tripled than the amount the government set as a reserve price at Rs 3,500 crore, assuring the exchequer a minimum of Rs 40,054 crore in revenues. The price of spectrum for Mumbai circle has touched a whopping Rs 1,617 crore followed by Delhi at Rs 1,550 crore.
- BSNL is planning to seek exemption from paying licence fees for the 3G telecom and broadband wireless access (BWA) services, stating a clause under the New Telecom Policy 1999 (NTP 99).
- Electronics major, Videocon Industries is planning to sell up to 26% stake in its telecom services venture to foreign players. This is the second attempt at roping in foreign partners.
- As per the research firm Gartner, the global Information Technology (IT) spending is expected to increase by 5.3% in the current year 2010 to $3.39 trillion as against $3.2 trillion in 2009 on account of strong consumer demand and a weakening US $. The recovery is expected to come from the computer hardware and IT software and services area.

Services

- The annual increase in tourist arrivals in India saw a marginal increase of 1.6% in April 2010 to 3.54 lakh as against a decline of 3.5% seen in April 2009 over the corresponding period of 2008. The month of April, however, registered a fall of 1.18 lakh over March 2010.
- Foreign exchange earned through tourism activities has recorded around 25% y-o-y growth of in April 2010 as against a decrease of 14% in April 2009. The earnings, however, showed deceleration when compared a growth of 39.4% in March 2010.
- The Reserve Bank of India has raised the limit of foreign currency that travellers are allowed to carry on their visits abroad to $3,000 from $2,000, with immediate effect for tourists visiting countries other than Iraq, Libya, Islamic Republic of Iran, Russian Federation and other Republics of Commonwealth of Independent States, while no release of foreign exchange is admissible for travel to Nepal and Bhutan.
- As per DGCA data, passengers carried by the domestic airlines have increased to 42.5 lakh recording a growth of 26.5% over 33.6 lakh carried in April 2009. During the calendar year 2010 so far, the number of passengers carried by domestic airlines have reached 162.8 lakh, 22% higher compared to a year ago. The seat factor in April 2010 ranged between 73-85% denoting a slight improvement over the rage of 65-85% seen in the previous month due to onset of tourist season.
- The service tax proposed on tickets of all domestic and international flights have been rolled back partially. The Union Budget 20010-110 had levied a 10% service tax on all

airline tickets, which has been reduced to a flat Rs 100 per ticket for domestic travellers and Rs 500 per ticket for international passengers.

- The aviation industry regulator Directorate General of Civil Aviation (DGCA) has come out with the draft guidelines on obligations of airlines towards passengers if they are inconvenienced, according to which the passengers would be entitled for cash and care in case their flights are cancelled, delayed or they are denied boarding even when they are holding a confirmed ticket. Air carriers would have to pay up to Rs 4,000 to passengers if they are denied boarding despite confirmed booking. The airlines would have to offer either alternative flight or refund of air ticket in case flight is cancelled. The passengers would be entitled for meals, refreshment and accommodation in case a flight is delayed.
- The committee on the real estate price index has recommended the index to be based on property prices in 13 cities. The house price data can be collected from Greater Mumbai, Chennai, the National Capital Region of Delhi, Bangalore, Hyderabad, Kolkata, Pune, Jaipur, Greater Chandigarh, Ahmedabad, Lucknow, Bhopal and Bhubaneswar.
- According to global real-estate consultant, Jones Lang LaSalle Meghraj (JLLM) demand for both office and retail space has regained the momentum. It expects about 60.9 million square feet of office space to become operational in 7 Indian cities, namely, NCR, Mumbai, Pune, Chennai, Kolkata, Bangalore and Hyderabad during 2010. The tier-I cities of NCR, Mumbai, Bangalore and Chennai are expected to contribute around 74% to this supply.
- Top television makers such as LG, Samsung and Sony have plans to launch internet-capable models that will offer video on demand, access to websites such as YouTube and podcasts in tie-up with websites and local content providers. With about 14 models, market leader LG plans to roll out Net TV range in May 2010, while Sony has already launched TV sets with internet facility in India. Samsung India will give internet capability across its LCD, LED and 3D TV platforms, while Videocon is also contemplating over its plans to introduce localised Net TV in the Indian market.

Fiscal Scenario

- Direct tax collections during financial year (FY) 2009-10 fell short of the target (Rs 3, 87,000 crore) by Rs 12,000 crore, largely due to lower realisation from corporate taxpayers.
- The central government's indirect tax collections at Rs 2.41 lakh crore have almost met the revised collection target of Rs 2.44 lakh crore for 2009-10. This shortfall was, however, due to the reduced profit margins of the industry due to economic slowdown and the tax cuts in the stimulus package given to the industry to tide over the slowdown.
- A committee on non-plan expenditure has been set up to appraise non-plan schemes that involve expenditure of Rs 75 crore and over. Although some sort of monitoring by the authorities will exist, this will reduce the role of the Finance Commission and the Public Investment Board, Ministry of Finance.
- The Ministry of Finance is working on a revamped Fiscal Responsibility and Budget Management Act, which will have a counter cyclical framework, wherein fiscal

discipline in good years will help build cushion for relaxation in the case of adverse events.

Corporate Sector Developments

- As per the recent PricewaterhouseCoopers (PwC) report titled 'The Emerging Multinationals' India and China will collectively account for 42% of the total new MNCs. The report further indicates that India may overtake China as the largest source of MNCs, as more than 2,200 Indian companies are expected to open operations overseas in the next 15 years, because of easing foreign investment rules.
- NASSCOM the premier trade body and the chamber of commerce of the IT-BPO industry in India has announced a new set of guidelines on corporate governance, which would be ideal for even non-listed companies to follow.
- The government's move to amend the Securities Contracts (Regulation) Act to mandate a minimum float of 25% in the stock market as against the current limit of 10% in both private and government-owned listed companies will help broaden and deepen the markets, bring about better corporate governance and address the rights of the minority shareholders in a better manner.
- The central bank in the draft guidelines for regulatory framework for core investment companies (CICs) has exempted the CICs from the requirement of registration with the RBI, provided 90% of their total assets are invested in shares of investment companies for the purpose of holding stake in the said investee companies.
- After the announcement of the Jawaharlal Nehru Solar Mission which aims at a quantum leap in solar power installation in the country, more than 25 companies have come forward with investment proposals totaling over Rs 1, 00,000 crore over the next 3-10 years.
- As per the findings of the survey conducted by KPMG, around 75% of the firms surveyed felt that the overall incidence of fraud in India has increased in the last two years on account of intensified competition in the markets.

Social Sector Developments

- The Right of Children to Free and Compulsory Education Act 2009 (RTE Act) came into effect on 1 April 2010.
- An expert committee headed by Governor K Sankaranarayanan, will review the performance of universities across Maharashtra. The parameters for gauging performance would be, revisions done in the syllabi with the changing times, accreditation, number of qualified regular teachers and audited accounts submitted to the Accountant General amongst others.
- The government has extended the tax concessions on interest paid for educational loans to all streams of studies including vocational courses form the forthcoming academic

year. This concession would also be provided to parents who have taken the loan for a legally adopted child.

- The Ministry of Human Resource Development (MHRD) will set up 20 Indian Institutes of Information Technology (IIITs) on a public-private partnership model, with each IIIT being set up with an investment of Rs 200 crore. MHRD is also planning to introduce vocational studies as a stream in senior secondary classes for all educational boards. The stream will be on a par with the science, commerce and arts streams.
- The British Council of India and Cambridge Education Foundation are offering a new global teacher accreditation scheme to recognise teacher's achievements in global education. On receiving accreditation, the teachers will get subsidised training from British institutes.
- Brown University has set up an India advisory council to increase its presence by establishing relationships with universities. The council will design a mechanism for the university for its ongoing work on a consistent basis. The university has also signed a memorandum of understanding (MoU) for a two-year period with the Confederation of Indian Industry (CII) so as to have a better understanding of Indian industry. It will also send its students, especially those in engineering and maths schools to work with companies here. The two will sponsor research activities as a part of the MoU.
- MIT Sloan School of Management has tied up with the Indian School of Business (ISB) as its associate for ISB's upcoming campus at Mohali near Chandigarh.
- The state government of Maharashtra will upgrade the syllabus of math and science for Std IX from the academic year beginning June. However, the syllabi of the two subjects for Std X, XI and XII will be changed in the next couple of years.
- GMR Group has entered into an agreement with the Schulich School of Business of York University, Canada to set up a campus in the aerotropolis coming up near the Rajiv Gandhi International Airport, Hyderabad. Admissions would commence in 2013 subject to approvals from the Boards of York University and the GMR Group.
- Maharashtra is planning to set up 3 new medical colleges in Alibaug, Gondhia and Nandurbar, with a student intake capacity of 100 each. The colleges will commence in the academic year 2011.
- The Clinical Establishments (Registration and Regulation) Bill, 2010, which was introduced in Lok Sabha, will bring under its ambit any establishment involved in healthcare delivery. The bill mandates registration of all such establishments in an effort to create a database and eventually a National Registry, besides setting out to ensure adherence to basic standards of operation. It also mandates providing emergency care to the needy, especially accident victims.
- TTK Healthcare would foray into offering orthopaedic care in technical collaboration with B P Trust, USA. The tie-up will help TTK Healthcare manufacture orthopaedic implants, including knee replacement system.
- Chettinad Health City has embarked on a Rs 50 crore expansion plan, which includes setting up facilities like a geriatric centre, Chettinad Heart Foundation, a stem-cell therapy bone and joint centre amongst other facilities.
- Haryana has embarked upon an ambitious Rs 1500 crore plan to improve the health infrastructure in the state. This includes renovation of hospital buildings, fitting them with equipment like endoscopes, ECHO machines, laparoscopes and ventilators.

- A new draft of the National Health Research Policy proposes to study the benefits that the vulnerable sections of population, such as scheduled castes, tribal population and unorganised labour, draw from the health expenditure incurred in the country. It also plans to measure the extent to which such spends on health have improve their livelihood.
- In two years, all citizens of Maharashtra, including those below and above poverty line, and higher income groups would be provided with health cards, which will enable them to avail of treatment for 300 life-saving procedures and medical treatments.
- The Ministry of Rural Development has proposed to provide training for self-employment under the Swarnajayanti Gram Swarajgar Yojana, to at least a member of a family, wherein at least 2 members have worked under the Mahatma Gandhi National Rural Employment Guarantee scheme for over 50 days. Members who have worked for over 50 days would also be treated at par with those under the below poverty line (BPL).
- The Employee's Provident Fund Organisation (EPFO) has increased the life insurance benefit ceiling for all its 4.7 crore members by as much as 66%, i.e, from Rs 60,000 to Rs 1 lakh. Also, EPFO can now invest workers' savings in bonds issued by companies.
- The Planning Commission has adopted the Tendulkar committee's methodology for poverty estimation, which includes spending on education and health besides food, taking the number of the country's poor to a whopping 37.2%, from 27.5 % estimated earlier.
- The National Commission for Minority Educational Institutions (NCMEI) would set up a sub-committee to monitor the progress of the implementation of various government-sponsored schemes targeted to benefit women from the minority community in the north-eastern region.
- The central government is likely to move a new bill in the Parliament to give more teeth to the Comptroller and Auditor General (CAG) by bringing Panchayati Raj institutions (PRIs), non-government organisations (NGOs) and public-private-partnership entities (PPP) under its purview. The bill would be tabled in the forthcoming session of the parliament. This will allow the auditor to seek information from various branches of the government in a time-bound manner just as under the right to information (RTI) Act.

Price Situation

- The annual inflation measured by WPI increased by 9.6% y-o-y in April 2010 against a low rate of 1.3% recorded in April 2009. Though it remained a tad above the median forecast of 9.5%, it receded fractionally compared to 9.9% in March 2010.
- Food articles inflation inched up to 16.9% in April 2010 compared to 16.7% in March 2010. On a y-o-y basis, it was up around twice as compared to 8.6% recorded in April 2009.
- The annual inflation in fuel, power, light and lubricants eased a bit to 12.6% in April 2010 from a rise of 12.7% in March 2010, though this increase was noticeable when compared to a decline of 5.7% witnessed in April 2009. Nevertheless, the double-digit increase for the entire group has been trigged by a y-o-y 64.2% rise recorded by minerals oil.

- All the four consumer price indices (CPI-IW, CPI-AL, and CPI-RL CPI-UNME,) have seen double-digit increases from their respective levels a year ago. CPI-IW has moved upward by 14.9% y-o-y, while CPI-AL and CPI-RL have risen by 15.8% and 15.5%, respectively, in the month of March 2010. Updated data for CPI-UNME has indicated an increase of 15.8% in the month of February 2010. However, all these indices have shown decelerations over their respective previous months' figures.
- The central government has plans to release new retail inflation indices for rural and urban India in February 2011 to improve the accuracy of figures for informed decision making. The two indices will have 2004-05 as the base year.

Monetary and Banking Trends

- The growth in money supply (M_3) for the financial year so far, up to April 23, 2010 has shown a lower increase of 0.8% as against a growth of 2.6% for the corresponding period a year ago.
- Net bank credit to government for the same period slowed down to 1.4% as compared to 4.8% for the comparable period previous year.
- For the financial year so far, up to April 23, 2010, deposit growth of scheduled commercial banks decelerated to 0.4% against 2.2% for the corresponding period last year.
- Investments by scheduled commercial banks, up to April 23, 2010, have shown a pick-up of 6.0% as against 4.0% for the comparable period a year ago.
- In the first month of the financial year 2010-11, there has been a contraction of Rs 25657 crore in bank credit, somewhat less than the contraction (Rs 31060 crore) that took place in the corresponding period of the previous financial year. This is a usual feature in the month of April following a sizable bulge in credit in March each year.
- Despite regulatory discomfort, teaser rates are back. Less than a week after HDFC re-introduced its teaser home loan scheme, the country's largest private sector bank, ICICI bank has followed. ICICI has also re-launched its special home loan scheme offering customers a fixed rate of 8.25% for the first year, 9% for the second year and a floating rate thereafter.
- The US-based hedge fund Arcstone Capital LLC has acquired close to 5% stake in the Kerala-based old private sector bank, Dhanalaxmi Bank. Arcstone has bought the stake from Mavi Investment Fund Ltd, Mauritius for a consideration of Rs 42 crore through its India-specific investment fund in a single off-market deal.
- Lakshmi Vilas Bank (LVB) has implemented a 100% multiprotocol label switching system (MPLS) on its technology platform. The migration was completed in a record time of 45 days with the active involvement of BSNL and technology partner, Wipro. With this, LVB claims to be the first bank in TN to complete 100% MPLS migration.
- Canara Bank has become the latest Indian bank to open a branch in the East Midlands town of Leicester, which has a large minority population of Indian origin.

Financial Markets

- The short-term money market rates remained range bound in April and the weighted average call rates ruled in a range of 2.80%-4.29% during the month.
- On 20 April, RBI hiked the CRR, repo and reverse repo rate by 25 basis points each to 6.0%, 5.25% and 3.75%, respectively, which was lower than market expectations.
- In the RBI's LAF window, the daily average amount absorbed through reverse repo during April increased by 21% to Rs 54,000 crore from around Rs 44,000 crore in the previous month.
- During the month of April, rupee appreciated by 1.6% against dollar.
- Currency futures market witnessed a growth of 11% in its average daily turnover during the month over the previous month.
- In the Annual Policy Statement on 20 April, the RBI has decided to allow options trading in the currency futures market, in a move to help importers, exporters and commodity traders to hedge currency risks.
- The Reserve Bank decided to permit the FIIs to offer domestic government securities acquired by them and foreign sovereign securities with AAA rating, as collateral to the recognized stock exchanges in India, in addition to cash, to cover their transactions in the cash segment of the market.
- In the primary market, auctions of dated central G-secs worth Rs 49,000 crore, auctions of treasury bills worth Rs 36,000 crore and state development loans (SDLs) auctions for Rs 9,900 crore were held during April 2010.
- In the secondary market, traded volume of central government securities more than doubled over the previous month and the total traded volume aggregated to Rs 2,49,090 crore in April. This was partly due to the five weeks coverage in April.
- The secondary market trade of TBs aggregating Rs 61,864 crore in April showed a significant jump over Rs 26,755 crore of March.
- The mobilisation of funds in the capital market through primary issues decreased by 70% during the month of April compared to March and the amount stood at Rs 3,568 crore.
- On 6 April 2010, SEBI proposed to reduce the time between public issue closure and listing to 12 days from the existing of up to 22 days limit.
- The BSE Sensex and NSE Nifty recorded a marginal growth during April over March and added 31 points and 29 points, respectively.
- The average secondary market turnover on NSE increased marginally by 1.4%, while on BSE it declined by 1.2%, during April over the previous month.
- The average daily derivatives' turnover on the NSE was soared by 12% in April over March.
- The average daily volume of FII trades in total derivatives trade increased by 14% over the previous month to Rs 16,367 crore in April 2010.

- FIIs were net buyers of equities in the secondary market to the extent of Rs 9,361 crore during the month under review.
- Mutual funds continued to be the net sellers of equities in the secondary market over the last eight months and in April they liquidated Rs 1,410 crore.
- During April, there was a marked improvement in the mobilisation of resources through primary bond issues and the total amount stood at Rs 15,240 crore compared to Rs 5,245 crore in March.
- According to the data published by SEBI, the aggregate secondary market turnover in the corporate bond segment of BSE, NSE and FIMMDA was shed by Rs 277 crore during April and totaled to Rs 66,848 crore while, the average daily volume was up by 5% to Rs 3,518 crore during the month.

Commodity Derivatives Market

- The aggregate turnover of commodity exchanges declined by 6% to Rs 7,48,414 crore in April over the previous month but seen 53% rise over the corresponding month previous year.
- The trading in non-agricultural commodities, including base metals, precious metals and oil, continued their downward trend in April and their share in total turnover slipped by 2.6 percentage points over the previous month.
- Of the traded commodities in the commodities exchanges, non-agricultural commodities have shown remarkable price movements during the month and the precious metals recorded around 5% rise in their prices.
- Similarly, the agri-commodities also shown tremendous price volatility but their share in aggregate turnover depicted a fall over March reversing the previous month's trend.
- The NSE has deferred the launch of derivatives based on gold exchange traded funds (ETFs) following objections from the FMC.

External Sector Developments

- India's merchandise exports grew by 54.1% during March 2010 over negative growth of 25.1% in March 2009. However, merchandise exports for the fiscal 2009-10 recorded a negative growth of 4.7% over fiscal 2008-09 for which growth was 13.6%.
- Merchandise imports, alike exports, grew significantly for the month under consideration i.e., by 67.1% over a negative growth of 29.6% in March 2009. Entire fiscal recorded imports plunging by 8.2% against a healthy growth of 20.7% in 2008-09.
- Trade deficit for the month of March exceeded the corresponding month last year by US $4.145 billion at $7.825 billion. However, considering the negative growth in both

imports and exports during the fiscal, the trade deficit during 2009-10 stood at 102.1 billion, lower than the previous fiscal by US $16.3 billion.

- Oil imports grew by 85.2% for March 2010 and reported a fall of 8.7 % for the entire fiscal 2009-10. Non-oil imports too showed a similar trend, growing by whopping 61% during the month and –declining by 8% over the previous fiscal year.
- Foreign exchange reserves held by the RBI for the last week of March 2010 stood at US $279.1 billion of which foreign currency assets constituted US $254.7 billion. FDI inflow for March 2010 amounted to US $1.209 billion; the corresponding figure for March 2009 was US $ 1.956 billion. Portfolio investments stood at a record US $5.306 billion compared to a negative US $13.855 billion recorded last year. The rise can be attributed mainly to the FII flows which have been at the highest since June 2009 at US $5.206 billion against negative US $15.017 billion in March 2009.
- March 2010 recorded the highest amount of borrowings by way of ECBs/FCCBs in the entire fiscal at US $ 4332 million.

Selected Macro-Economic Indicators

Economic Indicators			Unit							
1 Output				2009-10 (AE)	2008-09 (QE)	2007-08 (Provisional)	2006-07	2005-06	2009-10 Q3	2008-09 Q3
1.1 Real GDP										
Gross Domestic Product at Factor Cost	(at 2004-05 prices)		Rs crore	4453064	4154973	3893457	3564627	3249130	1158765	1093167
				(7.2)	(6.7)	(9.2)	(9.7)	(9.5)	(6.0)	(6.2)
Agriculture and Allied Products			Rs crore	649370	650461	640315	611409	589697	198676	204450
				(-0.2)	(1.6)	(4.7)	(3.7)	(5.2)	(-2.8)	(-1.4)
Industry			Rs crore	1257950	1163028	1119721	1022653	907048	323281	289652
				(8.2)	(3.9)	(9.5)	(12.7)	(9.3)	(11.6)	(2.1)
Services Sector			Rs crore	2545743	2341484	2133421	1930565	1752385	636808	599065
				(8.7)	(9.8)	(10.5)	(10.2)	(11.1)	(6.3)	(11.4)
1.2 Agriculture				2009-10 (II AE)		2008-09 (IV AE)		2007-08 (Final)		2006-07 (Final)
Total Foodgrains	kharif		Mn. tonnes	216.9	(-7.5)	234.5	(1.6)	230.8	(6.2)	217.3
Rice	kharif		Mn. tonnes	87.6	(-11.7)	99.2	(2.6)	96.7	(3.5)	93.4
Coarse Cereals	kharif		Mn. tonnes	80.3	(-0.5)	80.7	(2.7)	78.6	(3.7)	75.8
Pulses	kharif		Mn. tonnes	14.7	(0.7)	14.6	(-1.4)	14.8	(4.2)	14.2
Nine Oilseeds	kharif		Lakh tonnes	263.2	(-5.1)	277.2	(-6.9)	297.6	(22.5)	242.9
Cotton #	Total		Lakh bales	223.2	(0.2)	222.8	(-13.9)	258.8	(14.4)	226.3
Sugarcane	Total		Lakh tonnes	2512.7	(-11.8)	2850.3	(-18.1)	3481.9	(-2.1)	3555.2

Note: # lakh bales of 170 kgs. each, AE: Advanced Estimates. Figures in the brackets are percentage change over corresponding period of previous year.

				March		Full Fiscal Year				
1.3 Infrastructure				2010	2009	2009-10	2008-09	2007-08	2006-07	2005-06
Infrastructure Industries	Index (1993-94=100)		Index	290.6	271.2	257.4	244.0	236.1	223.6	204.9
				(7.2)	(3.3)	(5.5)	(3.0)	(5.9)	(9.2)	(6.2)
Coal			Mn. tonnes	60.1	55.8	526.6	487.9	451.7	425.1	401.4
				(7.8)	(5.3)	(7.9)	(8.0)	(6.3)	(5.9)	(6.5)
Steel			000. tonnes	5323.0	4874.0	56803.0	54152.0	53308.0	50196.0	44390.0
				(9.2)	(-1.8)	(4.9)	(1.6)	(6.2)	(13.1)	(10.7)
Cement			000. tonnes	20060.0	18600.0	206630.0	186940.0	174310.0	161310.0	147808.0
				(7.8)	(10.1)	(10.5)	(7.2)	(8.1)	(9.1)	(12.3)
Crude Petroleum			000. tonnes	2957.0	2857.0	33688.0	33508.0	34118.0	33986.0	32198.0
				(3.5)	(-2.3)	(0.5)	(-1.8)	(0.4)	(5.6)	(-5.3)
Petroleum Refinery Products			000. tonnes	12948.0	13000.0	148914.0	149518.0	145174.0	136292.0	120750.0
				(-0.4)	(3.3)	(-0.4)	(3.0)	(6.5)	(12.9)	(2.2)
Electricity			Mn KWh	70099.4	65057.4	771173.2	723793.6	704469.0	662523.0	617510.5
				(7.8)	(6.3)	(6.5)	(2.7)	(6.3)	(7.3)	(5.1)

				March		Full Fiscal Year				
1.4 Industrial Production				2010	2009	2009-10	2008-09	2007-08	2006-07	2005-06
Index of Industrial Production	(Base 1993-94=100)		Index	347.3	305.9	304.1	275.4	268	247.1	221.5
				(13.5)	(0.3)	(10.4)	(2.8)	(8.5)	(11.6)	(8.2)
Mining and Quarrying			Index	232.8	209.8	193.1	176.0	171.6	163.2	154.9
				(11.0)	(1.9)	(9.7)	(2.6)	(5.1)	(5.4)	(1.0)
Manufacuring			Index	373.6	326.9	327.3	295.1	287.2	263.5	234.2
				(14.3)	(-0.3)	(10.9)	(2.8)	(9.0)	(12.5)	(9.1)
Electricity			Index	260	241.3	237.1	223.7	217.7	204.7	190.9
				(7.7)	(6.3)	(6.0)	(2.8)	(6.4)	(7.2)	(5.2)

				Apr 23	Financial Year So Far		Mar 31	Mar 31	Mar 31	Mar 31
2 Money and Banking				2010	2010-11	2009-10	2010	2009	2008	2007
2.1 Money Supply (M_3)		Outstanding	Rs crore	5622402	5622402	4901752	5583259	4758504	4017882	3315993
		Absolute Variation	Rs crore	720650	42834	124682	824755	740622	701889	586448
		Per cent Variation		(14.7)	(0.8)	(2.6)	(17.3)	(18.4)	(21.2)	(21.5)
2.2 Scheduled Comm. Banks				Apr 23	Financial Year So Far		Mar 31	Mar 31	Mar 31	Mar 31
				2010	2009-10	2008-09	2009	2009	2008	2007
Aggregate Deposits		Outstanding	Rs crore	4506747	4506747	3919671	4486574	3834110	3196939	2611933
		Absolute Variation	Rs crore	587076	20173	85561	652464	637171	585006	502884
		Per cent Variation		(15.0)	(0.4)	(2.2)	(17.0)	(19.9)	(22.4)	(23.8)
Non-Food Credit		Outstanding	Rs crore	3166763	3166763	2695514	3191910	2729338	2317515	1884668
		Absolute Variation	Rs crore	471249	-25147	-33825	462572	411823	432847	418282
		Per cent Variation		(17.5)	(-0.8)	(-1.2)	(16.9)	(17.8)	(23.0)	(28.5)
Accomodation provided by Commercial Banks to Commercial Sector		Outstanding	Rs crore	3273331	3273331	2796275	3307930	2834112	2413021	1968214
		Absolute Variation	Rs crore	477056	-34600	-37836	473818	421091	444807	422363
		Per cent Variation		(17.1)	(-1.0)	(-1.3)	(16.7)	(17.5)	(22.6)	(27.2)

				April	March	February	Fiscal Year Average			
3 Inflation				2010	2010	2010	2009-10	2008-09	2007-08	2006-07
3.1 Wholesale Price Index	(1993-94=100)		Index	253.7	250.8	250.5	241.6	233.9	215.8	206.2
				(9.6)	(9.9)	(10.1)	(3.3)	(8.4)	(4.7)	(5.4)
				March	February	January	Fiscal Year Average			
3.2 Consumer Price Index for Industrial Workers	(2001=100)*		Index	2010	2010	2010	2008-09	2007-08	2006-07	2005-06
				170	170	172	145	133	125	117
				(14.9)	(14.9)	(16.2)	(9.0)	(6.4)	(6.8)	(4.5)

Note: *New base 2001=100 introduced from February 2006; linking factor for CPI with base 1982=100 is 4.63; old series converted into new base by using this linking factor. Variation worked out using monthly figures for October 2009 and fiscal year so far.

4 **Central Government Finances**			2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05
			(BE)	(RE)	(Actuals)	(Accounts)	(Accounts)	(Accounts)	(Accounts)
4.1	**Gross Tax Revenue**	Rs crore	746651	633095	605298	593147	473512	366151	304958
			(16.5) {10.8}	(4.6){10.3}	(2.0) {10.9}	(25.3) {12}	(29.3) {11.1}	(20.1){9.9}	(19.9){9.4}
	States' Share	Rs crore	208997	164832	160179	151800	120330	94386	78595
			(27.2)	(2.9)	(5.5)	(26.2)	(27.5)	(20.1)	(19.5)
4.2	**Total Expenditure**	Rs crore	1108749	1021547	883956	712671	583387	506123	498252
			(8.6){16.0}	(15.6){16.6}	(24.0){15.9}	(22.2) {14.4}	(15.3) {13.6}	(1.6) {13.7}	(5.7){15.4}
	Plan Expenditure	Rs crore	373092	315176	275235	205082	169860	140638	132292
			(14.7)	(14.5)	(34.2)	(20.7)	(20.8)	(6.3)	(8.2)
	Non-Plan Expenditure	Rs crore	735657	706371	608721	507589	413527	365485	365960
			(5.7)	(16.0)	(19.9)	(22.8)	(13.1)	(-0.1)	(4.9)
4.3	**Fiscal Deficit**	Rs crore	381408	414041	336992	126912	142573	146435	125794
			{5.5}	{6.7}	{6.0}	{2.6}	{3.3}	{4.0}	{3.9}
4.4	**Revenue Deficit**	Rs crore	276512	329061	253539	52569	80222	92299	78338
			{4.0}	{5.3}	{4.5}	{1.1}	{1.9}	{2.5}	{2.4}

Note: BE: Budget estimates, RE: Revised estimates and Pro: provisional estimates. Figures in brace brackets are percentages to GDP at current market prices with the new base (i.e 2004-05). Growth

5 **Investment Indicators**			March		Full Fiscal Year				
			2010	2009	2009-10P	2008-09	2007-08	2006-07	2005-06
5.1	**Production of Capital Goods** (1993-94 = 100)	Index	648.1	508.9	474.2	397.9	370.8	314.2	265.8
			(27.4)	(-6.3)	(19.2)	(7.3)	(18.0)	(18.2)	(15.8)
			March	December	September	June	March	December	September
5.2	**CMIEs Capital Investment**		2010	2009	2009	2009	2009	2008	2008
	Under Implementation	Rs crore	5072954	4555797	4256137	3893924	3542474	3347482	3218280
			(48.3)	(45.6)	(44.5)	(42.6)	(39.5)	(41.6)	(42.3)
	Manufacturing	Rs crore	1074451	1035429	1000703	900363	852068	830421	844679
			(44.2)	(45.9)	(46.6)	(42.3)	(39.7)	(40.8)	(40.8)
	Electricity	Rs crore	1304888	1064078	1014771	952112	930844	902276	886060
			(36.5)	(30.9)	(31.1)	(30.3)	(30.4)	(33.4)	(36.3)
	Services	Rs crore	1516086	1375412	1250491	1131307	970483	895064	827017
			(55.0)	(53.5)	(50.0)	(49.6)	(44.3)	(45.5)	(45.2)

Note: Figures in brace brackets refer to the rate of implementation of investment projects.

6 **External Sector**			March		Full Fiscal Year				
6.1	**Foreign Trade**		2009-10*	2008-09	2009-10	2008-09	2007-08	2006-07	2005-06
	Value of Exports	US $ bl	19.91	12.92	176.57	185.3	162.9	126.4	103.1
			(54.1)	(-25.1)	(-4.7)	(13.6)	(28.9)	(22.6)	(23.4)
	Value of Imports	US $ bl	27.73	16.60	278.68	303.7	251.4	185.7	149.2
			(67.1)	(-29.6)	(-8.2)	(20.7)	(35.4)	(24.5)	(33.8)
	Value of Non-Oil Imports	US $ bl	20.00	12.42	193.21	210.03	171.8	128.6	105.2
	Trade Deficit	US $ bl	7.83	3.68	102.11	118.4	88.5	59.4	46.1

Note: *Data are provisional and growth is worked out by using provisional over corresponding revised data.

6.2	**Foreign Exchange Rates**			March	February	March	April-March			
	36-Currency Trade-Based	(Base:1993-94=100)		2010	2010	2009	2009-10 P	2008-09	2007-08	2006-07
	REER		Index	98.9	96.67	88.05	92.35	94.32	104.81	98.48
				(12.3)	(6.7)	(-13.6)	(-2.1)	(-10.0)	(6.4)	(-3.8)
	NEER		Index	88.25	86.81	80.75	84.68	84.66	93.91	85.89
				(9.3)	(3.5)	(-10.3)	(0.02)	(-9.8)	(9.3)	(-4.4)
				March	February	March	April-March			
	6-Currency Trade-Based Weights	(Base: 2007-08=100)#		2010	2010	2009	2009-10 P	2008-09	2007-08	2006-07
	REER		Index	99.41	96.80	83.76	91.58	91.45	100.00	92.41
				(18.7)	(11.2)	(-13.8)	(0.1)	(-8.6)	(8.2)	(-1.6)
	NEER		Index	88.88	86.77	80.73	83.89	86.78	100.00	92.96
				(10.1)	(3.0)	(-14.9)	(-3.3)	(-13.2)	(7.6)	(-3.9)
				Apr 30	Apr 29	Mar 31	Mar 31	Mar 31	Mar 30	Mar 31
	RBI Reference Rate			2010	2009	2010	2009	2008	2007	2006
		(Rs. per US $)*	US Dolla	44.44	50.22	45.1400	50.9500	39.9700	43.5900	44.6100
				(13.0)	(-19.4)	(12.9)	(-21.6)	-	-	(-1.9)

P: Data is provisional. # Base Year 2007-08=100 is a moving one *Figures in brackets are **Rupee appreciation (+) /depreciation (-)** over the corresponding previous year.

Note for all tables: Figures in brackets are year-on-year variation unless otherwise stated.

Source: RBI and Government of India sources (for details and provisos and caution, see respective chapters).

Financial Markets - Key Indicators

				April	March	April	Fiscal Year so far		Full Fiscal Year	
				2010	2010	2009	2010-11	2009-10	2009-10	2008-09
1	**Money Market**									
		Volume	Rs. crore	208604	236384	230327	208604	230327	2376534	3657632
1.1	Call Money	Wtd Avg Rate	in %	3.56	3.59	3.45	3.56	3.45	3.29	7.26
		Range of Rates	in %	2.80-3.86	3.06-4.91	1.87-4.36	2.80-3.86	1.87-4.36	1.68-4.91	2.69-19.74
		Volume	Rs. crore	1170497	1440135	883397	1170497	883397	14723784	8824784
1.2	CBLO	Wtd Avg Rate	in %	2.95	3.15	2.17	2.95	2.17	2.69	5.75
		Range of Rates	in %	1.07-3.69	1.55-4.73	0.39-3.43	1.07-3.69	0.39-3.43	0.03-4.73	1.56-11.97
		Volume	Rs. crore	467318	459604	410899	467318	410899	5826779	4094286
1.3	Market Repo	Wtd Avg Rate	in %	3.04	3.31	2.46	3.04	2.46	2.77	6.01
		Range of Rates	in %	0.50-3.68	1.75-5.04	0.98-3.85	0.50-3.68	0.98-3.85	0.50-5.04	1.10-12.42
2	**Foreign Exchange Market**									
		INR-USD Reference Rate @		44.44	45.14	50.22	44.44	50.22	45.14	50.95
		Total Turnover	US $ Bn	NA	999	756	NA	756	10196	11906
2.1	Currency Futures Market	Total Turnover	Rs. crore	719304	646637	77244	719304	77244	3727262	312258
3	**Government Securities Market #**									
3.1	Dated Securities									
	Primary Issues	Gross Amount*	Rs. crore	49000	0	48000	49000	48000	418000	261000
		Cut-off Yield	in %	7.27	NA	6.80	7.3	6.80	7.23	7.69
	Secondary Market	Outright Trades ^	Rs. crore	258587	115665	249267	258587	249267	2463833	2164959
	Transactions	Yield to Maturity	in %	7.46	7.54	6.57	7.46	6.57	7.00	7.28
3.2	Treasury Bills (TBs)									
	Primary Issues									
	91-Day TBs	Face Value	Rs. crore	28000	24500	24500	28000	24500	301503	265559
		Wtd Avg Cut-off Rate		4.14	4.35	3.76	4.14	3.76	3.56	6.96
	182-Day TBs	Face Value	Rs. crore	4000	5500	2500	4000	2500	42875	44303
		Wtd Avg Cut-off Rate		4.64	4.67	4.07	4.64	4.07	4.01	7.41
	364-Day TBs	Face Value	Rs. crore	4000	6000	2000	4000	2000	41497	54550
		Wtd Avg Cut-off Rate		5.07	5.13	4.05	5.07	4.05	4.53	7.19
	Secondary Market Transactions									
	91-Day TBs	Face Value	Rs. crore	46633	21122	19332	46633	19332	203484	116392
		Yield to Maturity		3.85	4.15	3.69	3.85	3.69	3.49	6.19
	182-Day TBs	Face Value	Rs. crore	6865	2084	4571	6865	4571	34028	18602
		Yield to Maturity		4.14	4.54	3.74	4.14	3.74	3.62	6.57
	364-Day TBs	Face Value	Rs. crore	8366	3549	8590	8366	8590	47077	49453
		Yield to Maturity	Rs. crore	4.81	4.87	4.12	4.81	4.12	3.87	6.74
4	**Capital Market**									
4.1	Primary Market	IPOs	Rs. crore	3568	11631	0	11631	0	47003	2082
4.2	Stock Market Turnover		Rs. crore	2042117	1954172	1499001	2042117	1499002	23180738	14874847
	NSE	Derivatives	Rs. crore	1671620	1568147	1143362	1671620	1143362	17663665	11010482
		Cash	Rs. crore	276566	286245	266696	276566	266696	4138023	2752023
	BSE	Derivatives	Rs. crore	1	1	0	1	1	234	12268
		Cash	Rs. crore	93929	99779	88943	93929	88943	1378809	1100074
	BSE Sensex @			17559	17528	11403	17559	17528	17528	9709
	NSE Nifty@			5278	5249	3474	5278	5249	5249	3021
	India VIX@			20.35	19.87	46.63	20.35	19.87	19.87	39.48
		Sales	Rs. crore	1088192	965470	708481	1088192	708481	10019023	5426353
				(53.6)	(55.8)	(37.0)	(53.6)	(37.0)	(84.6)	(21.5)
4.3	Mutual Funds	Redemptions	Rs. crore	902236	1127635	554289	902236	554289	9095342	5454650
				(62.8)	(57.0)	(24.4)	(62.8)	(24.4)	(66.7)	(26.5)
		Net Mobilisation	Rs. crore	185956	-162165	154192	185956	154192	923681	-28297
		Purchases	Rs. crore	74374	85229	49715	74374	49715	846437	614579
				(49.6)	(108.0)	(-20.2)	(49.6)	(-20.2)	(47.6)	(-35.2)
		Sales	Rs. crore	61981	55792	40716	61981	40716	703779	613521
4.4	FII Investments in			(52.2)	(19.0)	(-35.3)	(52.2)	(-35.3)	(14.7)	(-16.5)
	Debt and Equity	Net Investment	Rs. crore	12393	29438	8999	12393	8999	142658	-45811
				(37.7)	(599.8)	(-1535.4)	(37.7)	(-1535.4)	(457.4)	(-169.2)
		Net Investment	US $ mn	2783	6465	1791	2783	1791	30252	-11356
				(55.4)	(542.8)	(-1253.7)	(55.4)	(-1253.7)	(405.7)	(-170.8)
	Corporate Bond Market									
5	Primary Issues	Amount Mobilised	Rs. crore	15240	5245	6386	15240	6386	114318	82421
		No. of Issues		21	14	13	21	13	266	166
	Secondary Market	Total Turnover	Rs. crore	66848	67125	31526	66848	31526	401198	148166
6	**Commodites Derivatives Market**	Total Turnover	Rs crore	748414	792537	489988	748414	489988	7765252	5248957

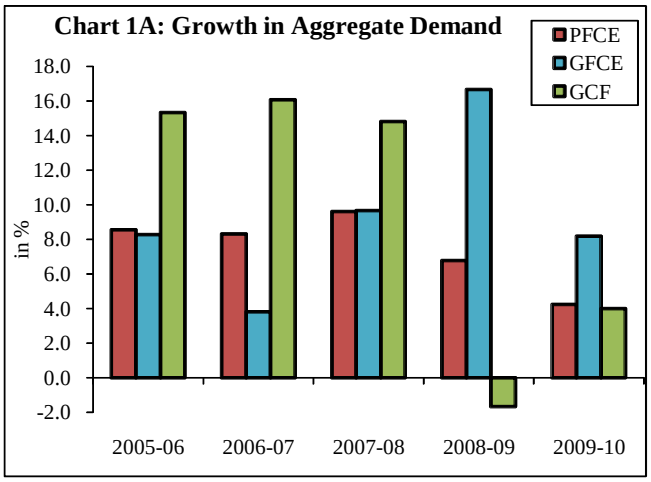
@: At the end of the period . #: Turnover upto the last Friday of the month over the last Friday of preceding month. NA: not available
^: GOI Dated and State Government Securities. *: Excludes SDLs, MSS and OMO. Note for all tables: Figures in brackets are year-on-year variation in per cent unless otherwise stated.
Source: *RBI, SEBI, CCIl, BSE, NSE AMFI and FMC websites and publications*

1. GROWTH SCENARIO

1. Introduction

The increase in domestic demand particularly the investment demand as reflected in the growth indices of capital and intermediate goods, in the recent months has led to faster than expected economic recovery in India. The recovery in the growth of consumer durables also thanks to higher disposable incomes along with a pick-up in corporate sales suggest stronger revival in consumption demand as against the subdued growth seen in the demand-side GDP data up till now. If such demand sustains in the future, the economy is likely to achieve a higher growth in the coming years, as it will induce more projects for capacity expansion and hence, further demand for investment.

Any adverse impact of Greek crisis on India's growth prospect is likely to be muted. Final consumption expenditure remained subdued during 2009-10, as growth in both private final consumption expenditure (PFCE) and government final consumption expenditure (GFCE) decelerated. Investment demand, particularly gross fixed capital formation (GFCF), however, showed a gradual recovery during the year (Chart 1A). The easing of inflationary pressure may additionally drive up the consumption demand. The focus should be on sustaining and further augmenting investment rate and improving productivity.



1.2 Upshots of Business Confidence Surveys

The Table 1.1 summarises the findings of the surveys conducted by various agencies regarding business activities, conveying better growth prospect for the domestic economy.

Business Confidence Index (BCI) of the National Council of Applied Economic Research (NCAER) increased to 156.8 in April 2010, registering a gain of 2.0% over its January 2010 level. It is the fourth successive quarter in which the BCI has registered an increase. Among the

four components, 'investment climate' and 'capacity utilisation' were weaker as compared to the earlier quarter, but expectations about improvements in 'overall business conditions' and 'financial position of firms' in the next six months of financial year 2010 rose substantially.

Table 1.1: Business Expectations Survey: A Snapshot

Period/Index	NCAER April. 2010 Business Confidence Index	FICCI Q_3: 2009-10 Overall Business Confidence Index	Dun & Bradstreet Business 2010	CII Oct. 2009-Mar. Q2: 2010
Current level of the Index	156.8	70	142.8	66.1
Index as per previous survey	153.8	72.4	137.3	58.7
Index levels one year back	81.6	44	93.8	56.3
% change (q-o-q)	2.0	-3.3	4.0	12.6
% change (y-o-y)	92.2	59.1	52.2	17.4

Source: RBI

The Business Confidence Survey of the FICCI for Q_3: 2009-10, released in February 2010, revealed that 83.0% of the companies felt the overall current economic conditions to be moderately to substantially better. The overall business confidence index has shown a decline of 3.3% over the previous quarter on account of anxiety over withdrawal of stimulus measures.

The Dun and Bradstreet Business Optimism Index (BOI) for Q_2 (2010) increased by 4.0% to 142.8 as against Q_1 (2010) due to improvement in overall business sentiment. However, some caution on account of high inflation and expected hardening of interest rates is visible from relatively lower optimism with regard to volume of sales, new orders, net profits and employee levels during Q_2 (2010) as compared to Q_1 (2010). On a y-o-y basis, the BOI for the Q_2 (2010) witnessed a significant increase of 52.2%. Improving domestic demand, surge in domestic stock markets, increase in advance tax collections, increased capital inflows and stabilising export demand appear to have supported the optimism in the business sentiments.

The CII Business Confidence Index for October 2009-March 2010 increased by 7.4 points to 66.1 on top of the 2.4-point increase during the first half of 2009-10. However, according to the survey, uncertain global economic outlook and slackening consumer demand continue to affect confidence levels (Table 1.1).

1.3 GDP Growth Projection and Updates for 2010-11

GDP growth forecasts given by various agencies suggest a real GDP growth of 8% or more for the year 2010-11 (Table 1.2).

Table 1.2: GDP Projection for 2010-11

	2009-10	2010-11	Remark
IMF (World Economic Report)	8.75	8.5	On account of a strong domestic demand. The growth will be supported by resurgence in demand from the working class on the back of an improvement in business confidence that in turn will result in increasing investment activities.
CII Business Outlook Survey	-	7.5-8.5	Due to rising capital investment and expanding exports of the country.
Fitch Ratings	-	8.0	Industries and services being the primary drivers of the growth

Source: Compiled by EPWRF

The OECD Composite Leading Indicators (CLI), which provide early signals of turning points in business cycles and fluctuation of the economic activity around its long-term potential level, indicate that India has scored 101-mark at the end of March 2010, higher from 100.7-mark in the previous month of the same year, thus reiterating a stronger economic outlook. The current trend in major macro economic indicators across various economic sectors also shows improved output levels as illustrated in following paragraphs.

The India Meteorological Department (IMD) has predicted in its long-range forecast for the 2010 that south-west monsoon season (June-September) for the country as a whole is likely to be normal which raises the hopes for better prospects for agriculture output in the ensuing kharif season. Taking into account both aggregate demand and supply side, the elements that will support the growth in industrial production include the prospect of a rebound in investment activity, increased thrust of the government on infrastructure projects and the renewed growth of exports. The extent and pace of resurgence of private investment activity will play a crucial role in providing longevity to industrial recovery. For the last month of financial year 2009-10, industrial output maintained its double-digit growth for the sixth consecutive month at 13.5% driven largely by robust manufacturing output. The growth spurt was weighed down by a

partial withdrawal of stimulus measures and a rate hike. India's six core industries grew by 7.2% in March 2010 as compared to 3.3% in the same month of 2009.

Maintaining an upward trend for the fifth consecutive month, India's exports grew by US $19908 million in March 2010 as against US $12916 million in March 2009. India's imports during March 2010 were valued at US $27733 million, representing a growth of 67.1% over the level of US $16597 million in March 2009.

Foreign tourist arrivals (FTAs) grew by 1.7% to 3.54 lakh in April this year as compared to 3.48 lakh in the same period last year. The growth rate in Foreign Exchange Earnings (FEE) in rupee terms in April 2010 over April 2009 was 11.3% as compared to growth rate of 7.6% in April 2009. The total domestic passengers carried by Indian scheduled airlines in the month of April 2010 were 41.88 lakh as compared 39.03 lakh in the month of March 2010. The revenue earnings of Indian Railways in April 2010 surged by 9.7% to Rs 7,292.25 crore over the same month last year. Both segments - goods as well as passengers - bolstered the growth in revenue earnings for this period.

Summing Up

An overall assessment of trends in aggregate demand and its different components, suggests that while the support of expansionary government expenditure to economic recovery has started to moderate significantly, private consumption demand is expected to spur stronger momentum in growth. Investment demand has picked up and could be expected to gain further acceleration. The exit for fiscal and monetary accommodation though may have a short term dampening impact; lower inflation would contribute to sustaining the medium-term growth outlook. On the whole, the economy is expected to post a high growth in the current fiscal year.

2. AGRICULTURE

2.1. Overview

The Third Advance Estimates (III AE) of agriculture output released by the ministry has pegged total foodgrains production during the year 2009-10 at 218.19 million tonnes, lower by 6.9% from last year. Though these estimates are not available of the official website of the ministry, media reports have depicted the output levels declining for all major foodgrains excluding wheat and pulses. The estimated shortfall is attributable to the poor performance of the kharif crops, albeit, output of rabi foodgrains would be exhibiting marginal improvement, though it may not fully compensate the loss bared by the kharif output. So far, rabi crops are in a good condition but prevailing heat wave conditions in central and north-western parts of the country are expected to affect most of the crops which have been sown later. However, what has come as a respite is the IMD's first stage forecast for southwest monsoon 2009, wherein it has predicted the monsoon to be at 98% of the long period average for the entire country. Concomitantly, procurement of rice and wheat for the current marketing period 2009-10 is in full swing, pushing up the stocks in the central inventories to record levels.

In order to boost the agricultural production during the forthcoming kharif season the agriculture ministry has started introducing slew of measures like launching of new seeds, better pest management practices and conducting crop studies.

2.2. Rainfall and Water Storage

Table 2.1: Rainfall Received in Summer Season 2010

(*millimetres*)

Regions	Normal Rainfall	Actual Rainfall during 01 - 30 April	Percentage Deviation
North-West India	77.8	31.3	-60
Central India	19.7	4.9	-75
South Peninsular India	45.7	36	-21
North-East India	170.4	185.9	9
Country as a whole	**66.6**	**48.0**	**-28**

Deviations: excess: +20% or more; normal: +19% to –19%; deficient: -20% to –59%; scanty: -60% to –99%; no rain: -100%

Source: Department of Agriculture and Cooperation, Ministry of Agriculture, Government of India, *(www.agricoop.nic.in)*

Rainfall recorded during the pre monsoon season (March - May) 2010 has been lower than the normal by 28% (Table 2.1), as severe heat wave conditions prevailed in central and northwestern parts of the country that marked acute rainfall shortage by the end of April 2010. As for north-eastern regions, precipitation retained its

trough, due to impact from a westerly disturbance, owing to which the cumulative rainfall was 9% above the long period average (LPA).

According to the *All-India Weekly Weather Watch Report* by the Indian Meteorological Department (IMD), 8 out of total 36 meteorological sub-divisions in the country has registered excess to normal rainfall, 26 sub-divisions have experienced deficient to scanty showers and 2 have received no rains at all.

Monsoon Forecast

As per the first long range forecast update of southwest monsoon 2010, released by IMD, the seasonal rainfall for the country as a whole is likely to be near normal, i.e., 98% of the long period average (LPA), with a model error of ± 5 %. The LPA rainfall over the country as a whole for the period 1941-1990 is 89 cm.. It has been suggested that the date of onset of southwest monsoon over Kerala is likely to be on 30th May with a model error of ± 4 days.

The International Research Institute (IRI) for Climate and Society at Columbia University has predicted that this year India would experience normal to slightly above normal precipitation during the monsoon season. While rainfall would be normal during June-July-August, across various parts of the country, the west coast and adjoining central peninsula extending to some parts of north and northwest India would record excess rains as the season progress further.

Water Storage

Total live water storage in the 81 major reservoirs has stood at 29.88 billion cubic metres (BCM) by the end of April 2010, 7% higher than the last year's level and a rise of 4% over the ten-year's average. Notably, out of 81 major reservoirs across the country, 48 have registered water storage above 80% of the normal. Whereas, 6 reservoirs, namely, Sriramsagar from Andhra Pradesh, Kabini from Karnataka, Isapur, Bhima (Ujjani) & Yeldari from Maharashtra and Gumti from Tripura are reported of having no live storage.

Table 2.2: Water Storage Level in Major Reservoirs

Water storage level	No of Reservoirs
Above 80% of the normal	48
Between 50%-80% of the normal	13
Between 30% - 50% of the normal	8
Below 30% of the normal	6
No Live water storage	6
Total	81

Source: *Central Water Commission (www.cwc.nic.in)*

2.3 Third Advance Estimates (III AE) (2009-10)

It has been reported that as per the III AE released by Ministry of Agriculture, total foodgrains production during the year 2009-10 would stand at 218.19 million tonnes, 6.9% lower from the last year's production of 234.47 million tonnes. This decline is mainly on account of the drought that hit paddy, coarse cereal, sugarcane, edible oil and pulses during the kharif season. Barring wheat, soyabean and cotton, productions of all crops have been affected adversely. Output of rabi foodgrains is anticipated to go up marginally to 14.53 million tonnes from 14.27 million tonnes recorded a year earlier (Table 2.3).

Table 2.3:Trends in Production of Foodgrains

(million tonnes)

Crop	2009-10*	2008-09	% change
Rice	89.3	99.2	-10.0
Wheat	81.0	80.7	0.4
Coarse Cereals	98.0	118.7	-17.4
Cereals	203.4	219.9	-7.5
Pulses	14.8	14.6	1.4
Oil seeds	25.4	27.7	-8.3
Sugarcane	274.7	285.0	-3.6
Total Foodgrains	218.2	234.5	-6.9

* 3rd Advance Estimates

Source: Media

Among foodgrains, rice output is estimated to be at 89.31 million tonnes, as against 99.18 million tonnes produced previous year. Output of wheat is likely to hit a record of 81 million tonnes, fractionally up from 80.68 million tonnes in 2008-09. Coarse cereals production is likely to drop significantly to 97.98 million tonnes, as compared to 118.65 million tonnes produced last year on account of fall in output of all major coarse cereals (jowar, bajra and maize). However, production of pulses is likely to see a marginal increase of 1.4 million tonnes largely on account of rise in the production of rabi pulses like gram, tur and urad.

Among non-foodgrains, output of total oilseeds for 2009-10 is expected to be 25.4 million tonnes, as against 27.7 million tonnes reported last year. This reduction is attributed to shortfall in production of groundnut, rapeseed and mustard and sunflower during the kharif season. Sugarcane output is expected to slide down to 274.6 million tonnes from 285 million tonnes a year ago. Output of jute and mesta, is expected to increase slightly to 111.04 lakh bales of 180 kg each, as against 103.28 lakh bales produced a year earlier. Albeit, the overall growth in the agricultural output would be clear only after the final estimates are released in June/July.

2.4 Sowings of Rabi Crops

While rabi sowing season is about to conclude, harvesting operations are progressing at a faster pace across the country. Climatic conditions so far have been conducive for the crops; however, only those which have been sown in the later part of the season especially in the north-western and central regions are expected to be affected by heat wave conditions. Even incidences of pests and diseases, so far, have remained below the economic threshold level (ETL) for most of the crops. According to the report of *Crop Weather Watch Group*, rabi sowings for the crop year 2009-10 have exceeded their normal sown acreages by almost 10% as on April 30, 2010 to 641.3 lakh hectares (lh), recording a minuscule increase of 0.9% over the period of one year (Table 2.4). This modest expansion can be attributed to satisfactory improvement in the area cultivated under foodgrains like wheat, barley, gram, lentil, urad, moong and lathyrus and non-food crops like groundnut and sesamum which have compensated for the shortfalls in sowings of others. Among all the crops, sowings of rabi pulses have witnessed the highest rise in its cultivation, to the extent of 6.3% followed by wheat (2.9%) and cereals (0.3%) while rice (-6.9%), coarse cereals (-5.3%) and oilseeds (-3.9%), have observed declines in their particular sowings.

Table 2.4: Progress in Sowing of Major Rabi Crops as on April 30

(lakh hectares)

Crops	Normal	2009-10	2008-09	Percentage Variation
Total Foodgrains	492.5	530.7	528.5	0.4
Wheat	271.0	286.8	278.8	2.9
Rice	39.8	44.4	47.7	-6.9
Coarse Cereals	62.5	65.2	68.9	-5.3
Total Cereals	373.3	396.5	395.3	0.3
Total pulses	119.2	147.4	138.7	6.3
Oilseeds	95.4	97.4	101.4	-3.9
Total Area	587.4	641.3	635.4	0.9

Source: *Department of Agriculture and Cooperation, Ministry of Agriculture, Government of India (www.agricoop.nic.in)*

Rising heat wave conditions from the last week of March have affected the wheat crop in the midst of grain-filling stage. Even then the sowings of the principal rabi crop, wheat, has increased by 2.9% to 286.8 lh as against 278.8 lh covered during the same period of the previous year. Sowings are reported to have risen in states like Karnataka, Madhya Pradesh, Bihar, Chhattisgarh, Maharashtra, West Bengal, Uttar Pradesh and Rajasthan, while it has fallen in Gujarat, Punjab and Jammu & Kashmir as compared to the area covered during the corresponding period of the last year.

Dr Jag Shoran, Principal Investigator (Crop Improvement) at the Directorate of Wheat Research, informed that crops in Punjab and Haryana have not been influenced by the high

temperature, as significant part of grain-filling has been completed; only those crops which have been sown late is expected to affect a little bit. The probability of premature ripening would be recorded more in Uttar Pradesh, Bihar and West Bengal, where wheat is sown at mid or late December. Whereas in Madhya Pradesh, the impact would be least as the crop matures by mid-March.

Sowings of rice has surpassed its normal sown acreages by 11% to 44.42 lh, however, it is lagging behind last year's sown acreages (47.7 lh) by 3.3 lh. The coverage under rice has fallen in states like Andhra Pradesh, Bihar, Orissa, Tamil Nadu and West Bengal except in Karnataka, where sowings have gone up significantly over the period of one year.

Escalations witnessed in the prices of pulses have pushed up sowings of most of the rabi pulses except kulthi and peas, resulting in a reasonable increase of 6.3% to 147.4 lh for the pulses group as a whole. Sowings of major rabi pulse, gram, has risen immensely by around 6.9% to 89.4 lh over the period of one year. Similarly, urad (by 21.6% to 10.9 lh), moong (by 14.7% to 8.5lh), lentil (by 3.1% to 15.3 lakh hectares) and lathyrus (by 1.2% to 4.3 lakh hectares) have also seen their sowings improving Appendix (I).

Coarse cereals as a group has observed a decline of 5.3% to 65.2 lh as against 68.9 lh covered during the corresponding period of the previous year. This sluggishness is mainly on account of 7.5% and 0.8% drops registered in sown acreages under jowar and maize, respectively. The coverage under barley has shown a fractional improvement of 0.1 lh to 7.3 lh. However, coverage under coarse cereals has gone up in states like Bihar, Maharashtra and Tamil Nadu over the same period of the previous year.

As against non-food crops, sowings of groundnut and sesamum have seen increases in their sown acreages, which in turn have not been able to make up for the shortfall in sown acreages of the remaining oilseeds, pushing down the sowings of oilseeds group as a whole by 3.9% to around 97.4 lh. Rapeseed and mustard, a major rabi oilseed, has registered a decline of 2.6% to 65.1 lh from 66.9 lh covered during the same period a year earlier, whereas sunflower dropped by 24.8% to 13.1 lh during the period under review. Sowings of safflower and linseed are trailing behind fractionally over their corresponding coverages a year ago.

2.5 Procurement, Distribution and Stock of Foodgrains

Rice Procurement

Table 2.5: State-wise Procurement of Rice

(*lakh tonnes*)

States	(01 Oct - 30 April)			Total Procurement in Marketing Season (Oct-Sept 2008-09)
	2009-10	2008-09	Change in %	
Andhra Pradesh	44.7	54.8	-18.4	90.6
Chhattisgarh	30.6	25.5	20.3	28.5
Haryana	18.2	14.3	27.4	14.3
Kerala	2.4	2.1	14.1	2.4
Maharashtra	1.8	1.9	-1.1	2.6
Orissa	18.9	20.0	-5.5	27.9
Punjab	92.7	84.8	9.4	85.5
Tamil Nadu	9.8	10.7	-8.2	12.0
Uttar Pradesh	26.2	36.6	-28.3	36.9
Uttarakhand	3.4	3.3	4.6	3.5
West Bengal	9.8	11.1	-11.8	16.7
All India	**268.2**	**276.9**	**-3.2**	**336.8**

Source: Department of Food and Public Distribution Government of India, *(www.fcamin.nic.in)*

Procurement of rice, by the last week of April, has stood at 268.2 lakh tonnes, 3.2% lower from 276.9 lakh tonnes attained during the same period of the last year (Table 2.5). This decline is due to fall in kharif output and low procurement in Andhra Pradesh (by 10 lakh tonnes), Uttar Pradesh (by 10.4 lakh tonnes), West Bengal (by 1.8 lakh tonnes), Orissa (by 1.1 lakh tonnes) and Tamil Nadu (by 0.9 lakh tonnes). Punjab has continued to be the largest contributor to the central rice inventories, accounting for 34.6% to 92.7 lakh tonnes, higher by 8 lakh tonnes as compared with 84.4 lakh tonnes procured in the same period previous year. Whereas, procurement in Haryana has remained vital, posting an improvement of 27.4% as compared to that a year ago. The central government has planned to procure 280 lakh tonnes of rice by the end of current marketing season 2009-10.

Wheat Procurement

Table 2.6: State-wise Procurement of Wheat

(lakh tonnes)

States	(Oct 01 - April 30)			Marketing Season (Apr-Mar 2008-09)
	2010-11	2009-10	% Change	
Punjab	96.76	99.08	-2.3	107.25
Haryana	61.15	64.19	-4.7	69.24
Uttar Pradesh	5.98	9.71	-38.4	38.82
Madhya Pradesh	26.03	11.79	120.8	19.68
Rajasthan	3.59	7.58	-52.6	11.52
All India	**194.4**	**193.4**	**0.5**	**253.82**

Source: Department of Food and Public Distribution Government of India, (www.fcamin.nic.in)

The central and state government agencies have so far procured 194.4 lakh tonnes of wheat from farmers in marketing year (March-April) 2010-11, displaying a marginal rise of 0.5% as against last year's purchase of 193.4 lakh tonnes

(Table 2.6). Punjab has sustained its position to be the largest contributor to the central wheat inventory with a share of 49.8% at 96.76 lakh tonnes of the total procurement but it has not been able to cover the last year's procurement level as most of the wheat crop had high moisture content and was not ready for harvesting by April 14. Whereas procurement from Madhya Pradesh is reported to be the highest so far, as purchase of wheat started one week earlier compared to other states and the state government had announced an extra bonus of Rs 100 to farmers for selling their produce to the state procurement agencies. Wheat procurement in almost all states, excluding Madhya Pradesh, has shown moderate declines over the period of one year as most of the crops are predicted to be affected by rising temperatures. The government has targeted to procure 260 lakh tonnes of wheat during the ongoing 2009-10 marketing season.

Offtake

As per the latest data available with FCI, offtake of rice and wheat for the month of April 2010 under 'Antyodaya Anna Yojana' (AAY) stood at 78% and 101.7% of allotment, respectively. Offtake of rice and wheat by the households under the Below Poverty Line (BPL) has constituted 77.6% and 101.1% of their corresponding allocations in April 2010 and offtake of the same by the households under Above Poverty Line (APL) have accounted to 76.5% and 98.5% of allotment, respectively (Table 2.7). Lifting of rice under AAY and APL had reported declines of 2.5% and 4.4% in April 2010 from March 2010, while that of wheat had raised by 14.5% and 13.8% over the same period of one month. Whereas lifting of both the staple foodgrains under BPL has increased by 0.8% and 22.5%. The central government has offloaded above the allotted quantum to slash the overflowing grain stocks and to make some empty space in the warehouses (as new harvesting season started from April) and to bring down the grain prices.

Table 2.7: Lifting of Foodgrains under TPDS Scheme

(in percentage)

Schemes	March 2010		April 2010	
	Rice	Wheat	Rice	Wheat
AAY	80.5	87.2	78.0	101.7
BPL	76.9	78.6	77.6	101.1
APL	80.9	84.6	76.5	98.5

Source: Food Corporation of India *(www.fciweb.in)*

Stock

Data collated by Food Corporation of India (FCI) displays that stock levels of both staples foodgrains, (rice and wheat), by the end of April 2010, has exceeded their buffer requirement of 162 lakh metric tonnes (LMT) to 593.3 LMT (as on April 01). This augmentation of food stocks has been the result of quantum jump in accumulation of both, rice and wheat to 259.9 LMT and 304.8 LMT, respectively. Stocks of both the staple foodgrains in transit are around 6.1 LMT. Stocks of coarse cereals and sugarcane in central inventories are reported to be around 4.5 LMT and 0.4 LMT (Table 2.8). In addition to buffer norms, there are strategic reserves of 30 LMT of wheat and 20 LMT of rice.

Table 2.8: Stocks of Foodgrains and Sugar as on 30 April 2010
(lakh. Metric Tonnes)

	Storage	Transit	Total
Rice	259.9	2.3	**262.3**
Wheat	304.8	3.8	**308.6**
Wheat lying in mandis	28.6	0.0	**28.6**
Total	**593.3**	**6.1**	**599.4**
Coarse Grains	4.5	0.0	4.5
Sugar	0.4	0.1	0.5
Grand Total	**598.2**	**6.2**	**604.4**

2.6 Trends in Export and Imports of Agriculture Goods

As per the report by Solvent Extractors Association (SEA) India's vegetable oil imports dropped by only 1% to 6.32 lakh tonnes in March 2010 due to comfortable stocks positions with the processor. Nearly 6.41 lakh tonnes of vegetable oil comprising of edible and non-edible oil had been imported in March 2009. However, the import of edible oil increased to 6.12 lakh tonnes in March 2010 from 6.09 lakh tonnes a year earlier, while that of non-edible oil fell to 20,575 tonnes from 31,588 tonnes. Overall import of vegetable oil during November 2009 to March 2010 rose by 4.3% to 37.47 lakh tonnes as compared to 35.92 lakh tonnes in the corresponding period of the previous year. This improvement is attributed to strengthening of the rupee as against the US dollar coupled with zero import duty on crude vegetable oils and marginal duty on refined vegetable oils supporting import during crushing.

Data collated by Coffee Board exhibits that the country has exported 83,000 tonnes of coffee during January-March this year as compared to 59,100 tonnes exported during the same period of last year. Foreign exchange fetched through coffee exports surged by 33% to Rs 853

crore from Rs 639.43 crore. The unit value of Indian coffee tumbled to Rs 1, 02,757 per tonne in the fourth quarter of 2009-10 from Rs 1, 08,126 per tonne during the same period a year ago.

Cashew Export Promotion Council (CEPC) reiterated that country has become a net importer of cashew with value imports overshadowing the value of exports by 4.5% in the financial year 2009-10 despite the potential of value addition in processing of raw cashew and re-exporting it. Exports of cashew in April-March 2009-10 fell short by 2.7% in value terms and 1.2% in volume terms as compared with the same period of 2008-09. Dollar realisation for the fiscal year was lower by 6% over the previous fiscal year. Unit value of exports was lower by Rs 4 per kg at Rs 268.76 per kg in 2009-10.

2.7 Major Developments and Policy Initiatives

Foods Corporation of India (FCI) is going through an acute space crunch aggravated by this year's bumper wheat procurement owing to which it has signed a memorandum of understanding (MoU) with Central Warehousing Corporation (CWC) for creation of additional storage space to the tune of 69,000 tonnes, and more recently it has further agreed to create another 49,000 tonnes storage capacity.

Agriculture minister as on April 21 2010, inaugurated e-linkage network operation centre at Indian Council of Agricultural Research (ICAR), New Delhi. Under which 192 Krishi Vigyan Kendras (KVK) and 8 zonal project directorates will get the e-linkage facility, which would strengthen the network of National Agricultural Research System across the country.

Southern India Mills' Association (SIMA) would reduce the price of hosiery yarn by Rs 5 from May 1, 2010. The members of association have also agreed to extend their full support to the downstream (handloom and garments) sectors by supplying adequate quantity of hank yarn.

The central government as on April 20, 2010 suspended the mandatory pre-shipment registration of raw cotton and cotton waste indefinite period of time, effectively stopping fresh cotton exports from the country. This move aimed to cool down domestic prices, evoking divergent responses from exporters, farmers and the textile industry.

The Centre as on April 30 decided to cut minimum export price (MEP) of onion for the second consecutive month by 20% to an average of US $200 per tonne for May as domestic

supply has improved due to arrival of summer crop. MEP has been kept at lower level to assist farmers to realise better value for the produce through export, as prices have started moving upwards sharply.

The central government's move to offload excess wheat stocks through the Open Market Sale Scheme (OMSS) has again come to a halt, as the price prevailing in the market is much below the prices fixed under OMSS. Since after the government discontinued wheat sale under OMSS in key growing states, there has been virtually no takers for OMSS foodgrain in the states where the scheme is still operational because of inadequate infrastructure.

The central government on April 23 2010 hiked the fair and remunerative price (FRP) of sugarcane for the 2010-11 crop season by 7% to Rs 139.12 per quintal as against Rs 129.84 per quintal during the same period of the last year. FRP is linked to a basic recovery rate of 9.5% subject to a premium of Rs 1.46 for every 0.1% increase in recovery above 9.5%. Meanwhile, Cabinet Committee on Economic Affairs (CCEA) has also increased the minimum support price (MSP) of jute by over 14% to Rs 1,575 per quintal for 2010-11.

The central government is preparing for the forthcoming kharif season with new seeds and better pest management practices in order to make maximum use of the report of near normal weather condition. Cuttack-based Central Rice Research Institute (CRRI) has recently got approval for release of six new hybrid varieties in the key rice growing regions of Andhra Pradesh, Orissa, West Bengal, Assam and Tamil Nadu. Five new varieties specific to Orissa has also been given a nod.

The government of Haryana under the Haryana Preservation of Sub-Soil Water Act, 2009 has imposed a ban on preparing paddy nurseries before May 15 and planting paddy before June 15. This ban has been imposed in view of continuously depleting underground water in the state due to indiscriminate use of water resources and scanty rainfall over the past few years. Farmers violating these orders would be liable to be punished under the Act i.e. by destroying their crops as per their expenditure and fine of Rs 10,000 per hectare per month would also be imposed on them.

The state government of Karnataka has taken steps to install telemetric rain gauges (measuring rainfall on a real-time basis) in all its *gram panchayats* which would help to exact production details of farm output.

2.8. Summing Up

Smooth progression of procurement operations, record stocks of staple foodgrains in the central pool though indicate better availability of foodgrains, outbreak of the cyclonic storm 'Laila' has posed unexpected threats on the farm fronts. The scope of crop damage is likely to be limited to coastal areas of northern Tamil Nadu and Andhra Pradesh, which have been affected severely at present; however, Orissa and southern West Bengal are also likely to suffer as the storm advances further northwards. The production crops in the other regions of the country do not seem to bear negative impact directly, although adversities can be felt in the indirect manner, as the storm could stall the progress of the southwest monsoon for a couple of days. It would be interesting to observe the inflationary movements amidst these mixed phenomena.

3. INDUSTRY

3.1 Overview

The index of industrial production registered a healthy growth of 13.5% in March 2010 over the same month in the last year. The index has recorded double-digit growth in all the months during the later half of 2009-10 after passing through a fluctuating phase earlier. For the fiscal year 2009-10 the annual growth rate stood at 10.4% as against a lower base of 2.7% seen in 2008-09. Though the y-o-y growth of 13.5% in March 2010 is against a lower base of 0.3% in March 2009, a significant rise in the production during the month can not be ignored.

Table 3.1: Trends in Index of Industrial Production -Monthly

Base (1993-94=100)

	2009-10		2008-09		2007-08	
April	269.3	(1.1)	266.3	(6.2)	250.7	(11.3)
May	280.3	(2.1)	274.6	(4.4)	263.1	(10.6)
June	291.6	(8.3)	269.2	(5.4)	255.3	(8.9)
July	290.8	(7.2)	271.3	(6.4)	255.0	(8.3)
August	292.8	(10.6)	264.7	(1.7)	260.3	(10.9)
September	302.0	(9.3)	276.2	(6.0)	260.5	(7.0)
October	289.7	(10.2)	262.9	(0.1)	262.6	(12.2)
November	299.2	(11.8)	267.6	(2.5)	261.0	(4.9)
December	334.3	(17.7)	284.0	(-0.2)	284.7	(8.0)
January	332.3	(16.7)	284.8	(1.0)	281.9	(6.2)
February	318.5	(15.1)	276.8	(0.2)	276.2	(9.5)
March	347.3	(13.5)	305.9	(0.3)	304.9	(5.5)
April-March	304.1	(10.4)	275.4	(2.7)	268.0	(8.5)

Note: Indices for March 2010 are quick estimates. Indices for December 2009 and February 2010 incorporate updated production data. Figures in brackets indicate growth over corresponding period of the previous year.

Source: CSO, Ministry of Statistics and Programme Implementation *(www.mospi.nic.in)*

3.2 Trends in Major Sectors

All the three broad categories of industrial production- mining and quarrying, manufacturing, and, electricity recorded strong growth in March 2010. Manufacturing sector observed the highest y-o-y growth of 14.3% over last year's decline of 0.3%. The other two sectors, viz., mining and quarrying, and electricity recorded growth rates of 11% and 7.7%, respectively. The corresponding figures for same industries in March 2009 were 0.3% and 6.3%

respectively. The growth in electricity generation is noticeable one, as it is it is over and above a reasonably high base.

Comparing the annual growth for fiscal 2009-10 with the previous one, mining and quarrying grew by 9.7%, manufacturing by 10.9% and electricity by 6%; against corresponding growth rates of 2.6%, 2.6% and 2.8% of the last fiscal.

Table 3.2 Trends in Index of Industrial Production: Sector-wise
(Base 1993-94=100)

Major Groups	Weight	March		April-March	
		2010	2009	2009-10	2008-09
General Index	100	347.3 (13.5)	305.9 (0.3)	304.1 (10.4)	275.4 (2.8)
Mining and Quarrying	10.5	232.8 (11.0)	209.8 (1.9)	193.1 (9.7)	176 (2.6)
Manufacturing	79.4	373.6 (14.3)	326.9 (-0.3)	327.3 (10.9)	295.1 (2.8)
Electricity	10.2	260 (7.7)	241.3 (6.3)	237.1 (6.0)	223.7 (2.8)

Note: Indices for March 2010 are quick estimates. Indices for December 2009 and February 2010 incorporate updated production data. Figures in brackets indicate growth over corresponding period of the previous year.

Source: CSO, Ministry of Statistics and Programme Implementation *(www.mospi.nic.in)*

3.3 Analysis of Use-Based Classification

Considering the use based classification for March 2010, all categories - basic, capital, intermediate and consumer goods (further divided in consumer durables and non-durables); observed significantly high production level from the earlier month of February 2010. The y-o-y growth for basic and capital goods was recorded at 10.1% and 27.4%, respectively, as against the corresponding figures of 1.9% and negative 6.3% during March 2009. Intermediate goods for the month under consideration grew by 12.7% against 1.9% in same month last year. The consumer goods industry grew at 10.6% in March 2010 over 1.3% in same month last year. Consumer durables and non-durables recorded growths of 32% and 3.3%, respectively, for March 2010 against 8.4% and negative 1% in March 2009.

Considering the fiscal 2009-10; basic and capital goods registered growth of 7.1% and 19.2%, respectively over the corresponding growth rates of 2.6% and 7.3% in 2008-09. Intermediate goods recorded a remarkable 13.6% growth partly due to a negative base of 1.9% in March 2009. The higher growth rates of capital and intermediate goods are reflective of pick up in investment demand. The y-o-y growth rates posted by these industries for the fiscal 2009-10 are the highest during this decade. Overall, This is indicative of revival in investment activities.

Consumer durables also posted a significant increase. The overall growth of the consumer goods industry during the fiscal 2009-10 was recorded at 7.4% and that for consumer durables and non-durables at 26.1% and 1.5%, respectively. The growth in consumer durables has been driven by increased demand backed by higher disposable incomes. The corresponding growth rate for 2008-09 was recorded at 4.7% for overall consumer goods industry and that of consumer durables and non-durables at 4.5% and 4.8%, respectively.

Table 3.3 - Movements in Industrial Production: Use-Based Classification

(Base :1993-94 =100)

Major Groups	Weight	March		April-March	
		2010	2009	2009-10	2008-09
General Index	100.0	347.3 (13.5)	305.9 (0.3)	304.1 (10.4)	275.4 (2.8)
Basic Goods	35.6	276.4 (10.1)	251.1 (1.9)	246 (7.1)	229.7 (2.6)
Capital Goods	9.3	648.1 (27.4)	508.9 (-6.3)	474.2 (19.2)	397.9 (7.3)
Intermediate Goods	26.5	320.6 (12.7)	284.5 (1.9)	294.2 (13.6)	259 (-1.9)
Consumer Goods	28.7	362.9 (10.6)	328.1 (1.3)	330.2 (7.4)	307.5 (4.7)
Durables	5.4	584.7 (32.0)	442.9 (8.4)	498.1 (26.1)	395.0 (4.5)
Non-Durables	23.3	311.8 (3.3)	301.7 (-1.0)	291.6 (1.5)	287.3 (4.8)

Note: Indices for March 2010 are quick estimates. Indices for December 2009 and February 2010 incorporate updated production data. Figures in brackets indicate growth over corresponding period of the previous year.

Source: CSO, Ministry of Statistics and Programme Implementation *(www.mospi.nic.in)*

3.4 Analysis of Two-Digit Classification of Manufacturing Sector

Among the 17 manufacturing industries under the two-digit classification, 14 registered positive growth in March 2010, of which 9 industries with combined weight of 45.1% recorded significant growth rates of above 10% each. This is in contrast with March 2009 when 12 industries with combined weight of 49% recorded negative growth each and only one industry having weight of 2.4% grew above 10%.

For March 2010, two industries, viz., 'metal products and parts except machinery and equipment' and 'other manufacturing industries' recorded whopping growth of more than 40% each. The three industries with negative growth rates and combined weight at 5.4% are – 'wool,

silk and man made fibre textiles'; 'jute and other vegetable fibre textiles (except cotton)' and 'textile products (including wearing apparel)'.

Fiscal 2009-10 has recorded positive growth for all industries except the two, viz., 'food products and jute' and 'other vegetable fibre textiles (except cotton)' constituting 9.7% of combined weight. Of the other 15 industries, 8 of them with combined weight of 41.4% have grown above 10% each during the fiscal 2009-10. On the other hand, fiscal 2008-09 had 9 industries with combined weight of 32.4% reporting production falling and only one with 2.4% weight observed growth above 10%.

Table 3.4: Frequency Distribution of Growth in Manufacturing Industries

	March				April-March			
	2010		2009		2009-10		2008-09	
Growth Rate	No.	Wt.	No.	Wt.	No.	Wt.	No.	Wt.
Below 0%	3	5.4	12	49.0	2	9.7	9	32.4
0% to 5%	2	16.4	1	4.4	3	6.2	6	35.1
5.1% to 10%	3	12.6	3	23.7	4	22.2	1	9.6
Above 10%	9	45.1	1	2.4	8	41.4	1	2.4
Total	17	79.5	17	79.5	17	79.5	17	79.5
No. : Number of Industries; Wt. : Weight of the industry in IIP								
Source: CSO, Ministry of Statistics and Programme Implementation (*www.mospi.nic.in)*								

3.5 Summing Up

Industrial production has depicted a strong recovery in the financial year 2009-10 recording its second highest y-o-y growth rate (10.4%) in the decade next to 11.5% achieved in 2006-07. Though low base effect is partially responsible for this impressive performance, that can not belittle the significant increase in the production level. Whether this accelerated growth pace sustains amidst the on going monetary tightening and gradual withdrawal of basic stimulus will be interesting to notice in the months ahead.

4. INFRASTRUCTURE

4.1 Introduction

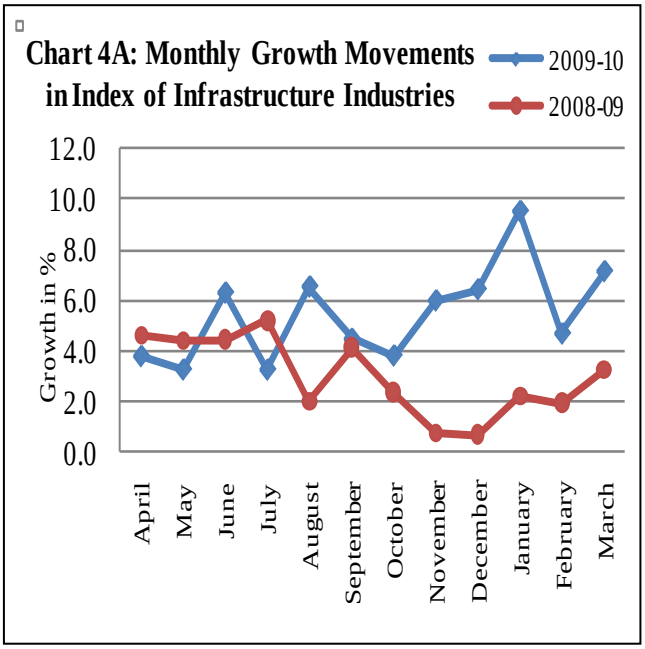
The infrastructure index comprising six core industries (electricity, cement, coal, finished steel, crude oil and petroleum refinery) recorded a y-o-y growth of 7.2% in March 2010, its second highest in the financial year 2009-10, next only to 9.5% attained in January 2010. The March index, thus, indicates accelerated growth momentum when compared with growth rates of 4.5% in February 2010 and 3.3% in March 2009. After witnessing a cyclical trend in the y-o-y growth rates till October 2009, the index picked up a pace during the remaining months except for February, to report a growth of 5.5% for the financial year 2009-10, 2.5 percentage points higher than a year ago, thus, marking a healthy recovery from the recessionary phase.

Table 4.1: Monthly Movements in Index of Infrastructure Industries

(Base 1993-94 =100)

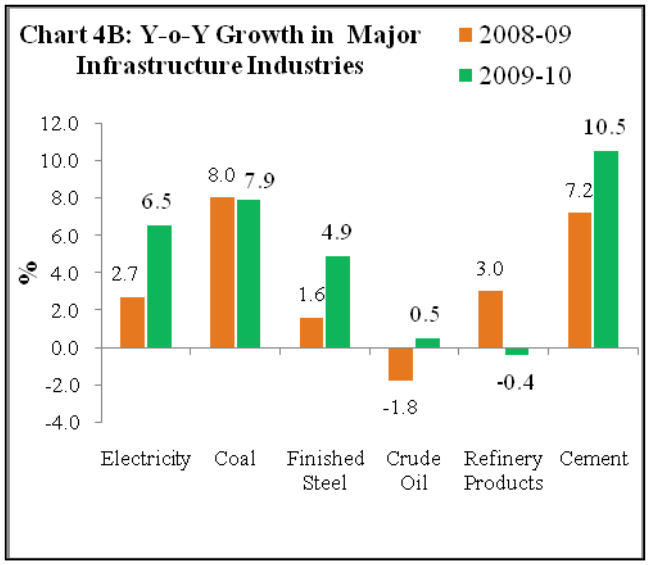
	2009-10		2008-09	
April	247.2	(3.8)	238.2	(4.6)
May	254.4	(3.2)	246.4	(4.4)
June	249.6	(6.3)	234.8	(4.4)
July	248.2	(3.2)	240.4	(5.2)
August	253.9	(6.5)	238.3	(2.0)
September	248.0	(4.5)	237.4	(4.1)
October	256.5	(3.8)	247.1	(2.4)
November	249.4	(6.0)	235.3	(0.8)
December	261.3	(6.4)	245.5	(0.7)
January	275.5	(9.5)	251.5	(2.2)
February	252.9	(4.7)	241.6	(1.9)
March	290.6	(7.2)	271.2	(3.3)
April-March	257.4	(5.5)	244.0	(3.0)

Note: Indices are provisional. Figures in brackets indicate growth over the corresponding month of the previous year.
Source: (*www.http://eaindustry.nic.in/six_infra/overview.htm)*



4.2 Performance of Core Industries

The robust growth of the overall index in the month of March 2010 as well as during the financial year 2009-10 has been driven by improved production levels reported by all the core industries except petroleum refinery products.



Production of finished steel, among others, has posted the highest y-o-y growth of 9.2% in March 2010, although on a lower base, as its output declined by 1.8% in March 2009. However, the increase is indeed significant compared to 0.9% y-o-y growth seen during February 2010. During the first half of the financial year 2009-10, steel production remained lower compared to the corresponding period of the previous year. However, in the latter half, with the production crossing 5 million tonnes mark twice, in January as well as in March, the growth rate for the entire financial year stood at 4.9%, almost thrice compared to 1.6% in 2008-09.

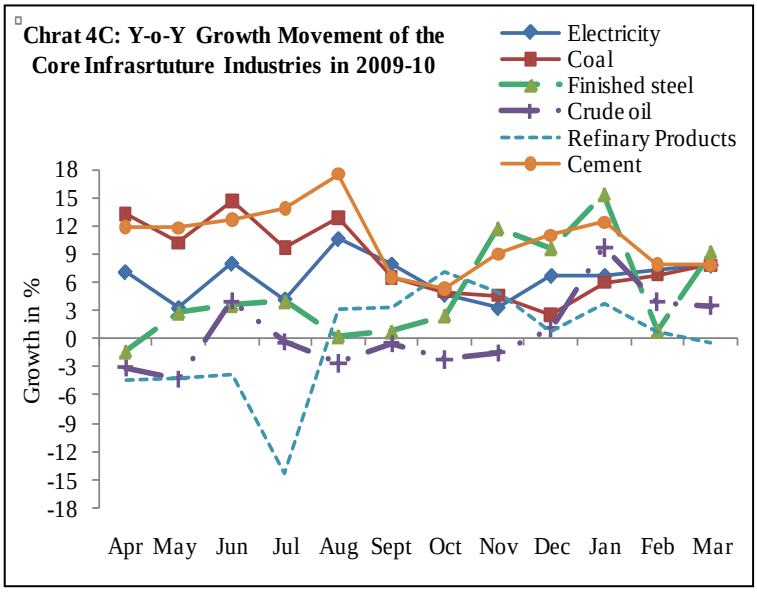
Table 4.2 : Physical Production of Core Industries

Industry	Unit	Weight (%)	March		April-March	
			2010	2009	2009-10	2008-09
Electricity	mn.kwh	10.17	70099.4 (7.8)	65057.4 (6.3)	771173.2 (6.5)	723793.6 (2.7)
Coal	mn.tn	3.22	60.1 (7.8)	55.8 (5.3)	526.6 (7.9)	487.9 (8.0)
Finished Steel	000.tn	5.13	5323.0 (9.2)	4874.0 (-1.8)	56803.0 (4.9)	54152.0 (1.6)
Crude	000.tn	4.17	2957.0 (3.5)	2857.0 (-2.3)	33688.0 (0.5)	33508.0 (-1.8)
Refinery Products	000.tn	2.00	12948.0 (-0.4)	13000.0 (3.3)	148914.0 (-0.4)	149518.0 (3.0)
Cement	000.tn	1.99	20060.0 (7.8)	18600.0 (10.1)	206630.0 (10.5)	186940.0 (7.2)
Infrastructure	Index	26.68	290.6 (7.2)	271.2 (3.3)	257.4 (5.5)	244.0 (3.0)

Source: *(www.http://eaindustry.nic.in/press_out.htm)*

Cement production has increased by 7.8% y-o-y in March 2010 over and above 10.1% growth seen a year ago. It is observed that cement production posted y-o-y double-digit growth rates every month till August 2009 after which the pace of growth slowed down till the end of the year. Nevertheless, output growth during the financial year 2009-10 touched 10.5% against 7.2% in 2008-09.

Alike cement, coal and electricity sectors, too, have registered y-o-y growth of 7.8% each in March 2010. At this growth rate, the two sectors have recorded moderate accelerations as against the corresponding 5.3% and 6.3% growth rates posted in March 2009. During the financial year 2009-10, power generation has risen by 6.5% against 2.7% of the previous year, marking its second highest growth rate during the entire decade, followed by 7.1% attained in 2006-07. Coal production has also depicted a similar trend growing by 7.9% April-March 2009-10, fractionally lower than the decade's highest growth of 8% registered in the last financial year, i.e. 2008-09.



Crude oil has seen a y-o-y increase of 3.5% in March 2010, a turnaround from a decline of 2.3% posted a year ago. Except for June 2009, annual growth rates of crude oil remained in the negative territory every month till November 2009. The production picked up a momentum during the last four months of the financial year 2009-10 and managed to post a positive growth rate of 0.5% for the entire year as against (-) 1.8% seen in 2008-09.

Petroleum refinery products, has been the only sector to record a negative y-o-y growth not only in March 2010 but also during the financial year 2009-10. After reporting y-o-y positive growth rates since August 2009, output declined by 0.4% in March 2010 as against a 3.3% increase seen in March 2009. In fact, the industry marked the decade's lowest growth rate in 2009-10 with the production falling by a similar extent 0.4% against a growth of 3% registered in 2008-09

Electricity Generation

Electricity generation in the country has risen by 8.3% in March 2010 over the corresponding period of the previous year backed by more than 10% increases posted by the

western and southern regions. While northern and north-eastern areas have also shown reasonable improvements, power generation has fallen marginally in the eastern region during the same month over March 2009 (Table 4.3). In the financial year 2009-10 electricity generation has increased by 6.6% over 2008-09; however, it has fallen short off the target set for the year by 2.3%. All the regions, excluding north-eastern one, have reported increases in electricity generation, though only western and southern regions have managed to achieve their respective targets for the year 2009-10.

Table 4.3: Region-wise Electricity Generation

(GWH)

Sector	Region	Generation							
		March				April-March			
		2010	2009	Growth (%)	PLF*	2009-10	2008-09	Growth (%)	PLF*
Thermal	Northern	14609.4	14222.4	2.7	83.2	160683.2	152725.7	5.2	82.5
	Western	21382.2	19069.8	12.1	84.0	226339.7	202338.9	11.9	79.2
	Southern	13631.8	12692.6	7.4	90.6	143926.4	129770.3	10.9	84.4
	Eastern	10109.2	10166.5	-0.6	70.6	105511.2	100879.1	4.6	64.6
	N-Eastern	362.1	351.5	3.0	51.9	4415.9	4386.9	0.7	50.0
	All-India	60094.7	56502.7	6.4	81.9	640876.5	590100.8	8.6	77.5
Hydro	Northern	3127.9	2954.4	5.9		50059.2	53049.8	-5.6	
	Western	1264.4	963.0	31.3		13807.3	13184.2	4.7	
	Southern	3171.9	2480.5	27.9		30857.1	32595.8	-5.3	
	Eastern	582.0	591.7	-1.6		8354.0	9656.4	-13.5	
	N-Eastern	155.6	128.0	21.6		3601.6	4594.7	-21.6	
	All-India	8301.7	7117.6	16.6		106679.1	113080.9	-5.7	
Nuclear	Northern	610.2	273.8	122.9	58.6	4305.8	2995.8	43.7	39.9
	Western	895.5	654.0	36.9	65.4	9059.0	7511.0	20.6	56.2
	Southern	468.7	427.2	9.7	57.3	5271.7	4205.8	25.3	54.7
	All-India	1974.5	1355.0	45.7	61.2	18636.4	14712.6	26.7	51.1
Total	Northern	18347.5	17450.6	5.1		215048.7	208771.3	3.0	
	Western	23542.1	20686.7	13.8		249206.0	223034.1	11.7	
	Southern	17272.4	15600.4	10.7		180055.2	166571.8	8.1	
	Eastern	10691.2	10758.2	-0.6		113865.1	110535.4	3.0	
	N-Eastern	517.7	479.5	8.0		8017.5	8981.5	-10.7	
	All-India	70477.4	65057.4	8.3		771551.1	723793.3	6.6	

PLF: Plant Load Factor,*: Data refers to the current period.
Note: Total includes imports from Bhutan.

Source: (*www.cea.nic.in)*

Thermal power generation has risen by 6.4% y-o-y in March 2010 over and above 8.4% growth seen in March 2008; while in the financial year 2009-10 the growth accelerated by 3

percentage points to 8.6%. Western region has witnessed the highest growth rates both in March 2010 as well as during the year 2009-10. Eastern region, though has seen thermal power generation falling during the month of March, has registered moderate increase in the entire year.

Hydro power has shown a robust performance during March 2010 with its generation rising by 16.6% against a decline of 6.8% in March 2009, on account of noticeable improvements reported by western, southern and north-eastern areas. However, reflecting severe rainfall deficiency suffered during the year, hydro power generation plunged by 5.7% in 2009-10 continuing its declining trend of the previous year when the fall was slightly higher (8.4%). Barring western region, all others have seen declines in electricity generated during 2009-10.

More than 100% rise in power generation achieved by the western region has pushed the nuclear power to expand remarkably by 45.7% y-o-y in March 2010 as against just 1.2% in March 2009. The sector's performance in the year 2009-10 was also healthy, with power generated increasing by at 26.7% against a fall of 12.3% witnessed in 2008-09.

Electricity generation in all the three categories discussed above has lagged behind the respective targets set for the year 2009-10. Hydro power generation has depicted the largest shortfall 7.6% followed by nuclear power at 1.9% and thermal power generation at 1.2%.

Power supply deficit has inched up to 11.9% in March 2010 from 10.9% in March 2009. Power shortage increased in western, southern and eastern regions during March 2010 over a year ago. On the contrary, the financial year 2009-10 saw the deficit shrinking by to 10.1% from 11.1% in 2008-09. Power deficit reduced in western, southern and north-eastern regions. It increased marginally in the northern region, while remained unchanged in the eastern provinces[1].

Table 4.4: Power Supply Position

(MU)

Region	2009-10			2008-09		
	Requirement	Availability	Deficit (%)	Requirement	Availability	Deficit (%)
Northern	254231	224661	11.6	227104	201951	11.1
Western	258528	223127	13.7	254475	213715	16.0
Southern	220576	206544	6.4	204012	188794	7.5
Eastern	87927	84017	4.4	82041	78444	4.4
N-Eastern	9332	8296	11.1	9407	8134	13.5
All India	**830594**	**746644**	**10.1**	**777039**	**691038**	**11.1**

Source: (*www.cea.nic.in/god/gmd/Monthly_Power_Supply_position/*)

[1] For State-wise power supply position during March 2010 and April-March 2009-10, see Appendix III.

Crude Petroleum

Crude oil production has risen by 3.5 in March 2010 over the corresponding month of the last year. The largest oil Producer ONGC has posted marginal increase in the production during the same month owing to declining production levels from plants in Tamil Nadu (by 12.4%) and Assam (by 7.5). Oil India Ltd. also has recorded minor rise of 3.3%, as production got affected due to whopping fall of 37.5% reported in the Arunachal Pradesh plants. During the financial year 2009-10 crude oil output went up fractionally by 0.5% to 33.7 million tonnes. While ONGC witnessed production dipping by 2%, OIL India Ltd. and other private and joint ventures saw positive growth during the same period.

Table 4.5 : Production of Crude Petroleum
(thousand tonnes)

Unit	March			April-March		
	2010	2009	% Growth	2009-10	2008-09	% Growth
ONGC	2148	2119.9	1.3	24854	25366	-2.0
OIL	309	299	3.3	3572	3467	3.0
DGH (Pvt /JVC)	500	438	14.2	5262	4675	12.6
Total	2957	2856.9	3.5	33688	33508.3	0.5

Source: *(www.petroleum.nic.in)*

Refinery Production

Table 4.6: Refinery Production
(thousand tonnes)

Unit	March				April-March			
	2010	2009	% Growth	% Utilisation of I/C	2009-10	2008-09	% Growth	%Utilisation of I/C
Public Sector	9668	9907	-2.4	107.9	112115	112223	-0.1	106.3
IOC	4587	4697	-2.3	108.6	50695	51370	-1.3	102.0
BPCL	1979	1450	36.5	119.5	20391	19999	2.0	104.6
HPCL	1481	1508	-1.8	134.1	15761	15807	-0.3	121.2
CPCL	611	900	-32.1	68.5	10097	10136	-0.4	96.2
Private Sector	4163	4071	2.3	112.7	47916	48549	-1.3	110.2
Total	13831	13978	-1.1	109.3	160031	160772	-0.5	107.4

I/C: Installed Capacity

Source: *(www.petroleum.nic.in)*

Poor performance of public sector undertakings excluding BPCL resulted 1.1% fall in refinery production in March 2010 over the comparable period of the previous year. While BPCL saw a significant increase of 36.5% in March 2010, production levels declined in case of others led by CPCL (32%) on account of substantial underutilisation of the installed capacity.

The financial year 2009-10 mirrored the same scenario, with a slight change that private sector undertakings also registering plummeted output levels. BPCL stood out among others as the sole enterprise to record positive growth in 2009-10.

Natural Gas

Table 4.7 : Natural Gas Production

(million cubic metres)

	March			April-March		
	2010	2009	Growth	2009-10	2008-09	Growth
ONGC	1955	1993	-1.9	23173	22487	3.1
OIL	200	189	5.8	2415	2268	6.5
Private/JVC	2634	645	308.4	21985	8090	171.8
Total	4789	2827	69.4	47573	32845	44.8

Source: *(www.petroleum.nic.in)*

Natural gas production has recorded a strong growth of 69.4% in March 2010 triggered by more than 300% increase in natural gas produced by private sector undertakings and joint ventures. In the same month, ONGC saw its output declining marginally by around 2% (y-o-y), as all its onshore units (except the one in Tripura) as well as Mumbai High offshore plant reported moderate decreases in their production levels. In the financial year 2009-10, natural gas production surged by around 45% once again driven by private sector entities, especially with KG D6 field of Reliance Industries commencing their operations during the year under consideration.

4.3 Summing Up

Infrastructure sector has been marching ahead on a higher growth trajectory since August 2009 clocking a growth rate of 4.5% and more. The thrust provided by the central government to various infrastructure activities which involves huge investments is likely to maintain this pace of developments in the ensuing financial year 2010-11.

5. INFORMATION AND COMMUNICATION TECHNOLOGY

5.1 Telecommunication

Telecom Subscribers Growth in 2009-10

The most dynamic sector in the Indian economy remains the telecom sector, with the wireless telephony making strides and the traditional fixed telephony receding in importance. Since 2004, the Indian telecom sector has been a key contributor to the Indian economy's impressive performance registering sustained high growth rates. Predominantly, over the last three years, the telecom sector has grown remarkably in the range of 28% – 47%. Mobile phones have been the principal engine for telecom growth in the country, as they have been in other parts of the world. Currently, India continues to be one of the fastest growing telecommunication markets in the world. The mobile sector has grown from around 10 million subscribers in 2002 to around 234 million in 2007. On the other hand, land-line services grew strongly for a while but of late have been experiencing zero growth.

Table 5.1: Growth of the Telecom Sector in India

(in millions)

Year (End-March)	Mobile	Fixed	Total	Additions (During Calendar Year)	
2003-04	35.61	40.92	76.53		
2004-05	56.95	41.42	98.37	21.84	(28.5)
2005-06	98.78	41.54	140.32	41.95	(42.6)
2006-07	165.11	40.75	205.86	65.54	(46.7)
2007-08	261.09	39.42	300.51	94.65	(46.0)
2008-09	391.76	37.96	429.72	129.21	(43.0)
2009-10	584.32	36.96	621.28	191.56	(44.6)

Figures in brackets are percentage changes over the previous year.
Source: TRAI, (*www.trai.gov.in).*

The telecom subscriber base in the fiscal year 2009-10 has reached a new milestone, as more than 191.56 million telephony subscribers have been added during April 2009 – March 2010 registering a growth of 45%. Interestingly, the total addition of subscribers during 2009-10 is five times the additions in the year 2005-06 and about eight times to that of 2004-05 (Table 5.1).

Phenomenal Growth in Monthly Additions

As indicated in Table 5.2, the growth of mobile phone subscribers during 2009-10 has been phenomenal at 53%. The mobile subscriber base in the country is growing at such a fast pace that mobile operators are breaking the record for net additions almost every second month.

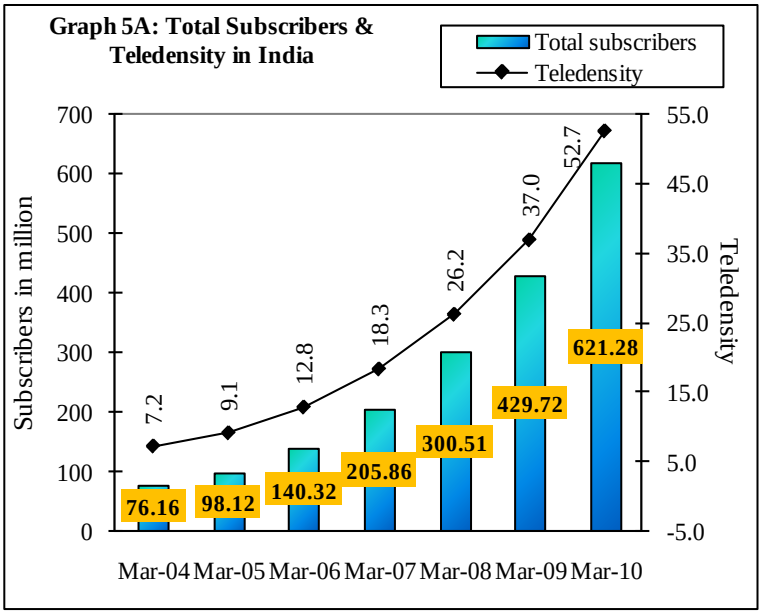
India, the world's fastest-growing mobile services market, has added a record 20.59 million new wireless subscribers in March 2010, which is the highest ever additions in a single month till now as against the previous best of 19.11 million in January 2010.

Table 5.2: Monthly Growth of India's Telephone Subscribers in the year 2009-10

(in million)

Year	Mobile (including WLL)	New Additions (Monthly)	Fixed Lines	New Additions (Monthly)	Total	Percentage Change
March 09	391.76		37.96		429.72	
April 09	403.66	11.90	37.81	-0.15	441.47	2.7
May 09	415.25	11.59	37.66	-0.15	452.91	2.6
June 09	427.28	12.03	37.54	-0.12	464.82	2.6
July 09	441.66	14.38	37.41	-0.13	479.07	3.1
August 09	456.74	15.08	37.33	-0.08	494.07	3.1
September 09	471.73	14.99	37.31	-0.02	509.04	3.0
October 09	488.40	16.67	37.25	-0.06	525.65	3.3
November 09	506.04	17.64	37.16	-0.09	543.20	3.3
December 09	525.15	19.11	37.06	-0.10	562.21	3.5
January 10	544.98	19.83	36.99	-0.07	581.97	3.5
February 10	563.73	18.75	36.96	-0.03	600.69	3.2
March 10	584.32	20.59	36.96	-0.001	621.28	3.4
Total New Additions in 2009-10		**192.56**		**-1.0**	**191.56**	**44.6**
Average Monthly Additions		**16.05**		**-0.08**		
Source: Compiled by EPWRF using data from TRAI.						

Teledensity



Teledensity (the number of telephone subscribers per 100 people) grew initially slowly from 7.2 in March 2004 to 12.8 in March 2006, but thereafter galloped to a level of 52.74 in March 2010 (Chart 5A).

Fixed-Line Subscribers

Table 5.3: Circle-wise Monthly Net Additions of Wire line Subscribers		
Category	February	March
Circle A	-11,830	39,990
Circle B	-30,811	-34,531
Circle C	-1,629	-13,412
Metro	8,149	6,980
All-India	-36,121	-973
Source: TRAI		

The landline or wire-line subscriber base declined from 37.81 million in April 2009 to 36.96 million at the end of March 2010. During the year 2009-10 on an average around 90,000 subscribers per month have surrendered their fixed line telephones. Interestingly, in the fixed-line segment, a total of 973 subscribers in the country have discontinued their services during March as against 36,121 subscribers in February. Surprisingly, in the month of March the decline in aggregate net additions (-973) is on lower side on account of 39,990 new additions in Circle A (Table 5.3).

Bharat Sanchar Nigam Ltd (BSNL) Divestment

State-owned BSNL's proposed plan to divest 10% of its equity has failed to move forward due to stiff opposition from the company's trade unions. In fact, the Sam Pitroda committee, which was set up by the Prime Minister to suggest steps to review the telecom company, had recommended that government divest 30% in BSNL.

Over three-lakh BSNL employees went on an indefinite nation-wide strike on April 20 to protest disinvestment and voluntary retirement scheme (VRS). After the intervention of the Union Minister of Communications, BSNL's employee union called off the strike within hours of starting their agitation. The minister assured the employee union that the proposed listing of BSNL will now be considered by a group of ministers (GoM) and added that the centre will first have rounds of discussions with the unions before taking a final call on the issue.

Auction of Third Generation (3G) Spectrum

The competition between the bidders is becoming more vigorous with each passing day of the auction, which began on April 9. The winning price for the pan-India 3G spectrum licence in the ongoing 3G auction rose to Rs 9,920 crore at the end of 19th day (May 1) of the auction. The pan-India price has now almost tripled than the amount of the government set reserve price of Rs 3,500 crore, assuring the exchequer a minimum of Rs 40,054 crore in revenues.

So far, 110 rounds of bidding have been completed over 19 days. The demand for 3G spectrum in Category C circle has picked from the 12th day of auction, with Orissa having three bidders and Jammu & Kashmir one. The price of spectrum for Mumbai circle has touched a whopping Rs 1,617 crore followed by Delhi at Rs 1,550 crore. The successful bidders would be allotted spectrum in September after the spectrum is vacated by the defence forces.

BSNL seeks exemption from 3G Spectrum Licence Fees

BSNL has sought exemption from paying licence fees for the 3G telecom and broadband wireless access (BWA) services, stating a clause under the New Telecom Policy 1999 (NTP 99). The spectrum for 3G services has been allotted to BSNL, along with Mahanagar Telephone Nigam Ltd (MTNL), almost a year ago, thereby gaining first-mover advantage. According to the auction policy, based on the NTP 99, both telecom companies are required to pay the price discovered at the end of the bidding process, though BSNL claims that the policy provides for state-owned telecom operators not paying licence fees at all for spectrum. Both MTNL and BSNL face a payment of about Rs 16,500 crore for 3G spectrum auction licence fee. Of the total, Rs 6,500 belongs to MTNL and the rest to BSNL.

As per telecom analysts, BSNL is also looking at the option of being allowed to defer the payment for the spectrum over two years until it has completed its restructuring programme as suggested by the Boston Consulting Group. Interestingly, of late, BSNL and MTNL have clarified that they have not sought exemption from payment for 3G spectrum auction fees, as the payment is amortised over 20 years.

Other Highlights

Electronics major, Videocon Industries is planning to sell up to 26% stake in its telecom services venture to foreign players. This is the second attempt at roping in foreign partner. At present, the company's valuation is pegged at Rs 12,000 crore and is likely to go up considering the rapid expansion it has undertaken. The company is planning to invest around Rs 15,000 crore for rolling out GSM services across the country. The company has licences to offer GSM services in 22 circles and has recently started operations in Tamil Nadu, Gujarat and Mumbai.

5.2 Information Technology

Global IT Spending

As per the research firm Gartner, the global Information Technology (IT) spending is expected to increase by 5.3% in the calendar year (CY 2010) to $3.39 trillion as against $3.2 trillion in CY 2009 on account of strong consumer demand and a weakening US $. The recovery is expected to come from the computer hardware and IT software and services area.

Similarly, Forrester Research has predicted that the US IT services market will return to its pre-downturn growth of 5% in CY 2010 as a result of strong IT hardware demand witnessed in the last two quarters. As per the report, IT spending by the US financial companies, the primary clients of Indian service providers, will increase by 11% in 2010 to touch US $95 billion. The report has identified web conferencing, team collaboration and enterprise content management as segments that would see double-digit growth rates in the coming four years.

Declining Tariff of Wireless Broadband

Of late, the demand for wireless broadband connections has been growing at a faster pace on account of significant growth in sales of laptops and notebooks in the last six months. To entice customers, companies are using various measures like discount in costs of hardware used for wireless internet service, slashing entry-level prices and providing upgraded data plan to customers by shifting to new schemes without any cost. In the last 3-4 months there has been a sharp drop in broadband tariff plans owing to fierce competition in the wireless broadband market (Table 5.4).

Table 5.4: Company-wise Broadband Tariff Plans

Company	Hardware price (Rs)		Basic tariff/ month (Rs)
	Earlier	New	
Tata photon	3,499	2,299	250 (pay as you use)
BSNL	3,800	2,500	199 (free0.5 GB)
Airtel	3,799	No change	350 (free 500 MB)
MTS	3,000	1,999	198 (free 250 MB)
Virgin Mobile	3,499	2,399	500 (free 0.5 GB)
Vodafone	3,099	2,999	499 (free 500 MB)
Reliance	3,500	2,900	299 (pay as you use)

Source: Business Standard, April 5, 2010.

Acquisitions in the IT Sector

IT & BPO services provider Mphasis is acquiring the US-based mid-sized remote IT operations management company Fortify Infrastructure Services for $15.5 million. The acquisition will help Mphasis enter a lucrative sector. The off-shore based remote monitoring and operations market place is valued at about $4 billion globally.

Bangalore-based IT firm Aditi Technologies is acquiring Nasdaq-listed online product developer Infospace's India development centre for an undisclosed sum to strengthen its talent pool. Infospace is the Indian subsidiary of Nasdaq-listed Infospace Inc and is a developer of meta search and online consumer products. The company is engaged in online product development, software engineering and product testing space and has a development centre in Bangalore.

MindTree Ltd, a global solutions company has entered into a definitive agreement to acquire the business of 75Strata, a remote infrastructure management (RIM) services provider.

Other Highlights

Global business software solutions provider Infor, which has operations in 34 countries, has launched its Centre for Excellence in Hyderabad, with plans to shift some of its back-office operations from Europe and US here. The centre, which has so far recruited about 550 people, is planning to take on board another 150 software professionals in the next 6 months. The Hyderabad centre will also focus on professional services, product development, support services and shared finance services.

Indian software product startup, Druva Software has raised US $5 million from Sequoia Capital and the Indian Angel Network (IAN). Druva, which started in 2007, is a data protection company and partly participates in the lucrative $350 million-a-year enterprise laptop back-up market.

Sonata Software has developed a fashion and social networking application for Golirious LLC, a mobile software development company in the US. Golirious LLC is a mobile applications startup, based in Austin, Texas that specialises in fun, practical applications to run on the iPhone, Google Android and other smart phones. The new networking application allows

Apple iPhone users to instantly connect with their friends and community members' feedback on fashion merchandises.

5.3 Summing Up

The mobile subscriber base in the country is growing at such a fast pace that mobile operators are breaking the record for net additions almost every second month. With this, the overall tele-density in India has reached 52.74.

The competition between the bidders is becoming more vigorous with each passing day of the auction, which began on April 9. The winning price for the pan-India 3G spectrum licence in the ongoing 3G auction has rose to Rs 9,920 crore at the end of 19th day (May 1) of the auction. The pan-India price has now almost tripled than the amount of the government set reserve price of Rs 3,500 crore, assuring the exchequer a minimum of Rs 40,054 crore in revenues.

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6. SERVICES

6.1 Introduction

The various service sector indicators depict overall, encouraging growth prospects across all the sub-segments of the sector compared to corresponding period of the previous year. This faster recovery has been led by higher disposable incomes with the people that resulted in improved demand.

Table 6.1: Select Indicators of Services Sector Activities

(Growth rates in %)

Major Sectors	Latest Period^		Full Financial Year			
	2010-11	2009-10	2009-10	2008-09	2007-08	2006-07
1 Tourism (April-March)						
Tourist arrivals (numbers)	1.6	-3.5	4.4	-2.1	12.8	13.8
Foreign exchange earnings (US $)	24.9	-14	18.8	-9.6	27.9	16.2
2 Transport						
Automobiles (April-March)						
Commercial vehicles production (numbers)	-	-	35.9	-24.0	5.6	33.0
Passenger vehicles production (numbers)	-	-	27.9	3.4	15.0	18.0
Commercial vehicles domestic sales (numbers)	-	-	38.3	-21.7	4.9	33.3
Passenger vehicles domestic sales (numbers)	-	-	25.6	0.1	12.3	20.7
Railways (April-February)						
Railway revenue earning freight traffic (tonnes)	-		6.6	4.9	9.0	9.2
Shipping (April-February)	-					
Cargo handled at major ports (tonnes)			5.7	2.2	12.0	9.5
Civil Aviation (April-February)						
Aircraft Movement at international airports	4.2	9.4	-	8.8	15.3	12.9
Aircraft Movement at domestic airports	0.7	-1.4	-	-2.2	22.9	33.1
Cargo handled at international terminals (tonnes)	8.5	0.7	-	0.2	12.3	11.0
Cargo handled at domestic terminals (tonnes)	22.9	-3.7	-	-3.6	7.3	9.5
Passengers handled at international terminals (numbers)	8.3	6.7	-	5.9	15.7	15.2
Passengers handled at domestic terminals (numbers)	15.0	-10.9	-	-11.2	23.3	38.5
3 Communication (April-February)						
New cell phone connections (numbers)	-	-	49.2	50.0	58.1	67.2
4 Banking and Finance*						
Aggregate deposits (Rs crore)	0.4	2.2	17.0	19.9	22.4	23.8
Non-food credit (Rs crore)	-0.8	-1.2	16.9	17.8	23.0	28.5
5 Public Administration (April-February)	.					
Central government expenditure (Rs crore)	14.7	28.7	-	24.0	15.5	17.5

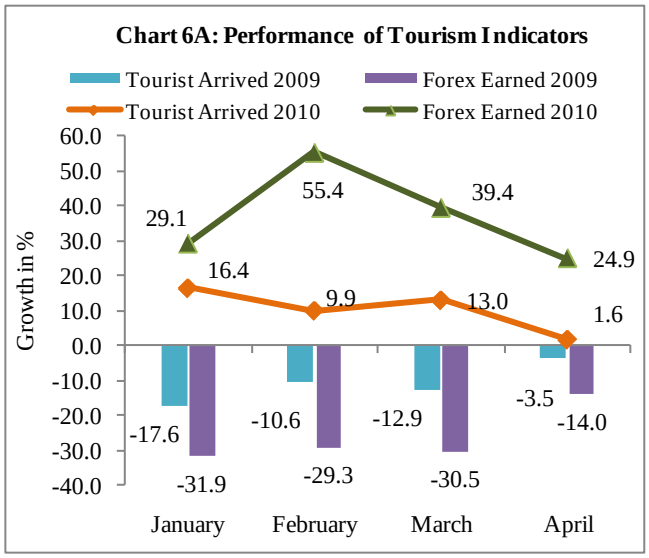
Notes: ^: latest available period specified against each indicator, -: Data not available
* Refers to scheduled commercial banks and the figures are as on April 23, 2010.
Sources: Data are taken from respective ministries or other government authorities and CMIE

6.2 Tourism and Hospitality

The foreign tourists' arrivals in the country have increased by a meagre 1.6% y-o-y to 3.54 lakh, in April 2010, the lowest so far in the calendar year 2010. The period January-April 2010,

however, reported 19.18 lakh tourists visiting the country, 10.6% higher from 17.3 lakh arrived during the corresponding period of the last year.

Foreign exchange earned from various tourism activities too has showed a similar trend. The earnings have recorded around 25% y-o-y growth totalling to US $ 1013 million in April 2010 as against a decrease of 14% in April 2009, marking a deceleration when compared a growth of 39.4% in March 2010. During the calendar year so far, they have risen to US $ 4871 million, as compared to a negative growth of 27.4% seen during the corresponding period of the previous year.

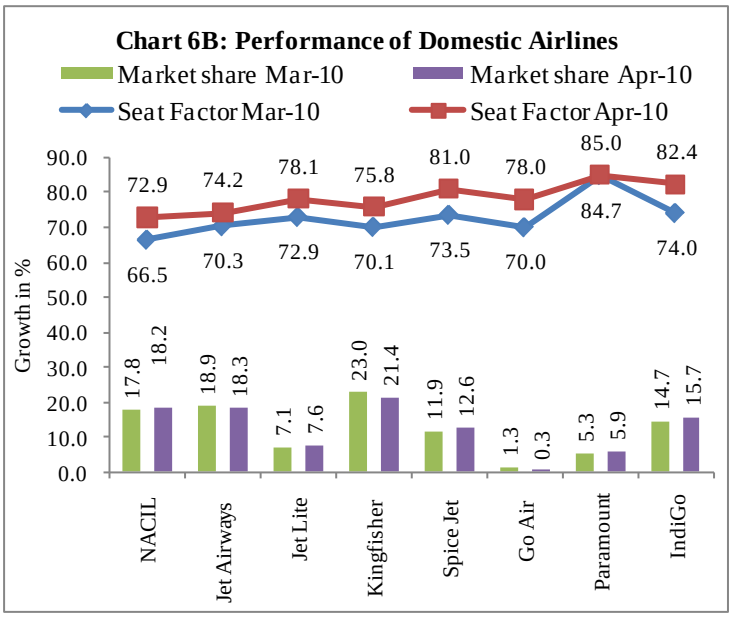


Though the volcanic eruption in Iceland that has almost halted the airline services to and from some of the Europe regions seems to be responsible for lower growth in tourists' arrival, it is generally observed that that tourism growth slows down after March as the peak season concludes.

The Reserve Bank of India has raised the limit of foreign currency that travellers are allowed to carry on their visits abroad to $3,000 from $2,000, for tourists visiting countries other than Iraq, Libya, Islamic Republic of Iran, Russian Federation and other Republics of Commonwealth of Independent States. The new foreign exchange limit is applicable to all payments made by credit cards, debit cards and ATM cards.

The central government is set to launch a single window clearance system for setting up of hotels in the country terminating the previous system where hoteliers needed to seek permission from both the central and state governments and various authorities. Under the new structure, a hospitality development and promotion board would be set up both in New Delhi and in states and hoteliers would need to send their proposals to this board.

6.3 Aviation



The financial year 2010-11 has started on an upbeat note for the domestic airlines amidst the rising ATF prices and disruptions of operation on the European routes. As per the Directorate General of Civil Aviation, the passengers carried by domestic scheduled airlines totalled to 41.88 lakh recording satisfactory increase of 26% over April 2009 and that about 7% over March 2010. The cumulative period January-April 2010 reported 22% rise with number of passengers flown standing at 162.8 lakh against 133.4 lakh during corresponding period of 2009. All the domestic carriers have depicted improved seat factors in April 2010 compared to those in the previous month, mainly due to an onset of vacation period in the country (Chart 6B). The seat factors in April 2010 ranged between 73-85% with NACIL reporting the lowest (72.9%) and Paramount Airways the highest (85%). Among the full service carriers, which together have accounted for 58% of the market share, markets share of NACIL has inched up in April from that a month ago, while those of Jet Airways and Kingfisher airlines slid down marginally during the same period. Among the low cost carriers, barring Go air, all other airlines saw their market shares increasing in April 2010 led by Indigo that cornered 15.7% share in the same month (Chart 6B). Jet Airways along with its subsidiary JetLite together saw the highest flight-cancellation rate (13.8%) and also received the highest number of passenger complaints – 13 per 10,000 passengers flown. Paramount Airways stood second in respect of both, with flight cancellation rate standing at 5.4% and with the receipt of 5.4 complaints per 10000 passengers carried. While the flight cancellation rate remained lowest for Go Air (0.1%), NACIL saw the least number of complaints lodged against it – 0.6 per 10000 passengers travelled.

The air services of the three domestic airlines, namely, Jet Airways, Air India and Kingfisher Airlines, those operate on the international routes got hit significantly due to

unexpected closure of the European airspace sparked by a volcanic ash cloud from Iceland. Airlines also lost passengers on their domestic network as in-bound air travellers from Europe remained stranded and not entering the country. Air India and Jet Airways, which operate services to North America, re-routed their flights through Egypt and Greece. It has been reported that airlines hiked airfares to cover up for the losses, despite government's request to domestic airlines not to profiteer from the disruption. These airlines, however, asserted that fares went up due to holiday season and also because of re-booking by the stranded passengers. Fare-hike was also noticed for cargo transportation, as airlines raised freight rates between 15 and 30% for both general cargo and perishables. The DGCA has come out with the draft guidelines on obligations of airlines towards passengers if they are inconvenienced, according to which the passengers would be entitled for cash and care in case their flights are cancelled, delayed or they are denied boarding even when they are holding a confirmed ticket.

The Airports Authority of India (AAI) has plans to levy landing fees on aircrafts having seating capacity of less than 80 passengers and being operated by scheduled domestic operators. Such aircraft have been exempt from landing and parking charges at Indian airports till now. The service tax proposed on tickets of all domestic and international flights has been rolled back partially. The Union Budget 20010-11 had levied a 10% service tax on all airline tickets, which has been reduced to a flat rate Rs 100 per ticket for domestic travellers and Rs 500 per ticket for international passengers. Earlier, service tax used to be charged only on foreign travel and that too only for business class or first class.

6.4 Real Estate

Bank credit to the real estate sector has showed a massive fall in spite of several new projects getting operational in the last few months. The third quarter review of Macro Economic and Monetary Development by the RBI has indicated that credit lending to the real estate sector has dropped from Rs 33,617 crore disbursed April-February 2009 to just Rs 842 crore in April – February 2010. Definitional change to the concept of 'lending to real estate sector' effected in September 2009 and restructuring of the loans or rescheduling the repayments through a special window that was kept open by the banking industry until June 2009 are cited as the important reasons for this decline in credit flows. The redefining of the concept has led to reclassification

that has removed lending to certain kinds of special economic zones and development of hospitals and hotels, from the definition of ‘commercial real estate'. On the other hand, restructuring of the loans resulted in mounting up of the pending amount, which forced banks to refrain from increasing their exposure to this sector.

According to global real-estate consultant, Jones Lang LaSalle Meghraj (JLLM) demand for both office and retail space has regained the momentum. The JLLM expects about 60.9 million square feet of office space to become operational in 7 Indian cities, namely, NCR, Mumbai, Pune, Chennai, Kolkata, Bangalore and Hyderabad during 2010. The tier-I cities like NCR, Mumbai, Bangalore and Chennai together are expected to contribute around 74% to this supply. The real estate intelligence services, JLLM’ chief has mentioned that destinations like NCR, Mumbai, Bangalore and Hyderabad have witnessed large increases in lease transactions during the first quarter of the calendar year 2010. He further added that the demand, which was initially led by the sectors like telecom and pharmaceutical industries in 2009, has now been strengthened further by improving conditions in BFSI (Banking, Financial Services and Insurance) and IT/ITES domains. The vacancy in Grade A office space (aggregated for seven Indian cities — NCR, Mumbai, Pune, Chennai, Kolkata, Bangalore and Hyderabad) was pegged at 18.1% in March 2010 which was much lower than that existed last year. Similarly, the aggregated vacancy in Grade ‘A’ retail space was observed to touch 17.5% in March 2010.

Unrealistically high prices have reduced the demand for residential properties causing sales across the segment to nosedive since last 2-3 months. The industry experts observed that demand for land has increased on one hand, while demand for residential flats has slowed down. High prices have not only hampered sales of mew construction but also that of resale flats, as budgetary constraints are forcing customers to postpone their purchase plans and/ or customers themselves are deferring their buying in expectations of prices correcting in the short run. The committee on the real estate price index has recommended the index to be based on property prices in 13 cities. The house price data can be collected from Greater Mumbai, Chennai, the National Capital Region of Delhi, Bangalore, Hyderabad, Kolkata, Pune, Jaipur, Greater Chandigarh, Ahmedabad, Lucknow, Bhopal and Bhubaneswar.

The Maharashtra Chamber of Housing Industry (MCHI) intends to develop five lakh affordable houses by 2015 in coordination with the state government, an initiative supported by

over 500 builders. In return, the industry expects speedy clearances of all related documents. The aim of the project is to provide affordable homes to middle- and lower-income groups living in the metropolis and the Mumbai Metropolitan Region (MMR). The MCHI intends to build small flats measuring 250 sq to 400 sq ft in the said scheme. Besides, it also wants to build houses to be rented, as there is an increasing demand for rented properties in the city.

6.5 Retail Sector

Top television makers such as LG, Samsung and Sony have plans to launch internet-capable models that will offer video on demand, access to websites such as YouTube and podcasts in tie-up with websites and local content providers. With about 14 models, market leader LG plans to roll out Net TV range in May 2010, while Sony has already launched TV sets with internet facility in India. Samsung India will give internet capability across its LCD, LED and 3D TV platforms, while Videocon is also contemplating over its plans to introduce localised Net TV in the Indian market.

With the packaging costs swelling up, the FMCG firms, which are experiencing heavy pressure on their margins, are forced to consider increasing prices of processed food and some other products in a cut-throat market competition. Packaging costs typically account of 8-10% of the total costs in a FMCG company. According to Marico's CEO Saugata Gupta, rising material prices have increased packaging costs about 7-8 % year-on-year. It has been reported that prices of packaging materials such as aluminium foil, kraft paper, adhesives for corrugated boxes and packaging plastics have increased up to 25% in the last three months. FMCG companies are finding it extremely difficult working with extremely low margins after absorbing most of last year's rise in raw material prices and higher logistics costs due to fuel price hike. They are exploring innovation in packaging and hedging materials to retain profitability, besides demanding for smarter and cost-efficient packaging solutions. A senior analyst Shirish Pardeshi, at Anand Rathi Securities opines that FMCG companies will resort to cost cutting/saving measures like trimming internal costs, hedging in the packaging materials or cut down adverting and promotional expenses for a quarter if they are not launching any new products.

Retailers are observed to shift their focus to large-format stores, as many of them plan to open a number of bigger stores. The retail firms, which include Aditya Birla Retail Ltd, Spencer's Retail Ltd, Pantaloon Retail (India) Ltd and Bharti Retail Pvt. Ltd, plan to open stores

covering the areas as large as that ranging between 30,000 sq. ft and 100,000 sq ft. For instance, while Spencer's Retail has plans to open between 15-20 large stores with average size of about 35,000 sq. ft in the next one year, Bharti Retail will set up 10 large stores ranging between 35,000 sq. ft and 50,000 sq. ft in the next one year, although it will also open 60 smaller stores during the same period. Aditya Birla Retail also has plans to open a dozen of hypermarkets with sizes ranging between 50,000 sq. ft and 70,000 sq ft. In the past, modern retailers opened small grocery stores to achieve economies of scale. However, during the period of economic slowdown many of them were forced to shut down number of such stores. The reason for this kind of change in focus as cited by the consultancy firm Ernst and Young, (E&Y) is that the large stores can generate additional incomes through sub-letting spaces for shop-in-shops and in-store advertising. Retail industry experts also believe that renting larger spaces in malls gives companies better negotiating power.

As per the survey conducted by the Nielson Company, India ranked number one in the Global Consumer Confidence Index with 127 points followed by Indonesia (116) and Norway (115). Nielsen's Global Consumer Confidence Index tracks consumer confidence, major concerns and spending intentions among more than 27,000 Internet users in 55 countries. The survey revealed that consumer confidence in many global markets rebounded to pre-recession levels of late 2007 and early 2008. Consumer confidence rose in 41 of the 55 countries surveyed during the quarter. India retains its number one spot with 91 percent votes as the most optimistic country where job prospects are concerned followed by Singapore. Indians also emerge the most optimistic about the state of their personal finances in the next twelve months. Optimism in job prospects and personal finances is reflecting in Indian's willingness to spend.

6.6 Summing Up

Services sector, alike industrial sector, has contributed to faster economic recovery backed by the indirect impact of fiscal and monetary stimuli. However, pace of growth in some of its sub-segments seems to have that started slowing down, partially due to a seasonality effect (as in case of tourism sector), on account of increase in input costs (like in case of retail) and also because of cooling down of the initial blown up demand (real estate segment). Hence, it will be interesting to observe how the sector sustains the current growth momentum amidst the gradual withdrawal of the stimulus packages and moderation in overall economic activities.

7. FISCAL SCENARIO

7.1 Introduction

The Revised Estimates for 2009-10 have been made after factoring in the unspent balances available with the Ministries/Departments and duly considering their absorptive capacity for the remaining months of the financial year. This has resulted in better estimation of overall expenditures and reprioritising of resources to needy Ministries/Departments. Initiatives have also been taken to evenly pace the plan expenditure during the year and also to avoid rush of expenditure at the year end which results in poor quality of outcomes. The practice of restricting the expenditure in the month of March to 15% of budget allocation within the fourth quarter ceiling of 33% is being seriously considered. The emphasis is being placed on right pacing plan expenditure by ensuring adequate resources for execution of budgeted schemes.

7.2 Revised Estimates 2009-10

During fiscal year 2009-10, direct tax collections were higher than the BE, but yet lower than the revised estimates of Rs 3.87 lakh crore. While indirect tax collections at Rs 2.41 lakh crore have swelled close to the revised target of Rs 2.44 lakh crore.

Table 7.1 : Central Government Finances

Item	Growth Rate (%)			Per cent to GDP		
	2008-09	2009-10 (RE)	2010-11 (BE)	2008-09	2009-10 (RE)	2010-11 (BE)
Total Expenditure.	30.5	15.6	8.5	15.9	16.6	16
Revenue Expenditure	33.5	14.2	5.8	14.2	14.7	13.8
Capital Expenditure	9	27.8	30.2	1.6	1.9	2.2
Non-Plan Expenditure	29	16	4.1	10.9	11.5	10.6
Plan Expenditure	34.2	14.5	18.4	4.9	5.1	5.4
Revenue Receipts	-0.3	6.9	18.2	9.7	9.4	9.8
i)Tax Revenue (net)	0.9	4.9	14.8	8	7.5	7.7
ii) Non Tax Revenue	-5.3	15.7	32	1.7	1.8	2.1

RE : Revised Est. BE : Budget Est.
Source : *Macroeconomic and Monetary Developments in 2009-10, Reserve Bank of India (19 April 2010)*

The fiscal stance during 2009-10 continued to be expansionary in order to boost aggregate demand and thereby contain the pace of economic slowdown. In a report titled 'Review of the Indian Economy' prepared by the Economic Advisory Council (EAC), the

council has stated that government finances have come under a severe strain since 2008-09 and fiscal imbalance in the country was a matter of concern. The consolidated fiscal deficit including off-budget liabilities in 2008-09 was estimated at 10.4% and is likely to be 10.3% in the current fiscal. The aim of the policy was to enhance public expenditure so as to boost demand and spur the process of development and economic revival. The above decision of the government to increase public expenditure, even with lower revenue receipts, and stimulate the economy by creating demand was guided by the principle of insulating the vulnerable sections of society and various sectors of economy from the adverse impact of economic downturn and at the same time ensure revival of the economy with higher growth. These measures were expected to spur growth and restore revenue buoyancy in medium term and provide the required fiscal space to revert to the path of fiscal consolidation. As per revised estimates for 2009-10, the fiscal deficit is now given at 6.7% of GDP. Including the Rs 10,306 crore of oil bonds towards under recoveries of the previous financial year, the fiscal deficit is at 6.9% of GDP. The measures taken by the government to counter the effects of the global meltdown on the Indian economy resulted in shortfall in revenues and substantial increase in government expenditures, leading to deviation from the fiscal consolidation path mandated under the Fiscal Responsibility Budget Management (FRBM) Act. The gross tax to GDP ratio which increased to an all time high of 12% in 2007-08, has declined to 10.3% in RE 2009-10 due to moderation in growth in economy and reduction in tax/duty rates. At the same time total expenditure as percentage of GDP has increased from 14.4 % in 2007-08 to 16.6 % in RE 2009-10. Moreover, the revenue deficit as percentage of GDP has worsened to 4.5 % and 5.3 % in 2008-09 and RE 2009-10, respectively, from 1.1% in 2007-08.

During 2009-10, even though the expansionary fiscal stance continued, growth in total expenditure decelerated substantially, led by significant curtailment in the growth of revenue expenditure. A key reason for the enlargement in all the major deficit indicators during 2009-10 (RE), despite the moderation in the growth of expenditure, was the much lower growth in tax receipts resulting from the cuts in indirect tax rates as well as the revenue impact of slowdown in the economy.

7.3 Outlook for FY 2010-11

The fiscal policy of 2010-11 would be guided by the principles of gradual adjustment from the fiscal expansion undertaken during 2008-09 and 2009-10.The adjustment path is being so calibrated that it would not affect the revival process and at the same time stabilise the debt to GDP ratio of the government in the medium term. Accordingly fiscal deficit in BE 2010-11 has been reduced to 5.5 % of GDP. This correction in fiscal deficit is attributed to a marginal (0.6%) reduction in total expenditure as a percentage of GDP, increase in gross tax revenue by 0.4 % of GDP and increase in non debt capital receipt by 0.6 % of GDP. In order to bring down the deficit, the government has made efforts to moderate the growth rate of expenditure. Accordingly, non-plan expenditure as percentage of GDP has been reduced from 11.5 % in RE 2009-10 to 10.6 % in BE 2010-11. At the same time, adequate resources for plan expenditure have been provided at 5.4 % of GDP in BE 2010-11. Net market borrowings of the central government are estimated at Rs 3.45 lakh crore. The financing of fiscal deficit is estimated to be done without taking recourse to short-term borrowings through treasury bills or cash draw down.

Table 7.2: Key Fiscal Indicators

Year	Primary Deficit	Revenue Deficit	Gross Fiscal Deficit	Outstanding Liabilities
Centre				
2007-08 (Actual)	-0.9	1.1	2.5	57.3
2008-09 (Actual)	2.6	4.5	6.0	56.7
2009-10 RE	3.2	5.3	6.7	57.0
2010-11 BE	1.9	4.0	5.5	56.9
States				
2007-08 (Actual)	-0.5	-0.9	1.5	26.8
2008-09 RE	0.7	-0.2	2.6	26.2
2009-10 BE	1.3	0.5	3.2	26.5
Combined				
2007-08 (Actual)	-1.1	0.2	4.1	72.0
2008-09 RE	3.4	4.1	8.5	71.6
2009-10 BE	4.3	5.1	9.7	73.2

RE: Revised Est. BE: Budget Est.
Source : Same as Table I

Moving closer to the introduction of GST regime from 2011, the revenue department has finalised the draft for constitutional amendment. The draft proposes to resolve the centre-state dilemma over the levy of GST by having a fourth list in addition to the current 3 lists, which will supercede the Concurrent List. The other option is to reach an agreement to allow the state governments to tax services, hitherto taxed by the central government and states should allow central government to levy tax imposed by it. The final decision would be taken after receiving an approval from the Empowered Committee of State Finance Ministers.

The Direct Taxes Code is being carefully looked into by the Central Board of Direct Taxes (CBDT), especially the nine core issues. In another development, the Planning Commission has pitched for strategic sale in sick public sector undertakings (PSUs) to help them find a partner for revival.

7.4 Other Developments

LS clears Finance Bill

Lok Sabha cleared the Finance Bill 2010, thereby allowing for tax exemptions and sops as follows:

- A Rs 362.82 crore debt relief package for coffee growers and service tax concessions for construction industry, airlines and new hospitals with a minimum 100-bed capacity. A 50% waiver of their total liability on loans taken before 2002, subject to a maximum benefit of Rs 5 lakh per farmer to be borne by the government. An additional 25% would be waived by banks and the balance would be rescheduled.
- Export duty on iron ore lumps hiked to 15% to ensure cheaper availability of iron ore for the domestic industry.
- Basic customs duty on stainless steel melting scrap reduced from 5% to 2.5%.
- Service tax on domestic travel capped at Rs 100 per travel and international travel by economy class at Rs 500, while fully exempting service tax on air travel to the North-East.
- Service tax in the real estate sector would be levied only on 25% of the gross value, where such value includes the value of the land, instead of the earlier 33%. The effective rate would stand reduced to 2.5% from 3.4%.
- No service tax on low-cost housing schemes for the urban poor under the Jawaharlal Nehru National Urban Renewal Mission and Rajiv Awas.
- The package also envisages 20% waiver of liability under crop loans with 10% each being borne by the central government and banks, respectively, subject to a maximum benefit of Rs 1 lakh. For post-2002 term loans, 10% of the total liability would be waived

subject to a maximum benefit of Rs 1 lakh. The package shall also provide relief to medium and large farmers who shall be permitted to reschedule the loans. The total financial implication for the government is Rs 241.33 crore.

- Basic customs duty on 11 specified drugs, including two anti-cancer and one for the treatment of AIDS, has also been reduced to 5%. These drugs are also being exempted from countervailing duty by way of excise duty exemption.
- Statutory rate of export duty on raw cotton to Rs 10,000 a tonne from Rs 2,500 in order to contain the spiraling prices by disincentivising exports.
- Acetate rayon tow has been exempted from 4% special countervailing duty (CVD) though it would continue to attract 10% CVD. This was done since 10% excise duty on filter rods created an inversion in duty.
- Excise duty on hand-rolled cheroots reduced to 10% ad valorem. It also granted full exemption from excise duty to betel nut product supari and scented supari.

Rangarajan Panel to reclassify public spend

The Planning Commission has started the groundwork for re-classifying public expenditure in a more pragmatic way by setting up an 18-member panel chaired by Prime Minister's economic advisory council chief C Rangarajan. The terms of the panel include suggesting an action plan for abolition of the classification of expenditure into plan and non-plan and to define the scope of public sector plan and expenditure in the light of changes in the administrative machinery and evolution of new project models like special purpose vehicles and public-private partnerships. The panel will also examine the accountability concerns arising from the direct transfer of funds to the states and district-level bodies under centrally sponsored schemes. The panel's recommendations will have major implications in the way revenue deficit, the gap between estimated and actual net revenue is calculated. The decision to explore reclassification of public expenditure was announced as part of the union budget for 2010-11. The government also wants to see whether it is correct to classify funds released to sick public sector companies as capital expenditure. The committee would consider the merit of classifying expenditure as revenue or capital depending on the end use.

7.5 Summing Up

After having had to deviate from the path of fiscal consolidation during 2008-09 and 2009-10**,** the central government is sure to resume its plan of reining in fiscal and revenue deficits during FY 2010-11. It plans to do so by reducing non-plan expenditure to 10.6% of GDP. Financing of fiscal deficit is estimated to be done without taking recourse to short-term borrowings through treasury bills or cash draw down. However, the additional relief packages announced in the Finance Bill 2010-11 in April for various sectors ranging from coffee to steel will cost the exchequer Rs 400 crore.

8. CORPORATE SECTOR DEVELOPMENTS

8.1 Indian Multi-national Corporations (MNCs)

As per the recent PricewaterhouseCoopers (PwC) report titled 'The Emerging Multinationals', India and China will collectively account for 42% of the total new MNCs. The report further indicates that India may overtake China as the largest source of MNCs, as more than 2,200 Indian companies are expected to expand their operations in the overseas market over the next 15 years, because of easing foreign investment rules. The new Indian MNCs are likely to be in business services or higher value-added manufacturing sectors.

As per the findings of the report a large number of MNCs are expected to emerge from the export-oriented South East Asian Countries (Malaysia and Singapore), along with oil-rich Russia and the newly industrialised South Korea, while fewer/less number of MNCs will be emerging from the South American countries (Brazil, Argentina, Chile and Mexico).

8.2 KPMG Survey Report

As per the report of the survey conducted by KPMG, around 75% of the firms surveyed felt that the overall incidence of fraud in India has increased in the last two years on account of intensified competition in the markets. The survey covered respondents across the industry and at different levels in organisations. Financial statement fraud has emerged as a major issue, as around 53% of the respondents believe that e-commerce and computer-related fraud will be a source of major concern.

Table 8.1: Major Findings of the Survey

1)	Around 63% opined that the desire to exceed market expectations is the main reason to commit financial fraud.
2)	Approximately 81% respondents considered the financial statement fraud as a major issue.
3)	Roughly 41% say they do not have a formal fraud risk management framework.
4)	Around 75% of fraudulent activities expect Intellectual Property (IP) fraud were perpetrated by employees.

Source: Business Standard, April 7, 2010.

As per the findings of the report large value frauds are mostly from the senior management because of their authority in the organisation. The report further pointed out that bribery and corruption is now considered to be an inevitable aspect of doing business in India. Around 38% of the respondents believe that bribery was an integral feature of industry practices, is most rampant in seeking routine regulatory approvals and also to win new business from prospective clients.

8.3 Solar Power Projects

Solar energy is in a nascent stage in India, with less than 10MW of installed capacity. India has a total installed generation capacity of almost 1, 60,000 MW. After the announcement of the Jawaharlal Nehru Solar Mission which aims at a quantum leap in solar power installation in the country, more than 25 companies have come forward with investment proposals totaling over Rs 1, 00,000 crore over the next 3-10 years. These proposals are from public sector, power producing companies, oil marketing companies and from diversified firms. For instance, jewelers Silver Smith India is foraying into solar power project.

On account of various incentives offered by the government, a number of business houses are making huge investments in solar power projects. Companies having major investment plans in solar sector include Tata Power, NTPC, Indian Oil and Clinton Foundation, among others.

Table 8.2: Major incentives offered by the government

1)	10-year tax holiday for photovoltaic (PV) and thermal solar plants set up by 2020
2)	Reduced customs duty and zero excise duty on specific capital equipment, critical materials and project imports
3)	Loans at cheaper interest rates
4)	Besides, solar equipment makers will also get several incentives as per Special Incentive Package (SIP), for setting up integrated solar manufacturing plants.

Source: Business Standard, April 15, 2010.

But amidst the optimism, there are concerns on the viability of solar power as a business in the country. The capital cost of developing solar energy is about Rs 16-18 crore per MW, which is over four times the investment required in conventional coal-based thermal power

generation. Solar power project requires huge areas of land to set up such units (around 5-6 acres per MW). Acquisition of land is a major challenge for any industry in India. In addition to costs and land acquisition challenges, manpower and technology capabilities are also areas of concerns.

8.4 Nasscom's new set of guidelines on Corporate Governance

NASSCOM, the premier trade body and the chamber of commerce of the IT-BPO industry in India, has announced a new set of guidelines on corporate governance, which would be ideal for even non-listed companies to follow. Nasscom president said that the new guidelines will particularly help smaller companies joining the IT industry avoid the learning curve. The new sets of rules are structured across the stakeholder ecosystem covering the board of directors, customers, competitors, employees and partners. Detailed guidelines have been incorporated for whistleblower policy and to detect fraud. In addition, the regulations stresses on more disclosure of the activities of the board and its committees.

8.5 Regulatory Measures

Securities Contracts (Regulation) Act

The government's move to amend the Securities Contracts (Regulation) Act to mandate a minimum float of 25% in the stock market as against the current limit of 10%, in both private and government-owned listed companies, will help broaden and deepen the markets, bring about better corporate governance and address better the rights of the minority shareholders.

The Indian Express reported on April 22 that the ministry of law is giving the amendment its final touches, which is likely to be enacted in a couple of months. One of the main purposes of increasing the public holding of stocks will be to increase liquidity and contain volatility.

MCA hands over fraud case to SFIO

The Ministry of Corporate Affairs (MCA) is planning to handover the investigations into the alleged Rs 1,000 crore fraud by the Mumbai-based City Group of Companies to the Serious

Fraud Investigation Office (SFIO). The MCA has already asked the registrar of companies in Mumbai to examine the matter. The economic offences wing of the Mumbai crime branch has also formed a special investigative team in December 2009 to look into the fraud case.

CICs exempted from registration with RBI

The central bank in the draft guidelines for regulatory framework for core investment companies (CICs) has exempted the CICs from the requirement of registration with the RBI, provided 90% of their total assets are in investments in shares of investment companies for the purpose of holding stake in the said investee companies. All other CICs having an asset size of Rs 100 crore or more will be considered as systemically important non-deposit accepting core investment companies (CICs-ND-SI) and would be required to obtain the certificate of registration from the RBI, even if they have been advised in the past that registration was not required.

8.6 New Ventures and Investments

The investments and new ventures announced in the month of April are presented in the following Table.

Table 8.3: Investment and Expansion Plans of Indian Companies
Investments
Reliance Anil Dhirubhai Ambani Group is planning to set a cement manufacturing facility in Karnataka at an investment of Rs 1,500 crore. The company has shown interest to build the cement plant in Chittradurga district with an installed capacity of 5 million tonnes per annum (mtpa) at the plant.
International Finance Corporation (IFC), the World Bank's multilateral lending arm, will be investing $60 million (Rs 270 crore) in Apollo Tyre's greenfield manufacturing project coming up in the outskirts of Chennai. The company is setting up a new tyre manufacturing facility at Oragadam, near Chennai, at an estimated cost of around Rs 2,000 crore.
Gangotri Iron & Steel Company (GISCO) part of the Rs 500 crore Gangotri group, is planning to set up a 10 MW coal-based power project & a sponge iron unit with capacity of one lakh tonne per annum in Jharkhand at an investment of Rs 100 crore. In addition, the company has plans to set up a 25 MW power plant at its existing site at Bihta, Bihar at an investment of Rs 150 crore.
The Blackstone Group will invest Rs 225 crore (around $50 million) in Jagran Media Network Pvt Ltd, which holds a majority stake in Jagran Prakashan Ltd (JPL).

Table 8.3: Investment and Expansion Plans of Indian Companies
Alfa Laval India is investing Rs 40 crore for expanding its manufacturing capacity and upgradating infrastructure this year. The company will be setting up a new air handling unit factory which will manufacture a broader range of industrial refrigeration and cold storage equipment.
Leisure infrastructure company, Country Club of India (CCIL) will be investing Rs 100 crore during the current fiscal in its new venture based fractional ownership.
New Ventures
Public sector petroleum refining company Indian Oil Corporation (IOC) plans to set up a 1,20,000 tonnes styrene butadiene rubber (SBR) manufacturing facility at Panipat in partnership with Taiwan's TSRC Corporation and Japan's Marubeni Corporation.
Tata Tea has signed a preliminary agreement with beverages major PepsiCo to explore a joint venture in the non-carbonated beverages market, focusing on health and enhanced wellness.
The Gujarat State Electricity Corporation Ltd (GSEC), a fully owned subsidiary of Gujarat Urja Vikas Nigam Ltd (GUVNL) will set up a coal-based 800 MW super critical power plant at Vanakbori.
Maharashtra Natural Gas Ltd (MNGL), joint venture of GAIL and Bharat Petroleum Corporation (BPCL), is getting ready to serve industrial customers. The company has tied up with two industrial units in Pune for distribution of natural gas and a couple of gas-based power projects.
Areva group company, Areva Renewable, is planning to set up solar-thermal projects in India. Currently, the company is in talks with various other companies to develop its projects.
The Nuclear Power Corporation of India (NPCIL) is likely to sign joint venture agreements with oil marketing PSU Indian Oil and aluminum major NALCO for setting up power plants.
Source: Various media sources.

8.7 Other Highlights

Vijay Mallya-led UB Group has become the world's second largest liquor maker after Diageo with sales of 100 million cases in the last 12 months and is certain to be the number one by next fiscal. In the process, group firm United Spirits (USL) has overtaken France's Pernod Ricard.

Tatas-owned luxury carmaker Jaguar Land Rover is reviewing earlier plans to close one of its UK plants on account of a recent revival in sales and is also likely to seek the UK government's assistance for launching new models.

The newly built global headquarter of wind turbine manufacturer Suzlon Energy Ltd in Pune has been certified as an eco-friendly building by the US Green Building Council. The headquartered named One Earth received the platinum certification of leadership in energy and environment design (LEED), a green environment rating system that complies with the standards of the US Green Building Council.

Apex Encon Projects has won Rs 277 crore contract from the director general, accommodation projects, ministry of defence, to construct dwelling units in Bathinda, Punjab.

L&T has bagged a Rs 1,400 crore oil refinery project from state-run Indian Oil Corporation for setting up a reactor regenerator project at Paradip, Orissa.

8.8 Summing Up

As per the recent PricewaterhouseCoopers (PwC) report titled 'The Emerging Multinationals' India and China will collectively account for 42% of the total new MNCs. The report further indicates that India may eventually overtake China as the largest source of MNCs. As per the survey conducted by KPMG around 75% of the firms surveyed felt that the overall incidence of fraud in India has increased in the last two years. After the announcement of the Jawaharlal Nehru Solar Mission which aims at a quantum leap in solar power installation in the country more than 25 companies have come forward with investment proposals totaling over Rs 1, 00,000 crore over the next 3-10 years.

NASSCOM has announced a new set of guidelines on corporate governance, which would be ideal for even non-listed companies to follow.

The government's move to amend the Securities Contracts (Regulation) Act to mandate a minimum float of 25% in the stock market as against the current limit of 10%, in both private and government-owned listed companies, will help broaden and deepen the markets, bring about better corporate governance and address better the rights of the minority shareholders.

The central bank in the draft guidelines for regulatory framework for core investment companies (CICs) has exempted the CICs from the requirement of registration with the RBI, provided 90% of their total assets are in investments in shares of investment companies for the purpose of holding stake in the said investee companies.

9. SOCIAL SECTOR DEVELOPMENTS

9.1 Introduction

Census 2011 which began in Delhi is a milestone for the government as it involves many firsts. For the first time, fingerprints and photographs of individuals will be collected to help the government formulate plans to strengthen country's security. Another first will be the collection of information on the ownership of mobile phones, computers, internet, having treated or untreated drinking water facility. The census would be conducted in two phases. The NPR will go in tandem with the housing census. It will also lead to the creation of National Population Register (NPR), a comprehensive identity database that will facilitate the creation of a biometrics-based identity system in the country, allowing unique identity cards for all citizens.

9.2 Education

Tax sops on educational loan interest extended to all streams

The central government has extended the tax concession on interest paid for educational loans to all streams of studies including vocational courses, benefiting students from all economic strata opting for higher studies, from academic session starting from June 2010. The latest amendment in Section 80E of the I-T Act will bring all the streams of education (apart from regular ones) and vocational courses under its ambit. With this amendment, the new clause will extend its scope to cover all fields of studies (including vocational studies) pursued after passing the Senior Secondary Examination or its equivalent from any school, board or university recognised by the central government or state government or local authority or by any other authorised body of the central government or state government or local authority to do so. The I-T concession on such a loan will also be extended to parents who have legally adopted a child. An individual can take a loan under this category for his or her spouse too.

Teachers to train in UK subject to accreditation

The British Council of India and Cambridge Education Foundation together are offering a new global teacher accreditation scheme to recognise teachers' achievements in global education. On receiving accreditation under this scheme, teachers will get a chance to gain subsidised training from UK institutes. The accreditation will help teachers enroll in any course

offered globally by the British Council in future. Around 60 teachers from the country will benefit from the scheme at present and if the organisers get a good response, the programme will be extended to more schools.

The scheme involves two phases, where, the first phase has commenced and involves teachers submitting research projects based on their own teaching practices. The second phase will involve them completing a course from any university in the country. For this, the British Council will tie up with local universities. The teachers are currently undergoing training workshops at Mumbai, Delhi and Chennai to enhance their school-based research skills.

Performance of universities in Maharashtra to be reviewed

An expert committee to be appointed under the chairmanship of the Governor of Maharashtra will carry out a review of key performance indicators of universities. Such a review would help maintain the highest standards of education in the state and to make it globally competitive. The key indicators include maintaining up-to-date syllabi, accreditations, number of qualified regular teachers, audited accounts submitted to the accountant general amongst others. Based on the review, grants to the various universities and colleges would be released. The state government has also been asked to create an appropriate policy framework to ensure that the foreign universities coming to the state provide quality education to the students.

MHRD plans user-friendly education

The Ministry of Human Resource Development (MHRD) is planning to introduce vocational studies as a new stream in senior secondary classes for all educational boards. The stream will be on par with the science, commerce and arts streams. Once the Council of Boards of School Education in India accords approval for the stream, it will be mandatory for all government, aided and private schools in the country to introduce it. The vocational studies stream is already a part of the Central Board of School Education, which introduced it in 2007. Introducing vocational training will help deal with skills shortage and make youngsters employable even as they complete school education. Students taking up the stream will be given a ‘certificate’ degree, equivalent to that from the industrial training institutes. They can also pursue graduation like students from the traditional streams. Vocational education will be in collaboration with industry, starting with course design, teaching and work experience. The

government will also start 100 model vocational schools, many of which will run on the public-private partnership model.

Brown University sets up India advisory council

Brown University has set up an India Advisory Council to increase its presence by establishing relationships with universities here. The council comprises of almost 500 alumni from Brown, who are in India and will design a mechanism for the university for its ongoing work on a consistent basis. The council would also chalk out Brown's budget for India, investment plans for the country and deal with other issues of staffing.

In continuing with the practice of its exchange programme, the university has also signed an agreement with University of Delhi's St Stephen's College, as a part of which one candidate will go to Brown for the 2011-12 academic year and in exchange, Brown would send up to 15 undergraduates for a year's study at St Stephen's to take courses in Indian culture, languages, literature and politics. Brown has also signed a memorandum of understanding (MoU) for a two-year period with the Confederation of Indian Industry (CII) so as to have a better understanding of Indian industry. Brown will send its students, especially those in engineering and maths schools, to work with companies here. The two will sponsor research activities as a part of the MoU.

GMR plans business school in Hyderabad

The GMR Group has entered into an agreement with the Schulich School of Business of York University in Toronto, Canada, for setting up a campus in the aerotropolis coming up near the Rajiv Gandhi International Airport, Hyderabad. Schulich's GMR Campus will operate as an extension of Schulich's Canadian campus, ensuring the same high quality of programmes, faculty and students. As per the agreement, Schulich will develop the academic infrastructure, while the GMR Group will provide the land and the physical campus. Schulich will initially offer a two-year MBA programme and executive education programmes. Admissions are expected to commence by 2013.

Maharashtra government to upgrade Std IX syllabus from June 2010

The state government has announced that the syllabus of maths and science for std IX would be changed from the upcoming academic year beginning from June. However, the syllabi

of the two subjects for Std X, XI and XII will be changed in the next couple of years. The syllabus would be upgraded to bring it in conformity with the norms laid down by the MHRD.

Maharashtra to map schools to optimise number of schools

The government is also going to map 98,000 schools in the state, using Geographical Information Systems (GIS) with a view to ensure optimum number of schools. GIS would also be used to select sites for schools. Population, linguistic preferences, physical infrastructure and connectivity would be some of the parameters which would be included while planning new schools with the help of GIS.

Maharashtra to get 3 new medical colleges

Maharashtra is planning to set up 3 new medical colleges in Alibaug, Gondhia and Nandurbar. Each college would have an intake of 100 students each. A proposal to this effect would be placed before the cabinet. The state government will invest Rs 300 crore to set up these colleges. The colleges will commence their academic session in 2011.

MHRD to set up 20 IIITs on PPP model

The Ministry of Human Resource Development (MHRD) will set up 20 Indian Institutes of Information Technology (IIITs) on a public-private partnership model. Each IIIT would be set up with an investment of Rs 200 crore. The expenditure would be shared in the ratio of 85:15 between the government and the industry.

9.3 Health

Government plans to map the health of weaker sections of society

A new draft of the National Health Research Policy proposes to study the benefits that the vulnerable sections of population, such as scheduled castes, tribal population and unorganised labour, draw from the health expenditure incurred in the country. It also plans to measure the extent to which such spends improve their livelihood. The policy draft formulated by the department of health research seeks to study the economic burden of any disease borne by such marginalised sections and the manner in which it reflects in the country’s development process.

Bill to regulate health delivery organisations introduced in LS

In a bid to improve healthcare delivery system in the country, the central government has introduced the Clinical Establishment (Registration and Regulation) Bill, 2010 in the Lok Sabha. The legislation is aimed at ensuring uniform standards of facilities and services provided by various private health care companies including clinics, hospitals, maternity homes, nursing homes, dispensaries, and similar facilities with beds that offer diagnosis, treatment or care for illness, injury or pregnancy in any recognised system of medicine. The legislation provides for the constitution of a National Council consisting of representatives of Medical Council of India, Dental Council of India, Nursing Council of India, the Pharmacy Council of India, the Bureau of Indian Standards, amongst others. The National Council will determine the standards for the clinical establishments, and will also maintain and update a national register of clinical establishments. The bill also mandates providing emergency care to the needy, especially accident victims.

TTK Healthcare forays into orthopaedic business

TTK Healthcare Ltd. has forayed into orthopaedic business to consolidate its presence in the medical devices space. TTK Healthcare has entered into a technical collaboration with B. P. Trust, U.S, which will help TTK Healthcare manufacture orthopaedic implants, including knee replacement system. For this, TTK Healthcare will set up a full-fledged facility at Mahindra World City. The company will then take up the development of hip, ankle and shoulder replacements as well over a period in a phased manner.

Chettinad Health City begins expansion plan

Chettinad Health City has embarked on a Rs 50 crore expansion plan, which includes setting up facilities like a geriatric centre, Chettinad Heart Foundation, a stem-cell therapy bone and joint centre amongst other facilities.

Haryana lines up Rs 1500 crore for health infra upgrade

Haryana has embarked on an ambitious Rs 1500 crore plan to improve the health infrastructure in the state. Under this, nine hospitals are being upgraded across the districts as per the guidelines of the Indian Public Health Standard. These hospital buildings will be fitted with

the latest medical equipments like endoscopes, ECHO machines, laparoscopes and ventilators, in order to provide quality specialised health services.

In two years, health cards for all in Maharashtra

As proposed by the state government**,** in two years, every resident of Maharashtra would be eligible for cashless life-saving health procedures including cardiac, kidney and neuro surgeries in all state and private hospitals. To access the treatment, health cards would be issued. The treatment would be offered under the new 'Rajiv Gandhi Jeevandayi Yojana', which is a result of merging the old scheme.

Around 300 life-saving procedures and medical treatments will be covered under the scheme and the scheme will include people above poverty line (APL), below poverty line (BPL) and from higher income group as well. While, those below poverty line will not be required to pay fees, the other two categories will have to pay nominal fees. In the first phase, Raigad, Jalgaon, Solapur, Nanded, Amrawati and Gadchiroli will be selected. Mumbai and other important urban centres would be included in the second and third phases. Every hospital which has 100 beds, 10 ICUs and 40 doctors will be a part of the scheme. The state government will also push for the emergency ambulance system which would be having trained paramedics.

9.4 Labour and Employment

NREGA likely to be linked to skill development

The Ministry of Rural Development (MoRD) plans to link the Mahatma Gandhi National Rural Employment Guarantee Act (NREGA) with the Swarnajayanti Gram Swarozgar Yojana (SGSY). It proposes to do so by training one member of a family for self-employment under SGSY. However, the member must be from a family in which, at least two members have worked under NREGA for more than 50 days for two consecutive years. Such members will also be considered on par with those from BPL category. The criteria of those families who have worked for more than 50 days for two consecutive years have been chosen since that indicates the family is in distress and does not have a stable alternative source of employment.

This is an innovative way of identifying even those who are not in the BPL list and training them under SGSY (for semi-skilled work). It is also an interesting idea to take NREGA

beyond the sphere of just physical asset creation. The downside of this, however, is that it undermines the basic mandate of NREGA which is to allow local bodies to determine what kind of asset creation should take place locally.

9.5 Others

Panel to monitor schemes for women from minority community

The National Commission for Minority Educational Institutions (NCMEI) would soon constitute a sub-committee to monitor the progress of the implementation of various government-sponsored schemes targeted to benefit women from the minority community in the north-eastern region. NCMEI would extend full support to the proposals for setting up women's college, exclusive polytechnics for women and Entrepreneurship Development Programmes to benefit women from the minority committee in the North East. The Assam government too would help set up a hostel for minority girl students with library and internet facilities for the lodgers / students. In case a state government failed to grant a no objection certificate for setting up a minority educational institution within a reasonable period of time, NCMEI would be empowered to grant such a certificate by exercising power vested with it under the Minority Educational Institution Act of the government.

9.6 Summing Up

With so many developments likely to take shape in the future, the MHRD minister has rightly mooted for priority sector lending interest rates being made applicable to the education sector as well. The minister aims to bring in huge funds to persuade the reform movement in the sector and strongly feels that commercial rates of interest should not be applicable for the educational institutes. However, to what extent the lofty reforms of MHRD will actually take off remains to be seen, considering the problems being faced in the implementation of the RTE. Based on visits by a business daily it has been found that some schools are grappling with issues such as space constraints and some others are forced to hike fees. Some have even completed the admissions for the forthcoming year. The school authorities are demanding settling these issues before they act upon the government order. Schools in Uttar Pradesh and Delhi are not prepared

to implement the RTE Act, while West Bengal needs half a million teachers to implement RTE. The act itself fails to address some issues like specifying how it plans to provide additional support to poor students who get into private schools nor does it specify how these are to be identified and how should they be allotted to the school. Also, almost every state is demanding additional funds for implementing the RTE, forcing the central government to rework its fund sharing pattern. While Uttar Pradesh and Bihar are demanding that the central government contribute 100% of the funds.

So also it is with the NREGA scheme. Significant amount of funds are lying idle and quite a few states have failed to provide full 100 days of work.

10. PRICE SITUATION

10.1 Wholesale Price Inflation

Annual rate of inflation based on monthly WPI, stood at 9.6% (provisional) for the month of April 2010 as compared to 1.3% during the corresponding month of the previous year. However, the annual inflation rate in the first month of the current fiscal year 2010-11 apparently eased a bit as compared to the 9.9% witnessed in the last month of the earlier fiscal year 2009-10. The WPI final data for the month of February 2010 indicates that the annual inflation rate reached a double digit of 10.1% against the provisional figure of %. Thus, it is difficult to say whether inflation rate has really started easing (Table 10.1).

Table 10.1: Monthly Trends in Wholesale Price Index

Months	2006-07	2007-08		2008-09		2009-10		2010-11	
Apr	199.0	211.5	(6.3)	228.5	(8.0)	231.5	(1.3)	253.7	(9.6)
May	201.3	212.3	(5.5)	231.1	(8.9)	234.3	(1.4)		
Jun	203.1	212.3	(4.5)	237.4	(11.8)	235.0	(-1.0)		
Jul	204.0	213.6	(4.7)	240.0	(12.4)	238.7	(-0.5)		
Aug	205.3	213.8	(4.1)	241.2	(12.8)	240.8	(-0.2)		
Sep	207.8	215.1	(3.5)	241.5	(12.3)	242.6	(0.5)		
Oct	208.7	215.2	(3.1)	239.0	(11.1)	242.5	(1.5)		
Nov	209.1	215.9	(3.3)	234.2	(8.5)	247.2	(5.6)		
Dec	208.4	216.4	(3.8)	229.7	(6.1)	248.3	(8.1)		
Jan	208.8	218.1	(4.5)	228.9	(5.0)	250.5	(9.4)		
Feb	208.9	219.9	(5.3)	227.6	(3.5)	250.5	(10.1)		
Mar	209.8	225.5	(7.5)	228.2	(1.2)	250.8	(9.9)		

Figures in brackets are y-o-y increases.
Source : *http://www.eaindustry.nic.in/*

However, core inflation as measured by the WPI after excluding food and fuel rising by 1.8% month-on-month (2.1% over past three months) is the sharpest rise during the last couple of years. This was due to a big jump in prices of commodities like iron & steel, cement and cotton textiles in recent months.

Annual food inflation though remained in double digit throughout the fiscal 2009-10 and even during the first month of current fiscal year at 13.8, there are definite signs of the pressure easing in the last couple of months. The easing of annual inflation rate was mainly due to fall in the prices of many food items viz., wheat, masur , potatoes, onions, brinjal, mangoes, sapota, eggs, dry chillies, tea, many oil seeds, maida, rawa, atta, bran, sugar, khandasari, gur, and edible oils. It is hoped that with the forecast of normal and good monsoon, the coming kharif season

food grain and other commodities production will be good. Reported better production and availability of sugar has resulted in its price falling by 5.7% over the month. It has also been reported that the coming season will be good as farmers were cultivating sugarcane in more areas.

Global crude price increase was more or less stable. But there has been substantial increase in the prices of all the component items of Mineral Oil group resulting in an increase of 12.6% in April 2010 as compared to a fall of 8.0% last year.

Manufacturing products price index recorded substantial increase of 6.7% in April 2010 compared to 1.8% in April 2009. This group rose by 0.8% over the month despite a fall in the prices of food products by 3.1%, mainly because of the price rise in cotton textiles (2.4%), iron and steel (11.4%) and Zinc ingot (1.6%) (Appendix IV).

10.2 Consumer Price Inflation

The easing in the prices of food products in the last couple of months is also seen in the movements of consumer price index. Rural inflation (CPI-AL and CPI-RL) which reached 17.6% and 17.4% dipped to 15.8% and 15.5% in March 2010. CPI-IW during the period dropped from 16.2% to 14.9%. Though the pressure is easing the CPI inflation still continues to be at a high level ranging from 14.9% to 15.8% (Appendix V).

10.3 Global Inflation *vis-a-vis* WPI

IMF collects price data for 42 commodities and constructs an index (Base 2005=100) known as Agricultural Commodities Index and disseminates them through their web site. According to this, the general index has registered an increase of 48.4% during the year as compared to a decline of 45.5% in April 2009. Food Index after remaining at a low key throughout 2009 started firming up. Except wheat, rice, free market sugar and bananas all commodities coming under food items recorded substantial rise in their prices. Industrial input index rose by 62.1% during April 2010 over the year (Appendix VI). Appendix VI gives a comparison of price movements between global index and WPI. It can be seen that while the

WPI of food items is outpacing the global prices, industrial input data shows an obverse trend when compare to global price movements in related commodities.

10.4 Summing Up

WPI crossed double digit barrier during February 2010 as per the final data and hence the final data for March which is due in June 2010 forebodes that the year 2009-10 couldl end with a double digit inflation rate.

Food inflation though is still in the double digit level is easing but slowly. With a good monsoon and good khariff harvest it is hoped that the prices will fall by August 2010.

The easing of food prices manifested itself in the trend of consumer prices also. All the four CPI indices registered annual inflation rates less than that of the earlier couple of months.

While WPI food indices almost moved in tandem with global prices, those of industrial inputs have recorded contra trends.

11. MONEY AND BANKING TREND

11.1 Introduction

The Reserve Bank of India's policy measures to reduce liquidity are beginning to show results as surplus money is slowly dwindling from the banking system. Banks are now depositing between Rs 25,000 crore and Rs 75,000 crore with RBI every day against Rs 50,000 crore and Rs 1,30,000 crore before the implementation of policy. RBI has been slowly unwinding its support taking into account the economic condition in the country. After recording a higher growth for six consecutive months credit deployed by the scheduled commercial banks have seen a fall for the first time in the beginning of fiscal year 2010-11.

11.2 Monetary Trends

For the fortnight ending April 23, 2010, the growth in money supply (M_3) for the financial year so far, has been lower at 0.8% as compared to 2.6% for the corresponding period a year ago. One of the reasons for less liquidity is that banks are going slow on their deposit mobilisation. Being the first month of fiscal year 2010-11 the net bank credit to government saw a lower growth of Rs 24,177 crore as compared to Rs 60,949 crore. Bank loans to commercial sector dipped by 0.8% against a negative growth of 1.3% for the comparable period a year ago. As new fiscal year has just begun, the business activities have not started in full swing and so volumes are insignificant. Also, many short-term corporate loans disbursed in February and March 2010 to meet year-end target should have matured. Above all, it is very common that after registering a high growth in credit volumes towards the end of a fiscal year, bank credit figures tend to show a deceleration in the first month of the new financial year. On y-o-y basis, M_3 saw a lower growth of 14.7% as compared to 21.4% a year ago; within it demand deposits have shown an increase of 15.8%, almost twice as compared to 8.8% in the previous year on the back of improved business confidence and favourable financing conditions. Net bank credit to government posted a lower increase of 26.4% as compared to 48.9% last year. Borrowings of government a year ago was huge in order to maintain stability in the economy and to pull the economy out of recession. Bank credit to commercial sector too witnessed a decelerated growth of 15.9% against 17.5% previous year; however, in absolute terms the growth was higher than a

year ago period, as the domestic economy is gaining momentum and also due to the increase in domestic demand.

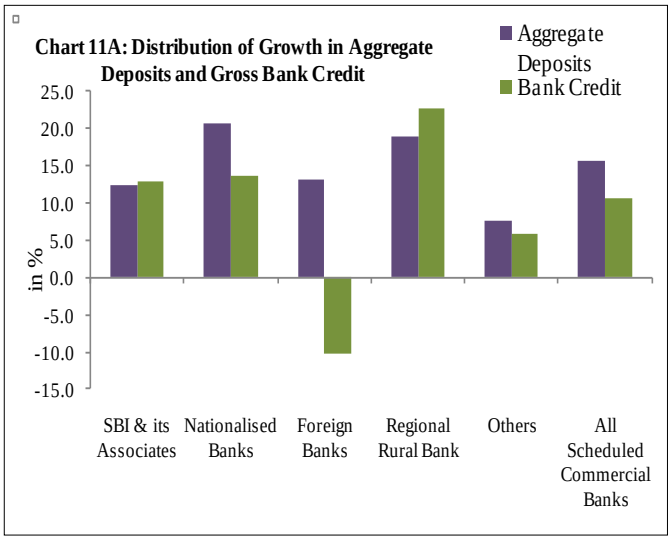
11.3 Banking Trends

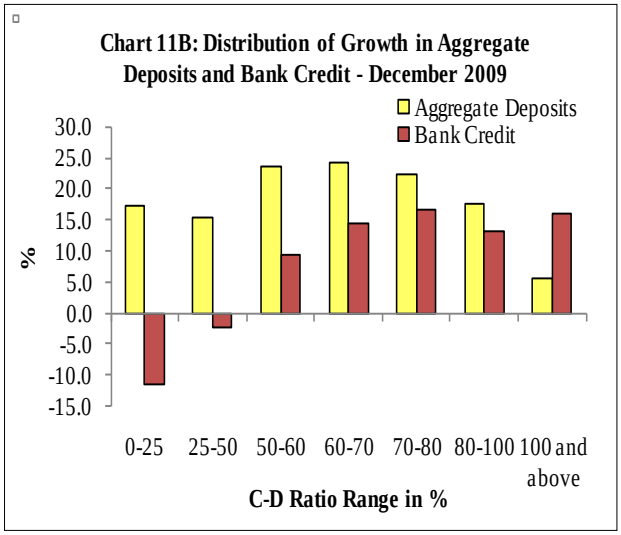
The scheduled commercial banks have seen a slowdown in the second fortnight (April 23, 2010) of the current fiscal year with deposits as well as loans shrinking. For the financial year so far up to April 23, 2010, the aggregate deposits witnessed a deceleration in growth (0.4%) as compared to an increase of 2.2% for the corresponding period a year ago. In other words, deposits raised by banks dipped by Rs 23,328 crore to Rs 45, 06,747 crore for the same period. Both demand deposits and time deposits dipped by Rs 20,834 crore and Rs 2,494 crore, respectively for the same period. Commercial banks have drastically reduced their exposure to the mutual fund industry, forcing the funds to look for retail assets. Investment growth moderated to 4.0% as against 6.0% for the comparable period a year ago. Investments in government and other approved securities dipped by Rs 17,169 crore to Rs 14, 37,363 crore during the same period. It is observed that banks normally do not push for business in the beginning of the financial year, as they are busy closing previous year's accounts.

Bank loans have shown a decline of 0.8% as compared to negative growth of 1.1% for the corresponding period a year ago. Both, food credit-loans to the government agencies for procurement operations and non-food credit-loans to individuals and businesses activities also dipped by 1.1% and 0.8%, respectively, against the corresponding growth rates of 6.0% and (-) 1.2%, seen a year ago. On y-o-y basis, bank deposits growth slowed down to 15.0% against 22.4% a year ago. Bank loans have shown a slight lower growth of 17.1% as compared to 18.0% a year ago, though they have registered a higher a growth in absolute terms by Rs 4,70,252 crore against 4,19,355 crore a year ago. Scheduled commercial banks' investments in SLR securities have increased by 16.3% against 21.4% a year ago.

The Reserve Bank of India has released its *'Quarterly Statistics on Deposits and Credit of Scheduled Commercial Banks - December 2009'* that contains data related to deposits and credit of scheduled commercial banks including regional rural banks. The Chart 11A presents the growth rates of aggregate deposits and bank credit up to December 2009. Growth in aggregate deposits remained relatively high for all the groups, except for other scheduled commercial

banks. Foreign banks have shown the lowest growth rate vis-à-vis loans disbursed for the period under review.





The distribution of growth in aggregate deposits and gross bank credit up to December 2009, for all the population groups as per the credit- deposit ratio (C-D Ratio) indicates that the growth in bank credit declined to 11.6% for the C-D Ratio range of 0-25 for the period under consideration (Chart 11B).

11.4 New Bank Licences

It may be recalled that the Finance Minister (FM) in the Union Budget 2010-11 had indicated that the RBI would consider giving a few additional banking licences to private sector players to expand the coverage of banking facilities. Non-banking finance companies (NBFCs) could also be considered, if they meet the RBI's eligibility criteria.

Deputy Governor Usha Thorat said that the RBI would keep in mind its existing principles on ownership and governance while drawing up the guidelines for issuance of new bank licences. The RBI will indulge in dialogue with all players concerned and also study international experiences, especially in case of applications by corporate houses or industrial houses. Thorat further said, "We will try to ensure the adherence to best practices that are important for the country, so that we come up with guidelines that will boost penetration of

banking in the country". The RBI Governor while unveiling the annual monetary policy said that a discussion paper will be prepared by the central bank and put on its website by the end of July for wider comments and feedback.

According to business analysts, the government and the RBI are planning to raise the paid-up capital to Rs 1,000 crore for new banks.

Large corporate houses with financial services arms may find it easier to meet the central bank's new eligibility criteria, rather than most of the pure-play NBFCs. A host of Indian corporate houses, including the Anil Dhirubhai Ambani Group, the Tata Group, the Aditya Birla Group and NBFCs like Srei Finance, Muthoot Group are keen to enter the commercial banking industry.

11.5 Teaser Home Loan Rates

It is unlikely that the competition on teaser rates for housing loans by banks will end soon. Despite regulatory discomfort, teaser rates are back. Less than a week after HDFC re-introduced its teaser home loan scheme, the country's largest private sector bank, ICICI bank has followed. ICICI has re-launched its special home loan scheme offering customers a fixed rate of 8.25% for the first year, 9% for the second year and a floating rate thereafter.

Table 11.1: Bank-wise Special Home Loan Rates

HDFC Bank			
Period	Up to March 31, 2011 (Fixed)	Up to March 31, 2012 (Fixed)	Thereafter
Rates	8.35%	9.00%	Prevailing Floating rate
ICICI Bank			
Period	First Year (Fixed)	Second Year (Fixed)	Thereafter
Rates	8.25%	9.00%	Prevailing Floating rate

HDFC has launched the Dual Rate Product-2, a special home loan product at a fixed rate of 8.3% annually up to March 31, 2011, 9% for the period between April 1, 2011 and March 31, 2012, and the applicable floating rate for the balance term. The new rates are applicable for all customers who apply before April 30, 2010 and pay at least a part disbursement before June 30.

11.6 Liquidation of Co-operative Banks

Recently, the RBI has cancelled the licences of two co-operative banks following insolvency and after efforts to revive them in consultation with the respective state governments failed.

Table 11.2: Co-operative Banks under Liquidation		
Name of the Co-operative Bank	Head Office at	Liquidation after the close of Business on
National Co-operative Bank Ltd	Kurnool Andhra Pradesh	April 7, 2010
Rajeshwar Yuvak Vikas Sahakari Bank Ltd	Satara Maharashtra	April 8, 2010
Source: Reserve Bank of India		

11.7 Sale of Equity

The US-based hedge fund Arcstone Capital LLC has made a passage to India by acquiring close to 5% stake in the Kerala-based old private sector bank, Dhanalaxmi Bank. Arcstone has bought stake from Mavi Investment Fund Ltd, Mauritius for a consideration of Rs 42 crore through its India-specific investment fund in a single off-market deal.

Non-resident Indian (NRI) businessman Shri Chawla is likely to offload 14.5% of the stake held in Kerala-based Catholic Syrian Bank (CSB) to a clutch of foreign investors to adhere with the RBI's directive. Shri Chawla, who holds 24.5% in the bank, was asked to bring down his equity stake to 10% by the central bank. Three Mauritius-based private equity funds together hold about 15% equity stake. Engineering major and Edelweiss together have 5% while Federal bank holds 5% stake.

11.8 Other Highlights

RBI has asked banks to be ready with advanced internal rating based (AIRB) approach - a new methodology to assess a bank's capital requirement. The advanced internal rating based approach takes banks a step closer to becoming a Basel-II compliant institution. However, only those institutions, which comply with supervisory standards prescribed in the Basel-II accord, can implement AIRB, which places more importance on the bank's internal rating mechanism.

The RBI and the central government are working in tandem to make banks push the agenda on inclusive growth, both in letter and spirit. The finance ministry has asked public sector banks to list their achievements and targets for financial inclusion for 2010-11.

The Reserve Bank of India has directed that charging of interest rates on export loans would be freed with effect from 1st July 2010. With this the RBI has indicated an end to the concessional interest rates that were offered to exporters on export loans.

The percentage of NPAs in the credit card business has almost tripled – from 6-8% in 2007-08 to around 15-20% in 2008-09. As a result, India's largest private sector bank, ICICI Bank has withdrawn its lifetime free cards scheme, signaling a change in business strategy for consumer banking. From now on, the bank has decided to charge new credit cards to its customers.

Tamil Nadu (TN) private sector bank Lakshmi Vilas Bank (LVB) has implemented a 100% multiprotocol label switching (MPLS) system on its technology platform. The migration was completed in a record time of 45 days with the active involvement of BSNL and technology partner, Wipro. With this, LVB claims to be the first bank in TN to complete 100% MPLS migration. With 100% MPLS architecture, the bank is planning to close around 21 hubs across the country and save on the maintenance and operational costs of these hubs.

Canara Bank has become the latest Indian bank to open a branch in the East Midlands town of Leicester, UK, which has a large population of Indian origin.

11.9 Summing Up

With the economy almost back on recovery path and a strong revival of the industrial output, one can expect loan demand to pick up in coming months. Infrastructure and other related activities spending would go up and thus banks can focus on raising deposits to fund the loan demand.

On the down side, the economy is facing a risk of spillover in inflation from supply side to demand side. Therefore, with increase in policy rates, RBI has made an effort to focus on the challenge of boosting economic growth along with maintaining price stability.. It is expected that RBI in future will change the policy measures in a gradual manner so that neither the credit

growth nor the significant government borrowings programmes in fiscal 2010-11 are adversely impacted.

Despite regulatory discomfort, teaser rates are back. Less than a week after HDFC re-introduced its teaser home loan scheme, the country's largest private sector bank, ICICI bank has followed.

The US-based hedge fund Arcstone Capital LLC has acquired close to 5% stake in the Kerala-based old private sector bank, Dhanalaxmi Bank.

Tamil Nadu (TN) private sector bank Lakshmi Vilas Bank (LVB) has implemented a 100% multiprotocol label switching (MPLS) system on its technology platform.

12. FINANCIAL MARKETS

12.1 Overview

The new financial year 2010-11 began with the Reserve Bank of India (RBI) and Securities and Exchange Board of India (SEBI) taking several policy decisions and markets responding to the global economic fundamentals such as Greece debt crisis and other domestic fundamentals like increasing inflation numbers.

In its monetary policy review on 20 April 2010, the RBI announced an all-round increase of 25bps each in all policy rates namely, the cash reserve ratio, the repo and reverse repo rates. In a move to control inflationary pressures, the RBI further alleged that it will continue to monitor macroeconomic conditions, particularly the price situation closely and take further action as warranted. This was a clear signal by RBI reflecting the tightening phase of policy and changing the priority to containment of inflation and inflation expectations, exiting from the accommodative stance. This was also further reiterated by Subir Gokarn, Deputy Governor recently that the debt crisis of Greece will not deter the Reserve Bank in this pursuit. But, the hikes in key policy rates in April virtually had no impact on the otherwise easy liquidity scenario. The heavy FII inflows into the economy have also augmented liquidity in the system.

Money market remained active combined with marginal pressures on rates. Spurred by large capital inflows into the country the rupee appreciated by about 1.6% against dollar during April over March 2010. In the currency futures segment, the volumes continued to increase in MCX-SX and NSE. The RBI's permission to introduce currency options in the recognized exchanges may further boost the trading volumes. The increased prospect of economic growth in the country has driven global investors to invest in India. G-secs market turned buoyant both in primary and secondary market segments. The boom experienced in stock markets during past two months was arrested in April following uncertainty in global markets on concerns about the Greece's debt crisis. But, inflows from foreign funds minimized the loss. The corporate bond market witnessed a number of financial institutions hurrying into the market, owing to the expectation of further increase in interest rates in the coming months.

12.2 Money Market

The short-term money market rates remained range bound in April and hovered around the floor rate set by the reverse repo rate of 3.75% due to surplus liquidity in the system despite looming uncertainty given the heightened inflationary conditions. The weighted average call rates moved in a range of 2.80%-4.29% during the month. The month began with the call money rates ruling at a weighted average rate of 2.80% on 3 April and touched a high of 3.55% on 12 April. Thereafter, on 16 April the overnight rates firmed up and ruled at 2.85% as demand for cash fell owing to ample liquidity in the system. Following the announcement of increase in key policy rates on 20 April, the overnight rates ruled in a higher range of 3.22% and 3.69% during the third week of April. The last week of the month, saw the rates touching their month's high of 3.86%. The volatility in call money rates continued to be low, during April with the standard deviation touching 0.34 during the month, from 0.33 in March. The notice money rates also moved in tandem with call rates and ruled in a range of 2.52% and 4.91% during April.

The monthly weighted average rate of collateralized borrowing and lending obligations (CBLO) remained almost unchanged from the previous month's trend and the rates ruled at 2.98% in April 3 compared to 3.02% in March. During the month they touched a high of 3.69% and a low of 1.19%. Similarly, the daily average market repo rate also displayed the weighted average rates ruling at 3.04% against 3.13% during the same period.

Table 12.1: Money Market Activity (Volume and Rates)

Instruments	April-10			March-10		
	Daily Average Volume *(Rs crore)*	Monthly Weighted Average Rate *(%)*	Range of Weighted Average Daily Rate *(%)*	Daily Average Volume *(Rs crore)*	Monthly Weighted Average Rate *(%)*	Range of Weighted Average Daily Rate *(%)*
Call Money	8833	3.55	2.80-4.29	7699	3.47	2.53-3.79
Notice Money	1212	3.78	2.52-4.91	2364	3.49	2.43-3.77
Term Money @	140	-	3.10-6.92	246	-	3.10-7.50
CBLO	52434	2.98	1.19-3.69	65613	3.02	1.55-3.69
Market Repo	21237	3.04	2.06-3.68	19194	3.13	1.75-3.59

@: Range of rates during the month.
Source*: www.rbi.org.in. and www.ccilindia.com*

During the month, the daily average volume of call money transactions improved by 15% to Rs 8,833 crore from Rs 7,699 crore in March. But, the daily average notice money and term money turnover nearly halved during the month compared to previous month. In the major

collateralised instruments, CBLO recorded a fall of 21% though the market repo showed an increase of 11% in its volumes during the month (Table 12.1).

RBI's Market Operations

In the RBI's LAF window, the daily average amount absorbed through reverse repo during April increased by 21% to Rs 54,000 crore from around Rs 44,000 crore in the previous month. The repo window also showed some participation of an average of Rs 3,180 crore during the last three days of March reflecting the impact of the year-end tightness in liquidity. The outstanding amount stood at Rs 35,720 crore on 30 April much higher than the amount of Rs 990 crore recorded on 31 March. The Reserve Bank's OMO window continued to remain redundant with a meager net purchase of Rs 10 crore during April (Table 12.2).

Table 12.2: Repo/Reverse Repo Amount Tendered under RBI's LAF and OMO Operations

(Amount in Rs crore)

Month	Repo		Reverse Repo		Average Daily Injection (+) / Absorption (-)	Outstanding Amount @	OMO (Net Purchase (+) /Sale (-))
	Daily Average	Rate %	Daily Average	Rate %			
Apr-09	6	5.00/4.75	109650	3.50/3.25	-95915	88565	20292
May-09	24	4.75	130978	3.25	-129997	110685	16959
Jun-09	42	4.75	120768	3.25	-123153	87440	6451
Jul-09	46	4.75	129539	3.25	-126740	139690	5243
Aug-09	24	4.75	124355	3.25	-124488	121010	12073
Sep-09	105	4.75	121622	3.25	-124812	58520	14275
Oct-09	0	4.75	106430	3.25	-104047	58520	1082
Nov-09	0	4.75	104506	3.25	-104506	88680	1082
Dec-09	52	4.75	73114	3.25	-73061	42470	630
Jan-10	15	4.75	80654	3.25	-80639	88290	-8
Feb-10	0	4.75	80674	3.25	-80674	47430	-4
Mar-10	414	4.75/5.00	38367	3.25/3.50	-37870	990	-2
Apr-10		5.00/5.25	62403	3.50/3.75	-62403	35720	10

@: At the end of the month.
Source: *RBI Weekly Statistical Supplement (WSS)*

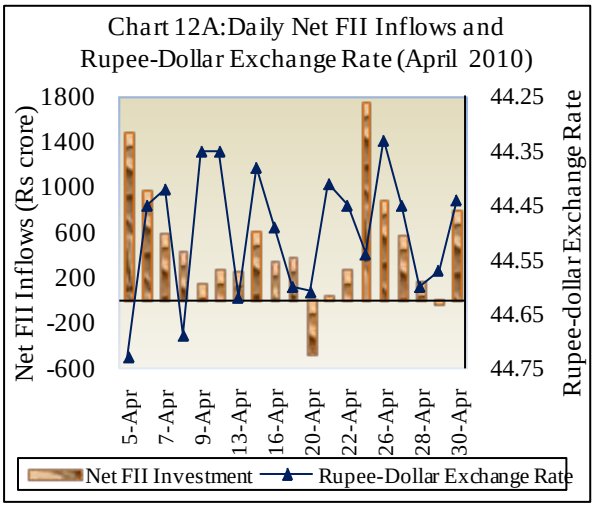
Interest Rate Futures

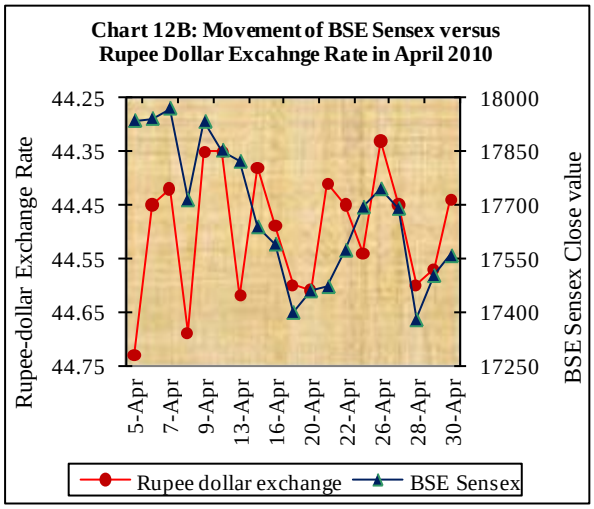
During the month the interest rate futures segment of the NSE showed a lackluster behavior and the average daily volume stood at Rs 39 lakh in April against Rs 5.57 crore recorded in March (Table 12.3).

Table 12.3: Total Traded Turnover in Interest Rate Futures Segment of NSE *(Amount in Rs crore)*				
Month	No. of Contracts	Total Traded Turnover	Average Daily Turnover	Open Interest at the end
Aug-09	14559	267.31	*267.31	1893
Sep-09	79648	1473.37	77.55	4952
Oct-09	21198	394.11	19.71	6128
Nov-09	18134	336.85	16.84	6600
Dec-09	11687	215.32	10.25	2305
Jan-10	6443	118.82	5.94	2576
Feb-10	3124	57.42	3.02	3547
Mar-10	6101	111.38	5.57	758
Apr-10	407	7.44	0.39	838
*Trading began on 31 August 2009. Source: *NSE Website*				

12.3 Foreign Exchange Market

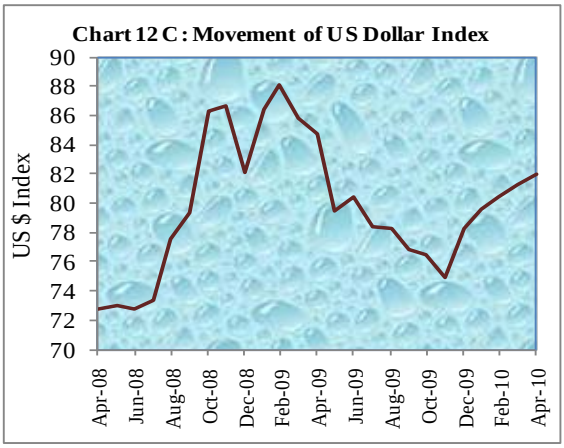
During the month of April, dollar appreciated greatly against Euro due to Greece's debt crisis but depreciated against most of the Asian currencies including rupee and other major international currencies. The FIIs continued investing money in the equity market from the beginning of the month and showed net buyers position for the whole month except for two intermittent days and bought around US $2.10 billion net during a period of one month. The equity market showed a mixed trend throughout the month, with the BSE Sensex closing at 17,559 adding only 31 points over the previous month (Chart 12 A and 12 B).





The dollar index which is the benchmark of dollar's performance against the basket of currencies has been in continuous uptrend since late November. Following the positive signals of

growth and recovery in the economy, the US dollar index was up by about 70bps during the month over the previous month (Chart 12 C).



The rupee appreciated sharply against dollar and rose to Rs 44.73 per dollar on 5 April and continued the trend up to 7 April and strengthened to Rs 44.42 due to lack of dollar buying interest in the market and increased overseas investors' holding power on Indian stocks and bonds. On 8 April, the rupee retreated from its gains and slipped to Rs 44.69 per dollar on speculation that RBI sold the currency to arrest the appreciation that may adversely influence exports. Reversing the intermittent decline, rupee advanced following the news on China's plan to revise its currency policy. The rupee again slipped on 13 April following the poor performance of domestic stock markets and persistent dollar demand from oil companies after crude prices touched $86.5 a barrel which exerted pressure on the rupee. But the rupee again bounced back on 15 April due to improved outlook of the domestic economy. Withdrawing its earlier gains, the domestic currency fell continuously for three consecutive days and touched a low of Rs 44.61 on 20 April following the demand for US dollar on the backdrop of fraud charges against Goldman Sachs.

Table 12.4: Foreign Exchange Market: Select Indicators

Month	Rs/$ Reference Rate (Last Friday of the month)	Appreciation (+) /Depreciation (-) of Rs/$ (in %)	FII Flows (US $ million)	Net Purchases by RBI (US $ million)	BSE Sensex (month-end closing)	US Dollar Index
Apr-09	50.20	1.45	1790	(-) 1071	11403	84.70
May-09	47.30	5.80	3577	(+) 131	14625	79.43
Jun-09	47.90	-1.20	1059	(+) 745	14494	80.43
Jul-09	48.20	-0.60	2727	(+) 800	15670	78.45
Aug-09	48.90	-1.50	945	(+) 619	15667	78.22
Sep-09	48.05	1.75	4263	(+) 539	17127	76.86
Oct-09	46.96	2.30	3428	(+) 464	15896	76.47
Nov-09	46.78	1.03	1330	(+) 500	16926	74.93
Dec-09	46.73	-0.53	1873	(+) 525	17465	78.22
Jan-10	46.37	0.78	1849	(+) 525	16358	79.65
Feb-10	46.37	0.30	946	(+) 525	16430	80.44
Mar-10	45.34	2.41	6465	(+) 370	17528	81.29
Apr-10	44.44	1.58	2783	Not available	17559	81.99

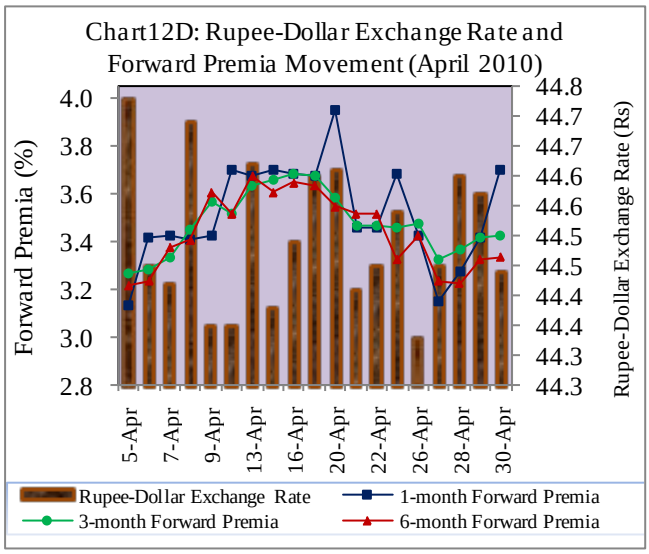
Source: *RBI (www.rbi.org.in), BSE (www.bseindia.com), SEBI (www.SEBI.gov.in), Imf.org.in, www.futures.tradingcharts.com*

Snapping the previous three days loss the rupee strengthened to Rs 44.41 per dollar on 21 April after the marginal policy rate hikes by RBI. From 22 April, rupee continued to depreciate

till 28 April except on 26 April following the uncertainty in domestic equity markets and Euro's fall owing to the fear that the debt crisis in Greece might spread to other European economies which triggered the demand for dollar. Still, foreign capital inflows helped the currency to sustain its gains and the rupee ended the month with an appreciation of 1.6% over the previous month end and closed at Rs 44.44 per dollar on 30 April 2010 (Appendix IX and Table 12.4).

i) Forward Premia

The forward premia showed an upward trend from the beginning of the month and moved in tandem with rupee during the entire month. Among the three tenures, the one-month premia ruled higher than the three and six-month premia against the backdrop of sharp surge in global crude oil prices, implying that the market expected the rupee to depreciate more in the short-term than in the long term. The one-month premia shot up to 3.90% on 20 April, the 3-month and 6-month premia also showed similar trends and premia's touched a high of 3.64% (16 April) and 3.63% (13 April), respectively. Later, the premiums softened a bit due to receiving interest. On 30 April the premia ended at 3.65% (3.06% on 31 March), 3-month at 3.38% (3.28%) and 6-month premium at 3.29% (3.23%) (Chart 12 D).



Turnover in the Foreign Exchange Market

There has been a massive expansion in the forex market turnover during the month of March, and the total turnover recorded a tremendous growth of 15.7% over the previous month following the appreciation of rupee against other major currencies. The turnover in merchant section showed an increase of 16.8% similarly, interbank transactions recorded a growth of 15.4% during March over February 2010. The spot market turnover witnessed a rise of 11.7% and forward market transactions recorded a whopping 20.3% increase during the same period (Table 12.5).

Table 12.5: Turnover in the Foreign Exchange Market * *(In US $ billion)*										
Month	Merchant		Interbank		Spot		Forward		Total	
Apr-09	178.2	-	577.4	-	317.2	-	438.5	-	755.6	
May-09	214.2	(20.2)	675.3	(16.9)	411.0	(29.6)	478.5	(9.1)	889.5	(17.7)
Jun-09	232.1	(8.3)	705.9	(4.5)	453.0	(10.2)	485.0	(1.4)	938.0	(5.4)
Jul-09	209.2	-(9.9)	699.1	-(1.0)	439.4	-(3.0)	468.9	-(3.3)	908.3	-(3.2)
Aug-09	193.5	-(7.5)	543.8	-(22.2)	368.0	-(16.3)	369.4	-(21.2)	737.4	-(18.8)
Sep-09	211.8	(9.5)	580.6	(6.8)	421.1	(14.4)	371.4	(0.5)	792.4	(7.5)
Oct-09	243.3	(14.9)	594.7	(2.4)	440.6	(4.6)	397.4	(7.0)	838.0	(5.8)
Nov-09	213.1	-(12.4)	573.4	-(3.6)	426.9	-(3.1)	359.6	-(9.5)	786.4	-(6.2)
Dec-09	218.2	(2.4)	603.5	(5.3)	421.4	-(1.3)	400.3	(11.3)	821.7	(4.5)
Jan-10	213.2	-(2.3)	653.4	(8.3)	466.2	(10.6)	400.4	(0.0)	866.6	(5.5)
Feb-10	221.8	(4.0)	641.2	-(1.9)	458.8	-(1.6)	404.1	(0.9)	862.9	-(0.4)
Mar-10	258.9	(16.8)	739.8	(15.4)	512.5	(11.7)	486.3	(20.3)	998.7	(15.7)
*: Includes trading in FCY/ INR and FCY/FCY Figures in brackets are % change over the previous month. Source: *Weekly Statistical Supplement, Various Issues*										

ii*) Currency Futures*

Following the sharp appreciation of rupee against dollar and other major currencies, the currency futures market turnover continued to accelerate and the total turnover improved by 11% to Rs 6,71,119 crore during April. The aggregate average daily turnover also increased by 17% over the previous month to Rs 37,858 crore. The average daily turnover in the MCX-SX and NSE stood at Rs 19,651 crore and Rs 18,207 crore, respectively. The total number of contracts traded in the two exchanges also soared by 15% over the previous month. Similarly, the open interest position at the end of April increased by 27% over March-end.

Among the traded currencies in the currency futures segment on both the exchanges, the rupee-dollar futures continued to attract more investors and accounted for 93% of the total notional value followed by rupee-euro (5%), rupee-pound (1.2%) and rupee-yen (0.5%) during the month (Table 12.6).

Table 12.6:Trading in Exchange Traded Currency Futures in April 2010 *(Amount in Rs crore)*									
Exchanges	No. of contracts	Total Notional Value					% share	Open Interest @	Average Daily Turnover
		USDINR	JPYINR	GBPINR	EURINR	Total			
MCX-SX	81607363	335211	3473	8304	26384	373372	51.91	554539	19651
NSE	77085167	335908	47	379	9599	345932	48.09	530571	18207
Total	**158692530**	**671119**	**3519**	**8683**	**35983**	**719304**	**100**	**1085110**	**37858**
@:at the month-end Source: *BSE,NSE, MCX-SX website*									

Options Trading in Currency Futures

In a move to help importers, exporters and commodity traders hedge currency risks, the Reserve Bank of India (RBI) has allowed options trading in the currency futures market. “It has been decided to permit recognised stock exchanges to introduce plain-vanilla currency options on the spot US dollar/ rupee exchange rate for residents,” RBI said in the Annual Policy Statement. In the futures market, an investor has to pay the mark-to-market difference. In options, the risk is confined to the premium that has already been paid. SEBI is expected to come out with the operational guidelines soon.

12.4. Government Securities Market

i) Primary Issues

Central Dated Securities

After a lull for about two months, the primary issues market in dated G-secs regained momentum in the very first month of the financial year. There were no auctions of dated central g-secs in March following only one auction held in February 2010. The year-end efforts to consolidate the fiscal position and the eagerness to conduct borrowings when liquidity conditions were still good seem to have driven the borrowing programme of the government. Auctions of dated central G-secs worth Rs 49,000 crore, auctions of treasury bills worth Rs 36,000 crore and state development loans (SDLs) auctions for Rs 9,900 crore were held during April 2010. Among the four auctions of central government dated securities, three auctions were for aggregate notified amounts of Rs 12,000 crore each and another auction was for an amount of Rs 13,000 crore. The first auction included a ten year benchmark of 6.35% 2020. The expectation that the RBI was coming out with a new ten year bench mark auction later, depressed the demand for this issue with a bid cover ratio of only 1.58. The cut-off yield also touched a high of 7.96%, despite excess liquidity in the system as reflected in large amounts parked with RBI in its reverse repo window and a devolvement of Rs 448 crore on primary dealers. The relatively low coupon compared to the prevailing yield structure also increased the market risk premium on this issue. The other two securities, namely 6.85% 2012 and 8.26% 2027 saw a good response with bid cover of well above two times.

Investors were very cautious before the annual policy announcement on 20 April 2010. Though inflation had softened a little bit it was still very close to double digit. While it was widely expected that the Reserve Bank will increase the policy rates, post facto, the all-round increase of 25 bps in CRR, repo and reverse repo rates turned out to be less than what the market had already discounted.

Build up of positive sentiment for G-secs is captured by responses to auctions of two securities namely 7.38% 2015 and 8.28% 2032, which were auctioned twice in the month, in second and fourth auctions held on 15 April and 30 April, respectively. Price of the former security was Rs 98.60 in the second auction, which increased to Rs 99.86 in the fourth auction and latter security was priced at Rs 96.57 in the second auction at a much higher Rs 98.50 in the fourth auction. The market also gained confidence about the sustenance of targeted borrowing, thanks to large revenues expected from 3G auctions.

In the third auction on 23 April, RBI re-issued one floating rate bond with yield rates linked to 182-day TBs, with maturity of ten years. As in the date of issue the yield rate was 3.79%. In the last auction on 30 April, RBI brought a new 10-year benchmark, which cut-off at a yield rate of 7.80%, which became the coupon rate for this security. This replaced effectively the earlier bench mark of 6.35% 2020 (Table 12.7).

Table 12.7: Details of Central Government Market Borrowing *(Amount in Rs crore)*

Date of Auction	Nomenclature of Loan	Notified Amount	Bid Cover Ratio	Devolvement on Primary Dealers	YTM at Cut-off Price (In %)
9-Apr-10	6.85%2012 R	5000	2.94	nil	5.98% (Rs.101.60)
	6.35% 2020 R	5000	1.58	448	7.96% (Rs.89.20)
	8.26% 2027 R	2000	2.36	nil	8.29% (Rs.99.70)
15-Apr-10	7.38% 2015 R	6000	2.11	nil	7.70% (Rs.98.60)
	8.20% 2022 R	4000	2.28	nil	8.34% (Rs.98.97)
	8.28% 2032 R	3000	1.68	nil	8.63% (Rs.96.57)
23-Apr-10	FRB 2020 R	3000	2.87	nil	(Rs.92.30)
	7.02% 2016 R	6000	2.35	nil	7.65% (Rs.96.90)
	8.26% 2027 R	3000	2.89	nil	8.43% (Rs.98.45)
30-Apr-10	7.38% 2015 R	5000	2.68	nil	7.41% (Rs.99.86)
	8.28% 2032 R	2000	3.71	nil	8.43% (Rs.98.50)
	7.80% 2020 N	5000	3.80	nil	7.8% @
Total for April		**49000**	**2.56**		
Total for March		**Nil**	**-**		

Note: Unlike in the case of Treasury Bills and State Development Loans the weighted average prices of central government dated securities auctions are not disseminated and hence, weighted average yields are not available.
R: Re-issue, N: New issue, @ Coupon decided in the auction at the cut-off yield.
Source: *RBI Press Releases*

State Development Loans

Along with auctions of dated central G-secs SDLs were also auctioned twice in which ten states took part selling SDLs worth Rs 9,900 crore, against fourteen states participating in March with aggregate notified amount of Rs 9,621 crore. The bid cover ratio tumbled to 2.82 times in April against 3.28 times in March when there were no central government issues. As a result, yield to maturity and weighted average yields firmed up in April (Appendix X and Table 12.8).

Table 12.8:Details of State Government Borrowings *(Amount in Rs crore)*

Date of Auction	Number of Participating States	Notified Amount	Bid Cover Ratio	YTM at cut-off price (In %)	Weighted Average Yield (%)
12-Apr-10	5	5800	2.06	8.57	8.53
27-Apr-10	5	4100	3.89	8.53	8.51
Total for April	**10**	**9900**	**2.82**	**8.56**	**8.52**
Total for March	**14**	**9621**	**3.28**	**8.47**	**8.46**

Source*: RBI Press Releases.*

Secondary market trade of SDLs also remained buoyant with almost a volume of Rs 9,497 crore in April against Rs 5,743 crore of March; though the weighted yield to maturity of 8.07% in April was lower than 8.31% of March, as in the case of central securities, the rate moved up from 7.66% to 8.39% between the first and last week of the month.

Treasury Bills (TBs)

Table 12.9: Auctions of Treasury Bills *(Amount in Rs crore)*

Date of Auction	Bids Accepted	Bid Cover Ratio	Cut-off Yield (%)	Weighted Average Yield (%)	Cut-off Price (Rs)	Weighted Average Price (Rs)
A: 91-Day Treasury Bills						
07-Apr-10	7000	3.98	3.97	3.93	99.02	99.03
13-Apr-10	7000	2.27	4.26	4.09	98.95	98.99
21-Apr-10	7000	3.14	4.17	4.17	98.97	98.97
28-Apr-10	7000	3.01	4.17	4.13	98.97	98.98
Total for April	**28000**	**3.10**	**4.14**	**4.08**	**98.98**	**98.99**
Total for March	**24500**	**2.20**	**4.35**	**4.29**	**98.93**	**98.94**
B: 182-Day Treasury Bills						
13-Apr-10	2000	1.61	4.72	4.57	97.70	97.77
28-Apr-10	2000	5.02	4.55	4.53	97.78	97.79
Total for April	**4000**	**3.31**	**4.64**	**4.55**	**97.74**	**97.78**
Total for March	**5500**	**4.06**	**4.67**	**4.63**	**97.72**	**97.74**
C: 364-Day Treasury Bills						
07-Apr-10	2000	2.71	5.06	5.03	95.20	95.22
21-Apr-10	2000	4.03	5.09	5.08	95.17	95.18
Total for April	**4000**	**3.37**	**5.07**	**5.06**	**95.19**	**95.20**
Total for March	**6000**	**3.48**	**5.13**	**5.10**	**95.13**	**95.16**

Source: *RBI's Press Releases*

Among the three maturities of TBs, the issue of 91-day TBs surged to Rs 28,000 crore in April from Rs 24,500 crore of March. Four auctions were conducted for Rs 7,000 crore each. Among all auctions first auction dated 7 April, got highest cut-off and weighted average prices of Rs 99.02 and Rs 99.03, respectively.

The auctions of 182-day TBs however saw the cut-off and weighted auction prices both going up during the month, which could be attributed to the aggregate auctioned amount falling to Rs 4,000 crore in April from Rs 5,500 crore in March. The bid cover ratio however moved down to 3.31 times against 4.06 times of March. Similar was the case for 364-day TBs which were auctioned for Rs 4,000 crore against Rs.6000 crore in the previous month (Table 12.9).

ii) Secondary Gilt-Edged Market

As a result of lower than expected tightening of policy rates, there was a rally in the trading of central G-secs after announcement of annual policy on 20 April. The total traded volume of all central G-secs was almost 127% higher in April than in March. During the month, securities worth Rs 2, 49,090 crore were traded against Rs 1, 09,921 crore in March. This is partly due to coverage of five weeks of trades in April. Even adjusting for this, the weekly average in April at Rs 49,818 crore was higher by 81% compared to Rs 27,480 crore in March. During the month 7.02% 2016, 6.35% 2020, 8.20% 2022 representing 5-year, 10-year, and 12-year benchmarks were the most traded securities accounting for 68% of total trades. While the weighted yield of all trades showed a marginal fall to 7.44% in April compared to 7.50% in March, there was a firming up in secondary market yield from 7.09% in the first week to 7.53% in the last week of April. The yield spread between 1-year and 10-year securities also widened by 9bps from 256bps in March to 265bps in April.

The secondary market trade of TBs aggregating Rs 61,864 crore in April showed a significant jump over Rs 26,755 crore of March. Trade in 91-day, 182- day and 364-day TBs amounted respectively to Rs 46,632 crore, Rs 6,865 crore and Rs 8,366 crore in April against Rs 21,122 crore, Rs 2,084 crore and Rs 3,549 crore of March. Significant interest in short-term securities brought yields down. Yield of 91-day TBs dipped to 3.85% in April from 4.15% in March. Yield for 182-day TBs fell to 4.14% in April from 4.54% of March and in the case of 364-day TBs it contracted to 4.81% from 4.87% of March. Unlike dated securities, there was a

significant increase in yields between the first and last week of April, only in respect of 182-day TBs.

iii) Inter-Category Transactions

As per the data published by the Clearing Corporation of India Limited (CCIL) the inter-category transactions for NDS reported trades, the share of foreign banks continued to sustain their trend of dominating in the total trades and their contribution has seen an improvement during April by 5.69 percentage points to 46.85%. Similarly, mutual funds share also increased by 7.08 percentage points during the month. Primary dealers and private sector banks reduced their share by 8.9 percentage points and 3.4 percentage points respectively during the same period (Table 12.10).

Table 12.10: Market Share of Inter-Category wise NDS Reported Outright Trade of Central Government
(Buy side)

Buyer Category	Sellers								Total	April	March
	Foreign Banks	Primary Dealers	Public Sector Banks	Private Sector Banks	Mutual Funds	Coop Banks	Others	Ins. Cos		Total market share (%)	
Foreign Banks	38.22	10.49	20.70	28.35	1.76	0.03	0.03	0.43	100	46.85	41.16
Primary Dealers	42.46	7.63	9.69	36.84	0.73	2.05	0.61	0.00	100	9.85	18.77
Public Sector Banks	41.67	26.34	0.85	22.31	6.26	2.42	0.00	0.15	100	8.20	8.61
Private Sector Banks	41.52	23.04	13.90	12.68	6.55	2.22	0.08	0.00	100	17.98	21.42
Mutual Funds	71.13	8.79	8.20	11.34	0.53	0.02	0.00	0.00	100	11.38	4.30
Coop Banks	0.57	32.00	3.41	25.96	4.24	30.63	3.18	0.00	100	1.13	1.53
FIs	0.00	0.00	0.00	100.00	0.00	0.00	0.00	0.00	100	0.01	0.00
Others	6.49	9.20	0.00	80.11	0.00	0.38	0.00	3.81	100	3.13	3.54
Ins. Cos	14.63	65.82	9.17	6.32	0.00	1.63	0.00	2.44	100	1.47	0.67

Source: *Rakshitra, Various Issues.*

12.5 Trends in the Equity Market

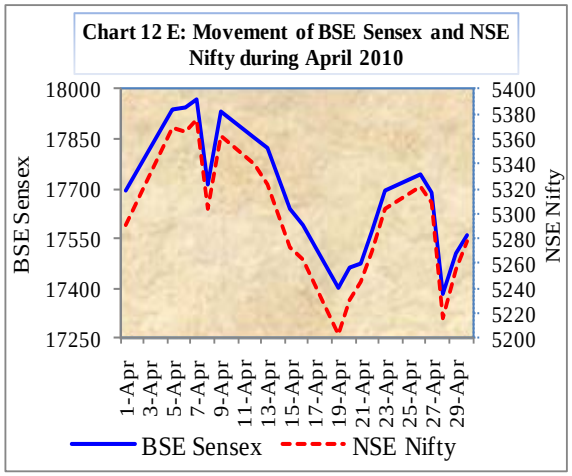
i) Primary Market

During the month of April, the mobilisation of funds through primary issues seen 70% fall over the previous month and the total amount stood at Rs 3,568 crore compared to Rs 11,631 crore recorded in March (Table 12.11).

Table 12.11: Primary Issues in the Month of April 2010				
Name of the Company	Date of Issuance		Offer Price	Issue Size
	Opening	Closing	*(Rs)*	*(Rs crore)*
Sjvn Limited	29-Apr-10	3-May-10	23-26	1079
Jaypee Infratech Limited	29-Apr-10	4-May-10	102-117	1650
Tara Health Foods Ltd	28-Apr-10	5-May-10	175-185	185
Mandhana Industries Limited	27-Apr-10	29-Apr-10	120-130	108
Tarapur Transformers Limited	26-Apr-10	28-Apr-10	65-75	64
Nitesh Estates Ltd	23-Apr-10	27-Apr-10	54-56	405
Talwalkars Better Value Fitness Ltd	21-Apr-10	23-Apr-10	123-128	77
Total				3,568
Source: *Various media sources*				

Among the primary issues, Tara Health Foods has withdrawn its initial public offer (IPO) due to uncertainty in the global markets and weak response from investors. The IPO was subscribed only to the extent of 60% when the bidding for the issue got over on 5 May 2010. The IPO of state-run hydro power generation firm SJVN, formerly Satluj Jal Vidyut Nigam, was subscribed 6.26 times by on the last day of the issue on 3 May. The IPO of Jaypee Infratech was subscribed 1.24 times. The IPO of Mandhana Industries, a garment and textile maker was subscribed 6.32 times. The IPO of Tarapur Transformers was subscribed 1.74 times and got bids for 1.47 crore shares. Realty firm Nitesh Estates' IPO was subscribed 1.16 times. The IPO of Talwalkars Better Value Fitness, an operator of fitness centers, was subscribed 27.40 times by 16:00 IST on the final day of issue. The IPO Talwalkars Better Value Fitness got strong response from investors, with FIIs making a beeline for the IPO. The issue was subscribed 28.39 times.

ii) Secondary Market



The key benchmark indices edged higher during the beginning of the month helped by sustained buying by the foreign investors and strong global markets. Encouraging Q4 March 2010 advance tax figures of top Indian firms, indicating good Q4 March 2010 results also boosted domestic equities. The revised outlook on India to stable from negative due to improved government finances from Global credit rating agency Standard & Poor's also added the sentiments. The market continued to report ninth

straight weekly gain, boosted by earnings optimism and continued fund inflows. Recovery in global stock markets also supported domestic bourses. The Q4 March 2010 results and management commentary on outlook could result in revision in earnings estimates of India Inc by analysts for the year ending March 2011. From 9

April the market snapped its nine-week rally on profit booking in frontline stocks as a tussle between regulators on oversight of unit linked insurance products (Ulips) weighed on investor sentiment. There were fears that a controversy with regard to Ulips, will adversely impacts inflows into Ulips which are a major source of inflows into equities. Speculation that the RBI will further tighten monetary policy also worried investors. Ignoring strong global cues, the key local indices fell in all four trading sessions during the week. On the macro front, the latest data showed that inflation rose less-than-expected in March 2010. The wholesale price inflation (WPI) rose 9.9% in March 2010, a tad higher than a 9.89% rise in February 2010. The headline inflation for January 2010 was revised upwards to 9.44% from 8.56%. Expectations of a normal monsoon this year and optimism about fourth quarter corporate earnings lifted stocks during the period between 20 April and 26 April as the market shrugged off a marginal rate-hike by the central bank at its annual policy review on 20 April. The RBI raised repo rate, reverse repo rate and cash reserve ratio (CRR) by 25 basis points each. Analysts were expecting a 25 to 50 basis points hike in short term rates and the CRR. The hike in CRR is effective from 24 April 2010 while repo and reverse repo rate hikes were imposed immediately. The stock indices fell in the last week of the month following ripples from the Greek debt crisis which lashed across Asia on 28 April and the domestic markets were also suffered the heat. Coupled with volatility ahead of the expiry of April derivatives, the markets edged lower. During the month as a whole, the stock markets ended the month on a positive note continuously in a row for three months corresponding to the previous month and the BSE Sensex added though a minimal of 31 points and ended at 17,559 on 30 April 2010. The NSE Nifty also gained 29 points to 5,278 during the same period (Chart 12 E). At the same time mid-cap and small-cap indices outperformed the broader indices. They recorded month-on-month growth of 5.6% and 8.4%, respectively.

Sectoral Indices

The sectoral indices of BSE observed mixed trend during the month. Among the gainers Consumer Durables index recorded a tremendous 10% growth followed by Realty (6.7%) and

Bankex (4.7%) during April over the previous month. Other indices recorded marginal growth during the period of one month. Metal index was the major under performer during the same period with 4.7% loss and other three indices namely, Oil and Gas (2.3%), Metal (1.7%) and capital goods (0.4%) indices followed the similar trend.

Contrary to BSE sectoral indices, all the Nifty indices recorded positive growth and surprisingly, all of them outperformed the key benchmark indices during the period under review.

Among the Nifty indices, Midcap 50 was the top performer during the month with 5.4% growth followed by CNX Midcap (4.6%) and Bank Nifty (4.3%). Other indices also followed the similar trend and recorded a notable growth during the same period (Appendix XI).

Price-to-Earnings (P/E) Ratio and Market Turnover

P/E ratios of BSE Sensex and NSE Nifty have improved to 21.3 and 22.8, respectively from to 21.1 and 22.0 in April over March.

Table 12.12: Cash Market Turnover (*Amount in Rs crore)*

Year/ Month	BSE				NSE			
	Total Turnover	Average Daily Turnover	Market Capitalisation*	P/E Ratio (Sensex based 30 scrips)	Total Turnover	Average Daily Turnover	Market Capitalisation*	P/E Ratio (NSE Nifty)
2008-09	1100074	4383	3086076	13.2	2752023	11325	2896194	16.8
2009-10	1378809	5637	6164157	20.1	4138023	17767	5755305	20.8
Apr-09	88943	5232	3586979	15.2	266696	15688	3375025	15.9
Mar-10	99779	4751	6164157	21.1	286245	13631	6009173	22.0
Apr-10	93929	4696	6281696	21.3	276566	13828	6117858	22.8

* At the end of the period.
Source: *NSE and BSE websites*

During the month there was a marginal dip of 6% in the aggregate secondary market turnover on BSE and the average daily turnover also shed by Rs 55 crore over a period of one month. The average daily turnover on NSE increased by Rs 197 crore, while the total turnover shattered by 3% during the month over the previous month. The market capitalization of both the exchanges witnessed a marginal improvement during April-end compared to March-end (Table 12.12).

FIIs' Operations

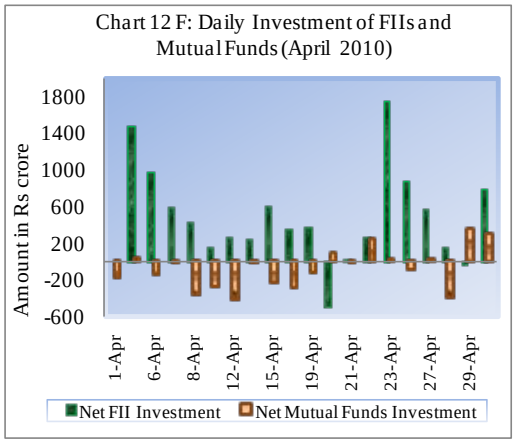
Foreign funds have shown steady interest in Indian equities since late-February's budget which emphasised on fiscal consolidation and higher consumption power. In April, FIIs continued the propensity and poured money in domestic debt and equity markets and the amount together amounted to Rs 12,393 crore. During April, FIIs invested heavily in equities, to the extent of Rs 9,361 crore, two times higher than put in debt. Number of registered FIIs during April-end seen fall over March-end and stood at 1,711 from 1,713 while, registered sub-accounts accelerated to 5,382 from 5,378 during the same period.

Mutual Funds

The continual trend of being net sellers' performance of mutual funds industry in equities repeated during April also. During the month, they liquidated to the extent of Rs 1,410 crore with purchases of Rs 12,924 crore and sales of Rs 14,335 crore of equities in the secondary market. Though, the mutual funds net investment in debt touched an all time high of Rs 66,502 crore during the month.

According to Association of Mutual Funds in India (Amfi) the average assets under management (AUM) up by 3% to Rs 7, 69,165 crore as of April-end over March-end. Similarly, compared to the corresponding month previous year the average AUM increased by 40% in April.

As per the data, the mobilisation of funds through various new schemes as well as existing schemes stood at Rs 10,88,192 crore, but they also faced redemptions to the extent of Rs 9,02,236 crore, resulting in a net inflow of Rs 1,85,956 crore during the month.



As shown in Chart 12 F, the daily investment in FIIs witnessed a steady trend during the month, as FIIs were continued buyers in equities except for two intermittent days while mutual funds represented a mixed trend since they were net sellers for the initial part of the month but later they turned net buyers except for some intermediate occasions though to a small extent.

iii) Derivatives

The BSE's equity derivative segment recorded a minimal Rs 1.42 crore turnover during the month of April and daily average volumes in this segment stood at Rs 7.1 lakh during the month marginally up from Rs 3.5 lakh recorded during the previous month.

On NSE, the aggregate as well as average daily derivatives turnover in terms of value increased by 6.5% and 11.9%, respectively during the month over the previous month. The derivative to equity market ratio witnessed a marked improvement during April and stood at 6.04 from 5.48 recorded in March 2010 (Table 12.13).

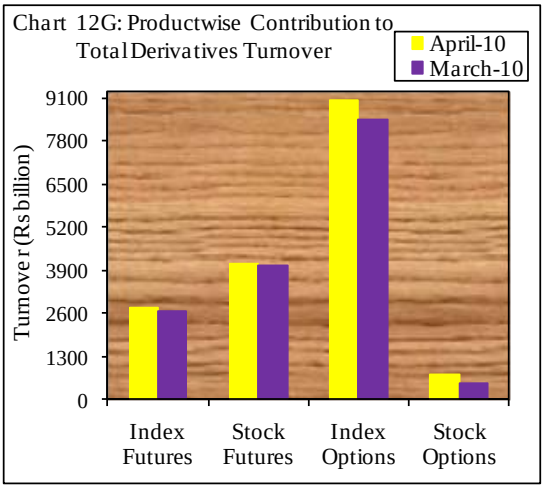
Table 12.13: Business Growth of F&O Segment of NSE *(Amount in Rs crore)*

Month/ Year	Index Futures	Stock Futures	Total Futures Trading	Index Options	Stock Options	Total Options Trading	Grand Total	Average Daily Turnover	Ratio*
2008-09	3570111 (32.4)	3479642 (31.6)	7049754 (64.0)	3731502 (33.9)	229227 (2.1)	3960729 (36.0)	11010482	45130	4.01
2009-10	3934389 (22.3)	5195247 (29.4)	9129635 (51.7)	8027964 (45.4)	506065 (2.9)	8534029 (48.3)	17663665	72392	4.27
Apr-09	301764 (26.4)	356383 (31.2)	658147 (57.6)	453788 (39.7)	31427 (2.7)	485215 (42.4)	1143362	67257	4.29
Mar-10	268266 (17.1)	405316 (25.8)	673583 (43.0)	843167 (53.8)	51398 (3.3)	894565 (57.0)	1568147	74674	5.48
Apr-10	279572 (16.7)	409844 (24.5)	689417 (41.2)	905472 (54.2)	76731 (4.6)	982203 (58.8)	1671620	83581	6.04

Note: Figures in bracket are% to total, *: Ratio of Derivatives Turnover to Total Equity Turnover (In Multiples)
Source: *www.nseindia.com*

Product-wise Contributions

The share of various products in the derivative segments of NSE has shown a steady improvement during the month over the previous month. The index futures recorded 4% rise in their turnover during April over March but their share was down by 0.4 percentage points. Similarly, stock futures also recorded upward trend in their total turnover during the month but recorded a dip of 1.3 percentage points in their share. Index options witnessed a marginal improvement both in their turnover and share during



the month compared to previous month. Likewise, stock futures recorded a notable improvement of 49% in their turnover during the same period and their contribution to the total turnover also depicted a significant rise of 1.3 percentage points over March (Chart 12 G).

FIIs' Derivative Operations

FIIs exposure to equity derivatives segment of NSE was improved marginally during the month of April to 19.6 from 19.2 in the previous month. The total FIIs derivatives trade during the month was also improved over the previous month by 9% to Rs 3,27,346 crore from Rs 3,01,207 crore. The average daily turnover surged by 14% to Rs 16,367 crore in April 2010 from Rs 14,343 crore recorded in March 2010. Similarly, the number of contracts traded in FII's derivatives segment accelerated by 5% during the same period (Table 12.14).

Table 12.14: Daily Trends in FII Derivative Trades *(Amount in Rs crore)*

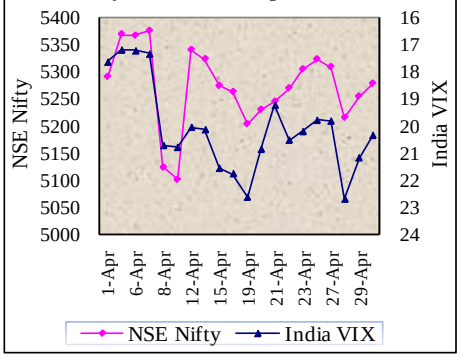
	No. of Contracts	Total (Buy+Sell)	Average Daily Turnover		Percentage to Total Derivatives Turnover	
	April-10		Apr-10	Mar-10	Apr-10	Mar-10
Index Futures	3211740	85699	4285	3783	5.13	5.07
Index Options	4734968	123518	6176	5876	7.39	7.87
Stock Futures	3213787	109051	5453	4535	6.52	6.07
Stock Options	227660	9078	454	149	0.54	0.20
Total	11388155	327346	16367	14343	19.6	19.2

Source: *www.SEBI.gov.in*

NSE Volatility index (VIX)

India VIX or Volatility Index, constructed by the NSE, which measures the immediate expected volatility, moved in tandem with NSE Nifty during the month reflecting the stock market movements. VIX moved in a narrow range of 12.60 and 23.32 during the month. VIX touched a low of 12.60 on 7 April following the stable stock market activity and a high of 23.32 on 19 April (Chart 12 H).

Chart 12H: Movement of NSE Nifty & India VIX April 2010



12.6 Corporate Debt Market

During April, there was a marked improvement in the mobilisation of resources through primary bond issues and the total amount raised stood at Rs 15,240 crore, was as much as 3 times higher over the previous month. The coupon rates ranged between 6.0% and 10.25%.

Table 12.15: Details of Commercial Bond Issues During April 2010

Institutional Category	No. of Issues	Volume in *Rs crore*	Range of Coupon Rates in %	Range of Maturity in Years and Months
FIs/Banks	5	2470	5.90-9.50	1y 6m-15y
NBFCs	10	5925	7.82-10.20	3y-15y
Central Undertakings	2	4525	8.70-8.75	5y-15y
Corporates	4	2320	7.57-10.25	2y-10y
Total for April 2010	**21**	**15240**	**5.90-10.25**	**1y 6m-15y**
Total for March 2010	**14**	**5245**	**6.00-10.00**	**2y 3m-16y**

Source: *www.debtonnet.com*

Banks/financial institutions (FIs) contributed 16% of the total mobilization through 5 issues raising a total amount of Rs 2,470 crore during the month. These bonds carried the coupon rates ranging between 5.90% and 9.50% for the maturity periods of 18 months to 15 years. Three banks participated in bond issues. While the Corporation bank offered upper tier II bonds, the Indusind Bank offered lower tier II bonds. Four issues were assigned 'AAA' ratings by major rating agencies, but Indusind Bank issue was given a lower 'AA-' rating by Care indicating weaker fundamentals of the issue.

The non-banking financial corporations (NBFCs) participation increased substantially during the month and their share in total mobilization accounted for 39% of total issues. The garnered amount totaled to a higher Rs 5,925 crore from 10 issues compared to Rs 1,400 crore from 4 issues in March. Out of 10 issues, 6 NBFCs favoured non-convertible debentures (NCDs) route to tap the market and other three through bonds. The Power Finance Corporation Ltd. raised Rs 4,000 crore through Separate Trading of Registered Interest and Principal Securities (STRIPS) which also represented the highest issue amount during the month. Most of the issues carried 'AA' and 'AAA' ratings by rating agencies except SREI Infrastructure Finance Ltd which was assigned 'AA-' by Fitch and Care. The bonds carried coupon rates ranging from 7.82% to 10.20% for three year to 15 year maturity periods.

The central undertakings accounted for 30% of the total amount mobilised during the month with only two issues for an aggregate amount of Rs 4,525 crore compared to Rs 1,995 crore raised from 4 issues during the previous month. Steel Authority of India Ltd and Indian Railway Finance Corp Ltd raised money through NCD and STRIPS, respectively offering 8.75% and 8.70% coupon rates for 1 year and 15 year maturity bonds. Both the issues were assigned 'AAA' ratings.

The corporates issued one bond and three NCDs for an aggregate amount of Rs 2,320 crore and their share in total mobilization stood at 15% during the month. The coupon rates ranged from 7.57% to 10.25% for maturities between two years and 10 years (Appendix XII and Table 12.15).

The secondary market transactions in commercial bonds during the month remained almost the same compared to the previous month. According to the data published by SEBI, the aggregate turnover in the corporate bond segment of BSE, NSE and FIMMDA was lower by Rs 277 crore during April and totalled to Rs 66,848 crore. The average daily volume was however up by 5% to Rs 3,518 crore during the month. The NSE witnessed a rise of 10% in turnover over the previous month while the other two exchanges displayed declines in volumes during the same period.

Major Developments

- As per the SEBI Circular dated 09 April 2010, the remaining limit for investment in Government and corporate debt were to be allocated to the FIIs/ sub-accounts on a 'first come first served' basis, in terms of circular dated 31 January 2008. In terms of SEBI circular dated 06 November 2008, time period for utilization of these allocated limits shall be 11 working days i.e. by 04 May 2010.
- The RBI in consultation with the Government of India and the SEBI, decided to permit the FIIs to offer domestic government securities acquired by them and foreign sovereign securities with AAA rating, as collateral to the recognized stock exchanges in India, in addition to cash, to cover their transactions in the cash segment of the market. However, cross-margining shall not be allowed between the cash and the derivative segments. In addition, it has been also been decided to permit the primary dealers (PDs) to hold G-secs in the hold to maturity (HTM) category to the extent of their audited net owned funds

(NOF) as at the end March of the preceding financial year. These measures may provide some fillip to G-secs market.

- On 6 April 2010, SEBI proposes to reduce the time between public issue closure and listing to 12 days from existing of up to 22 days in an attempt to make the existing public issue process more efficient. This will be applicable to public issues opening on or after 1 May 2010. The new process would require syndicate members to capture all data relevant for the purposes of finalizing the basis of allotment while uploading bid data in the electronic bidding system of the stock exchanges. To ensure that the data so captured is accurate, syndicate members would be permitted an additional day to modify some of the data fields entered by them in the electronic bidding system. Registrar to the issue is required to validate the bids and finalize the basis of allotment only on the basis of the final electronic bid file provided by the stock exchanges. It is emphasized that the Lead Managers/their agents would be responsible for the accuracy of data entry and for resolving investor grievances. Further, the ASBA process would also undergo suitable modification to make it consistent with these timelines.

- On 9 April 2010, SEBI banned 14 private life insurance companies from raising funds through Unit Linked Insurance Plans (Ulips) without its approval. Soon after the SEBI order, insurance industry regulator Insurance Regulatory and Development Authority of India (Irda) directed the 14 insurers to ignore the SEBI order saying that the implementation of the SEBI directive will bring the insurance industry to a standstill which would not be in public interest and would be detrimental to the interests of the policyholders and prejudicial to the interests of the insurers. Later, following intervention from the finance ministry, SEBI toned down its order on Ulips, saying that launch of new Ulip products will require its prior approval and that insurers can continue selling existing Ulip schemes which were in force as on 9 April 2010.

- The SEBI allowed stock exchanges to launch derivative contracts based on a volatility index on 27 April. The regulator will allow an exchange to launch derivates on a volatility index that has a track record of at least a year. At present, only the NSE has a volatility index. SEBI has asked the exchanges to submit the specifications of any such contract they intend to launch.

- A SEBI-appointed panel headed by former RBI governor Bimal Jalan has sought views from market participants on presence of trading members on boards of exchanges. The committee reviewing the regulatory architecture of stock exchanges has also sought comments on the issues related to listing of stock exchanges, cross-listing and restrictions on owning clearing corporations and views on classes of entities that can be permitted to be anchor investors.
- SEBI has directed FIIs on 7 April, to disclose more information about their investment structure in India. SEBI had earlier asked FIIs which are registered on or before April 7 to declare whether they are a multi-class share vehicle (MCV), or structured as protected cell companies (PCCs) or segregated portfolio companies (SPCs).
- SEBI has sought views from mutual funds on the proposed circular which tweaks certain clauses of its earlier orders in order to bring more transparency and clarity in disclosure of mutual fund's investment in derivatives in their portfolio statements. The latest circular limits the gross cumulative exposure of mutual funds through debt, equity and derivatives positions to 100% and option premium paid to 20% of the net assets of the scheme, without exceeding the prescribed limits.

12.7. Summing Up

The financial markets in April responded very much to the global activities than domestic fundamentals. Greece's debt crisis triggered the fall in the stock markets globally. In addition, the Standard and Poor's downgraded Greek government bonds by three notches to junk status (BB+) and Portuguese bonds by two notches to AA-. The move raised fears about the stability of the euro-area economy and highlighted the fragility of the global recovery. After an awesome participation of FIIs from February following the Union Budget 2010-11, the foreign investors are now showing less interest in Indian markets though to a small extent is a concern. Since, weak performance by Asian markets is weighing heavily on domestic markets and foreign investors', volatility is expected in future.

13 COMMODITY DERIVATIVES MARKET

13.1 Overview

The domestic commodity exchanges continued to show advancement in their year-on-year growth and in April 2010, together, they recorded 34% rise in their total turnover. According to Forward Markets Commission (FMC) data, commodities worth Rs 77.65 trillion were traded in 2009-10, up by 48% compared to previous year and more than 120 times of the value of business transacted since the introduction of electronic trading in 2003. While, according B.C. Khatua, the Chairman of the FMC, the growth in the turnover on the commodity exchanges in India may slow down unless the market is opened to institutional investors and products such as options are introduced. He is of the opinion that turnover of the commodity exchanges may rise by 20% in the financial year 2010-11.

13.2 Turnover in Commodity Exchanges

The turnover of the commodity exchanges surged by 34% to Rs 7, 48,414 crore during April 2010 over the corresponding month previous year, with the country's largest bourse, Multi Commodity Exchange (MCX) contributing 80.6% of the total turnover.

Table 13.1: Monthly Turnover of Commodity Exchanges *(Amount in Rs crore)*

Sr No	Commodity Exchange	April		March	February	January
		2010	2009	2010	2010	2010
1	Multi Commodity Exchange of India Limited, Mumbai (MCX)	603456 (80.6)	404352 (82.5)	627904 (79.2)	616951 (83.5)	562697 (79.5)
2	National Multi-Commodity Exchange of India Limited, Ahmedabad (NMCE)	23748 (3.2)	13250 (2.7)	33510 (4.2)	17105 (2.3)	16990 (2.4)
3	National Commodity & Derivatives Exchange Limited, Mumbai (NCDEX)	74099 (9.9)	65202 (13.3)	84130 (10.6)	71384 (9.7)	87824 (12.4)
4	Indian Commodity Exchange Limited, Gurgaon (ICEX)#	44171 (5.9)	nil	35117 (4.4)	25907 (3.5)	32901 (4.7)
5	Chamber of Commerce, Hapur	505 (0.1)	913 (0.2)	826 (0.1)	615 (0.1)	811 (0.1)
6	National Board of Trade, Indore (m NBT)	1758 (0.2)	5174 (1.1)	7923 (1.0)	4854 (0.7)	4719 (0.7)
Total (including others)*		748414 (100)	489988 (100)	792537 (100)	738892 (100)	707529 (100)

Note:* Total includes the monthly turnover of the remaining 17 commodity exchanges.
ICEX started operating from 27 November 2009.
Figures in brackets denotes percentage share in the total turnover.
Source: *www.fmc.gov.in*

Over a period of one month the aggregate turnover of commodity exchanges depicted a fall of Rs 44,123 crore. The four national commodity exchanges- MCX, National Commodity & Derivatives Exchange (NCDEX), National Multi Commodity Exchange (NMCE) and Indian Commodity Exchange (ICEX) together recorded a turnover of Rs 7,45,474 crore during the month under review which was 5% lower as compared to Rs 7,80,660 crore recorded in the previous month. Share of MCX has shot up tremendously due to the robust increase in trade of base metals and some of the agricultural commodities, whereas the turnover of NCDEX and NMCE displayed declines during the same period (Table 13.1).

13.3 Commodity-wise Turnover

During the month under review, the turnover in the non-agricultural commodities continued to move downward due to deterioration in dealings of precious metals and some of the base metals. The share of gold and silver together in the total trading witnessed a remarkable dip of 3.8 percentage points to 36.7% as against 40.5% recorded during the previous month. This decline is mainly due to daily volatility in the price movements stemming from the positive and negative cues reflected from debt problems in the Euro-zone countries. Taking advantage from the diminishing trend of precious metals, base metals have shown remarkable increases in their turnovers and together contributed around 27.1% to the total turnover, though fractionally lower by 0.5% over the same period of last month. Demand for nickel and lead also increased on the back of robust demand from stainless steelmakers.

Similarly, the share of agricultural commodities tumbled by 2.5 percentage points to 9.1% in April against 11.6% recorded in March 2010. Most of the commodities, including edible oils, spices, wheat and guarseed traded in bourses have shown a downward trend in their respective turnovers on the expectations of better rabi production followed by India Metrological Department (IMD) forecast of near normal rainfall for the monsoon season (June-September) 2010. Trading was concentrated in few commodities such as jeera, pepper, guarseed, turmeric, soya oil and chana. Following the tremendous rise in the price of

turmeric, the turnover of the commodity recorded positive growth during the month (Table 13.2).

Table13.2: Commodity-wise Turnover

Commodity	Apr-10		Mar-10		Apr-09	
	Trading on all Exchanges *(Rs crore)*	Percentage to total Turnover	Trading on all Exchanges *(Rs crore)*	Percentage to total Turnover	Trading on all Exchanges *(Rs crore)*	Percentage to total Turnover
Metal						
Gold	182717	23.1	206684	26.1	160598	32.8
Silver	107956	13.6	114096	14.4	54947	11.2
Copper	86184	10.9	102882	13.0	60533	12.4
Zinc	36216	4.6	41200	5.2	8865	1.8
Nickel	59742	7.5	45838	5.8	8537	1.7
Lead	32711	4.1	28738	3.6	5702	1.2
Crude Oil	113952	14.4	106753	13.5	93095	19.0
Natural Gas	20957	2.6	14651	1.8	-	-
Total	640434	80.8	660842	83.4	392278	80.1
Agricultural Products						
Pepper	4211	0.5	2647	0.3	1758	0.4
Jeera	3427	0.4	3866	0.5	2106	0.4
Castor Seed	353	0.0	2326	0.3	702	0.1
Gaur seed	20337	2.6	24888	3.1	11556	2.4
R/M seed	9883	1.2	13202	1.7	11079	2.3
Soy Bean	5777	0.7	8766	1.1	9007	1.8
Turmeric	7066	0.9	9452	1.2	8457	1.7
Soy Oil	10470	1.3	15598	2.0	14424	2.9
Chana	10877	1.4	11265	1.4	7974	1.6
Total	72402	9.1	92011	11.6	67064	13.7

Source*: www.fmc.gov.in*

13.4 Price Movements

Among the traded commodities in various exchanges, most of the non-agricultural commodities have witnessed remarkable upswings in their values both in spot and futures markets. The prices of gold showed an upward trend in spot and futures market in the first fortnight of April and crossed Rs 17,000 per 10 gms during the second fortnight of the month recording around 5% rise over the second fortnight of the previous month. This was mainly due to aggressive buying by stockists and jewellers (to meet wedding season demand) sparked by a sharp rise in global markets due to low interest rate environment in the US. As per analysts, the metal is gaining support from other asset classes, as investors are shifting

their money from weakening equity markets to bullion. Gold jumped to its highest in almost three months, as debt concerns in Euro zone triggered safe haven buying in the yellow metal.

Prices of silver also showed similar trend and recorded 5% rise in the prices during the month on the back of strong investment demand along with a rebound in industrial demand from high-income countries.

All the base metals including copper, zinc and nickel have recorded escalations in their prices during the beginning of the month but somewhat restricted during the second half of the month. Among them, nickel witnessed a tremendous rise in its value particularly in futures market and became the top performing commodity in April. During the second fortnight of the month the commodity recorded as much as 29% rise in its price due to strong demand by stainless steel producers, falling stocks, and ongoing strikes at Vale's Canadian nickel operations. This rally was supported by an increase in cancelled warrants at LME warehouses, higher raw material cost for steel products like iron ore. Even lead followed the same trend, whereas copper and zinc showed declines of 7% and 6%, respectively, during the second half of the month in spot and future market due to supply disruptions and falling stocks.

Crude oil prices recovered and touched a high of $85 per barrel on 30 April following the positive economic data and weakening of the US dollar.

Agricultural prices recorded remarkable increases in their prices following the shortfall of kharif output, rising imports of essential commodities, supply and distribution mismanagement, and spiralling food inflation. Even then grain markets remained cautious as increased volatility witnessed during the month on the expectation of higher rabi output and reports of normal monsoon in 2010 raising hopes of better output next year.

Prices of turmeric augmented to new highs and showed 26% rise in the first fortnight of the month over the corresponding period last month and further increased by as much as 36% in the second fortnight of the month over the same period of the previous month. Responding to the strong buying support and bullish activities during April the prices shot up and declined arrivals of the crop further added to these sentiments. Even lower stocks with the stockists due to lower production during the previous year also led to rise in prices of turmeric significantly both in spot as well as in futures market.

The second highest rise was witnessed in pepper and the price continued its upward swing during the beginning of the month on good buying interest amid tight supply. In the physical market, trading was thin due to limited carry over from last year and lower arrivals into the market as growers were holding on to stocks. Reports that the production of pepper from Vietnam could be lower this year have also boosted the sentiments.

Similarly, Jeera prices registered noticeable growth both in spot and future markets because of vagaries in weather reported from Syria and Turkey (the other major producers of jeera). Despite bumper yield in the current season (2009-10) jeera prices continued to grow and increased by 14% during the month end due to stronger domestic and overseas demand over next few months and lower carryover stocks compared to the last year (Table 13.3).

Table 13.3: Movement of Prices in Major Commodities *(Amount in Rupees)*

Commodities	Price per Unit	April-10				March-10			
		1st Fortnight Ending		2nd Fortnight Ending		1st Fortnight Ending		2nd Fortnight Ending	
		Spot	Near Month Futures	Spot	Near Month Futures	Spot	Near Month Futures	Spot	Near Month Futures
Metal									
Gold	10 gms	16750	16838	17015	17125	16490	16538	16300	16295
Silver	1 kg	27775	27855	28235	28304	26635	26751	26875	26935
Copper	1 kg	355	352	328	327	339	334	351	351
Zinc	1 kg	106	110	100	100	103	103	107	106
Nickel	1 kg	1184	1204	1147	1447	971	984	1126	1125
Lead	1 kg	102	103	97	97	100	100	96	96
Crude Oil	Per barrel	3830	3800	3796	3814	3692	3645	3702	3751
Natural Gas	1mmBtu	187	177	177	176	200	203	179	178
Agricultural Product									
R/M seed	20 kg	503	502	491	502	486	475	505	505
Turmeric	100 kg	12186	12583	14543	14886	9640	10034	11293	10932
Gaur seed	100 kg	2320	2300	2416	2436	2267	2221	2302	2301
Soy Bean	100 kg	1975	2047	1998	2041	1985	2023	2029	2038
Jeera	100 kg	11982	11272	12485	12803	11676	10834	11882	11199
Pepper	100 kg	15226	15071	16125	16706	13100	12959	14800	15022
Chana	101 kg	2225	2185	2139	2156	2180	2149	2260	2289
Soy Oil	10 kg	446	449	447	452	451	453	451	450

Source: *www.fmc.gov.in*

13.5 Major Policy Developments

FMC Has Its Way on Gold ETF Derivatives

NSE has deferred the launch of derivatives based on gold exchange traded funds (ETFs) following objections from the FMC on the grounds that options are not allowed in

commodities. FMC was of the opinion that gold, being a commodity, fell under the ambit of the Forward Contracts Regulation Act (FCRA) and so should be regulated by it. The commodity futures regulator took up the issue with the government, as it felt that SEBI was intruding into its turf.

FMC to Appoint 7 Directors

The FMC's work was suffering due to shortage of manpower owing to which FMC has planned to induct new directors. After the nod from various government departments for the appointment seven new directors have been appointed.

FMC for Foreign Brokers in Commexes

FMC has suggested that foreign brokers should be allowed to trade in derivatives in order to develop the commodity market to a larger extent. It further reiterated that ban on rice futures is also being reviewed as the supply scenario is now comfortable.

Supreme Court Tells High Court to Avoid Delay in MCX-CERC Dispute

The Supreme Court has dismissed MCX petition on regulating power trading, noting that the issue before the High Court was similar. It has further requested Bombay High Court to avoid delays in deciding a petition on the Central Electricity Regulatory Commission’s authority to rule on forward trading in electricity.

MCX Increases Margin for Mentha Oil Futures

In order to curb speculation, MCX has increased the margin amount in mentha oil futures by 10% on 27 April. With this hike, investors need to deposit 19% of the value of mentha oil they intend to take in as against the earlier margin of 9%.

Iffco, RCF May Set Up National Commodity Bourse

Mumbai-based information technology firm IT People (India) has proposed to set up a national-level commodity exchange, in association with Indian Farmers Fertiliser Cooperative Ltd (Iffco) and public sector Rashtriya Chemicals and Fertilizers Ltd (RCF). If

approved, this would be the sixth national-level exchange to offer hedging in commodity futures. A source said the three companies had joined hands to float a new entity with initial equity capital of Rs 100 crore, the minimum net worth required for setting up an exchange.

ICEX Soon to Launch 10-Gm Gold Contract

ICEX would launch a new 10 grams gold contract soon, joining the growing list of commexes which have started futures contract in lower denomination gold products. Contract of 10 gram gold would be hallmarked by MMTC and delivered through its retail outlets. The exchange also plans to launch futures contract in turmeric, rapeseed, chana and wheat as part of its plans to foray into futures in agriculture commodities.

National APMC Eyes 7 States to Start Agri-Spot Exchange

National Agriculture Produce Marketing Company of India (NAPMC) has planned to roll out the spot trading of agri-commodities exchange in states like Rajasthan, Maharashtra, Madhya Pradesh, Karnataka, Andhra Pradesh, Uttar Pradesh and West Bengal. NAPMC launched an e-market exchange for spot trading of agri-commodities in Gujarat in February 2010; the exchange had been permitted to undertake spot trading of three agri-commodities, namely, castor seed, jeera and cotton. It has further sought Gujarat government's approval to add eight more commodities (mustard, groundnut, sesame seed, wheat, paddy, bajra, potato and onion) and its trading would start in April 2010.

NSEL Introduce E-Silver Trading

For attracting small investors into investment in metals, the National Spot Exchange Limited (NSEL) promoted by Financial Technologies group, introduced e-silver in the market on 21 April 2010. For the first time in the country, a retail investors can buy silver in a demat form or take physical delivery even for lower denominations.

13.6 Summing Up

Despite leading indicators signalling steady improvement in global growth prospect, broader market concerns continue to weigh down most commodity markets. Concerns over

sovereign risks in the euro area following Greece debt crisis shuddered the global markets including commodity markets world over. During the month, the domestic commodity exchanges witnessed 6% fall in their total turnover over the previous month. Still, the commodity regulator is hopeful to achieve 20% growth in turnover during the current fiscal. In India, trading is limited to futures as the government has not allowed for options and swaps in domestic commodity exchanges. To achieve the said target and to compete with other global commodity markets the introduction of these products in the domestic commodity exchanges is a must as participation by such people will also be restricted. Even, the FMC Chairman's recommendation to allow foreign brokers to trade in derivatives would further help develop the market.

14. EXTERNAL SECTOR DEVELOPMENTS

14.1 India's Merchandise Trade

India's exports and imports both showed significant growth in the month of March 2010 as compared to March 2009. Though the negative base in March 2009 is partly responsible for the high growth, trade volumes have also risen sharply during March 2010 and are well above the earlier month- February 2010. Merchandise exports grew by 54.1% during March 2010 over a fall of 25.1% in same month last year. Merchandise imports for the month, alike exports, grew by whopping 67.1% against a decline of 29.6% in March 2009.

For fiscal 2009-10, however, merchandise exports recorded a decline of 4.7% over a high growth of 13.6% in 2008-09. Similarly, imports for the fiscal plunged by 8.2% against a healthy growth of 20.7% in previous year. The recent pick up in trade volumes must help to reverse this trend in the coming months.

Oil imports grew by 85.2% for March 2010 over a fall of 54% in March 2009. For the fiscal 2009-10, oil imports recorded a fall of 8.7 % over a healthy 17.5% growth in the earlier fiscal. Non-oil imports too, showed a similar trend growing by a significant 61% during the month and declining by 8% over the fiscal. For March 2009, non-oil imports recorded a y-o-y decline of 8%, whereas, the fiscal 2008-09 had recorded a high growth of 22.2%.

Trade deficit for the month of March 2010 stood at US $7.8 billion against last year's US $3.7 billion, the difference being more than double at US$ 4.1 billion. However, considering the substantial decline in both imports and exports during the fiscal 2009-10, the trade deficit stood at US $102.1 billion, which is US $16.3 billion lower compared to that of the previous fiscal.

Table 14.1: India's Merchandise trade

(US $ million)

	March				March-April			
	2010		2009		2009-10		2008-09	
Exports	19906	(54.1)	12916	(-25.1)	176574	(-4.7)	185295	(13.6)
Imports	27733	(67.1)	16597	(-29.6)	278681	(-8.2)	303696	(20.7)
Oil	7730	(85.2)	4175	(-54.0)	85473	(-8.7)	93667	(17.5)
Non-Oil	20003	(61.0)	12422	(-14.3)	193208	(-8.0)	210029	(22.2)
Trade Deficit	7825		3680		102106		118401	

Note: Figures for 2009 are the latest revised whereas those for 2010 are provisional.
Figures in brackets are growth rates over the same period previous year.
Source: DGCI&S *(www.commerce.nic.in)*

14.2 Foreign Exchange Reserves

India's total foreign exchange reserves held by the RBI for the last week of April 2010 stood at US $279.6 billion which was only about US $27.9 billion higher than the reserves in end-April 2009. However, due to the appreciation in rupee vis-à-vis USD, in rupee terms, the foreign exchange reserves fell by Rs. 21,357 crore during the same period.

Table 14.2: Foreign Exchange Reserves (2010)

(Rupees in crore and US $ in million)

Week Ending	Foreign Currency Assets		Gold*		SDRs		Reserve Tranche Position in IMF		Total	
	Rs	*US $*	*Rs*	*US $*	*Rs*	*US $*	*Rs*	*US $*	*Rs*	*US $*
2-Apr	11,49,851	254,730	81,188	17,986	22,576	5,001	6,225	1,379	12,59,840	279,096
9-Apr	11,33,866	255,663	81,188	17,986	22,177	5,000	6,115	1,379	12,43,346	280,028
16-Apr	11,37,571	255,691	81,188	17,986	22,361	5,026	6,166	1,386	12,47,286	280,089
23-Apr	11,36,334	255,127	81,188	17,986	22,217	4,988	6,126	1,375	12,45,865	279,476
30-Apr	11,32,211	254,773	82,377	18,537	22,142	4,982	5,961	1,341	12,42,691	279,633

*: Gold is valued at average London market price during the month.
Change in reserves is due to valuation effects.

Source: RBI, *Weekly Statistical Supplement*

Foreign currency assets amounted to US $254.8 billion by end-April 2010. This was an increase of US $88 million over end-March 2010 and of US $13.3 billion over end April 2009. There was a slight decline in the reserve tranche position in IMF as well as in SDRs at end-April 2010 compared to those at the beginning of the month. Gold reserves, on the other hand, observed an increase in the last week of April 2010.

Table 14.3: Foreign Currency Assets (2010)

(Rupees in crore and US $ in million)

Week Ending	Foreign Currency Assets		Variation over the week		Variation over End-March 2010		Variation over End-Dec 2009		Variation over the year	
	Rs	*US $*	*Rs*	*US $*	*Rs*	*US $*	*Rs*	*US $*	*Rs*	*US $*
2-Apr	11,49,851	254,730	3,860	1,975	201	45	–57,214	–3,853	–80,472	10,133
9-Apr	11,33,866	255,663	-15,985	933	–15,784	978	–73,199	–2,920	–76,070	13,240
16-Apr	11,37,571	255,691	3,705	28	–12,079	1,006	–69,494	–2,892	–64,946	13,785
23-Apr	11,36,334	255,127	-1,237	-564	–13,316	442	–70,731	–3,456	–74,860	12,597
30-Apr	11,32,211	254,773	-4,123	-354	–17,439	88	–74,854	–3,810	–80,536	13,286

Source: *RBI, Weekly Statistical Supplement*

14.3 Foreign Investment Inflows

FDI inflow for March 2010 at US $1.2 billion declined against the corresponding figure for March 2009 at US $1.9 billion. Against a drop by US $889 million in March 2009, portfolio investments in March 2010 were at a high of US $5.3 billion, which has boosted total foreign investment flows in the country to surge to US $6.5 billion.

Table 14.4: Foreign Investment Inflows and NRI Deposits

(US $ million)

Item	March		April-March	
	2010	2009	2009-10	2008-09
(A)Direct Investment	1,209	1,956	34,167	35,180
Equity	1,209	1,956	26,764	27,995
Reinvested Earnings	…	…	5,958	6,428
Other Capital	…	…	1,445	757
(B)Portfolio Investment	5,306	-889	32,375	-13,855
ADRs/GDRs	100	20	3,328	1,162
FIIs	5,206	-909	29,047	-15,017
Offshore funds and others	…	…	…	…
Total (A+B)	6,515	1,067	66,542	21,325
NRI Deposit Inflow	-101	1,434	-2,881	4,289

Monthly data on components of FDI as per expanded coverage are not available.
Source: *RBI Bulletin*

For the fiscal 2009-10 FDI inflows of US $34.2 billion was slightly lower compared to fiscal 2008-09 (US $35.2 billion). Whereas, portfolio investments in 2009-10 stood at the highest in the decade at US $32.4 billion, a sharp growth against a fall of US $13.8 billion in 2008-09. The leap in portfolio investment can be mainly attributed to the investments by FIIs that the country has received. For March 2010, FII inflows stood at a magnificent US $5.2 billion over last year's fall of US $909 million. Similarly the inflow for fiscal 2009-10 stood at US $29 billion against last fiscal's fall of US $15 billion. ADRs/GDRs in March 2010 stood at US $100 million compared to US $20 million in March last year. For the fiscal 2009-10 ADRs/GDRs stood at US $3.3 billion over last fiscal's US $1.2 billion. NRI deposits observed a huge decline for the month under consideration amounting to US $101 million against a reasonable increase of US $1.4 billion observed in the corresponding month of March 2009. Similarly, for the fiscal 2009-10, NRI deposits were at a negative of US $2.9 billion against a healthy US $4.2 billion in 2008-09.

14.4 ECBs/FCCBs

March 2010 recorded the highest amount of borrowings during FY 2009-10 with ECBs/ FCCBs totalling US $4.3 billion, which is a significant increase over US $1.1 billion in March

2009. About 55% of the borrowings in March 2010 were undertaken through automatic route and the rest 45% through approval route. The borrowings through automatic route crossed US $2.3 billion level second time in the FY 2009-10 since October 2009; also the borrowings through approval route have been the highest in the fiscal.

Table 14.5: Data on ECBs/FCCBs

(US $ million)

Month	2010			2009		
	Automatic	Approval	Total	Automatic	Approval	Total
January	889.2	430.6	1319.8	764.1	573	1337.1
February	1963.2	228.9	2192.1	320.9	131.7	452.6
March	2361.4	1960.8	4322.2	856.7	257.1	1113.8
April				275.6	23.1	298.7
May				326.7	167.6	494.3
June				573.2	1345.9	1919
July				1940.9	74.2	2015.2
August				934.8	154.7	1089.5
September				331.9	1177.6	1509.5
October				2340.1	245.6	2585.7
November				721.5	1632.2	2353.7
December				1256.5	313	1569.5

Source: *Reserve Bank of India*

14.5 Movements in REER and NEER

Table 14.6 : Indices of REER and NEER of the Indian Rupee

Year/Month	36-Currency Export and Trade based Weights				6-Currency Trade Based Weights			
	Base: 1993-94=100				Base: 1993-94=100		Base: 2007-08=100	
	Trade Based		Export Based					
	NEER	REER	NEER	REER	NEER	REER	NEER	REER
2009-10 (P)								
As on 16-Apr					67.25	114.94	89.96	100.62
9-Apr					67.37	115.14	90.12	100.79
31-Mar					68.59	117.23	91.75	102.62
26-Mar					67.97	116.17	90.92	101.69
March	88.25	98.9	85.69	98.63	66.45	113.56	88.88	99.41
February	86.81	96.7	84.15	96.53	64.86	110.5	86.77	96.73
January	86.28	96.05	83.55	95.67	64.30	109.08	86.01	95.49
December	84.74	94.17	81.95	93.70	62.79	107.03	83.99	93.69
November	84.27	93.38	81.49	92.85	62.30	105.81	83.34	92.63
October	84.31	91.9	81.52	91.31	62.40	103.97	83.47	91.01
September	82.18	89.78	79.36	89.18	60.61	101.25	81.08	88.63
August	83.14	90.13	80.21	89.5	61.22	101.52	81.90	88.87
July	83.4	89.57	80.48	88.98	61.36	100.64	82.08	88.10
June	84.78	90	81.86	89.45	62.43	101.11	83.51	88.51
May	84.43	89.56	81.59	89.02	62.31	101.37	83.35	88.74
April	83.61	87.42	80.73	87.02	61.49	98.58	82.25	86.30

Notes: Rise in indices indicates appreciation of rupee and vice versa.
Base year 2007-08 is a moving one, which gets updated every year.
Source: *RBI Bulletin*

During March 2010, both 36 as well as 6 currency weights have shown increases in NEER as well as REER over the earlier month of February 2010. For the fiscal 2009-10, all the months in the later half have recorded appreciation in rupee as shown by REER. Considering the movements in 6-currency based index during April 2010, NEER and REER have further moved upwards compared to March 2010.

14.6 Summing Up

Both exports and imports have recorded very high growths in March 2010. In fact, the fall in volumes of exports and imports for the fiscal 2009-10 was lower due to higher trade activity in the month. The investment scenario for the Indian economy has been very encouraging during the month. Foreign investment inflow showed a steep increase- in particular, the country received very high FII inflows. The domestic investments are also on a rising trend with ECBs/FCCBs setting a new high for the fiscal. The rupee continued to appreciate in March 2010; however, the latest figures of 6 currency based weights have shown slight decline in exchange rates during April 2010.

Appendix I: Progress in Sowing of Major Rabi Crops as on March

(lakh hectares)

Crops	Normal	2009-10	2008-09	Percentage Variation
Total Foodgrains	**492.5**	**530.7**	**528.5**	**0.4**
Wheat	**271.0**	**286.8**	**278.8**	**2.9**
Rice	**39.8**	**44.4**	**47.7**	**-6.9**
Coarse Cereals	**62.5**	**65.2**	**68.9**	**-5.3**
Jowar	47.5	45.7	49.4	-7.5
Barley	6.3	7.3	7.2	1.4
Maize	8.7	11.8	11.9	-0.8
Total Cereals	**373.3**	**396.5**	**395.3**	**0.3**
Total pulses	**119.2**	**147.4**	**138.7**	**6.3**
Gram	71.5	89.4	83.6	6.9
Kulthi (Horsegram)	2.8	5.0	5.2	-5.0
Urad	7.2	10.9	8.9	21.6
Moong	6.5	8.5	7.4	14.7
Lentil	14.3	15.3	14.8	3.1
Peas	7.3	7.3	8.2	-10.8
Lathyrus	6.4	4.3	4.2	1.2
Oilseeds	**95.4**	**97.4**	**101.4**	**-3.9**
Rapeseed & Mustard	65.3	65.1	66.9	-2.6
Groundnut	8.9	11.3	10.9	3.5
Safflower	3.6	2.7	2.8	-4.3
Sunflower	13.1	9.4	12.5	-24.8
Sesamum	2.6	2.4	1.8	38.1
Linseed	4.5	4.5	4.6	-1.8
Total Area	**587.4**	**641.3**	**635.4**	**0.9**

Source: *Department of Agriculture and Cooperation, Ministry of Agriculture, Government of India (www.agricoop.nic.in)*

Appendix II: Growth in Manufacturing Sector at Two-Digit Classification

(Base:1993-94 =100)

Major Groups	Weight	March		April-March	
		2010	2009	2009-10	2008-09
General Index	100.0	347.3 (13.5)	305.9 (-2.3)	304.1 (10.4)	275.4 (2.4)
Manufacturing	79.4	373.6 (7.7)	326.9 (-3.3)	327.3 (6.0)	295.1 (2.3)
Food Products	9.1	223.1 (26.2)	176.8 (-35.8)	176.0 (-1.6)	178.9 (-9.6)
Beverages,Tobacco and Related Products	2.4	623.0 (4.0)	599.2 (15.1)	583.2 (0.8)	578.5 (15.6)
Cotton Textiles	5.5	175.3 (7.3)	163.3 (-10.6)	169.6 (5.4)	160.9 (-2.8)
Wool, Silk and man-made Fibre Textiles	2.3	297.7 (-3.9)	309.7 (-8.2)	305.0 (8.5)	281.2 (-0.3)
Jute and Other Vegetable Fibre Textiles (except cotton)	0.6	109.3 (-9.6)	120.9 (-1.9)	82.0 (-24.5)	108.6 (-10.0)
Textiles products (including Wearing Apparel)	2.5	336.9 (-5.4)	356.0 (-1.7)	337.5 (8.0)	312.5 (3.7)
Wood and Wood Products, Furniture and Fixtures	2.7	146.3 (21.6)	120.3 (-25.1)	127.3 (10.1)	115.6 (-10.3)
Paper & Paper Products and Printing, Publishing and Allied Industries	2.7	294.3 (6.1)	277.5 (-1.0)	269.8 (3.8)	260.0 (1.3)
Leather & Leather and Fur Products	1.1	149.4 (11.7)	133.7 (-18.1)	159.9 (2.3)	156.3 (-7.0)
Basic Chemicals & Chemical Products	14.0	368.5 (4.8)	351.6 (8.3)	359.9 (10.3)	326.3 (2.9)
Rubber,Plastic,Petroleum and Coal Products	5.7	319.9 (14.6)	279.1 (6.6)	279.8 (15.3)	242.6 (-1.5)
Non-Metallic Mineral Products	4.4	394.8 (5.8)	374.1 (2.7)	352.3 (7.7)	327.0 (1.0)
Basic Metals and Alloy Industries	7.5	391.0 (15.8)	337.7 (-4.6)	345.9 (6.4)	325.1 (4.0)
Metal Products and Parts except Machinery	2.8	248.2 (42.8)	173.8 (-13.6)	191.7 (15.6)	165.9 (-4.0)
Machinery and Equipment other than Transport Equipments	9.6	650.3 (22.1)	532.6 (-0.3)	519.3 (21.0)	429.1 (8.7)
Transport Equipment and Parts	4.0	593.1 (23.0)	482.2 (7.0)	482.6 (24.4)	387.9 (2.2)
Other Manufacturing Industries	2.6	510.5 (40.1)	364.3 (-19.7)	396.9 (10.6)	358.9 (0.5)

Note: Indices for February 2010 are quick estimates. Indices for December 2009 and February 2010 incorporate updated production data. Figures in brackets indicate growth over corresponding period of the previous year.

Source: CSO, Ministry of Statistics and Programme Implementation *(www.mospi.nic.in)*

Appendix III: State-wise Power Supply Position								
State/UT	March 2010				April-March 2009-10			
	Requirement	Availability	Surplus (+)/Deficit(-)		Requirement	Availability	Surplus(+)/Deficit(-)	
	(MU)	*(MU)*	*(MU)*	*(%)*	*(MU)*	*(MU)*	*(MU)*	*(%)*
Chandigarh	110	110	0	0	1,576	1,528	-48	-3
Delhi	1,787	1,780	-7	-0.4	24,277	24,094	-183	-0.8
Haryana	2,730	2,463	-267	-9.8	33,441	32,023	-1,418	-4.2
Himachal Pradesh	650	615	-35	-5.3	7,047	6,769	-278	-3.9
Jammu&Kashmir	1,193	904	-289	-24.2	13,200	9,933	-3,267	-24.8
Punjab	3,457	3,062	-394	-11.4	45,731	39,408	-6,323	-13.8
Rajasthan	4,024	4,006	-18	-0.4	44,109	43,062	-1,047	-2.4
Uttar Pradesh	6,667	5,326	-1,341	-20.1	75,930	59,508	-16,422	-21.6
Uttarakhand	766	680	-86	-11.3	8,921	8,338	-583	-6.5
Northern Region	21,384	18,948	-2,436	-11.4	254,231	224,661	-29,570	-11.6
Chattisgarh	907	886	-21	-2.3	11,009	10,739	-270	-2.5
Gujarat	6,783	6,255	-528	-7.8	70,369	67,220	-3,149	-4.5
Madhya Pradesh	3,980	3,113	-867	-21.8	43,179	34,973	-8,206	-19
Maharashtra	12,107	9,498	-2,609	-21.5	124,936	101,512	-23,424	-18.7
Daman & Diu	163	163	0	0	1,934	1,802	-132	-6.8
D.N.Haveli	350	350	0	0	4,007	3,853	-154	-3.8
Goa	276	271	-5	-1.8	3,092	3,026	-66	-2.1
Western Region	24,566	20,536	-4,030	-16.4	258,528	223,127	-35,401	-13.7
Andhra Pradesh	7,911	7,021	-890	-11.3	78,996	73,765	-5,231	-6.6
Karnataka	4,886	4,421	-465	-9.5	45,550	42,041	-3,509	-7.7
Kerala	1,710	1,670	-40	-2.3	17,619	17,196	-423	-2.4
Tamil Nadu	7,257	6,601	-656	-9	76,293	71,568	-4,725	-6.2
Puducherry	200	185	-15	-7.5	2,119	1,975	-144	-6.8
Lakshadweep#	2	2	0	0	24	24	0	0
Southern Region	21,964	19,898	-2,066	-9.4	220,576	206,544	-14,032	-6.4
Bihar	983	839	-144	-14.6	11,587	9,914	-1,673	-14.4
DVC	1,379	1,282	-97	-7	15,199	14,577	-622	-4.1
Jharkhand	555	467	-88	-15.9	5,867	5,407	-460	-7.8
Orissa	1,828	1,809	-19	-1	21,136	20,955	-181	-0.9
West Bengal	3,358	3,195	-163	-4.9	33,750	32,819	-931	-2.8
Sikkim	38	37	-1	-2.6	388	345	-43	-11.1
Andaman-Nicobar#	20	15	-5	-25	240	180	-60	-25
Eastern Region	8,141	7,629	-512	-6.3	87,927	84,017	-3,910	-4.4
Arunachal Pradesh	32	28	-4	-12.5	399	325	-74	-18.5
Assam	384	361	-23	-6	5,122	4,688	-434	-8.5
Manipur	44	36	-8	-18.2	524	430	-94	-17.9
Meghalaya	127	95	-32	-25.2	1,550	1,327	-223	-14.4
Mizoram	30	25	-5	-16.7	352	288	-64	-18.2
Nagaland	43	37	-6	-14	530	466	-64	-12.1
Tripura	72	71	-1	-1.4	855	771	-84	-9.8
North-Eastern Region	732	653	-79	-10.8	9,332	8,296	-1,036	-11.1
All India	76,787	67,664	-9,123	-11.9	830,594	746,644	-83,950	-10.1
# : These are stand alone items and do not form part of regional requirement and availability.								
Source: *www.cea.nic.in*								

Appendix IV: Trend in Wholesale Price Indices

Weight	Commodities	Index	Variation					
		April	Over the Month		Annual Variation			
		2010	2010	2009	2008	2010	2009	2008
100.00	**ALL COMMODITIES**	**253.7**	**1.2**	**1.4**	**1.3**	**9.6**	**1.3**	**8.0**
22.03	I PRIMARY ARTICLE	289.7	2.3	2.5	1.1	13.9	6.6	8.9
15.40	(A) Food Articles	292.4	2.8	2.6	1.6	16.9	8.6	5.5
5.01	a. Food Grains(Cereals+Pulses)	280.5	-0.4	1.0	0.7	11.9	11.9	6.2
4.41	a1. Cereals	268.9	-0.8	0.7	0.8	9.1	11.6	7.7
2.45	Rice	251.6	0.3	-0.4	1.4	8.8	14.7	8.7
1.38	Wheat	269.9	-3.4	1.1	0.0	9.4	5.7	6.8
0.22	Jowar	393.6	0.6	3.0	1.0	13.7	7.2	15.9
0.11	Bajra	338.5	-0.9	5.7	-1.0	9.3	32.2	-3.5
0.19	Maize	293.1	1.0	3.1	0.6	5.5	12.9	-1.1
0.03	Barley	249.5	0.9	-1.4	-1.5	2.8	0.2	6.7
0.03	Ragi	327.1	1.0	0.1	0.0	1.6	41.3	-1.4
0.60	a2. Pulses	365.3	2.5	3.2	0.7	30.4	13.7	-2.4
0.22	Gram	195.5	0.8	0.1	0.0	-3.2	-4.9	6.6
0.13	Arhar	358.0	1.4	5.5	-0.9	33.7	23.7	11.6
0.11	Moong	538.4	4.7	2.1	0.2	71.5	22.3	-17.1
0.04	Masur	460.9	-2.7	-0.7	3.7	13.3	13.2	27.7
0.10	Urad	532.2	4.1	7.9	2.6	36.0	25.1	-17.8
2.92	b. Fruits & Vegetables	287.8	10.8	12.5	3.9	6.2	10.5	3.0
1.46	b1. Vegetables	257.6	31.9	36.6	11.1	-1.9	16.4	5.1
0.26	Potatoes	177.6	-8.4	23.4	-5.0	-28.7	15.9	6.0
0.02	Sweet potatoes	613.2	0.0	0.0	-4.7	53.8	25.6	-8.2
0.09	Onions	206.2	-19.4	-18.8	-0.3	-11.6	39.7	-5.6
0.06	Tapioca	441.0	-1.2	3.3	7.2	38.9	28.0	6.0
0.02	Ginger(Fresh)	419.9	6.9	30.8	8.8	10.7	60.9	92.3
0.13	BRINJAL	286.3	-15.3	20.1	-17.4	1.2	-8.7	30.7
0.09	OKRA	319.5	-9.1	12.4	-5.9	17.1	12.1	2.1
0.06	CABBAGE	145.5	0.8	5.9	-14.5	-8.4	53.7	-50.7
1.46	b2. Fruits	318.1	-1.9	-3.4	-1.5	13.7	5.5	1.2
0.28	Banana	292.6	6.4	2.4	3.8	14.6	2.8	18.1
0.44	Mangoes	265.0	-97.3	-97.6	-97.7	12.1	2.7	-7.1
0.13	Apples	624.1	0.1	6.9	3.2	12.5	5.3	-16.6
0.05	Oranges	937.1	2.0	0.8	14.3	9.6	31.7	32.7
0.06	Cashewnuts	187.9	3.3	0.2	1.0	6.5	17.0	-3.3
0.25	Coconut/fresh	148.4	2.3	-2.3	5.3	-6.0	6.4	13.3
0.01	Papaya	445.0	2.8	-1.6	7.2	43.1	-14.7	9.6
0.04	PINEAPPLE	489.6	21.7	2.0	6.8	82.1	22.3	-15.9
0.05	GUAVA	319.8	9.1	4.7	-3.8	61.5	-36.8	21.5
0.02	SAPOTA	252.0	-14.1	5.8	-16.4	-4.4	11.8	18.0
4.37	c. Milk	285.6	3.0	-0.7	0.8	21.9	5.8	9.0
4.37	Milk	285.6	3.0	-0.7	0.8	21.9	5.8	9.0
2.21	d. Eggs,Meat & Fish	330.6	1.1	0.1	1.2	32.2	2.3	1.5
0.23	Eggs	207.5	-1.5	-1.4	-0.1	18.0	5.4	-3.5
0.39	Fish-Marine	346.4	5.1	0.0	4.2	15.7	1.3	5.6
0.50	Fish-Inland	480.9	0.6	0.0	0.0	64.7	1.1	-6.1
0.44	Mutton	405.6	0.2	0.9	1.5	33.8	5.9	11.3
0.15	Beef & Buffalo Meat	428.6	0.0	0.0	0.0	0.0	0.0	0.0
0.45	Poultry chicken	111.7	0.0	0.0	0.0	27.2	0.0	-2.6
0.04	Pork	293.8	0.8	0.0	0.1	20.3	-0.1	2.1
0.66	e. Condiments & Spices	352.5	1.7	-0.5	1.1	28.5	12.0	4.2
0.02	Black pepper	390.9	5.7	6.6	1.0	7.1	-12.7	19.5
0.19	Chillies(Dry)	448.2	-4.5	-4.3	3.4	-3.9	28.5	5.9
0.08	Turmeric	676.1	9.2	1.5	5.0	216.5	13.4	4.9
0.02	Cardamoms	394.5	11.3	6.2	-0.2	137.9	0.5	14.3
0.03	Ginger/dry	404.1	19.2	0.2	1.6	42.4	14.7	35.0
0.13	Betelnuts	182.5	0.0	0.0	0.0	11.8	0.0	-1.2
0.10	Cummin	181.5	0.5	2.1	-8.0	18.8	14.3	-19.7
0.06	Garlic	269.9	-0.6	18.6	-9.1	97.9	-38.8	-12.2
0.02	CORRIANDER	308.9	3.6	4.3	14.1	-32.2	13.6	58.7
0.24	f. Other Food Articles	205.4	-0.9	10.2	14.7	-4.1	15.7	24.3
0.16	Tea	163.8	-2.1	20.9	26.0	-19.0	20.3	35.1
0.08	Coffee	285.4	0.4	-3.8	1.2	20.3	8.8	11.2

Continues…

Appendix IV: Trend in Wholesale Price Indices *(Concluded)*

Weight	Commodities	Index	Variation					
		April	Over the Month		Annual Variation			
		2010	2010	2009	2008	2010	2009	2008
6.14	(B) Non-Food Articles	256.1	0.7	2.7	-0.1	10.5	1.9	11.0
1.52	a. Fibres	235.8	0.1	3.6	2.1	16.0	3.1	13.8
2.67	b. Oil Seeds	261.1	0.3	2.9	-1.6	7.1	1.4	18.1
1.03	Groundnut seed	276.9	1.2	5.3	2.2	11.5	-0.9	10.9
0.58	Rape & mustard seed	237.2	-0.6	1.4	-6.0	2.0	2.6	18.6
0.04	Cotton seed	206.7	0.0	0.6	-0.1	6.2	2.4	8.6
0.03	Copra	136.5	-3.1	-1.5	3.8	-3.3	-6.7	19.4
0.13	Gingelly seed	380.6	-0.2	4.1	3.7	31.2	4.6	42.2
0.03	Linseed	225.7	-1.0	1.5	3.0	0.3	2.2	18.6
0.09	Castor seed	251.4	3.7	0.2	-1.8	14.7	4.1	20.9
0.03	Niger seed	304.4	-3.9	-5.0	-4.3	-31.5	-19.4	57.2
0.06	Safflower (Kardi seed)	193.8	0.0	0.0	-5.5	0.0	14.5	6.1
0.20	Sunflower	240.2	-0.5	1.5	-8.8	-0.9	-8.5	16.2
0.45	Soyabean	254.4	0.0	1.6	-2.4	2.5	11.0	29.1
1.95	c. Other Non-Food Articles	265.2	1.5	1.9	0.6	11.7	2.1	0.6
0.48	(C) Minerals	629.2	3.1	0.0	1.8	-6.8	5.3	49.7
14.23	FUEL POWER LIGHT & LUBRICANTS	364.0	0.6	0.7	0.4	12.6	-5.7	7.0
6.99	Minerals Oils	448.1	1.1	1.3	0.6	16.7	-8.0	9.7
1.84	Liquified petroleum gas	359.8	1.6	0.0	0.0	2.1	5.3	0.0
0.89	Petrol	264.2	0.9	0.0	0.0	17.8	-11.0	4.3
0.69	Kerosene	357.6	0.0	0.0	0.0	0.0	0.0	0.0
0.17	Aviation turbine fuel	263.7	3.0	16.2	14.6	34.9	-46.1	51.3
2.02	High speed diesel oil	523.0	0.6	0.0	0.0	15.7	-2.9	3.4
0.16	Light diesel oil	712.1	2.4	6.8	1.3	31.1	-1.6	14.8
0.42	Naptha	799.6	3.5	9.5	0.1	42.0	-31.3	34.0
0.15	Bitumin	684.1	-0.5	1.5	3.7	13.3	-0.5	44.6
0.49	Furnace oil	574.5	-0.5	1.6	1.8	60.4	-32.0	35.8
0.16	Lubricants	328.8	0.0	0.0	1.4	0.0	17.4	1.9
5.48	Electricity	281.9	0.0	0.0	0.0	4.7	-2.6	1.5
63.75	MANUFACTURED PRODUCTS	216.6	0.8	1.2	1.7	6.7	1.8	8.1
11.54	(A) Food Products	249.1	-3.1	3.8	0.5	9.2	12.5	9.1
0.18	Butter	237.1	0.4	-1.0	0.4	14.0	-1.7	7.8
0.21	Ghee	246.6	0.1	2.5	-1.2	15.2	8.8	3.3
0.15	Skimmed Milk Powder	354.4	0.5	0.0	0.0	22.5	4.9	2.8
0.57	Maida	246.7	-4.4	-1.6	-0.3	6.9	-0.5	5.6
0.11	Sooji(Rawa)	271.8	-4.6	-2.3	-1.0	10.8	-0.3	5.9
0.21	Atta	281.5	-1.5	-0.6	2.2	11.2	-2.5	7.9
0.15	Bran (All kinds)	270.8	-2.4	1.0	0.0	4.7	5.6	21.7
3.62	Sugar	252.8	-5.7	6.0	1.8	32.3	27.7	0.9
0.17	Khandsari	306.4	-6.4	4.5	1.7	32.2	27.7	0.8
0.06	Gur	288.0	-4.4	2.6	2.8	16.1	36.9	7.1
0.02	Salt	304.8	7.9	3.1	-0.4	14.0	14.4	6.8
2.76	h. Edible Oils	172.3	-2.0	-0.4	-3.7	-3.1	-5.8	14.2
0.06	Gingelly oil	301.8	-1.3	2.3	0.0	4.2	-3.3	41.9
0.49	Rape & Mustard Oil	203.6	-4.5	-6.3	-5.2	-3.2	-4.2	22.6
0.17	Coconut Oil	151.3	0.7	-1.3	2.4	-6.4	6.9	9.0
0.17	Groundnut Oil	232.8	1.9	3.6	-2.9	6.6	-6.9	5.4
0.28	Cotton seed oil	150.2	0.1	-1.8	-8.5	2.0	-12.5	11.5
0.26	Rice bran oil	184.8	-1.7	10.1	-9.5	-2.3	-20.3	18.9
0.05	Imported Edible oil	83.9	-2.1	18.0	-11.8	-1.4	-28.7	21.6
0.13	Sunflower oil	194.1	-3.5	0.0	-4.8	-12.7	3.9	26.8
0.18	Soyabean Oil	141.5	-3.0	0.0	2.0	-4.5	-5.5	14.3
0.11	Coffee Powder	358.0	0.6	0.0	0.0	16.9	7.1	39.0
1.34	(B) Beverages Tobacco & Tobacco Products	320.1	0.1	0.2	3.4	5.9	5.9	10.5
9.80	(C) Textiles	158.2	1.5	0.6	-1.1	12.4	10.5	-4.1
4.22	a. Cotton Textiles	200.2	2.4	0.8	-1.5	15.7	16.0	-6.3
0.17	(D) Wood & Wood Products	237.6	0.0	2.1	0.0	0.0	10.1	0.0
2.04	(E) Paper & Paper Products	205.9	0.7	0.0	0.8	0.9	4.0	1.9
1.02	(F) Leather & Leather Products	164.4	0.0	-0.5	1.3	-1.1	-0.2	1.1
2.39	(G) Rubber & Plastic Products	175.9	0.3	0.2	-0.1	4.8	2.8	5.4
11.93	(H) Chemicals & Chemical Products	232.8	0.1	2.4	1.4	5.7	3.2	6.7
2.52	(I) Non-Mettallic Mineral Products	227.0	3.4	0.9	0.6	3.0	2.5	5.9
8.34	(J) Basic Metals Alloys & Metals Products	276.5	6.7	-0.5	5.2	8.4	-14.3	21.6
3.64	a1. Iron & Steel	327.4	11.4	-0.9	6.3	14.6	-20.4	34.7
8.36	(K) Machinery & Machine Tools	178.5	0.3	-0.3	2.0	3.9	0.3	5.1
4.29	(L) Transport Equipment & Parts	176.6	0.2	-0.2	1.6	0.9	1.0	6.0
26.94	Food Index	273.9	0.4	3.1	1.2	13.8	10.1	6.9

Source: *www.eaindustry.nic.in*

Appendix V: All-India Consumer Price Indices																
	CPI-IW (Base: 2001=100)				CPI-UNME (Base: 1984-85=100)				CPI-AL (Base: 1986-87=100)				CPI-RL (Base: 1986-87=100)			
	2009-10		2008-09		2009-10		2008-09		2009-10		2008-09		2009-10		2008-09	
Apr	150	(8.7)	138	(7.8)	583	(8.8)	536	(7.0)	468	(9.1)	429	(8.9)	468	(9.1)	429	(8.6)
May	151	(8.6)	139	(7.8)	589	(9.7)	537	(6.8)	475	(10.5)	430	(8.9)	475	(10.5)	430	(8.6)
Jun	153	(9.3)	140	(7.7)	595	(9.6)	543	(7.3)	484	(11.5)	434	(8.8)	484	(11.3)	435	(8.8)
Jul	160	(11.9)	143	(8.3)	624	(13.0)	552	(7.4)	499	(12.9)	442	(9.9)	498	(12.7)	442	(9.7)
Aug	162	(11.7)	145	(9.0)	631	(12.9)	559	(8.5)	507	(12.7)	450	(10.3)	508	(12.9)	450	(10.3)
Sep	163	(11.6)	146	(9.8)	635	(12.4)	565	(9.5)	515	(13.2)	455	(11.0)	514	(13.0)	455	(11.0)
Oct	165	(11.5)	148	(11.2)	643	(12.0)	574	(10.4)	522	(13.7)	459	(11.1)	521	(13.5)	459	(11.1)
Nov	168	(13.5)	148	(10.4)	655	(13.9)	575	(10.8)	532	(15.7)	460	(11.1)	532	(15.7)	460	(11.1)
Dec	169	(15.0)	147	(9.7)	657	(15.5)	569	(9.8)	538	(17.2)	459	(11.1)	537	(17.0)	459	(11.1)
Jan	172	(16.2)	148	(10.4)	671	(16.9)	574	(10.4)	542	(17.6)	461	(11.6)	541	(17.4)	461	(11.4)
Feb	170	(14.9)	148	(9.6)	666	(15.8)	575	(9.9)	538	(16.5)	462	(10.8)	538	(16.5)	462	(10.8)
Mar	170	(14.9)	148	(8.0)			577	(9.3)	536	(15.8)	463	(9.5)	536	(15.5)	464	(9.7)

Note: Figures in brackets are percentage variations over the corresponding period of the previous year.
Source: Labour Bureau

Appendix VI: Global and Indian Prices : A Comparison

	Unit	Weight	IMF -Commodity Price Index (2005=100)				Wholesale Price Index				
			April								
			Over the Month		Annual Inflation		Weight	Over the Month		Annual Inflation	
			2009	2010	2009	2010		2009	2010	2009	2010
All Agricultural Commodities	**Index**	**100.0**	**4.0**	**6.2**	**-45.5**	**48.4**					
Food	**Index**	**16.7**	**4.8**	**2.3**	**-23.1**	**8.5**	**26.94**	**3.1**	**0.4**	**10.1**	**13.8**
Wheat	$/Mt	1.7	1.1	0.9	-35.5	-17.4	1.38	1.1	-3.4	5.7	9.4
Maize	$/Mt	1.0	2.5	-1.0	-6.8	5.5	0.19	3.1	1.0	12.9	5.5
Rice	$/Mt	0.6	-7.7	-7.3	-43.1	-12.6	0.03	-1.4	0.9	0.2	2.8
Barley	$/Mt	0.3	-3.4	3.1	-53.2	36.5	0.03	-1.4	0.9	0.2	2.8
Soyabeans	$/Mt	1.2	12.2	2.5	-22.4	-4.5	0.45	1.6	0.0	11.0	2.5
Soyabean Meals	$/Mt	0.8	10.8	5.3	-6.9	-11.9					
Soyabean Oil	$/Mt	0.4	13.4	-0.1	-39.1	10.3	0.18	0.0	-3.0	-5.5	-4.5
Palm Oil	$/Mt	0.7	24.4	0.6	-36.0	15.2	0.05	18.0	-2.1	-28.7	-1.4
Sunflower/Safflower Oil	$/Mt	0.2	11.7	2.5	-57.3	21.9	0.13	0.0	-3.5	3.9	-12.7
Olive Oil	$/Mt	0.3	0.9	-1.7	-33.5	6.6					
Fishmeal	$/Mt	0.2	0.2	9.3	-10.9	85.8					
Groundnuts	$/Mt	0.2	0.0	-0.2	-46.0	33.3	1.03	5.3	1.2	-0.9	11.5
Coconut Oil	$/Mt	0.3	9.6	0.3	-48.7	14.1	0.17	-1.3	0.7	6.9	-6.4
Beef	Cts/lb	1.4	2.8	8.3	11.3	42.6	0.15	0.0	0.0	0.0	0.0
Lamb	Cts/lb	0.3	5.7	1.8	-24.1	4.0	0.44	0.9	0.2	5.9	33.8
Swine Meat	Cts/lb	1.1	0.9	9.9	-5.3	34.6	0.04	0.0	0.8	-0.1	20.3
Poultry	Cts/lb	0.9	-0.4	1.5	4.1	-0.2	0.45	0.0	0.0	0.0	27.2
Fish (fresh)	US$/kg	2.5	7.1	8.6	-6.4	36.8	0.50	0.0	0.6	1.1	64.7
Shrimp(frozen)	US$/lb	0.7	-4.3	-3.1	12.0	-24.6	0.39	0.0	5.1	1.3	15.7
Sugar EU	Cts/lb	0.2	3.1	1.8	-26.1	4.6					
Sugar US	Cts/lb	0.1	6.4	-10.0	6.0	31.9					
Sugar Free Market Price	Cts/lb	0.6	4.2	-15.3	7.6	21.2	3.62	6.0	-5.7	27.7	32.3
Bananas	$/Mt	0.4	-0.9	-1.3	-7.4	-7.7	0.28	2.4	6.4	2.8	14.6
Oranges	$/Mt	0.5	6.9	5.9	-26.7	5.0	0.05	0.8	2.0	31.7	9.6
Coffee other milds	Cts/lb	0.6	5.3	5.5	-2.3	27.1	0.08	-3.8	0.4	8.8	20.3
Coffee robusta	Cts/lb	0.3	-1.3	5.3	-31.6	-0.2					
Cocoa beans	$/Mt	0.7	1.9	4.3	-3.4	26.8					
Tea	Cts/kg	0.3	5.5	-0.9	6.3	13.4	0.16	20.9	-2.1	20.3	-19.0
Industrial Input	**Index**	**18.4**	**5.9**	**10.7**	**-42.0**	**62.1**	**7.78**	**2.0**	**0.9**	**-2.9**	-4.8
Agricultural Raw Materials	**Index**	**7.7**	**0.8**	**4.6**	**-30.0**	**49.5**	**6.14**	**2.7**	**0.7**	**1.9**	**10.5**
Cotton	Index	0.7	10.2	2.7	-24.7	55.1	1.36	3.9	0.0	3.2	13.1
Wool coarse	Cts/kg	0.3	12.2	-3.5	-37.3	58.3	0.00	-1.1	0.0	-23.8	-9.6
Wool fine	Cts/kg	0.2	11.3	-1.2	-39.4	44.4					
Rubber	Cts/lb	0.6	15.1	10.5	-43.2	120.0	0.15	24.1	9.1	-14.4	74.1
Hides	Cts/lb	2.6	1.4	4.1	-57.0	148.8	0.00	0.0	-4.3	8.7	-15.2
Metals	**Index**	**10.7**	**9.1**	**13.9**	**-47.1**	**69.3**	**1.64**	**0.4**	**1.6**	**-2.9**	-4.8
Copper	$/Mt	2.9	17.7	3.5	-49.1	74.2	0.35	0.0	0.0	0.0	0.0
Aluminium	$/Mt	3.9	7.0	4.7	-51.8	61.6	0.85	0.0	0.0	-10.0	-1.5
Iron Ore	Cts/DMTU	1.3	0.0	74.8	-28.2	74.8	0.21	0.0	3.7	5.8	-12.3
Tin	$/Mt	0.1	10.7	6.4	-45.3	57.5					
Nickel	$/Mt	1.1	16.7	15.9	-60.6	129.7	0.06	0.4	0.0	-24.5	-0.4
Zinc	$/Mt	0.6	13.5	4.0	-39.1	70.6	0.14	9.5	0.4	-13.2	23.5
Lead	$/Mt	0.2	11.8	5.1	-50.8	63	0.03	5.1	0.8	-25.6	21.4
Uranium	$/Mt	0.5	-3.8	1.0	-39.9	-1.0					
Energy	**Index**	**63.1**	**3.3**	**6.0**	**-52.2**	**60.1**	**14.23**	**0.7**	**0.6**	**-5.7**	12.6
Av. Petroleum Spot Index	Index	53.6	7.1	6.2	-53.9	67.4	6.99	1.3	1.1	-8.0	16.7
Coal	$/Mt	2.5	4.2	6.1	-48.3	57.6	1.75	0.0	0.0	-1.2	13.5

Source :IMF cite and Office of the Economic Advisers Cite *(www.eaindustry.nic.in)*

Appendix VII: Money Supply Expansion

(Rs Crore)

Items	Outstanding as on		Variation over							
			Financial Year so far				Year-on-Year			
	2010 March 31	2010 April 23	2010		2009		2010		2009	
M_3	**5579567**	**5622402**	**42834**	**(0.8)**	**124682**	**(2.6)**	**720650**	**(14.7)**	**864141**	**(21.4)**
Components (i+ii+iii)										
i) Currency with the Public	768048	798421	30373	(4.0)	20851	(3.1)	111293	(16.2)	97689	(16.6)
ii) Bank Deposits	4807734	4820423	12690	(0.3)	99687	(2.4)	615517	(14.6)	762919	(22.2)
of which: Demand Deposits	714157	647290	-66867	(-9.4)	-22589	(-3.9)	88364	(15.8)	45309	(8.8)
Time Deposits	4093577	4173133	79557	(1.9)	122276	(3.5)	527153	(14.5)	717610	(24.5)
iii) Other Deposits with RBI	3785	3557	-228	(-6.0)	4145	(74.4)	-6160	(-63.4)	3533	(57.1)
Sources: (i+ii+iii-iv)										
i) Net Bank Credit to Government	1668259	1692436	24177	(1.4)	60949	(4.8)	353762	(26.4)	439338	(48.9)
a) Reserve Bank	220218	189716	-30502	(-13.9)	-10430	(-16.9)	138566	-(270.9)	211635	(-131.9)
b) Other Banks	1448041	1502720	54679	(3.8)	71379	(5.9)	215196	(16.7)	227703	(21.5)
ii) Bank Credit to Commercial Sector	3483253	3455002	-28251	(-0.8)	-38901	(-1.3)	473387	(15.9)	443575	(17.5)
a) Reserve Bank	1328	1328	-	-	-784	(-5.7)	-11708	(-89.8)	11653	(842.6)
b) Other Banks	3481925	3453674	-28251	(-0.8)	-38117	(-1.3)	485095	(16.3)	431922	(17.0)
iii) Net foreign exchange assets of banking s	1275039	1261708	-13331	(-1.0)	-18897	(-1.4)	-71579	(-5.4)	19424	(1.5)
iv) Banking sector's non-monetary liabilities	857902	797662	-60240	(-7.0)	-121466	(-13.7)	35719	(4.7)	38996	(5.4)
of which: Net non-monetary liabilities of	310301	293640	-16661	(-5.4)	-9881	(-2.5)	-84407	(-22.3)	160807	(74.0)

Government Balances as on March 31, 2008 are before closure of accounts

Figures within brackets are percentage variations

Source*: RBI, Weekly Statistical Supplement*

Appendix VIII: Scheduled Commercial Banks - Business in India

(Rs Crore)

Item	Outstanding as on 2010 March 27	Outstanding as on 2010 April 23	Variation: Financial year so far 2010		Variation: Financial year so far 2009		Variation: Year-on-year 2010		Variation: Year-on-year 2009	
Aggregate deposits	**4486574**	**4506747**	**20173**	**(0.4)**	**85561**	**(2.2)**	**587076**	**(15.0)**	**718298**	**(22.4)**
Demand	639137	581841	-57296	(-9.0)	-21744	(-4.2)	80500	(16.1)	39792	(8.6)
Time	3847437	3924906	77469	(2.0)	107305	(3.2)	506576	(14.8)	678506	(24.8)
Investments $	**1382684**	**1437363**	**54679**	**(4.0)**	**69682**	**(6.0)**	**201270**	**(16.3)**	**217989**	**(21.4)**
Government securities	1375704	1431049	55345	(4.0)	69929	(6.1)	205334	(16.8)	220416	(21.9)
Other approved securities	6980	6314	-666	(-9.5)	-247	(-2.3)	-4064	(-39.2)	-2427	(-19.0)
Bank Credit	**3240399**	**3214742**	**-25657**	**(-0.8)**	**-31060**	**(-1.1)**	**470252**	**(17.1)**	**419355**	**(18.0)**
Food Credit	48489	47979	-510	(-1.1)	2765	(6.0)	-997	(-2.0)	7952	(19.4)
Non-food credit	3191910	3166763	-25147	(-0.8)	-33825	(-1.2)	471249	(17.5)	411403	(18.0)
Commercial Investments	116021	106568	-9453	(-8.1)	-4012	(-3.8)	5806	(5.8)	9897	(10.9)
Total Bank Assistance to Commercial S	**3307931**	**3273331**	**-34600**	**(-1.0)**	**-37837**	**(-1.3)**	**477055**	**(17.1)**	**421300**	**(17.7)**
Cash-Deposit Ratio	***5.76***	***6.71***								
Investment-Deposit Ratio	***30.82***	***31.89***								
Credit-Deposit Ratio	***72.22***	***71.33***								

$: Investments set out in this Table are for the purpose of SLR and do not include other investments. Figures within brackets are percentage variations. Figures for scheduled commercial banks are as on last working Friday of the fiscal year

Source*: RBI, Weekly Statistical Supplement*

Appendix IX: Exchange Rate for Rupee					
Countries	31-Mar-09	31-Mar-10	30-Apr-10	%Change (Apr/Mar)	%Change (Mar 09/Apr 10)
Euro	67.804	60.84	59.17	2.83	14.59
Japanese Yen*	51.937	48.41	47.25	2.46	9.93
British Pound	73.062	68.39	68.12	0.40	7.26
US Dollar	50.950	45.14	44.44	1.58	14.65
Argentine Peso	13.729	11.66	11.44	1.94	19.99
Australian Dollar	35.018	41.34	41.33	0.04	-15.27
Brazilian Real	22.532	25.16	25.69	-2.08	-12.30
Canadian Dollar	40.430	44.45	43.93	1.18	-7.97
Chinese Yuan	7.453	6.61	6.51	1.58	14.49
Danish Krone	9.103	8.17	7.92	3.25	15.00
Indonesian Rupiah*	0.440	0.50	0.49	0.43	-10.74
South Korean Won*	3.700	3.99	3.98	0.16	-7.13
Malaysian Ringgit	13.970	13.79	13.93	-0.99	0.30
Mauritian Rupee	1.538	1.47	1.44	1.73	6.74
Nepalese Rupee	0.622	0.63	0.62	0.38	-0.26
New Zealand Dollar	28.639	32.04	32.20	-0.49	-11.05
Norwegian Krone	7.627	7.55	7.54	0.03	1.11
Pakistan Rupee	0.633	0.54	0.53	1.36	19.73
Singapore Dollar	33.533	32.18	32.48	-0.93	3.24
South African Rand	5.366	6.15	6.06	1.51	-11.49
Sri Lanka Rupee	0.442	0.40	0.39	1.52	13.49
Swedish Krona	6.150	6.22	6.15	1.12	-0.02
Swiss Franc	44.756	42.58	41.24	3.23	8.52
Thai Baht	1.435	1.40	1.37	1.54	4.36
U.A.E.Dirham	13.873	12.29	12.10	1.58	14.65
Venezuelan Bolivar	23.757	17.41	17.14	1.58	38.65
Hong Kong Dollar	6.574	5.81	5.72	1.57	14.84
Source:-www.imf.org, Honkgong dollar :- www.fxstreet.com, * For 100 units					

Appendix X: Profile of Major Commercial Bond Issues for April 2010				
Sr No.	Issuing Company / Rating	Nature of Instrument	Coupon in % per annum and tenor	Amount in Rs crore
	FIs / Banks			
1	Export Import Bank of India Ltd AAA by Crisil, Icra	Bonds	5.90% for 3 years with put/call at the end of 18 months.	600
2	Housing Development Finance Corp Ltd AAA by Crisil, Care	Bonds	7.95% for 4 years.	700
3	NABARD AAA by Crisil, Icra, Care	Bonds	7.19% for 3 years.	200
4	Corporation Bank AAA by Crisil, Care	Upper Tier II Bonds	8.75% for 15 years with a step up of 25 bps if call is not exercised at the end of 10 year.	550
5	Indusind Bank Ltd AA- Care	Lower Tier II Bonds	9.50% for 63 months.	420
	NBFCs			
1	Shriram City Union Finance Ltd A+ by Fitch	NCD	7.82% for 3 years.	175
2	Sundaram Finance Ltd AA+ by Icra	NCD	8.10% for 3 years.	100
3	IFCI Ltd AA- by Brickworks	NCD	9.55% for 15 years.	225
4	Power Finance Corp Ltd AAA by Crisil, Icra	STRIPS	8.70% for 5,10 and 15 years.	4000
5	Bajaj Auto Finance Ltd AA+ by Crisil, Icra	NCD	9.75% for 10 years.	50
6	Infrastructure Development Finance Corp Ltd AAA by Fitch, Icra	Bonds	8.90% for 15 years.	200
7	L&T Infrastructure Finance Co Ltd AA+ by Care	NCD	8.91% for 8 years.	525
8	SREI Infrastructure Finance Ltd AA- by Fitch, Care	NCD	10.20% for 10 years.	200
9	Infrastructure Development Finance Corp Ltd AAA by Fitch, Icra	Bonds	8.96% for 15 years.	250
10	Infrastructure Development Finance Corp Ltd AAA by Fitch, Care	Bonds	9.03% for 15 years.	200
	Central Undertaking			
1	Steel Authority of India Ltd AAA by Care, Fitch	NCD	8.75% for 10 years.	525
2	Indian Railway Finance Corp Ltd AAA by Crisil, Icra, Care	STRIPS	8.70% for 5,10 and 15 years.	4000
	Corporates			
1	United Phosphorus Ltd AA+ by Care	NCD	9.70% and 9.95% for 7 years and 10 years, with a step up of 20 bps and 25 bps if call is not exercised at the end of 5th and 6th year respectively.	300
2	DLF Ltd A+ by Crisil	NCD	10% and 10.25% for 2 years and 3 years.	1000
3	Tata Capital Ltd LAA+ by Icra	NCD	7.57% for 27 months.	20
4	Hindustan Petroleum Corp Ltd AAA+ by Crisil	Bonds	7.70% for 3 years.	1000
	Total			**15240**

Note: Total for April-09 (a year ago): Rs 6,386 crore. Total for March-10 (a month ago): Rs 5,245 crore.
Source: *www.debtonnet.com*

Appendix XI: Monthly and Yearly Percentage Change in the Stock Indices of BSE and NSE						
Index	Base Year	March 2010 Closing	April 2010 Closing	April		% Change over the
				High	Low	
BSE Indices						
BSE SENSEX	1978-79	17527.8	17558.7	18047.9	17276.8	0.18
BSE Mid-Cap	2002-03	6806.2	7184.8	7207.4	6830.6	5.56
BSE Small-Cap	2002-03	8497.4	9207.1	9293.7	8523.5	8.35
BSE 100	1983-84	9300.2	9379.0	9571.5	9165.7	0.85
BSE 200	1989-90	2199.5	2230.2	2267.1	2175.2	1.39
BSE 500	1998-99	6919.6	7042.7	7140.2	6863.8	1.78
BSE IPO	3-May-2004	2014.4	2092.5	2109.9	2017.9	3.87
BSE TECk	2-Apr-2001	3280.1	3314.0	3451.0	3278.3	1.03
BSE PSU	1998-99	9038.3	9113.1	9288.0	8761.1	0.83
BSE AUTO	1-Feb-1999	7671.2	7799.9	7867.9	7435.3	1.68
BANKEX	01 Jan 2002	10652.4	11155.1	11241.0	10389.0	4.72
BSE CG	1-Feb-1999	14081.7	14028.8	14516.1	13750.3	-0.38
BSE CD	1-Feb-1999	4220.7	4645.3	4668.6	4222.9	10.06
BSE FMC	1-Feb-1999	2831.1	2877.8	2919.8	2820.0	1.65
BSE HC	1-Feb-1999	5328.4	5344.7	5450.5	5243.4	0.31
BSE IT	1-Feb-1999	5237.5	5357.8	5584.6	5243.4	2.30
BSE METAL	1-Feb-1999	17973.8	17664.8	18736.8	17463.7	-1.72
BSE REALTY	2005	3273.6	3491.2	3649.0	3297.3	6.65
BSE OIL&GAS	1-Feb-1999	10159.1	9923.7	10618.0	9708.0	-2.32
BSE -POWER	3-Jan-2005	3085.7	3170.6	3225.1	3088.9	2.75
Dollex 30		3174.4	3234.0	3338.3	3182.0	1.88
Dollex 100		2122.3	2176.7	2231.1	2127.1	2.56
Dollar 200		807.8	833.0	850.5	811.1	3.12
NSE Indices						
S&P CNX Nifty	1995	5249.1	5278.0	5399.7	5092.2	0.55
CNX Midcap	2003	7704.9	8061.1	8072.0	7554.3	4.62
CNX Nifty Junior	1996	10773.8	11082.1	11129.9	10582.0	2.86
Nifty Midcap 50	2004	2693.0	2838.0	2844.0	2645.8	5.39
S&P CNX Defty	1995	4046.8	4117.8	4218.3	3868.8	1.76
S&P CNX 500	1994	4313.3	4368.1	4446.4	4247.9	1.27
CNX 100		5188.1	5235.8	5340.2	5045.3	0.92
CNX IT	1996*	5856.0	5985.8	6230.6	5843.5	2.22
BANK Nifty	2000	9459.6	9870.4	9923.2	9073.5	4.34
Memo Item						
India VIX		19.9	20.4	23.3	12.6	2.42
Note:*the base value has been changed from 1000 to 100 with effect from May 24, 2004						
Source: : BSE (www.bseindia.com) and NSE (www.nseindia.com)						

Appendix XII: Details of State Government Borrowing *(Amount in Rs crore)*							
Date of Auction	Name of the State	Notified Amount	Accepted Amount	Bid Cover Ratio	Wtd Yield at cut-off price (in %)	Weighted Average Yield	Greenshoe Amount
12-Apr-10	Andhra Pradesh	1500	1425	2.07	8.57	8.53	-
	Haryana	1000	955	1.96	8.57	8.53	-
	Punjab	800	780	1.98	8.56	8.52	-
	Uttarakhand	500	485	2.22	8.58	8.53	-
	West Bengal	2000	1957	2.09	8.58	8.54	-
27-Apr-10	Andhra Pradesh	500	452	6.69	8.49	8.48	-
	Bihar	1000	921	3.37	8.53	8.51	-
	Mizoram	100	98	7.16	8.52	8.52	-
	Uttar Pradesh	2000	1851	2.83	8.55	8.52	-
	West Bengal	500	463	5.72	8.51	8.49	-
	Total	**9900**	**9387**	**2.82**	**8.56**	**8.52**	
Source: *RBI's Press Releases.*							

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