



Confederation of Indian Industry  
Since 1895

# Economy Update

■ Weekly Newsletter

■ 18-24 April 2011

## INDICATORS

### Inflation Rate for the week ending 9 April 2011

Categories	Weekly	Annual
Primary articles	0.2	12.0
Fuel, power, light & lubricant	0.0	13.1

- The annual **inflation** in **primary articles** increased to 12.0% for the week ended 9 April 2011, from 11.4% in the previous week.
- The annual **inflation** in **food articles** increased to 8.7% for the week ended 9 April 2011, from 8.3% in the previous week.
- Inflation based on all India **CPI** agricultural labour and rural labourers rose to 9.14% and 8.96% respectively in March 2011.
- India's **Exports in 2010-11** registered a growth of 37.5% and reached US\$ 245.9 billion. **Imports** for the same period stood at US\$ 350.3 billion and the **trade deficit** came down to US\$ 104.4 billion.
- **FDI in services sector** declined by nearly 22% to US\$ 3.3 billion during April 2010– February 2011.
- The IMD expects 98% of **average rainfall** during this year's monsoon season, which is well within the normal range.
- **Foreign Exchange Reserves** as on 15 April 2011 stood at US\$ 307.9 billion, down by US\$ 0.3 billion from the previous week.
- The **call money rates** as on 22 April 2010 traded in the range of 5.0 – 6.3%.
- At the **Treasury bills auctions** held during the week, the YTM for 91-day T-Bills stood at 7.4%.



### Dear Reader,

India's exports have bounced back in 2010-11 touching \$245.9 billion and showing strong growth of 37.5%. Robust export performance is attributable to revival in demand prospects from US, EU and the exploration of new export avenues in new markets particularly Latin America and Africa. Sectors such as Engineering goods, Petroleum products, Gems and jewellery, Drugs & pharmaceuticals and labour intensive sectors such as carpet, jute and leather played key role in robust performance of exports. Imports, on the other hand, grew at a relatively slower pace of 21.5%, despite increasing pressure on crude oil prices, and aggregated \$350.3 billion. The trade deficit is therefore not as high as was earlier expected and the current account deficit may be contained within 2.5-2.7% of GDP. Exports must continue to expand at a rapid pace in the current year for the deficit to remain in control, given that oil prices are likely to remain high through this year.

**Chandrajit Banerjee**

Director General, CII

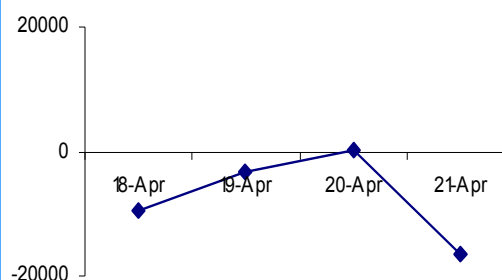
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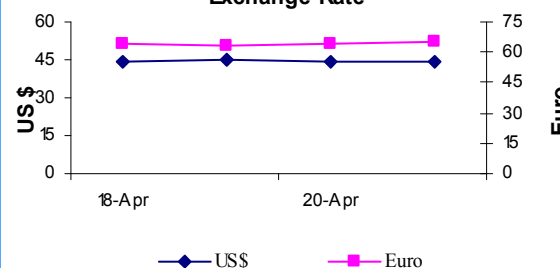
## POLICY DEVELOPMENT

- To track the increase in costs in the services sector, Department of Industrial Policy and Promotion (DIPP) plans to bring out services price indices (SPIs) from July.
- Micro, Small and Medium Enterprises (MSME) are demanding that the government should make it mandatory for all government departments, PSU and states funded infrastructure projects to purchase 20% of their requirements from the sector. Currently, the Government procures 4-5% from MSMEs out of its annual Rs 1,70,00 crore purchases
- India's Insurance Regulatory and Development Authority (IRDA) is set to change rules for pension plans that accounts for nearly 30% of the life insurance industry's business.

Net Absorption through LAF (Rs Crore)



Exchange Rate



## BANKING INDICATORS

Indicators	Outstanding as on 8 April ,2011	% Variation over	
		Fortnight	Year
<b>Total Bank Credit</b>	<b>39,56,407</b>	<b>0.5</b>	<b>22.0</b>
<b>Food Credit</b>	<b>49,927</b>	<b>-22.3</b>	<b>3.7</b>
<b>Non Food Credit</b>	<b>39,06,480</b>	<b>0.8</b>	<b>22.3</b>
<b>Aggregate Deposit</b>	<b>53,24,953</b>	<b>2.3</b>	<b>17.2</b>
<b>Broad Money (M3)</b>	<b>66,28,680</b>	<b>2.0</b>	<b>17.0</b>
<b>Credit Deposit Ratio</b>	<b>74.3</b>		

Source: RBI

## EQUITY MARKETS

- Despite S&P Rating services downgrading its outlook on the US to negative, US major indices showed positive signs due to strong tech earnings (Intel, United Technologies and Freeport-McMoRan). The positive sentiment in tech has pushed up the DJIA by 1.3% from the previous week.
- Nikkei 225 shows a 0.9% growth over last week as the Japanese Cabinet approved emergency budget of Yen 4.0 trillion for disaster relief which included Yen 1.6 trillion for infrastructure.
- Key Indian benchmark indices turned green in the week ending 21 April 2011 due to firm global stocks and India Meteorological Department's prediction of normal monsoon this year. However, the companies named in telecoms graft scandal plunged in huge volumes after a court rejected bail pleas of their executives.
- Total turnover during the week on BSE stood at Rs 27,390 crore and on NSE at Rs 65,962 crore.

## COMMODITY MARKETS

- NYMEX **light sweet Crude Oil** for May delivery stood at US\$ 112.3 per barrel on 21 April 2011, up by US\$ 2.6 per barrel from the previous week.
- New York **spot price for Gold** was US\$ 1,503.8 per ounce as on 21 April 2011, up by US\$ 18.5 per ounce from the previous week.

Global Stock Indices	Closing Value as on 22 April 2011	Weekly Change (%)
<b>NYSE: DJIA</b>	<b>12,506.0</b>	<b>1.3</b>
<b>FTSE 100</b>	<b>6,018.3</b>	<b>0.4</b>
<b>Nikkei 225</b>	<b>3194.7</b>	<b>0.9</b>
<b>Straits Times</b>	<b>2197.8</b>	<b>2.7</b>
<b>KOSPI</b>	<b>2,140.5</b>	<b>0.6</b>

Source: Yahoo Finance

Indian Equity Indices	Closing Value on 22 April 2011	Week's % Change
<b>BSE SENSEX</b>	<b>19,602.2</b>	<b>1.1</b>
<b>BSE 500</b>	<b>7,582.3</b>	<b>0.7</b>
<b>S&amp;P CNX NIFTY</b>	<b>5,84.7</b>	<b>1.0</b>
<b>S&amp;P CNX 500</b>	<b>4,711.6</b>	<b>0.7</b>

Source: NSE, BSE

### Net Institutional Activity

	Equity	Debt
<b>Weekly FII (US \$ Million)</b>	<b>429.1</b>	<b>-60.2</b>
<b>Year -to-date FII (US\$ million)</b>	<b>1,444.3</b>	<b>-839.2</b>
<b>Weekly Mutual Funds# (Rs Crore)</b>	<b>112.3</b>	<b>6,579.1</b>

Source:SEBI

#as on 21 April, 2011

Commodity Spot Indices	Closing Value as on 23 April 2011	Week's % Change
<b>MCX AGRI</b>	<b>2,684.0</b>	<b>0.7</b>
<b>MCX METAL</b>	<b>4,748.7</b>	<b>2.8</b>
<b>MCX ENERGY</b>	<b>3,406.9</b>	<b>2.7</b>
<b>MCX COMDEX</b>	<b>3,637.5</b>	<b>2.5</b>

Source: MCX, NCDEX

## INDUSTRY NEWS

### Aerospace & Defence

- India is likely to have exported US\$ 2 billion worth of aerospace and defence components in 2011. The bulk of the exports went to the US, Germany, France, Singapore, the UK, Russia, New Zealand, the Netherlands, Israel and Malaysia, which accounted for 90% of the total exports.

### Automobile

- German tyre maker Continental AG will buy Modi Tyres Co. Ltd (MTCL), a subsidiary of V.K. Modi owned Modi Rubber Ltd, giving it direct entry into the Indian market.

### Banking

- SBI withdraws teaser home loans scheme after coming under pressure from India's banking regulator.

### Energy

- The Government has directed Reliance Industries to immediately stop supplying gas from KG-D 6 block to refineries, steel firms and petrochemical plants and divert the volume to meet the demand of priority consumers, suffering a pro-rata fuel supply cut after the block's output dropped by about 28%.
- Reliance Industries is set to invest Rs 1.5 lakh crore in the next five years.

BSE Indices	Closing Value on 21 April 2011	Week's % Change
<b>AUTO INDEX</b>	<b>9,662.0</b>	<b>2.4</b>
<b>BANDEX</b>	<b>13,545.1</b>	<b>1.2</b>
<b>BSE CAPITAL GOODS</b>	<b>13,644.1</b>	<b>-2.4</b>
<b>BSE CONSUMER DURABLE</b>	<b>6,483.5</b>	<b>1.6</b>
<b>BSE FMCG</b>	<b>3,730.4</b>	<b>0.4</b>
<b>BSE HEALTHCARE</b>	<b>6,157.8</b>	<b>0.3</b>
<b>BSE INFOTECH</b>	<b>6,210.3</b>	<b>-0.8</b>
<b>BSE MID CAP</b>	<b>7,235.3</b>	<b>0.4</b>
<b>BSE SMALL CAP</b>	<b>8,878.6</b>	<b>0.8</b>
<b>BSE TECK INDEX</b>	<b>3,741.8</b>	<b>-0.3</b>
<b>METAL INDEX</b>	<b>16,658.6</b>	<b>2.0</b>
<b>OIL &amp; GAS INDEX</b>	<b>10,309.3</b>	<b>2.8</b>

Source: BSE

CNX Segment Indices	Closing Value on 21 April 2011	Week's % Change
<b>CNX NIFTY Junior</b>	<b>11,532.9</b>	<b>-0.6</b>
<b>CNX MIDCAP</b>	<b>8,314.0</b>	<b>0.0</b>
<b>BANK NIFTY</b>	<b>11,894.8</b>	<b>1.4</b>
<b>CNX IT</b>	<b>6,780.9</b>	<b>-0.9</b>
<b>CNX Realty</b>	<b>318.6</b>	<b>-1.2</b>
<b>CNX Infrastructure</b>	<b>3,140.1</b>	<b>-1.1</b>

Source: NSE

## GLOBAL NEWS

### USA

- In the week ending April 16 2011, the advanced figure for seasonally adjusted initial claims was 403,000, a decrease of 13,000 from the previous week's revised average of 416,000.
- The US Federal Reserve's Balance sheet grew to US\$ 2.7 billion on April 20 from US\$ 2.6 billion on April 13 as the central bank bought more bonds in an effort to support the economy.
- S&P Rating Services cuts its outlook on the US to negative , increasing the likelihood of a potential downgrade from its triple A rating, as the path from large budget deficits and rising government debt remains unclear.

### Europe

- The external current account in EU 27 recorded a deficit of 18.2 billion euro in the fourth quarter of 2010, compared to a deficit of 4.8 billion in the fourth quarter of 2009 and a deficit of 15.5 billion

in the third quarter of 2010.

- Portugal's 2010 budget deficit was revised to 9.1% of GDP from 8.6% estimated earlier.

### Asia

- Japan announced a US\$ 50 billion emergency budget for reconstruction work in its tsunami hit areas and widened a 20 km evacuation zone around crippled Fukushima nuclear plant due to concerns over high radiation.
- Singapore's inflation climbed to 5% in March as housing and transportation costs surged.
- China's tax revenue grew at a slower pace in the first quarter of this year as business and consumption tax receipts expanded moderately. Tax revenue totaled 2.3 trillion yuan (US\$ 359 billion) through March, registering an annual growth of 32.4%

### Disclaimer

The data used here are from various published and electronically available primary and secondary sources. We have taken care to verify and cross-check the accuracy of such data. However, despite due diligence, the source data may contain occasional errors. In such instances, CII is not responsible for such errors.

CII Economy Update is a weekly report prepared by the **CII Economic Research Group**.  
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