



Policy Developments

☞ The Development Committee of the World Bank, in its meeting held on 25th April, 2010 at Washington DC, took historic decisions relating to increasing the financial capacity of the Bank and enhancing the role of developing countries in its governance. The changes in the shareholding structure of the Bank would make India the 7th largest shareholder in the Bank. In recognition of the global economic changes that are taking place, the voting power of countries like India, China, Brazil, Indonesia, Mexico and Turkey has increased. The Development Committee also agreed to raise the capital base of the Bank through a General Capital Increase. This increase is taking place after a gap of over 30 years. There was an agreement to raise the authorized capital of the Bank by \$58 billion with a paid in portion @ 6% amounting to \$3.5 billion. [More](#)

☞ Reserve Bank of India (RBI) has come out with its Annual Policy Statement for the year 2010-11. RBI has projected the real GDP growth for 2009-10 at 7.5%. The statement says that the industrial recovery has become more broad based with 14 out of 17 industry groups recording accelerated growth during April, 2009 – February, 2010. Under the assumption of a normal monsoon and sustenance of good performance of the industrial and services sectors on the back of rising domestic and external demand, the baseline projection of real GDP growth for 2010-11 has been placed at 8.0% with an upside bias. The baseline projection for inflation based on Wholesale Price Index has been placed at 5.5%. [More](#)

☞ RBI has decided to increase the Cash Reserve Ratio for Scheduled Commercial Banks by 25 basis points from 5.75 per cent to 6.00 per cent of their net demand and time liabilities with effect from the fortnight beginning April 24, 2010. It has also decided to increase the repo rate under the Liquidity Adjustment Facility from 5.00 per cent to 5.25 per cent and the reverse repo rate from 3.50 per cent to 3.75 percent with immediate effect. [More](#)

☞ RBI has decided to permit the recognized stock exchanges in India to introduce plain vanilla currency options on spot US dollar/rupee exchange rate for residents. At present, Indian residents are permitted to trade in futures contracts in four currency pairs on two exchanges, viz: National Stock Exchange and Multi Commodity Exchange. [More](#)

☞ Securities and Exchange Board of India has decided to introduce derivative contracts on volatility index subject to the condition that the underlying volatility has a track record of at least one year and the exchange has in place the appropriate risk management framework for such contracts. [More](#)

☞ RBI has announced changes in the guidelines issued to securitization companies and reconstruction companies. According to the changed guidelines, securitization companies /reconstruction companies can acquire the assets either in their own books or directly in the books of the trusts set up by them. With a view to bringing transparency and market discipline in the functioning of these companies, additional disclosures related to assets realized during the year, value of financial assets unresolved as at the end of the year, value of security receipts pending for redemption, etc., have been prescribed. [More](#)

☞ RBI has decided that annuities under the build-operate-transfer model in road and highway projects and toll collection rights should be treated as tangible securities subject to the condition that banks' right to receive annuities and toll collection rights is legally enforceable and irrevocable. RBI has also suggested that banks can classify their investments in non-SLR (Statutory Liquidity Ratio) bonds issued by infrastructure companies with a minimum residual maturity of seven years under the held to maturity category instead of the held for trading category or available for sale category, which are subject to mark-to-market requirements. [More](#)

Economic News

🌀 The Index of six core industries having a combined weight of 26.7 per cent in the Index of Industrial Production(IIP) with base 1993-94 stood at 257.4 (provisional) in March 2010 and registered a growth of 7.2% (provisional) compared to 3.3% registered in March 2009. During Apr 2009 to Mar 2010, six core industries registered a growth of 5.5% as against 3% during the corresponding period of the last year. [More](#)

🌀 The annual rate of inflation based on monthly Wholesale Price Index, stood at 9.90% for the month of March, 2010, as compared to 9.89% for February, 2010 and 1.20% during the corresponding month of the previous year. [More](#)

🌀 The Indian economy is projected to grow at 8.75 per cent in 2010 and 8.5 per cent in 2011, according to the World Economic Outlook report (2010) by the International Monetary Fund. The report states that domestic demand will strengthen as the labour market improves, and investment is expected to be boosted by strong profitability, rising business confidence and favourable financing conditions. [More](#)

🌀 India's subscriber base in wireless segment increased from 564.02 million in February, 2010 to 584.32 million in March, 2010, an increase of 20.3 million subscribers. The overall tele-density has touched 52.74%. The broadband subscriber base has reached 8.75 million in March, 2010. [More](#)

🌀 The amount of private equity (PE) and venture capital (VC) funding in India touched US\$ 1.9 billion in the first three months of 2010, according to a report by global consulting firm, Deloitte. This funding came from 88 transactions, with an average deal size of US\$ 22.1 million. The amount accounts for nearly 50 per cent of the entire funding in the previous year of 2009, i.e., US\$ 4.4 billion from 299 deals with average deal size of US\$ 14.6 million. [More](#)

🌀 A total of 86 merger and acquisition (M&A) deals were registered during the month of March, 2010, surpassed the number of deals struck in March 2009

(67) and March 2008 (33). The total value of deals (including M&As and Private Equity) touched \$13.83 billion, which was higher than \$2.57 billion and \$4.83 billion registered in corresponding month of 2009 and 2008 respectively. [More](#)

🌀 According to a McKinsey report, India's middle class, which was 50 million in 2005, would jump by 11.6 times or about 583 million by the end of 2025. And, people who earn Rs 100,000/- per annum (\$2,222 per year) would grow four-fold from the current 4.4 million households to 18.1 million by 2020. [More](#)

Corporate News

🌀 India is expected to produce the highest number of new multinational companies. According to new report by Pricewaterhouse Coopers on emerging MNCs, over 2,200 Indian companies are likely to open operations outside India over the next 15 years. [More](#)

🌀 India's National Thermal Power Corporation has targeted a combined power generation capacity of almost 10,000 MW in Uttar Pradesh by 2017 from its present capacity of 5,500 MW. [More](#)

🌀 The Tamil Nadu Energy Development Agency (TNEDA) has decided to set up wind farms at offshore locations and along the coast line. The state of Tamil Nadu has achieved 4,889 MW of wind energy as on March, 2010. [More](#)

🌀 India's Tata Group has decided to form a joint venture with private equity investor, Actis. The joint venture plans to spend \$ 2billion in building roads over the next five years. The Tata Group will own 65% of the venture. [More](#)

🌀 IT solutions company Patni Computer Systems has bagged a contract from the Air Transport Association of America — the trade associations of US airlines, to develop, implement and maintain its data and information systems. [More](#)