

macroTRACK

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The integration of the economy with global markets brings both opportunities and challenges

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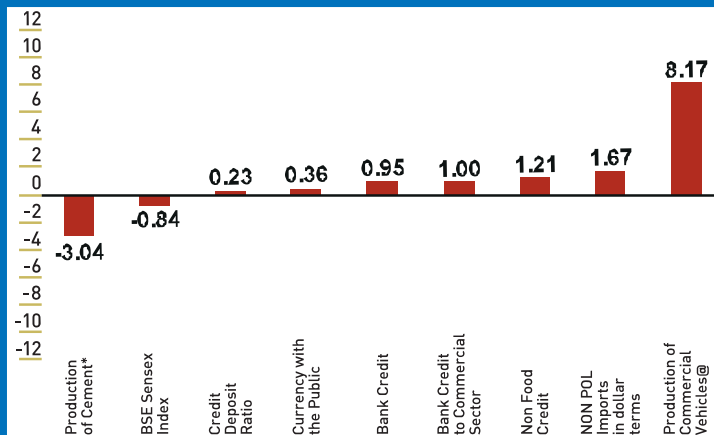
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LEADING ECONOMIC INDICATORS: GROWTH RATE (%) OF CYCLICAL COMPONENTS FOR MAY 2011 OVER THE PREVIOUS MONTH

The outlook remains positive for the short run



*April

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STEADY BUSINESS SENTIMENTS AND LOW POLITICAL CONFIDENCE

THE LATEST round of the Business Expectations Survey (BES) carried out in June 2011 points towards a continuation of the cautious outlook on the economy in the short term. The NCAER-MasterCard Index of Business Confidence (BCI) is at almost the same level as seen during the last round. The BCI has registered a marginal fall of just 0.1 percent in the July 2011 survey and hence stood at 145.2 points compared to 145.3 in April 2011.

Across the four dimensions of the business environment, the survey reflects significant uniformity in the pattern of changes in business sentiments, as three out of four components of the BCI show a drop. The positive 'investment climate' is the only indicator that now registers improvement. On the other hand, 'optimal capacity utilisation', which had registered some improvement during the previous survey, has now declined (Figure B1).

About 71 per cent of firms expect overall economic conditions to improve in the short run, while 66 per cent expect improvement in the financial position over the next six months. At slightly lower than the previous survey, 97.2 per cent of the firms now find capacity utilisation to be optimal. On the positive side, the percentage of respondents who find the investment climate to be better or the same

has crossed the 50 per cent mark. The assessment of the financial position of firms over the next six months has also not changed significantly in the present survey from the previous survey. Overall, the business sector is optimistic about the investment climate in the short run.

Clearly, rising inflation, global uncertainty and the complex process of legal action against corruption have required a cautious approach to business plans, at least in the short term.

Affected by the political turmoil, the Political Confidence Index (PCI) continues on its downward trend for the fourth consecutive quarter. The PCI has declined significantly from 103.6 in April 2011 to 77.6 in July 2011, i.e., by 26 points, thus reflecting the biggest fall in the PCI since July 2008. The high inflation rate, slower industrial growth and a politically turbulent period appear to have led to a perception of weakness in the political management of economic policies by the business sector.

In the present survey, ratings have declined for all eight components of the PCI, while in the previous survey only six components reported a decline. The components for which the rating has declined the most are 'managing government finances', 'managing overall economic growth', 'pushing economic reforms forward' and 'managing unemployment'. The survey results indicate that the PCI has declined in all five major sectors of the non-agricultural economy compared to the

Figure B1. The decline in business sentiments has been arrested

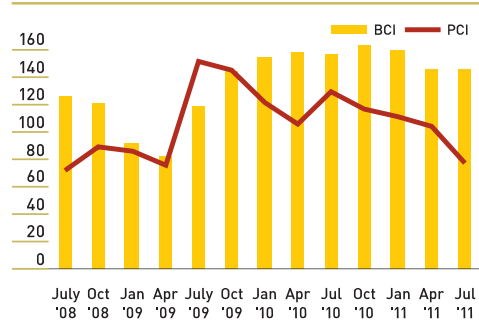


Figure B2. Region-wise quarterly change in BCI

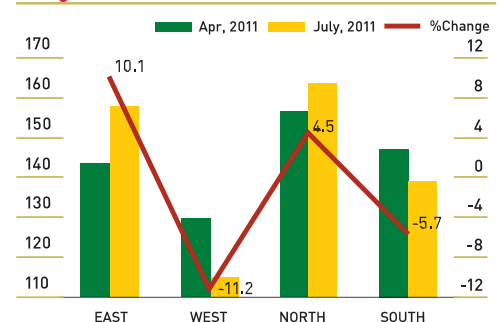


Table B1. Pattern of business expectations across sectors and regions: Apr- June 2011

% of Firms with Positive Expectations/ BCI	Consumer Non-Durables	Consumer Durables	Intermediates	Capital Goods	Services	East	West	North	South
Overall Economic Conditions	78.1	73.6	61.6	73.2	77.7	86.0	45.6	84.6	65.1
Financial position of Firm	70.3	62.3	60.5	67.0	72.3	78.1	53.5	71.8	60.5
Investment Climate	50.0	47.2	42.9	58.9	66.9	52.6	31.6	71.2	52.0
Capacity utilisation	98.5	92.5	96.7	98.2	98.5	96.5	97.3	96.8	98.0
Business Confidence Index	149.9	139.1	132.1	150.1	159.2	158.1	115.1	163.8	139.1

situation in April. Among the main sectors, the fall of the PCI is the highest in consumer durables followed by the capital goods sector. The smallest fall in the PCI is recorded in the case of the services sector.

The steep decline in the PCI and the simultaneously stable BCI point to strong underlying economic incentives for expansion of business activity but also significant constraints emanating from the global economy as much as policy uncertainty.

SECTORAL PATTERNS OF BUSINESS CONFIDENCE

A sectoral analysis of the BCI shows differences in perceptions. Three major sectors of the economy reveal a turnaround in the pattern of business confidence, while in the remaining two sectors expectations appear to be relatively less optimistic than before. The respondents in consumer durables, consumer non-durables and capital goods sectors show an improvement in the BCI. The rise in the BCI for capital goods is consistent with the recovery in the assessment of the investment climate, while optimism in the consumer non-durables sector is consistent with the improved IIP growth for April-May 2011 compared to its corresponding period in the previous year. On the other hand, respondents in the service sector and the intermediate sector show a drop in optimism (Table B1).

Among the five sectors, the decline in the BCI compared to the previous round has been the steepest in the services sector (4 per cent), followed by intermediates (2.5 per cent). The uncertainty in real estate development, slow global recovery and volatile capital markets may have affected sentiments in the service sector. Overall, despite the steep drop, the BCI remains the highest in the services sector, while the intermediates sector ranks the lowest among the sectors with its BCI at 132.1 points.

The capital goods sector tops the list, registering a rise of 5.5 per cent followed by consumer durables and consumer non-durables. The consumer non-durables sector is the only sector that

has registered an across-the-board improvement during the present round.

REGIONAL PATTERNS OF BUSINESS CONFIDENCE

Unlike in the April 2011 survey when none of the four regions showed an improvement in optimism, the present survey shows improved business sentiments in two regions, while in the remaining two regions it shows a drop. The highest level of optimism is recorded in East (10 per cent) followed by North (4.5 per cent), whereas in West and South it shows a drop (Figure B2).

The positive impact of a good rabi crop in 2011 may have contributed to some improved sentiments in North, whereas in the East political developments appear to have had a positive impact on business sentiments.

BUSINESS CONFIDENCE BY FIRM-SIZE & OWNERSHIP

The disaggregation of survey responses by firm size shows improved business sentiments for all the small-sized categories of firms, while for larger firms it shows a decline. Firms in the smallest size category (< 1 crore) have regained their position in terms of the BCI from the steep fall registered during the last round and have recorded the highest BCI at 154.1 points in the present round of the survey. These firms have indicated across-the-board improvement in the BCI, suggesting that the recovery in economic activity has resumed in the small and informal sector. This is followed by the largest sized firms (annual turnover > `500 crore) which scored 152.9 points in July 2011.

Across the firms by ownership categories, a uniform pattern of changes in business sentiments has been recorded in the present survey. Firms in both the public and private sectors show a decline in optimism. The main contributor for the sharp decline in public sector firms is lower expectations with respect to improvements in overall economic conditions and financial position in the next six months. The proportion of respondents perceiving the investment climate as positive has also gone down.

The highest level of optimism is recorded in East (10 per cent) followed by North (4.5 per cent), whereas in West and South it shows a drop

Global integration and the Impact of a Global Crisis

Although India's recovery may not have been the sole reason for the growth recovery of its neighbours, the combined effect of the strong performance of China and India helped the economies in the region to recover

THE INTEGRATION of the economy with global markets brings both opportunities and challenges. In the recent crisis and the expansion of the economy before the crisis, both these possibilities have been demonstrated. A review of the experience of other economies is useful to understand how similar or dissimilar India's case has been.

During the previous episode of a global growth slowdown in 2001, the continued strong performance of some of the developing economies led by China started a debate that there has been a decoupling of growth across different economies. While increased global integration of markets was a reality, what experience showed was also that the economies of the developing countries are becoming larger individually and to some extent able to withstand the shocks of slower growth in advanced economies.

The experience of the 2008 crisis was a deceleration in economic growth rate compared to the previous year. Combining Groups A and B across

the columns in Table E1, we see that among the selected countries only Nepal escaped the adverse effects of the crisis in 2008. The general experience of the selected countries reflects the strong linkage of the emerging economies of Asia to the advanced economies. The high-performing Southeast Asian economies experienced slower growth in 2008 as did many of the South Asian economies. In the case of China, the slowdown still left the economy's annual growth of GDP at 9.6 per cent in 2008 compared to 6.2 per cent for India. India's immediate neighbours, including China, experienced slower growth, with the exception of Nepal.

The growth recovery in 2009 was not as widespread as the initial impact of the global shock. Only India and some of its neighbours recovered growth momentum quickly. Although India's recovery may not have been the sole reason for the growth recovery of its neighbours, the combined effect of the strong performance of China and India helped the economies in the region to recover.

India, Pakistan, Bhutan and Myanmar registered sustained recovery of growth in 2010 and also their GDP growth rate in 2010 was higher than their growth in 2008. The other economies of developing Asia registered higher GDP growth rates in 2010 compared to 2008 with the exception of Bangladesh and Cambodia. Sri Lanka experienced a delay in recovering its growth momentum compared to its northern neighbour, India. The Southeastern economies of Indonesia, Malaysia, Vietnam, the Philippines and Thailand, and China registered higher growth rates in 2010 compared to 2008.

The strong economic growth in China and India may be expected to have positive spillover effects on the economies of the region given the large size of the two economies. It is not expected that these two large economies by themselves can maintain the growth momentum of the other economies in the region. Along with the integration of markets globally, there is also a need to encourage mechanisms that can reduce the impact of adverse shocks. With the prospects of yet another crisis in the advanced economies looming ahead, the merits of diversification of economic linkages have increased.

Table E1. The Global Economic Crisis and Recovery from Crisis: Experience of Selected Emerging Economies of Asia

Growth rate of GDP%	Performance in 2008 Over 2007 (Difference in GDP growth rate in 2008 over 2007)	
	Decline in growth rate (Group I)	Increase in growth rate (Group II)
Performance in 2009 Over 2008 (Difference in GDP growth rate in 2009 over 2008)		
Decline in growth rate (Group A)	Decline and delayed recovery: Bangladesh, Cambodia, Indonesia, Malaysia, Philippines, Sri Lanka, Thailand, Vietnam, China	No effect of the crisis: Nepal
Increase in growth rate (Group B)	Quick recovery: Bhutan, Myanmar, Pakistan, India	
Performance in 2010 Over 2008 (Difference in GDP growth rate in 2010 over 2008)		
Decline in growth rate (Group C)	Continued decline: Bangladesh, Cambodia	Delayed effect of crisis? Nepal
Increase in growth rate (Group D)	Delayed recovery: Sri Lanka, Thailand, Vietnam, Indonesia, Malaysia, Philippines, China Sustained recovery: Bhutan, Myanmar, Pakistan, India	

Note: Based on data on annual growth rates of GDP in constant prices provided in International Monetary Fund, "World Economic Outlook", April 2011.

World women: One Step Forward, Two Steps Back

WOMEN, AGAINST all odds, have progressed in different spheres including sciences, sports, business leadership and politics. However, this growth put a mask on other imperative issues crucial to build a progressive society. The degree of women empowerment varies across rich and poor countries. A significant proportion, 36%, of world women live in India and China, which ranked 113th and 73rd, respectively, out of 182 countries in the Gender-related Development index (GDI) in 2007-08¹. The index shows slow progress amongst developing countries including India which ranked 128 in 1998. Had there been greater improvement in some other aspects of human development, specifically, women health status, the change in world scenario would have been much faster.

The life of a woman is full of injustice especially in poor countries. Oppression starts from the mother's womb. Female fetuses are killed since girls cannot bring prestige and wealth to the family according to traditional cultural beliefs. The male-to-female sex ratio is persistently high in developing and underdeveloped countries despite several initiatives. It was 1.20 in China and 1.08 in India (age group: 0-5 years) in 2010.

Early childhood marriage for girl children is an easy solution to the family since the opportunity costs of raising girls are high. Thirty-five percent of women in developing countries in the age group of 20-24 got married before the age of 18. Bangladesh (66%) and India (47%) are countries with a high proportion of child marriages.

Life becomes more miserable for a woman after marriage especially from the reproductive health perspective (Table G1). Motherhood is a curse in disguise. Giving birth to a child in an unhealthy environment, the absence of skilled personnel attending births and the high frequency of childbirth take a life-long toll on the mother's health. In developing countries, 5% of married girls in the age group of 15-19 on average give birth to children instead of going to school. It is as high as 15% in the middle-African countries, while 6% girls in India experience the same.

Poor health infrastructure in developing countries plays a detrimental role in maternal

health. Only 57% of births are attended by skilled personnel in poor countries while it is 99% in rich countries. Unattended birth in an unhygienic environment increases the risk of infection among infants and mothers, resulting in both high infant mortality rate and risk of maternal death. While in Afghanistan 1 woman in 11 will die during pregnancy and childbirth, in Somalia and Congo, the risk is 1 in 14.

Several initiatives have been taken to empower women in developing countries including legislation of women quota in political representation at different levels of governance, asset inheritance law, incentives for female schooling, anti-dowry legislation, and protection from sex-based discrimination and sexual harassment in the work place. The spread of education at the grassroots level can play a phenomenal role. It is found that education alone can explain a significant part of reduced gender gaps. Similar to the U.S., policies in developing countries should encourage male members to share household and childcare activities with women.

Poor health infrastructure in developing countries plays a detrimental role in maternal health. Only 57% of births are attended by skilled personnel in poor countries while it is 99% in rich countries

1. http://hdr.undp.org/en/media/HDR_20072008_GDI.pdf

Table G1: Reproductive health indicators in selected countries

Countries	Total Fertility Rate (TFR)	Married women using contraception: Modern methods (in %)	Maternal deaths per 100,000 live births (2008)	Lifetime chance of dying from maternal causes 1 in :	% of births attended by skilled personnel
Developed	1.7	60	17	3600	99
United Kingdom	1.9	79	12	4700	99
USA	2.0	79	24	2100	100
Denmark	1.8	NA	5	10900	NA
Norway	2.0	82	7	7600	100
Sweden	1.9	65	5	11400	100
Less Developed	3.1	44	330	90	57
India	2.6	49	200	140	47
Pakistan	2.4	48	260	93	39
Bangladesh	4.0	22	340	110	18
Somalia	6.5	1	1200	28	33
Burkina Faso	6.0	13	560	14	54
World	2.5	55	260	140	67

Note: Figures taken from "The World's Women and Girls' 2011 Data Sheet" published by Population Reference Bureau, USA

Pricing of Irrigation Water in India

The revision of water rates is however not sufficient without strengthening the collection mechanism. The ineffectiveness of the existing machinery in ensuring timely realisation of the assessed water charges reflects a wide gap between the revenue assessed and the revenue actually realised by the States

1. This article is based on the report "Pricing of Water in Public System in India" published in October 2010 by the Central Water Commission.

WATER RATES should convey the scarcity value of the resource to users to maintain economy in water usage. However, this is easier said than done as illustrated in the case of irrigation¹.

Three main costs that need to be recovered in the case of irrigation water are operation and maintenance (O&M) costs, interest on capital cost with depreciation and inflation. Therefore, water charges for various uses should be fixed so that they cover at least the O&M charges of providing the service initially and part of the capital costs subsequently. These rates should be linked directly to the quality of service provided.

The basic objective is to fix rates to recover the costs. Nevertheless, a balance also has to be maintained keeping in view the farmers' economic backgrounds. The remedy has been to adopt the irrigator's point of view, i.e., water rates differ according to the paying capacity of the farmers. Water rates are specified by State Governments/UTs for different crops grown by cultivators. In general, water charges are based on the area under particular crops that get the facility through either Flow or Lift irrigation.

Despite the recommendations of various Finance Commissions, most State and Project Authorities/Corporations have remained unsuccessful in realising even the O&M costs of irrigation systems. This is because many states have not revised water rates for decades (Table W1) and, even

if they have, the years between current and previous revisions have been quite large (Table W2).

The revision of water rates is however not sufficient without strengthening the collection mechanism. The ineffectiveness of the existing machinery in ensuring timely realisation of the assessed water charges reflects a wide gap between the revenue assessed and the revenue actually realised by the States. This can be seen from the fact that the average revenue realised as a percentage of revenue assessed during 2000-01 to 2007-08 for the States varied between 0.86 and 92.14 per cent; this includes Andhra Pradesh (24.15%), Assam (0.86%), Bihar (7.73%), Chhattisgarh (31.72%), Gujarat (63.45%), Haryana (92.14%), Himachal Pradesh (71.25%), Jammu & Kashmir (56.46%), Kerala (83.58%), Madhya Pradesh (84.02%), Maharashtra (81.21%) and Orissa (61.66%).

In conclusion, recovering costs and a reasonable share of the benefit earned by the irrigator are necessary for the maintenance of irrigation systems in order to ensure improved quality of service. This system will ideally incentivise increased production through greater utilisation of irrigation. However, implementing such a system also means reviewing and revising the tariff structure on regular intervals of 5 to 10 years with an inbuilt provision for automatic increases every year to counteract inflation.

Table W1: Time Elapsed Since Last Revision in Irrigation Water Rates in India, 2010 (Selected States)

States/UTs	Rates (Rs./Hectare)	Date Since Applicable	Time Elapsed Since Last Revision in Water Rates
Goa	120.00 to 600.00	01.02.1988	22 years
Tamil Nadu	2.77 to 61.78	01.07.1962	48 years
Delhi	22.23 to 711.36	1951/1979	31 years
Kerala	37.00 to 99.00	18.09.1974	36 years
West Bengal	37.05 to 123.50	06.04.1978	33 years
Daman & Diu	200	1980	30 years
Puducherry	12.50 to 37.50	31.03.1979	31 years

Source: Central Water Commission (2010). "Pricing of Water in Public System in India", October.

Table W2: Time between Current and Previous Revisions in Irrigation Water Rates in India, 2010 (Selected States)

States/UTs	Rates (Rs./Hectare)	Date Since Applicable	Time Between Previous and Current Revisions in Water Rates
Andhra Pradesh	148.20 to 1235.00	01.07.1996	14 years
Assam	150.00 to 751.00	30.03.2000	10 years
Chhattisgarh	123.50 to 741.00	15.06.1999	11 years
Haryana	86.45 to 197.60	27.07.2000	10 years
Karnataka	37.07 to 988.40	13.07.2000	10 years
Rajasthan	29.64 to 607.62	24.05.1999	11 years
Uttarakhand	60.00 to 948.00	18.09.1995	15 years
Uttar Pradesh	30.00 to 474.00	18.09.1995	15 years
Dadra and Nagar Haveli	110.00 to 830.00	29.01.1996	14 years

Source: Central Water Commission (2010). "Pricing of Water in Public System in India", October.

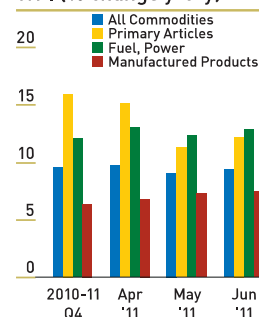
Select Economic Indicators

PERCENTAGE VARIATION (Y-O-Y)*

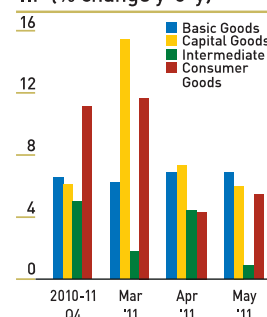
	2009-10	2010-11	Q1	Q2	Q3	Q4	APR	MAY	JUN
INDEX NUMBER OF WHOLESALE PRICES									
All Commodities	3.8	9.6	10.5	9.3	8.9	9.6	9.7	9.1	9.4
Primary Articles	12.7	17.7	20.7	17.7	17.0	15.9	15.1	11.3	12.2
Fuel, Power	-2.1	12.3	14.0	12.3	10.9	12.1	13.0	12.3	12.8
Manufactured Products	2.2	5.7	6.0	5.3	5.2	6.3	6.8	7.3	7.4
Basic Goods	-1.6	8.3	9.2	8.1	7.8	8.1	8.3	6.6	8.8
Capital Goods	0.9	3.5	3.2	3.4	3.6	3.8	2.8	3.0	2.7
Intermediate Goods	-0.9	10.9	10.9	9.8	10.4	12.5	12.7	12.7	12.7
Consumer Goods	7.8	4.7	5.8	5.1	3.9	4.0	6.6	7.5	8.2
Consumer Durables	4.8	6.3	4.0	6.1	7.5	7.7	8.5	10.0	8.4
Consumer Non-durables	8.8	4.2	6.3	4.8	2.9	3.0	6.0	6.7	8.1
CPI Industrial Workers	12.4	10.4	13.7	10.3	9.2	9.0	9.4	8.7	8.6
CPI Agricultural Labourers	13.9	10.0	13.9	9.9	7.9	8.8	9.1	9.6	9.3
INDUSTRY									
IIP General	5.3	8.2	9.6	6.8	8.6	7.7	5.7	5.6	--
IIP Mining	7.9	5.2	8.0	6.3	6.3	1.0	1.3	1.4	--
IIP Electricity	6.1	5.5	5.4	2.1	6.5	8.1	6.4	10.3	--
IIP Manufacturing	4.8	8.9	10.4	7.4	9.2	8.7	6.3	5.6	--
IIP Basic Goods	4.7	6.0	5.5	3.9	7.8	6.5	6.9	7.2	--
IIP Capital Goods	1.0	14.9	17.2	15.8	22.1	6.1	7.3	5.9	--
IIP Intermediate Goods	6.0	7.3	10.7	6.3	7.4	5.1	4.4	0.9	--
IIP Consumer Goods	7.7	8.4	11.5	6.6	4.4	11.1	4.4	5.4	--
IIP Consumer Durables	17.0	14.1	19.7	12.4	9.7	14.8	3.8	5.2	--
IIP Consumer Non-durables	1.4	4.1	5.4	2.1	0.3	8.1	4.9	5.6	--
Coal Production	9.5	4.6	8.7	3.7	4.5	1.8	2.8	1.1	--
Electricity Generation	6.2	5.5	5.7	2.5	5.6	8.2	6.8	10.3	--
Steel	6.0	8.9	8.6	6.3	10.1	10.5	4.8	6.1	--
Cement	10.5	4.5	7.0	2.1	3.8	4.9	-1.1	-2.3	--
Crude Oil	0.5	11.9	5.9	14.5	15.5	11.7	11.0	9.7	--
Petroleum Refinery	-0.4	3.0	5.3	0.0	-0.1	6.9	6.6	4.5	--
MONEY & BANKING									
M3	19.2	16.1	15.3	15.2	17.3	16.0	17.7	16.9	17.2
Net Bank Credit to Central Government	42.5	21.3	27.4	20.1	22.6	18.2	17.4	17.9	20.0
RBI Credit to Central Government	-203.9	233.0	270.9	482.7	370.4	86.9	92.5	79.1	65.4
Bank Credit to Commercial Sector	13.8	20.4	16.1	18.7	20.8	20.6	21.7	21.7	20.3
Bank Credit	14.2	20.9	17.2	19.2	21.2	21.4	21.9	22.2	21.0
Food Credit	-0.8	15.3	-2.0	18.4	31.1	32.6	-9.1	42.9	47.2
Non-food Credit	14.5	21.0	17.5	19.2	21.1	21.2	22.4	21.0	20.6
Bank Rate (%)	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
PLR (%)	11.9	9.3	9.0	9.0	8.0	8.8	8.9	9.6	9.3
Auc 91 dtb (%)	3.5	6.3	4.8	6.1	7.0	7.2	7.5	8.1	8.2
EXTERNAL SECTOR									
Exports (\$)	-3.6	38.2	41.2	20.0	31.0	57.4	34.4	56.9	46.4
Imports (\$)	-5.2	19.9	31.7	24.3	4.1	22.5	14.1	54.1	37.1
Trade Balance (\$ million)	-109203	-98255	-28002	-30634	-21813	-17806	-8985.0	-14965.7	-7659.4
Foreign Currency Assets (\$ million)	254485	273698	251383	266507	267814	273698	282087.0	313511.0	277093.0
Exchange Rate (Re/\$)	4.6	-3.5	-5.8	-3.9	-3.8	-0.4	-0.15	-4.74	-1.44
Exchange Rate (Re/£)	-3.5	-5.8	-10.0	-9.2	-7.0	3.6	6.6	7.6	4.5
FISCAL (CENTRE)									
Total Receipt	10.0	36.9	178.0	13.6	44.0	2.7	-5.8	-29.6	-59.6
Revenue Receipt	5.7	38.0	177.5	15.0	28.5	12.8	-47.0	-31.1	-59.9
Tax Revenue	2.6	24.7	32.6	22.1	29.4	19.6	-62.5	-11.5	6.7
Non-tax Revenue	19.7	90.9	1238.3	-2.3	23.7	-17.4	6.5	-74.5	-93.6
Total Expenditure	15.5	17.7	23.0	17.4	-3.8	32.5	29.6	-0.7	-0.4
Plan Expenditure	9.7	24.9	60.7	13.4	-3.8	38.4	-10.6	0.3	-4.8
Non-plan Expenditure	18.2	14.7	8.4	19.0	-3.8	30.0	45.5	-1.2	3.1
Fiscal Deficit (Rs crore)	330114	412307	40196	93056	37997	37997	52866	56065	31927
Revenue Deficit (Rs crore)	247046	332553	10577	64344	41388	41388	60615.0	49454.0	24552.0
CAPITAL MARKETS									
Sensex	30.3	18.0	28.8	15.4	19.4	10.5	9.0	9.2	6.5
Market Capitalisation	37.7	24.7	42.7	25.8	25.4	9.9	9.7	10.3	5.4
All-India Net FII Investment	-562.7	11.1	10.8	78.8	47.1	-79.2	-41.9	-136.0	-97.3

* Actuals where indicated

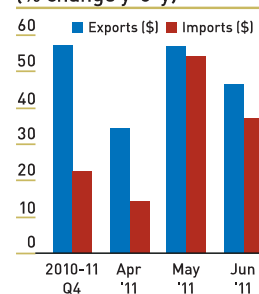
WPI (% change y-o-y)



IIP (% change y-o-y)



External Trade (% change y-o-y)



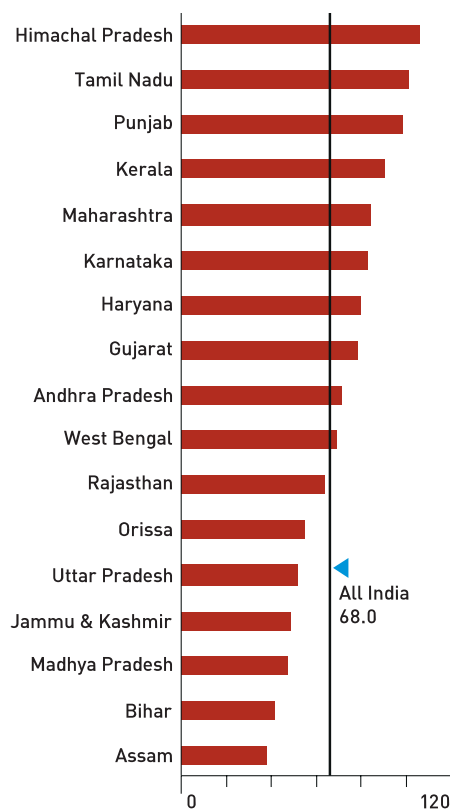
- Rise in prices of all major components pushed headline inflation further up to 9.4%
- Revised IIP numbers with 2004-05 base showed mixed growth pattern
- Exports continued its higher growth momentum

State-wise Wireless Teledensity as on March 31, 2011

STATES	RURAL	URBAN	TOTAL
Andhra Pradesh	32.6	173.3	71.6
Assam	23.7	120.2	38.1
Bihar	21.5	167.7	41.4
Gujarat	45.5	127.7	78.6
Haryana	50.0	139.1	80.0
Himachal Pradesh	65.8	430.6	106.1
Jammu & Kashmir	29.5	102.3	49.1
Karnataka	33.7	166.6	83.2
Kerala	44.7	224.1	90.5
Madhya Pradesh	22.6	116.2	47.5
Maharashtra	44.8	129.8	84.3
Orissa	27.8	189.6	55.0
Punjab	53.9	162.6	98.7
Rajasthan	38.0	144.5	63.5
Tamil Nadu	46.9	145.8	101.1
Uttar Pradesh	26.3	141.3	51.9
West Bengal	37.7	148.9	69.3
ALL INDIA	32.8	150.1	68.0

Source: TRAI (2011), Indian Telecom Services Performance Services Indicators, January -March 2011,

State-wise Wireless Teledensity as on March, 31, 2011



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