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The little things

- Food inflation falls to 6.6% for week end
- CII to cut 4500 jobs to trim cost

RBI worry prices to slowdown

Over 13 'baby step hikes', the Reserve Bank of India had relentlessly increased key interest rates in a bid to curb rampant inflation. But on Friday, it clearly signalled that its top priority from now on would be to revive flagging growth. While it left rates unchanged, cuts could be around the corner. The strategic shift will be good news for corporate, which can expect to get finance at lower interest rates. As for individual savers and small borrowers, it would be a good idea to lock into term deposits and avail of floating rate loans since rate cuts are around the corner.

RBI frees rates on NRE deposit

The RBI has unleashed new ammunition to support the rupee from depreciating. On Friday, it deregulated interest rates on NRI deposits to attract more dollar flow into the country. It has decided to deregulate interest rates on non-resident (external) rupee (NRE) deposits and ordinary non-resident (NRD) accounts with immediate effect. This will attract more dollar as banks are likely to increase the interest rates.



PM sees FDI in retail after

PM expects to succeed in his push to open the domestic retail market to foreign companies after regional elections conclude by the end of March. The government earlier this month suspended plans to open India's \$450 billion super-market sector to foreign firms.

EU banks face credit squeeze

The rates banks charge to lend dollars to one another are at their highest since late sept as the financial system faces a new credit squeeze. A slew of bad news has hit European banks this week. Five large lenders were downgraded and a sixth, Commerzbank, has seen its stock .

Rs 6 lakh cr Food Subsidy Bill in 3 years

NFSB has a laudable objective of eradicating hunger and malnutrition from the country in the shortest possible time. In line with that objective, the Bill proposes distributing highly-subsidised grains. The coverage is sought to be up to 75% of rural population and 50% of urban population. Bill also include maternity benefits of Rs 6,000 to 2.25cr pregnant and lactating women, setting up of national and state level food commissions, district-level grievance redressal offices, etc.

Fm asks banks to give exposure to stressed sector

The finance ministry has asked state-run banks to give details of their exposure to aviation, telecom, real estate and power companies in a move to arrest possible rise in bad loans. Net bank exposure these sectors, which are considered to be under stress, topped Rs 5 lakh cr at the end of Sept. A spike in bad loans will require banks to set aside capital to cover potential losses, which in turn will curb their credit growth and increase capital needs which is difficult to meet.

