

30 Jul 2012

## The little things

- **Forex reserves:** \$287.34 bn (as on Jul 20)
- **Brent Crude:** 106.43 USD
- **Sensex:** 16,839.2 (as on Jul 27) Net change: -319.2, or -1.86 %, (from Jul 20)
- **Gold (10 gm):** Rs. 27,413.91 (as on Jul 27, Mumbai)
- **Exchange rate (Rupee):** 55.34/\$ (as on Jul 27)

## Did you know?

- John Maynard Keynes was an advocate of deficit spending.
- The former IMF economist who spotted trouble brewing in the US before the 2008 crisis broke out, Raghuram Rajan, may succeed Kaushik Basu as the Chief Economic Advisor.

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## RIL IS SPACE-BOUND

RIL is set to invest up to \$1 bn in the aerospace business over the next few years, involving the 'design, development and manufacture' of equipment for military and civilian aviation purposes. Joining hands with global players, it seeks to bring in "sophisticated technology" to the country.

The move is expected to create around 1500 jobs.

## MORE PAIN FOR SPAIN

With its borrowing costs rocketing upwards (past 7.6%), Spain has conceded that it might need a bailout worth more than €300 bn. This is on top of the €100 bn already promised to Spain's banks.

## SLUMP IN CAPEX AND LOAN GROWTH

Lending by banks grows by 17.7% annually compared to the 19.3% registered last year, which stood at Rs. 47.24 tn as on Jul 13. Since February, the CRR as well as the repo rates have been cut to ease monetary conditions.

A survey by Crisil of 200 companies indicated a fall in capital expenditure by 14% in the current fiscal.

## MINISTRY OFFICIAL OR MICRO-MANAGER

Sending out as many as 36 directives in the last one year alone, the finance ministry is drawing criticism from the central bankers for micromanaging the lending operations of the banking sector. The finance ministry official, D. K. Mittal strongly proposes lending to small businesses and agriculture.

## DIESEL DEREGULATION UNLIKELY

For fear of possible pressure from opposition parties, the rates of diesel, cooking gas and kerosene are unlikely to be deregulated. Subsidy policies are under attack from various agents, with the contention being that their cuts are vital for reining in the fiscal deficit, currently at 5.9% of GDP (according to the budget). The ruling Congress party also cites the fact that food inflation is above 10%, a precarious situation in which to raise these prices.