

# FIN<sub>ly</sub>

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## The little things

- \* Food inflation: 9.01% ( for the week ended Nov 12)
- \* Brent crude: \$ 106.40
- WTI crude: \$ 96.77  
(Nov, Sunday 27)



## The Railways' quandary

With losses increasing at the rate of Rs. 30 billion every year (total losses equaling Rs. 149.77 billion for the year 2009-10), the Railways is in a spot of bother. The Railway Board prescribes fare hikes as the only solution to the problem. The premium on Tatvals was aimed at bringing down losses, but that alone isn't going to be enough.

Subsidized ticket fares, low rates of transporting commodities etc. have been avenues of revenue leakage.

## Central bank news

The RBI has announced reissue of Floating Rate Bonds (FRBs), worth Rs. 30 bn, which are to mature in 2020. Besides that, it is also auctioning two sets of government securities (one with coupon rate of 8.3%, maturing in the year 2040 and the other with a rate of 9.15% maturing in the year 2024).

The RBI also issued guidelines to banks and NBFCs to sponsor Infrastructure Debt Funds (IDFs), to promote infrastructure reforms.

## No more gas

The % rise in consumption of petroleum products has been steadily on the decline, due to weaker economic growth and concerns for the economy. The growth in consumption for the first half of 2011-12 was at 3.61%, despite a projected 4.58%.

## And no dividends too

Corporate India is paying out lesser dividends. Out of the 75 companies that did pay interim dividends (compared to 107 that did in the same period last year), the payout has declined from 40% to 32%. This in spite of the 22.3% rise in their net profits (compared to the same period last year)

## FDI in retail

New Delhi: The cabinet has approved 51% FDI in multi-brand retail. It has also removed the cap on single-brand retail, which was at 51%. The inflow is purported to help farmers and also strengthen rural infrastructure.

## The Portuguese hitch

After the ratings agency Fitch downgraded Portugal's sovereign debt rating from BBB-minus to BB-plus, European stocks and the euro fell. The Euro Stoxx 50 index fell 0.3% and the FTSE index fell 0.2%. Yields on German and Portuguese 10-year bonds rose.

## Relying on expansion

Reliance Industries is planning on venturing into the Financial, Education and Telecom sectors. Facing arbitration proceedings regarding KG-D6 oil and gas fields, the company's stock is down 23% from April levels.

## Tata, goodbye

The succession drama at one of India's biggest corporate houses has seen an unassuming outsider take the throne. Cyrus Mistry, youngest son of Pallonji Mistry was named deputy chairman of the Tata Group.