

Indbankonline

MARKETS FOR YOU

Private Circulation only

August - 2013

Issue - 75

From the President's Desk

The below are the words from one of the greatest investors:

"When stocks are attractive, you buy them. Sure, they can go lower. I have bought stocks at \$12 that went to \$2, but then they later went to \$30. You just don't know when you can find the bottom." – PETER LYNCH

Who is Peter Lynch? He joined Fidelity Investments as a research analyst, eventually becoming the firm's director of research. He managed Fidelity Magellan Fund from 1977 to 1990, during which time; the fund's assets grew from \$20 million to \$14 billion. More importantly, Lynch beat the S&P 500 index benchmark in 11 of the above 13 years, achieving an average annual return of 29%. Some of his important investment philosophies are:

1. Know what you own – Invest in what you know.
2. It's futile to predict the economy and interest rates.
3. Identify and recognize exceptional companies.
4. Be flexible, humble and learn from mistakes.
5. There's always something to worry about.

The most important of his philosophy is the thrust on localized knowledge and getting to know the businesses of the companies, before investing. Whenever, he is investing, he only invests in business he likes to be part of. This brings us to the basic question, of what will happen to the markets, due to the increasing deficits, frequent policy changes, looming general elections, FDI outflows, fluctuating financials etc.

The last month has been a difficult one for the investors due to free fall of the indices, which have been attributed to the above mentioned reasons. The decline had desired impact, with our clients wanting to know the bottoms, the support levels and we were bombarded with questions whether this will continue? It was really difficult for us to convince them that it is a futile exercise to time the markets.

Hence, decide your investment strategy and stick to it through difficult times. It so happens that we seldom sell our stock when it's going up, and buy when it is coming down. On both the instances we wait for further corrections and do the opposite, thereby missing the opportunity entirely. So segregate your investments, strategize, review periodically and stick to the strategies in times of low. Success stories are always built on long terms, because of appreciation and not through trading. **Let's start our own success story.**

Last, but never the least, this issue is the 75th – Platinum Jubilee issue of our Magazine. I take this opportunity to thank you all, for your continued patronage.

TILL THE NEXT ISSUE, HAPPY AND DILIGENT INVESTING!!!



Mr. BANABIHARI PANDA
President & Whole time Director
Indbank Merchant Banking Services Ltd

01/08/2013

75th Issue

Banabihari Panda

President and Whole Time Director
Indbank Merchant Banking Services Ltd



Indbank
Merchant Banking Services Ltd
(A Subsidiary of Indian Bank)

Our website : www.indbankonline.com

IMPORTANT HAPPENINGS

A. Economic Updates

1. RBI maintains "Status Quo" leaves the Repo Rate (7.25%), Reverse Repo Rate (6.25%) and Cash Reserve Ratio (4%) unchanged in its Quarterly Review of Monetary Policy held on 30.07.2013. The Marginal Standing Facility and bank rate stood at 10.25%.
2. Further, indications are that the liquidity tightening measures may be rolled back in a calibrated manner as the Rupee stabilizes.
3. Government increases import duty on raw sugar to 15% from the current 10%.
4. RBI orders state owned oil companies to purchase their dollar requirements from a single PSU to curb volatility in Rupee.
5. Government hikes Foreign Direct Investment (FDI) in 13 sectors. The key decisions are
 1. 100% FDI in Telecom Sector
 2. FDI cap in Insurance, Petroleum & Natural Gas, Commodity / Power Exchanges, Stock Exchanges hiked to 49%
 3. Defence Production hiked to 29% via Foreign Investment Promotion Board (FIPB) and 49% through Cabinet Committee on Security.
 4. Single brand retail, Tea Sector – 49% through automatic route and beyond 49% through FIPB.
 5. More clarity on Multi & Single Brand retail to follow.
6. The Pension Fund Regulatory and Development Authority (PFRDA) has allowed domestic pension funds to invest in Infrastructure Debt Funds (IDFs) set up as Mutual Funds.
7. RBI has allowed MCX-SX Clearing Corporation Limited to clear and settle all Over The Counter (OTC) trades in Corporate Bonds, Certificate of Deposits and Commercial Papers.
8. In a major push to FDI in civil aviation, FIPB has cleared the Jet- Etihad deal, allowing Etihad Airways to acquire 24% stake in Jet Airways

B. Regulatory Updates

9. SEBI gets power to monitor call records.
10. In a major push to revive IPO markets, SEBI has decided to fast track clearance of the offer documents for public shares sales.
11. Consent Orders of SEBI gets Legal Sanctity, as the Government amends SEBI Act, retrospectively.
12. The GoI of India has passed an ordinance empowering SEBI to regulate all Collective Investment Schemes having corpus of Rs. 100 Crs and above.

Snap Shots

Inflation (%)	4.86 (June 2013)	4.70 (May 2013)	4.70 (May 2013)	4.89 (April 2013)	4.89 (April 2013)
Particulars	26 th July 2013	19 th July 2013	12 th July 2013	05 th July 2013	28 th June 2013
91-Day Cut-off (%)	11.0031	—	7.4769	7.5186	7.4769
10-yr G-Sec yield (%)	8.3487	8.1256	7.6154	7.5925	7.6043
1-10 yr spread (bps)	(149)	(51)	9	5	13
USD/INR(Rs)	58.9133	59.7950	59.8960	60.3395	59.6995
USD 6m LIBOR	0.40	0.40	0.40	0.41	0.42
10 Y US Treasury	2.56	2.49	2.60	2.71	2.48
USD/Euro Spot	0.754111	0.760934	0.766567	0.779270	0.768630

Global Indices

Indices	Country	Index as on 28 th June 2013	Index as on 29 th July 2013	Variation (%) (Inc/ Dec)
NASDAQ	United States	3,403.25	3,599.14	5.76
DJIA	United States	14,909.60	15,521.97	4.11
S&P 500	United States	1,606.28	1,685.33	4.92
Hang Seng	Hong Kong	20,803.29	21,850.15	5.03
Nikkei 225	Japan	13,677.32	13,661.13	(0.12)
Shanghai Composite	China	1,979.21	1,976.31	(0.15)
Straits Times	Singapore	3,150.44	3,236.97	2.75
FTSE 100	United Kingdom	6,215.50	6,560.30	(6.18)
CAC 40	France	3,738.91	3,968.91	6.15
DAX	Germany	7,959.22	8,259.03	3.77
SENSEX	India	19,395.81	19,593.28	1.02
NIFTY	India	5,842.20	5,831.65	(0.18)

Institutional Investments

Category	Debt / Equity	Gross Purchases (Rs Crores)	Gross Sales (Rs Crores)	Net Investment (Rs Crores)
FII Investments (in July up to 30.07.2013)	Equity	60448.40	66761.60	(6313.30)
	Debt	11592.20	23744.00	(12151.70)
Mutual Fund (in July up to 29.07.2013)	Equity	9105.00	11116.00	(2011.00)
	Debt	103488.80	121121.20	(17632.50)
FII Derivative Trades (in July up to 30.07.2013)	INDEX FUTURES	INDEX OPTIONS	STOCK FUTURES	STOCK OPTIONS
- Buy	57532.90	291395.44	66790.67	23481.15
- Sell	52473.15	283472.78	65974.82	23437.98

Editorial Team

Banabihari Panda
President and Whole-time Director

S. Rajalakshmi
SSO

IPO and NFO Review

IPO NEWS

- Pune based Emcure Pharmaceuticals Limited has filed for an IPO of Rs. 600 Cr. The company manufactures and markets formulations under its own brands.
- ASSOCHAM in its study has said that, fund raising by core sector companies through IPO has reduced by 50% in the FY 2011-12 compared to FY 2007-08.
- India's 4th largest wind turbine supplier Inox Wind Ltd. has filed DRHP with SEBI for its IPO. It's a unit of Gujarat Fluorochemicals Ltd.
- Malaysian low cost carrier, Air Asia X has raised USD 310 million, which will be used for repayment of bank debts and supporting its expansion plans.

CORPORATE ACTIONS

FORTH COMING CORPORATE ACTIONS

Company Name	Symbol	Record Date	Ex Date	Purpose
Indiabulls Housing Finance Limited	IBULHSGFIN	02-Aug-13	01-Aug-13	Interim Dividend Rs.6/- Per Share
Kokuyo Camlin Limited	KOKUYOCLMN	02-Aug-13	01-Aug-13	Rights 14:29 @ Premium Rs.32/- Per Share
Indiabulls Securities Limited	IBSEC	06-Aug-13	05-Aug-13	Interim Dividend Re 1/- Per Share
Sanofi India Limited	SANOFI	06-Aug-13	05-Aug-13	Interim Dividend
Clariant Chemicals (India) Limited	CLNINDIA	06-Aug-13	05-Aug-13	Interim Dividend
Castrol India Limited	CASTROL	07-Aug-13	06-Aug-13	Interim Dividend
Pricol Limited	PRICOL	07-Aug-13	06-Aug-13	Interim Dividend Re.0.40 Per Share
MRF Limited	MRF	07-Aug-13	06-Aug-13	Interim Dividend - Rs 3/- Per Share
CRISIL Limited	CRISIL	08-Aug-13	07-Aug-13	Interim Dividend Rs.3/- Per Equity Share
Tata Teleservices (Maharashtra) Limited	TTML	08-Aug-13	07-Aug-13	Bonus 2:15
Godrej Consumer Products Limited	GODREJCP	12-Aug-13	08-Aug-13	Interim Dividend

OFFER FOR SALES

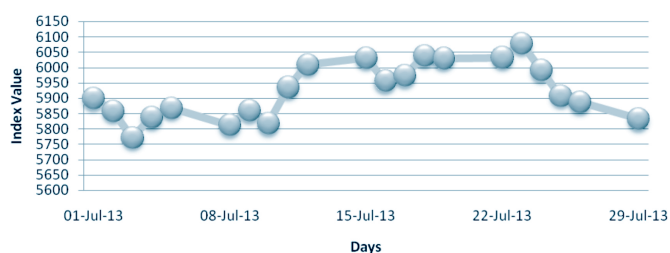
Company Name	Floor Price (Rs.)	Date of Offer	No. of shares offered	Cumulative shares bid	Allotment Type	Latest Traded Price (as on 30.07.2013)
Hindustan Copper Limited	70.00	03.07.2013	37119152	43809524	Multiple Price	49.50
BGR Energy Systems Limited	118.00	05.07.2013	2175364	3743052	Multiple Price	74.60
Hindustan Media Ventures Limited	120.00	11.07.2013	1939027	1943995	Multiple Price	125.00
Bajaj Corp Limited	200.00	19.07.2013	14375000	35071360	Multiple Price	241.00

NEW FUND OFFERS

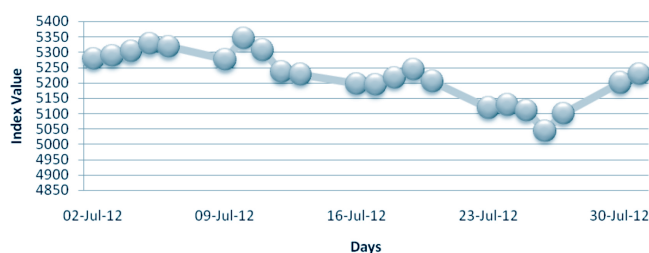
Scheme	Type	Class	Open Date	Close Date	Offer Price	Min. Inv. Amount
ICICIPru CPO SV 1 60M	Close	Debt - Income	18.07.2013	01.08.2013	10	5000
ICICIPru CPO IV PA 60M	Close	Debt - Income	18.07.2013	01.08.2013	10	5000
BNP Pari FTF S26B	Close	Debt - FMP	30.07.2013	01.08.2013	10	5000
Birla IIF Annual IX	Close	Debt - Income	26.07.2013	01.08.2013	10	5000
Indiabulls FP 370D 133	Close	Debt - FMP	30.07.2013	01.08.2013	10	5000
DSPBR FMP S106 3M	Close	Debt - FMP	29.07.2013	05.08.2013	10	5000
IDBIFMPSIII24M Jul F	Close	Debt - FMP	29.07.2013	06.08.2013	10	5000
L&T FMP VIIC	Close	Debt - FMP	30.07.2013	07.08.2013	10	5000
Axis Hybrid - S6	Close	Debt - Income	25.07.2013	08.08.2013	10	5000
Indiabulls FMP 370D 134	Close	Debt - FMP	30.07.2013	12.08.2013	10	5000
ICICI Pru CNX 100 ETF	Open	Equity - Index	19.07.2013	16.08.2013	10	5000

MARKET COMPARISON

JULY 2013



JULY 2012



OUR PICKS

PIPAVAV DEFENCE & OFFSHORE ENGINEERING COMPANY LTD.

Established in 1997, is India's biggest ship manufacturer. Primarily into 3 business segments defense, Offshore Oil & Gas.

Investment Rationale

- ✦ 1st Indian private firm to be selected for JV with Mazagon Dock.
- ✦ Diversified order book.
- ✦ Strategic Foreign tie-ups.
- ✦ Government's initiative to propel shipbuilders.
- ✦ **KEY RISK: Debt Burden.**
- ✦ EPS: 0.40.
- ✦ PE Ratio: 155.50.
- ✦ Book Value: Rs. 29.60.

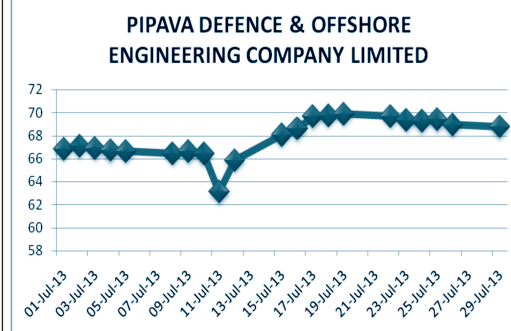
BUY – Long Term

CMP : Rs. 67.40*

Target : Rs. 82.00

52W H/L : Rs. 98.3/52.6

Potential Upside – 19%



BSE Code: 533107 **NSE Code:** PIPAVAVDOC

MCNALLY BHARAT ENGINEERING COMPANY LTD.

India's leading engineering company catering turnkey solutions in the areas of Power, Steel, Aluminium, Material Handling etc.

Investment Rationale

- ✦ Huge Order Backlog.
- ✦ Foray into Cement Business.
- ✦ Growing opportunities in the EPC segment.
- ✦ Pro-active initiatives by the Government.
- ✦ **KEY RISK: Policy Paralysis of the Government.**
- ✦ EPS: (5.90).
- ✦ PE Ratio: (8.10).
- ✦ Book Value: Rs. 99.00.

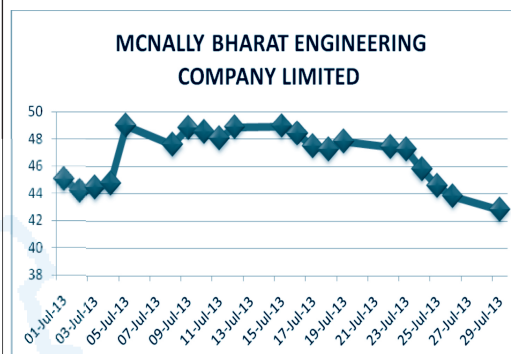
BUY – Long Term

CMP : Rs. 41.00*

Target : Rs. 59.00

52W H/L : Rs. 121/40.25

Potential Upside – 22.9%



BSE Code: 532629 **NSE Code:** MBECL

KEC INTERNATIONAL LTD.

Global EPC major with footprint in 48 countries across the globe.

Investment Rationale

- ✦ Major order wins across verticals.
- ✦ Development of Transmission and Distribution Sector in India.
- ✦ Acquisition of SAE Towers, USA.
- ✦ Robust Expansion plans.
- ✦ **KEY RISK: Depreciating Rupee.**
- ✦ EPS: 2.50.
- ✦ PE Ratio: 13.60.
- ✦ Book Value: Rs. 44.60.

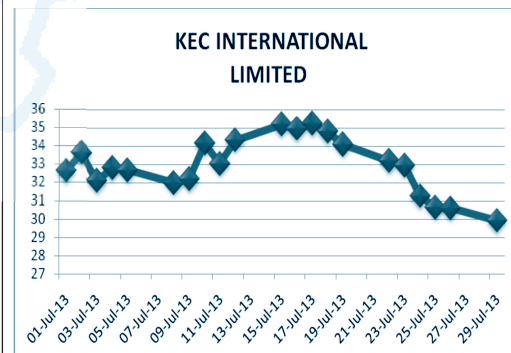
BUY – Long Term

CMP : Rs. 28.70*

Target : Rs. 41.00

52W H/L : Rs. 80.7/26.9

Potential Upside – 36.80%



BSE Code: 532714 **NSE Code:** KEC

CAIRN INDIA LTD.

Company operating 20% of India's crude oil production with a market cap of \$10.5 billion.

Investment Rationale

- ✦ 2nd largest private sector oil & gas company in India.
- ✦ Robust top & bottom line.
- ✦ Strong Production Growth.
- ✦ Improved operating environment.
- ✦ **KEY RISK: Unsuccessful wells.**
- ✦ EPS: 63.10.
- ✦ PE Ratio: 4.60.
- ✦ Book Value: Rs. 249.70.

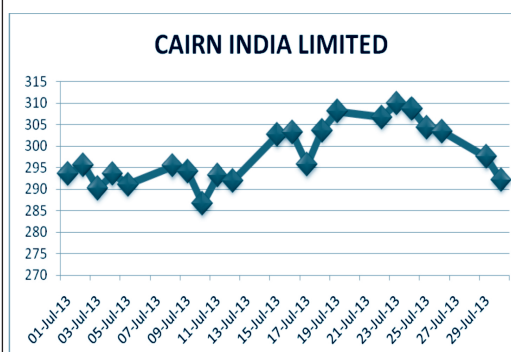
BUY – Long Term

CMP : Rs. 290.55*

Target : Rs. 332.00

52W H/L : Rs.365.9/267.9

Potential Upside – 14.00%



BSE Code: 532792 **NSE Code:** CAIRN

OUR PICKS FOR MEDIUM TERM BUYING

KOTAK MAHINDRA BANK LIMITED. One of India's leading financial institutions. Stock Return <ul style="list-style-type: none"> 3 Months – (4.30) 6 Months – 2.90 1 Year – 21.60 ↗ Beta: 1.30 ↗ Market Cap: Rs. 521.30 Billion	BSE Code : 500247 NSE Code : KOTAKBANK CMP : Rs. 649.95* Target : Rs. 761.00 Stop Loss : Rs. 632.00 52W H/L : Rs. 804/525
MADRAS CEMENTS LIMITED. Company engaged in manufacture of Ready Mix Concrete and Dry Mortar products. Also operates one of country's largest wind farms. Stock Return <ul style="list-style-type: none"> 3 Months – (10.30) 6 Months – (9.40) 1 Year – 50.90 ↗ Beta: 0.60 ↗ Market Cap: Rs. 103.10 Billion	BSE Code : 500260 NSE Code : MADRASCEM CMP : Rs. 169.80* Target : Rs. 251.00 Stop Loss : Rs. 216.00 52W H/L : Rs. 269/144
INDUSIND BANK LIMITED. A Commercial bank operating in treasury & corporate segments with 530 Branches & 1003 ATMs. Stock Return <ul style="list-style-type: none"> 3 Months – (1.20) 6 Months – 6.60 1 Year – 32.70 ↗ Beta: 1.70 ↗ Market Cap: Rs. 233.40 Billion	BSE Code : 532187 NSE Code : INDUSINDBK CMP : Rs. 398.45* Target : Rs. 495.00 Stop Loss : Rs. 419.00 52W H/L : Rs. 530.6/308
CMC LIMITED. Subsidiary of TCS, engaged in design, development and implementation of software technologies and applications. Stock Return <ul style="list-style-type: none"> 3 Months – (2.50) 6 Months – (1.20) 1 Year – 40.10 ↗ Beta: (0.10) ↗ Market Cap: Rs. 40.00 Billion	BSE Code : 517326 NSE Code : CMC CMP : Rs. 1253.00* Target : Rs. 1500.00 Stop Loss : Rs. 1150.00 52W H/L : Rs. 1523/933
VIDEOCON INDUSTRIES LIMITED. A \$4 Billion global conglomerate operating in Consumer Electronics, Home Appliances, Crude Oil, Natural Gas, Telecommunications and Power segments. Stock Return <ul style="list-style-type: none"> 3 Months – 20.90 6 Months – (6.70) 1 Year – 71.30 ↗ Beta: 1.30 ↗ Market Cap: Rs. 54.70 Billion	BSE Code : 511389 NSE Code : VIDEOIND CMP : Rs. 171.50* Target : Rs. 215.00 Stop Loss : Rs. 165.00 52W H/L : Rs. 246/164.7
CESC LIMITED. A Fully integrated power utility with its operation covering the entire value chain from mining coal, generating power and distribution of power. Stock Return <ul style="list-style-type: none"> 3 Months – 20.90 6 Months – (6.70) 1 Year – 71.30 ↗ Beta: 1.30 ↗ Market Cap: Rs. 54.70 Billion	BSE Code : 500084 NSE Code : CESC CMP : Rs. 324.70* Target : Rs. 391.00 Stop Loss : Rs. 317.00 52W H/L : Rs. 367/252
AUROBINDO PHARMA LIMITED. Global pharmaceutical company exporting to 125+ countries. Stock Return <ul style="list-style-type: none"> 3 Months – 20.90 6 Months – (6.70) 1 Year – 71.30 ↗ Beta: 1.30 ↗ Market Cap: Rs. 54.70 Billion	BSE Code : 524804 NSE Code : AUROPHARMA CMP : Rs. 164.80* Target : Rs. 210.00 Stop Loss : Rs. 160.00 52W H/L : Rs. 204.9/99.7

For detailed analyst reports, please visit: www.indbankonline.com ⇨ Reports & Downloads ⇨ Equity Research *Closing price as on 30.07.2013 on NSE

Mutual Fund Corner

Scheme of the Month

FRANKLIN INDIA BLUECHIP – GROWTH

LEVEL OF RISK: BROWN (HIGH RISK)

Fund Manager:

Mr. Anand Radhakrishnan / Mr. Anand Vasudevan

Investment Objective : An open ended growth scheme with an objective primarily to provide medium to longer capital appreciation. **Long term Capital Appreciation.**

Current Statistics & Profile	
Latest NAV	222.7929 (29.07.13)
52-Week High	244.2003 (21.01.13)
52-Week Low	207.9696 (05.09.12)
Fund Category	Equity- Large Cap
Type	Open End
Launch Date	November 30 1993
Net Assets (Cr)	5003.70 (30.06.2013)
Benchmark	S&P BSE Sensex

Trailing Returns

As on 29.07.2013	Fund Return	Category Return
Year to Date	(5.86)	(2.45)
1-Month	(2.14)	(0.26)
3-Month	(4.44)	(1.39)
1-Year	8.20	12.10
3-Year	3.21	2.45
5-Year	11.57	7.52
Return Since Launch		22.38

Note: Return up to 1 year are absolute and over 1 year are annualized

Asset Allocation	
As on 30/06/2013	% Net Assets
Equity	93.97
Debt	0.02
Cash & Cash Equivalents	6.01

Investment Details	
Minimum Investment Amount	Rs.5000
Additional Investment	In multiples of Rs.1000
SIP	Yes; Min Rs.5000; Min.Months:12
Options	Dividend
Expense Ratio (%)	2.16 (Regular); 1.30 (Direct)

Fund Style	Portfolio Characteristic - As on 30.06.2013												
<div><div>Investment Style</div><table><tr><td>Growth</td><td>Blend</td><td>Value</td></tr><tr><td></td><td></td><td></td></tr><tr><td></td><td></td><td></td></tr><tr><td></td><td></td><td></td></tr></table><div>Large Medium Small</div><div>Capitalisation</div></div>	Growth	Blend	Value										<div>Avg. Mkt. Cap – 52345.52 Cr</div> <div>Market Capitalization</div> <div>Giant – 57.16%</div> <div>Large – 27.72%</div> <div>Mid – 13.37%</div> <div>Portfolio P/B Ratio: 3.81</div> <div>Portfolio P/E Ratio: 17.47</div>
Growth	Blend	Value											

PORTFOLIO – Top 10 Holdings as on 30/06/2013

Sl. No.	Name of Holding	Instrument	% Net Assets
1.	ICICI Bank	Equity	7.15
2.	Bharti Airtel	Equity	7.08
3.	Infosys	Equity	6.56
4.	Reliance Industries	Equity	4.97
5.	HDFC Bank	Equity	4.74
6.	Dr. Reddy's Labs	Equity	4.71
7.	Grasim Industries	Equity	4.42
8.	ONGC	Equity	3.34
9.	NTPC	Equity	3.20
10.	IndusInd Bank	Equity	3.07

Top Sector Weightings – As on 30/06/2013

Sector	% Net Assets
Financial	24.08
Energy	22.95
Technology	8.95
Healthcare	7.71
Communication	7.08

CURRENT ACCOUNT DEFICIT (CAD)

Lately, we have been hearing a lot about Current Account Deficit and its perils. There were talks of how India is going to finance its CAD and the rumors died only with the assurance of Finance Minister Shri P Chidambaram. In this issue, let's discuss in detail about CAD.

Before dwelling into what a CAD is, let's learn the following terms:

Balance of Payments (BoP) Account: BoP is a statistical statement which captures the flow of economic transactions between a country and the rest of the world during a time period. The BoP is for a country, what a statement of sources and uses of funds is for a company.

The two major components of BoP are:

Capital Account: This account records the net change in ownership of foreign assets.

Current Account: It records all income related flows arising out of merchandise (trade in goods & services) and invisibles. Major items under invisibles are services (like travel, transportation, insurance, miscellaneous which include software exports etc.), transfers (official transfers like aids, grants, pension etc. and private transfers like gifts, donations, scholarships, private remittances etc.) and income (investment income etc.).

Gross Domestic Product (GDP): GDP is the market value of all officially recognized final goods and services produced within a country in a given period of time.

Fiscal Deficit: It is the excess of Government's total expenditure over the revenue that it generates (excluding money from borrowings). Deficit differs from debt, which is accumulation of yearly deficits.

A current account deficit occurs when a country's total imports are greater than the country's total exports, making the country a net debtor to the rest of the world.

COMPONENTS OF CAD

Trade Deficit: This means the country imports more goods and services than it exports. An ongoing trade deficit weakens a country's economy over the long term because it is financed with foreign debt.

Net Income: The second component is net income. If the income paid out by a country's individuals, businesses and Governments to their foreign counterparts is more than they receive, it contributes to income deficit. These are usually interest, dividends to foreigners who own assets in the country, wages paid to foreigners who work in the country etc.

Direct Transfers: The third component is direct transfers, which are government grants to foreign entities, remittances from foreign residents.

CAUSES FOR DEFICIT: In economic terms, current account is a mirror image of difference between domestic savings and domestic investments. CAD represents excess of domestic consumption, investment and Government expenditure over domestic savings. This in turn implies that some other economies are lending their savings most likely in the form of debt (direct/portfolio investment in the economy) or the economy is running down its foreign assets such as official foreign reserve. **THIS IS THE REASON WHY THE GOVERNMENT RECENTLY OPENED UP MORE SECTORS FOR FOREIGN INVESTMENT.**

CONSEQUENCES: There is lot of myths about the consequences of CAD. However, CAD for short terms is "Advantageous". It implies that foreigners are willing to invest capital into the country to drive economic growth beyond what it could manage on its own. In the long term, CAD can drain economic vitality by weakening the value of country's assets, including the value of the Government's bonds. As this happens, the yields will raise and the nation's currency will gradually lose value relative to other currencies. **WIDENING CAD HAS BEEN CITED AS ONE OF MAIN REASONS FOR FALL IN THE VALUE OF THE RUPEE.**

On the contrary, any country's holdings of foreign assets are denominated in foreign currency. As the value of the currency declines, the value of the foreign assets rise, thus reducing the CAD. In addition, a lower currency value should increase exports, as the prices of goods and services become competitive in the international market. Similarly, demand for imports should lessen, as they cost higher. These trends should stabilize CAD. But if the import demand is inelastic (i.e. import is made even at higher cost), CAD aggravates.

INDIA'S CAD AS A % OF GDP

India is one of few countries in the world to have both fiscal deficit and current deficit. India's CAD is 4.2% for the FY 2011-12 and 4.8% for the FY 2012-13, a sudden rise from the level of 2.7% in FY 2010-11. The previous highest - was 3% in FY 1991, when it faced crises. The credit for putting the economy back on track goes to Mr. Manmohan Singh, who was the Finance Minister during that period. At that time, he put in place a comprehensive economic reform policy, which liberalized the economy and threw open the doors for foreign investments.

When CAD exceeds 2.5% of GDP, it is termed as worrisome. The major reasons being cited for increasing CAD are the weak exports, crude oil and gold imports. India imports almost 80% of its oil requirements and is the one the world's largest consumer of Gold. Will these measures yield results? The answer for this will be decided by the course of events.

WATCH OUR SUBSEQUENT ISSUES FOR MORE INFORMATION!!!

HAPPY INVESTING!!!

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