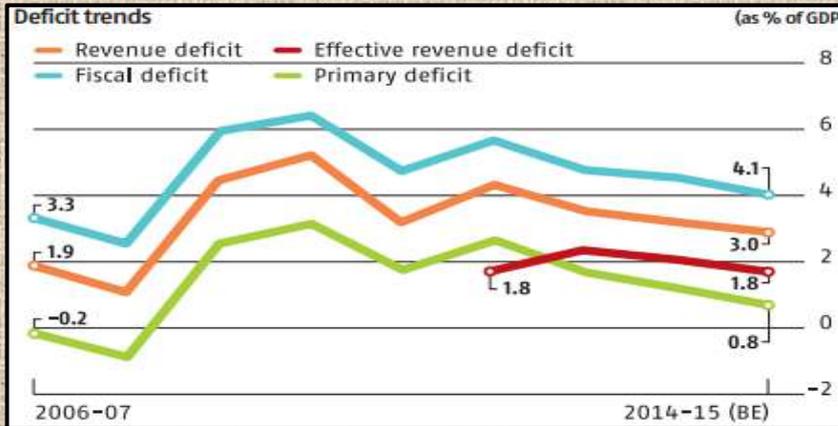


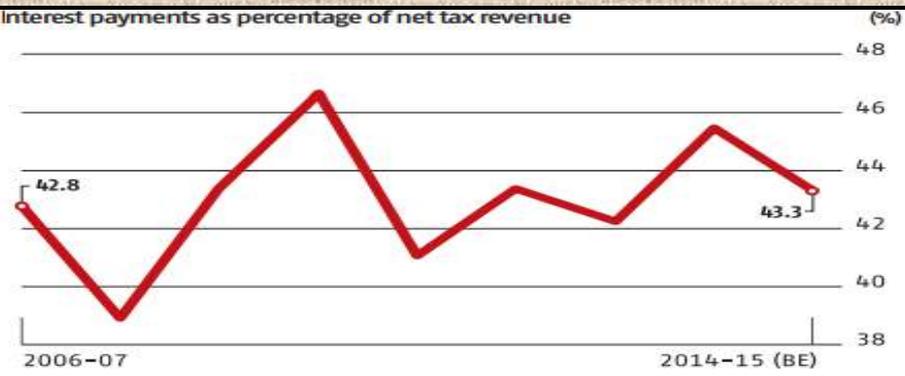
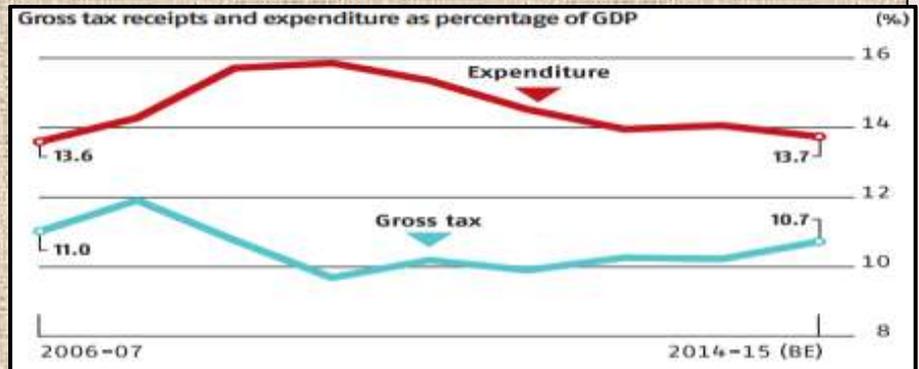
STATSGURU: Making sense of this year's interim Budget numbers

Finance Minister P Chidambaram unveiled a restrained mini budget for the government's remaining months in office, saying the budget deficit has narrowed and pledging to keep public spending steady....



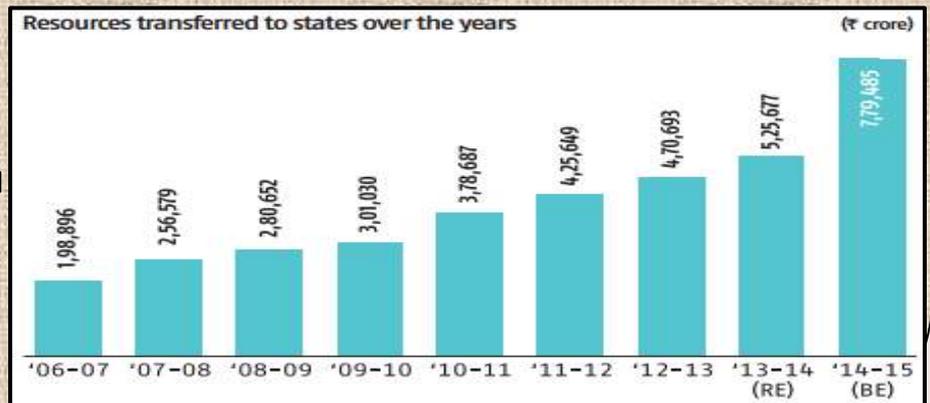
Perhaps The most watched figures in this year's interim Budget dealt with the government's deficit. As Table shows, following a big jump after 2008-09, the government has struggled to bring the fiscal deficit

As Table shows, this has been done primarily by reducing expenditure - revenue as a percentage of GDP has not really gone far above the 10 per cent mark, far from the 12 per cent it has reached in the past



Worryingly, interest payments as a percentage of net tax revenues have not markedly declined, oscillating around 43 per cent, as shown in the table

The other big change in the interim Budget was some major reworking of Plan expenditure. As Table shows, a big jump in the resources transferred to the states was conducted; while they have grown steadily to keep up with nominal GDP in the past, this year they saw an outsized increase



DOMESTIC Happenings

New WPI to give more weight to manufactured products

Amid a debate over the consumer price index (CPI) becoming a target of inflation for the RBI's monetary policy, the incumbent inflation barometer—the Wholesale Price Index (WPI)—would see a change in its structure. To make WPI relevant to the changed scenario, items which constitute core inflation would get more weight in WPI. Weight of manufactured products in WPI, which already is 64% in the index, could rise by almost two percentage points despite reduction in weight of processed food items in the new series.

Govt approves eight FDI proposals worth Rs 1,024 crore

The government has approved eight foreign investment proposals, including plans by L&T Infrastructure Development Projects and Welspun Renewables Energy, totalling Rs 1,024 crore. The proposals were cleared following recommendations from the Foreign Investment Promotion Board (FIPB) headed by Economic Affairs Secretary Arvind Mayaram, the Finance Ministry said. The FIPB referred a proposal by Singapore-based KKR Floorline Investments to the Cabinet Committee on Economic Affairs (CCEA).

Markets to see volatility amid F&O expiry, GDP data

The stock market is expected to see volatility this week as traders roll over their positions in the futures & options (F&O) segment and economic growth numbers are released. Some of the other factors that are likely to impact stock market movement in the truncated trading in the week ahead include the GDP data figure that is scheduled to be released on February 28, inflows by foreign institutional investors and global cues.

INTERNATIONAL Happenings

G20 may set ambitious growth target

The world's top economies may agree to set an ambitious target for faster global growth at a weekend meeting in Sydney, where major central banks are also being urged to coordinate policies to avoid "surprises" that could further roil emerging markets. Opening the two-day meeting of the Group of 20 finance ministers and central bankers on Saturday, Australian Treasurer Joe Hockey said support was building for setting a firm goal for growth. The plan borrows wholesale from an International Monetary Fund paper prepared for the Sydney meeting which estimated that structural reforms would raise world growth by about 0.5 percentage point per year over the next five years, boosting global output by \$2.25 trillion.

China confident can maintain same growth pace in trade this year

China is confident of maintaining around the same pace of growth in foreign trade this year as last year, the Ministry of Commerce said on Monday. Shen Danyang, the spokesman for the ministry, also noted that exports may see some fluctuation in the first quarter of this year due to seasonal factors, according to a statement on the ministry's website, www.mofcom.gov.cn. China's exports grew 7.9 percent for all of 2013 compared with the previous year, while imports rose 7.3 percent, missing an official 8 percent growth target.

Euro zone inflation to offer clues on ECB action

Euro zone inflation due on Friday will be firmly in the sights of financial markets eager to establish whether the European Central Bank (ECB) has enough ammunition to ease monetary policy in the following week. Inflation in the 18-member euro zone unexpectedly slowed to 0.7 percent year-on-year in January, matching a four-year low set last October and confounding expectations for a rise to 0.9 percent. The ECB cut its main refinancing rate to a record low of 0.25 percent in November and left it at that level at its meeting earlier this month, but put markets on alert for a possible move in March. The next meeting on March 6 will have new forecasts from the bank's staff extending into 2016.

By: **Bipin kesharwani**