

# From the Editor

Stock markets and their behaviour are an inexact science. Technical analysts will study head and shoulders patterns, Fibonacci retracements, stochastic oscillators and sundry chicken entrails to tell you why prices are headed up or down. It's like baking a bad lasagna — layers of febrile data, volatile fund flows, political flux, a government besieged — you are probably not going to find the result tasty. The Bombay Stock Exchange is the oldest in Asia, and at the moment it does look stooped and twitchy. On Wednesday February 9 alone, investors blasted a \$2.5 billion hole in the value of companies controlled by Anil Ambani. And to think that just over three months ago, when the US Federal Reserve announced QE2 — its second round of quantitative easing, by buying \$600 billion in Treasury securities through this June — there were worries that tsunamis of foreign funds would sweep through emerging markets. Instead, the BSE Sensex has fallen three weeks in a row. Foreign institutional investors who pumped close to \$29 billion into Indian stocks in 2010 had pulled out a net \$1.4 billion in 2011 until this issue went to press. Growth in the Index of Industrial Production fell to 1.6 per cent in December, its slowest pace in 20 months. The Reserve Bank of India is expected to announce an eighth round of interest-rate increases in March in a bid to rein in inflation.

Enough to make you believe that it is best to push your money under your mattress. Is it really that bad? Senior Editor Anand Adhikari and Special Correspondent Rajiv Bhuva tell you what to expect starting on page 50. Look at the charts on page 57 and you will understand why — India's stock markets are still very shallow; just 3 per cent of household savings go into equities, and 200 of 5,000 listed stocks account for 80 per cent of market capitalisation. One way is to diversify into commodities. Trading volume on the MCX alone totalled a breathtaking ₹86.35 trillion in 2010 — a 325 per cent leap in four years!

I have wondered what it must be like to be a finance minister for a nation of 1.3 billion people, drafting a revenue and expenditure budget. Phalanxes of pundits bombard you with advice on how you can earn and spend. Last year Pranab Mukherjee's budget speech was over 10,000 words, a mere distillation of the millions thrown at him. At *Business Today* we believe our words are worth their weight in gold (see *commodities*, above). Who better than former finance minister Yashwant Sinha, who has long and valuable experience both as a civil servant and a technocrat, to head a panel of experts to present Pranab with a dream budget? Associate Editor Puja Mehra helped to assemble the distinguished group headed by Sinha and you can read their views, larded with common sense, experience, expertise and a huge dose of candour, starting on page 42. "After 63 years of independence, the equity part of growth has become so important; if this is not addressed then maybe we have an Egypt in the making," Sinha said. On economic deprivation he was equally lacerating on "how comprehensively all of us have failed in this respect".

Talking about deprivation, you must read Senior Editor N. Madhavan's tale of disgraced former telecom minister A. Raja's home district of Perambalur in Tamil Nadu (page 32). It makes you wonder — if as much money as is being alleged was indeed made by the lawyer-poet Dalit politician, where did it go?



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