



Report  growth



**DEVELOPMENT CREDIT
BANK LIMITED**

Developing happy futures together

ANNUAL REPORT 1999-2000



DEVELOPMENT CREDIT BANK LIMITED

Directors and Senior Management

Chairman

Mr. Naushad I. Padamsee

Directors

Mr. A.H. Dossani

Mr. H.A. Dossani

Dr. H.A. Kajani

Mr. S.H. Karim

Mr. S.V. Khoja

Mr. N.S. Maknojia

Mr. J.N. Maredia

Mr. A.H. Merchant

Mr. A.A. Poonawala

Mr. M.R. Prasla

Mr. H.G. Rahimtoola

Mr. H.B. Rajan

Mr. Brian Wilson

Mr. Patrick Gleeson

(Alternate to Mr. Brian Wilson)

Managing Director &

Chief Executive

Mr. Siddharth Sitholey

Consultant

Dr. A.C. Shah

Statutory Auditors

M/s. Gokhale & Sathe, Mumbai

Registered Office

154, S.V. Patel Road (East),

Dongri, Mumbai 400 009

Senior Management

General Managers

Mr. D.A. Muljiani

Mr. K. Kamalakaran

Dy. General Managers

Mr. N. Kumar Ratan

Mr. R.K. Puranik

Mr. B.B. Mistry

Mr. J.C. Choudhry

Mr. S.P. Mehta

Mr. S.M. Bora

Mr. B.V.R. Sarma

Asst. General Managers

Mr. D.B. Pisolkar

Mr. A.V. Kaku

Mr. R.S. Kohli

Mr. V.Y. Babu

Mr. V.R. Rao

Mr. G.H. Pillai

Mr. D. Gunalan

Company Secretary

Mr. H.V. Barve

Central Administrative Office

204, Raheja Centre,

Nariman Point, Mumbai 400 021

Internet : <http://www.dcbi.com>E-mail : dcb@giasbm01.vsnl.net.in

annual report 1999-2000



DEVELOPMENT CREDIT BANK LIMITED

Notice to Members

Notice is hereby given that the Fifth Annual General Meeting of the members of **DEVELOPMENT CREDIT BANK LIMITED** will be held at **BIRLA MATUSHRI SABHAGAR, 19, MARINE LINES, MUMBAI 400 020** on Saturday, 30th September, 2000 at 4.00 P.M. to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet of the Bank as at 31st March, 2000 and the Profit and Loss Account for the financial year ended on that date and the Reports of the Directors and Auditors thereon.
2. To declare Final Dividend on Equity Shares.
3. To appoint a Director in place of Dr. H.A. Kajani who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. N.S. Maknojia who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint a Director in place of Mr. A.A. Poonawala who retires by rotation. Notice is received in writing from a member proposing the following resolution :-

Resolved That Mr. A.H. Manekia be and is hereby appointed as Director of the Company in place of Mr. A.A. Poonawala who retires by rotation.

6. To appoint a Director in place of Mr. H.G. Rahimtoola who retires by rotation and being eligible, offers himself for reappointment.
7. To appoint Auditors and fix their remuneration and in that connection to consider and, if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution :-

"RESOLVED THAT M/s. Gokhale & Sathe, Chartered Accountants, Mumbai be and are hereby appointed as the Statutory Auditors of the Bank to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting on a remuneration of such sum(s) as may be fixed by the Board of Directors, in addition to reimbursement of all out-of-pocket expenses in connection with the audit of the accounts of the Bank."

SPECIAL BUSINESS

8. Appointment of Branch Auditors

To consider and, if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution :-

"RESOLVED THAT pursuant to the provisions of Section 228 of the Companies Act, 1956, the Board of Directors of the Bank be and is hereby authorised to appoint, in consultation with the Auditors, the Branch Auditors as and when required, to audit the Accounts in respect of the Branch Offices of the Bank; on such terms and conditions as it may deem fit and to fix their remuneration."

9. Increase in Authorised Capital

To consider, and if thought fit, to pass, with or without modifications, the following Resolution as an Ordinary Resolution.

"RESOLVED THAT pursuant to Section 94 and other applicable provisions, if any, of the Companies Act, 1956, the Authorised Share Capital of the Company be and is hereby increased from Rs. 25,00,00,000/- (Rupees Twenty Five Crore) divided into 2,50,00,000 (Two Crore Fifty Lacs) Equity Shares of Rs.10/- each to Rs. 50,00,00,000/- (Rupees Fifty Crore) divided into 5,00,00,000 (Five Crore) Equity Shares of Rs.10/- each and that Clause V of the Memorandum of Association of the Company be altered accordingly."

10. Alteration of Articles of Association

To consider, and if thought fit, to pass, with or without modifications, the following Resolution as a Special Resolution.

"RESOLVED THAT pursuant to Section 31 of the Companies Act, 1956 the Articles of Association of the Company be and are hereby altered in the following manner :

- A. The present Article 4 of the Articles of Association be and is hereby substituted by the following :-
 4. The Authorised Share Capital of the Company is Rs. 50,00,00,000/- (Rupees Fifty Crore) divided into 5,00,00,000 (Five Crore) Equity Shares of Rs.10/- each with power to increase or reduce the Capital of the Company in accordance with the provisions of the Act.
- B. The following new Article with marginal notes be inserted as Article 56A after the present Article 56.

Transfer / Transmission
of shares requiring
RBI approval.

- 56A Any request for transfer of shares by a person/group which would take his/her/its holding to a level of 5% or more or such other percentage of the total paid-up capital of the Company as may be prescribed by Reserve Bank of India from time to time shall be considered only with the prior approval of Reserve Bank of India.



DEVELOPMENT CREDIT BANK LIMITED

- C. The following new Articles with marginal notes be inserted as Articles 65A and 65B after the present Article 65.

Nomination

- 65A (1) Every holder of share(s) in, and/or debenture(s) of, the Company so entitled under the Act and Rules framed thereunder, may at any time, nominate in the manner prescribed under Section 109A of the Act, a person to whom his/her share(s) in, and/or debenture(s) of the Company shall vest in the event of his death.
- (2) Where the share(s) in, and/or debenture(s) of the Company are held by more than one person jointly, the joint holders so entitled under the Act and Rules framed thereunder may together nominate in the manner prescribed under the Act, a person to whom all the rights in the share(s) and/or debenture(s) of the Company as the case may be shall vest in the event of death of all the joint holders.
- (3) Notwithstanding anything contained in any other law for the time being in force or in these articles or in any disposition, whether testamentary or otherwise, in respect of such share(s) in and/or debenture(s) of the Company where a nomination made in the manner prescribed under the Act, purports to confer on any person the right to vest the share(s) in and/or debenture(s) of the Company the nominee shall, on the death of the shareholder and/or debentureholder concerned or on the death of the joint holders as the case may be, become entitled to all the rights in relation to such share(s) and/or debenture(s) to the exclusion of all other persons, unless the nomination is varied or cancelled in the manner prescribed under the Act.
- (4) Where the nominee is a minor, the holder of the share(s) in, and/or debenture(s) of the Company can make a nomination in the manner prescribed under the Act, to appoint any person to become entitled to the share(s) in and/or debenture(s) of the Company in the event of his death during the minority.

Transmission in case of nomination

- 65B (1) Notwithstanding anything contained in these Articles, any person who becomes a nominee by virtue of the provisions of Article 65A upon the production of such evidence as may be required by the Board and subject as hereinafter provided, elect, either -

- a) To be registered himself/herself as holder of the share(s) and/or debenture(s), as the case may be; or
- b) To make such transfer of the share(s) and/or debenture(s), as the case may be as the deceased shareholder and/or debentureholder as the case may be could have made.
- (2) If the person being a nominee so becoming entitled, elects himself to be registered as holder of the share(s) and/or debenture(s) as the case may be, he/she shall deliver or send to the Company a notice in writing duly signed by him/her stating that he/she so elects and such notice shall be accompanied with the death certificate(s) of the deceased shareholder and/or debentureholder, as the case may be.
- (3) All the limitations, restrictions and provisions of these Articles, relating to the right to transfer and the registration of transfers of share(s) and/or debenture(s) shall be applicable to any such notice or transfer as aforesaid as if the death of the shareholder/debentureholder had not occurred and the notice or transfer were signed by that shareholder and/or debentureholder as the case may be.
- (4) A person, being a nominee, becoming entitled to the share(s) and/or debenture(s) by reason of the death of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share(s) and/or debenture(s), except that he shall not, before being registered a member in respect of his share(s) and/or debenture(s), be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company;

Provided that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share(s) and/or debenture(s) and if the notice is not complied with, within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the share(s) and/or debenture(s), until the requirements of the notice have been complied with.

- D. The following new Heading and Article with marginal notes be inserted as Article 65C after the newly inserted Articles 65A and 65B.



DEVELOPMENT CREDIT BANK LIMITED

Dematerialisation
of Securities

65C (1) The provisions of this Article shall apply only in respect of securities held in Depository mode and the provisions of the other Articles shall be construed accordingly.

(2) For the purpose of this Article,

"Beneficial Owner" "Beneficial Owner" means the Beneficial Owner as defined in clause (a) of sub-section (1) of Section 2 of the Depositories Act, 1996.

"Bye-Laws" "Bye-Laws" means bye-laws made by a Depository under Section 26 of the Depositories Act, 1996.

"Depository" "Depository" means a Depository as defined in clause (e) of sub-section (1) of Section 2 of the Depositories Act, 1996.

"Depositories Act" "Depositories Act" means "Depositories Act, 1996" and shall include any statutory modification or re-enactment thereof, for the time being in force.

"SEBI" "SEBI" means the Securities & Exchange Board of India.

"Security" "Security" means such securities as may be specified by SEBI from time to time.

"Power to dematerialise
and rematerialise"

(3) Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise/rematerialise its securities, and to offer securities in a dematerialised form pursuant to the Depositories Act, 1996 and the Rules framed thereunder.

"Options for investors"

(4) Every person subscribing to securities offered by the Company shall have the option to receive security certificates or to hold the securities with a Depository.

Such a person who is the beneficial owner of the securities can at any time opt out of a Depository, if permitted by law, in respect of any security in the manner provided by the Depositories Act, 1996 and the Company shall, in the manner and within the time prescribed, issue to the beneficial owner the required certificates of securities.

If a person opts to hold his security with a Depository, the Company shall intimate such Depository the details of allotment of the security and on receipt of the information, the Depository shall enter in its record the name of the allottee as the beneficial owner of the security.

The Board of Directors shall have the power to fix a fee payable by the investor to the Company for the services of dematerialisation as it may determine.

"Option to opt out in
respect of any security"

(5) Subject to the provisions of Section 8 of the Depositories Act, 1996, if a beneficial owner seeks to opt out of a depository in respect of any security, the beneficial owner shall inform the depository accordingly.

The depository shall on receipt of intimation as above make appropriate entries in its records and shall inform the Company.

The Company shall, within thirty (30) days of the receipt of the intimation from the depository and on fulfillment of such conditions and on payment of such fees as may be specified by the regulations, issue the certificate of securities to the beneficial owner or the transferee as the case may be.

"Securities in depositories
to be in Fungible form"

(6) All securities held by a Depository shall be dematerialised and be in fungible form. Nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372A of the Act shall apply to a depository in respect of the securities held by it on behalf of the beneficial owners.

"Rights of Depositories
and Beneficial Owners
of securities"

(7) (a) Notwithstanding anything to the contrary contained in the Act or these Articles, a Depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of security on behalf of the beneficial owner.

(b) Save as otherwise provided in (a) above, the Depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of securities held by it.



DEVELOPMENT CREDIT BANK LIMITED

- (c) Every person holding securities of the Company and whose name is entered as the beneficial owner in the records of the Depository shall be deemed to be a member of the Company. The beneficial owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities which are held by a Depository.

the same was originally distinguished.

"Register and Index of beneficial owners"

- (12) The Register and Index of beneficial owners maintained by a Depository under the Depositories Act, 1996 shall be deemed to be the Register and Index of members and security holders for the purposes of these Articles.

"Service of documents"

- (8) Notwithstanding anything contained in the Act or these Articles to the contrary, where securities are held in a depository, the records of the beneficial ownership may be served by such Depository on the Company by means of electronic mode or by delivery of floppies or discs or in such manner as may be practicable.

- E The following new Articles with marginal notes be inserted as Articles 140A & 140B after the present Article 140.

Appointment of Wholetime Director (s)

- 140A Subject to the provisions of the Act, the Banking Regulation Act and these Articles, the Directors shall have the power to appoint from time to time one or more of their body to be Wholetime Director or Wholetime Directors of the company for such term not exceeding five years at a time upon such terms and conditions as the Board thinks fit and may from time to time remove or dismiss him or them from office and appoint another or others in his or their place or places.

"Transfer of Securities"

- (9) (a) Nothing contained in Section 108 of the Act or these Articles shall apply to a transfer of securities effected by transferor and transferee both of whom are entered as beneficial owners in the records of a Depository.
- (b) In the case of transfer or transmission of shares or other marketable securities where the Company has not issued any certificates and where such shares or securities are being held in any electronic or fungible form in a Depository, the provisions of the Depositories Act, 1996 shall apply.

The remuneration of Wholetime Director(s) may be by way of monthly payment, fee for each meeting or by any or all these modes and any other mode not expressly prohibited by the Act.

Special Position of Wholetime Director

- 140B A Wholetime Director shall not while he continues to hold that office be subject to retirement by rotation. If he ceases to hold the office of Director, he shall ipso facto and immediately cease to be a Wholetime Director."

"Allotment of Securities dealt with in a Depository"

- (10) Notwithstanding anything in the Act or these Articles, where securities are dealt with by a depository, the Company shall intimate the details thereof to the Depository immediately on allotment of such securities.

"Distinctive nos. of securities held in a Depository"

- (11) Nothing contained in the Act or these Articles regarding the necessity of having distinctive numbers for securities issued by the Company shall apply to the securities held with a Depository. Every forfeited or surrendered share held in a material form shall continue to bear the number by which

By Order of the Board of Directors
For **DEVELOPMENT CREDIT BANK LTD.**

Registered Office :
154, S.V. Patel Road (East),
Dongri, Mumbai 400 009.

August 12, 2000

H.V. Barve
Company Secretary



DEVELOPMENT CREDIT BANK LIMITED

NOTES :

- 1) **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
- 2) The instrument appointing the proxy, in order to be effective, should be duly stamped, completed and signed and deposited at the Registered Office of the Bank not less than 48 hours before the commencement of the meeting.
- 3) **MEMBER/PROXY SHOULD BRING THE ATTENDANCE SLIP SENT HERewith, DULY FILLED IN, FOR ATTENDING THE MEETING.**
- 4) The relative Explanatory Statement, pursuant to Section 173 (2) and other applicable provisions, if any, of the Companies Act, 1956 is annexed hereto.
- 5) The Register of Members and Share Transfer Books of the Bank will remain closed from Saturday, 16th September 2000 to Saturday, 30th September 2000 (both days inclusive).
- 6) Subject to the provisions of Sections 206 and 206A of the Companies Act, 1956, the dividend on the Equity Shares as recommended by the Board of Directors, if declared at the meeting, will be payable to those members whose names appear on the Bank's Register of Members on 30th September 2000.
- 7) **MEMBERS ARE REQUESTED TO ADDRESS ALL THEIR CORRESPONDENCE INCLUDING CHANGE OF ADDRESS, MANDATES, ETC. TO DEVELOPMENT CREDIT BANK LTD., SHARE DEPARTMENT, PJI CORNER, 139, SHAIDA MARG, DONGRI, MUMBAI 400 009.**

ANNEXURE TO THE NOTICE

Explanatory Statement as required by Section 173(2) and other applicable provisions, if any, of the Companies Act, 1956, annexed to and forming part of the Notice dated August 12, 2000.

ITEM NO. 5

Company has received a notice in writing alongwith requisite amount, under Section 257 of the Companies Act, 1956 from a member of the Company proposing the resolution for appointment of Mr. A.H. Manekia as Director of the Company in place of Mr. A.A. Poonawala who retires by rotation at the Fifth Annual General Meeting as shown at Item No. 5 of the accompanying Notice.

Company has also received a consent under Section 264 of the

Companies Act, 1956, from Mr. A. H. Manekia to act as Director, if appointed.

None of the Directors except Mr. A.A. Poonawala is interested in the said Resolution.

ITEM NO. 8

Section 228 of the Companies Act, 1956, requires that where the Company in General Meeting decides to have the accounts of a Branch Office, audited other than by the Statutory Auditors, the Company in that meeting shall for the audit of those accounts appoint a person(s) qualified for the appointment as auditors of the Company under Section 226 of the Companies Act, 1956 or shall authorise the Board of Directors to appoint such person(s) in consultation with the Statutory Auditors. For operational convenience, it is proposed to authorise the Board of Directors to appoint such Branch Auditors in consultation with the Statutory Auditors for audit of accounts of the Branches of the Bank and to fix the terms and conditions and remuneration of such Branch Auditors.

The Board recommends approval of the resolution at Item No. 8 of the accompanying Notice.

None of the Directors is interested in the said Resolution.

ITEM NO. 9

The present Authorised Share Capital of the Company is Rs.25,00,00,000/- (Rupees Twenty Five Crore) divided into 2,50,00,000 (Two Crore Fifty Lacs Only) Equity Shares of Rs.10/- (Rupees Ten Only) each. It is proposed to increase the Authorised Share Capital to Rs.50,00,00,000/- (Rupees Fifty Crore) divided into 5,00,00,000 (Five Crore) Equity Shares of Rs.10/- (Rupees Ten Only) each.

The Resolution is therefore proposed at Item No. 9 of the accompanying Notice for increase in Authorised Share Capital and Clause V of the Memorandum of Association is also proposed to be altered as a result of increase in the Authorised Share Capital.

A printed copy of the Memorandum and Articles of Association is open for inspection by the Members at the Registered Office of the Company between 11.00 a.m. and 1.00 p.m. on any working day.

The Board recommends approval of the Resolution at item No. 9 of the accompanying Notice.

None of the Directors is interested in the said Resolution.

ITEM NO. 10

Pursuant to Section 31 of the Companies Act, 1956, a Special Resolution is proposed at Item No. 10A of the accompanying Notice for consequential alteration of Article 4 of the Articles of Association of the Company, in view of increase in Authorised

DEVELOPMENT CREDIT BANK LIMITED

Share Capital of the Company as proposed at Item No. 10A of the accompanying Notice.

Being a banking company, your Company is also subject to the provisions of Banking Regulation Act, 1949 and control of the Reserve Bank of India. The Reserve Bank of India has directed to promote alteration in the Articles of Association so that no transfer in favour of any person/group can be considered without their prior approval if by such transfer the level of holding of such person/group reaches 5% or more of the paid-up capital of the Company. Reserve Bank of India may, from time to time, change such limit as it may deem fit. A new Article 56A is therefore, proposed to be inserted after Article 56 in the Articles of Association as per Item No. 10B of the accompanying Notice.

As per the provisions of Section 109A of the Companies Act, 1956, as amended by the Companies (Amendment) Act, 1999, every holder of the shares in, or debentures of, the Company, may at any time nominate in the prescribed manner, a person to whom his shares in, or debentures of, the Company, shall vest in the event of his death. Suitable provisions are sought to be made for the same by insertion of new Articles 65A and 65B in terms of the Special Resolution at Item No. 10C of the accompanying Notice.

Further, due to the enactment of the Depositories Act, 1996, and the introduction of the Depository System, certain provisions of the Companies Act, 1956, pertaining to issue, holding, transfer and dealing in shares and other securities as also certificates thereof have been amended with a view of facilitating the operation of the Depository System. In view of this, consequential changes are required to be incorporated in the Articles of Association of the Company. This is sought to be done by the introduction of new Article 65C in terms of the Special Resolution at Item No. 10D of the accompanying Notice so that the Articles of Association of the Company are in line with the amended provisions of the Companies Act, 1956, read with the provisions of the Depositories Act, 1996.

In order to further professionalise the functioning of the Bank, the Board may deem it fit to appoint one or more Wholetime Directors. In order to facilitate such appointment(s), it is proposed to insert new Articles 140A & 140B after the present Article 140 as per Item No. 10E of the accompanying Notice.

It is therefore, proposed to insert new Articles 4, 56A, 65A, 65B, 65C, 140A and 140B in the Articles of Association of the Company to give effect to said provisions as detailed in the Special Resolution set out at Item No. 10 of the accompanying Notice.

Pursuant to the provisions of the Companies Act, 1956, a Company may by Special Resolution alter its Articles of Association. Accordingly, Directors recommend the Special Resolution as set out at Item No. 10 of the Notice for approval by the Shareholders.

A copy of Memorandum and Articles of Association of the Company together with the proposed alterations and documents referred to in the above will be available for inspection by the Members at the Registered Office of the Company between 11.00 a.m. and 1.00 p.m. on all working days.

None of the Directors is interested in the said Special Resolution.

**By Order of the Board of Directors
For DEVELOPMENT CREDIT BANK LTD.**

Registered Office :
154, S. V. Patel Road (East),
Dongri, Mumbai 400 009.

August 12, 2000

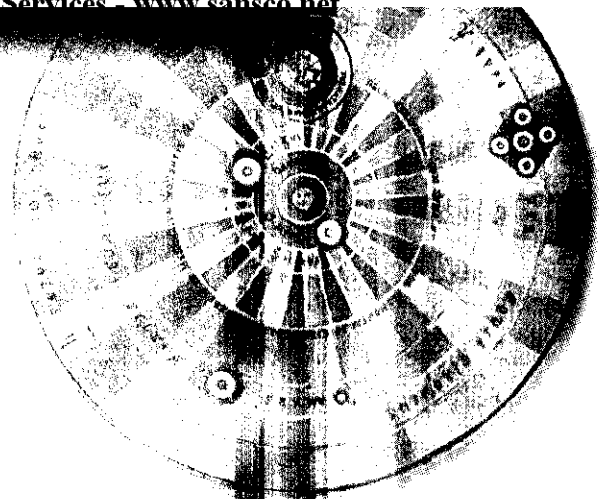


H. V. Barve
Company Secretary

PRODUCED BY

THE

remains free
of any trappings





DEVELOPMENT CREDIT BANK LIMITED

Directors' Report

After birth, there is growth. For DCB growth means evolution, building capabilities to adapt to the changing environment, making provision for economies of scope and continuous cross-business learning. DCB's second phase of evolution has only just begun. Your Directors are pleased to present to you the Annual Report and Audited Statement of Accounts for the year ended March 31, 2000, heralding a new millennium. Your Directors are also pleased to introduce you to the analysis and study undertaken by McKinsey & Company in helping the Bank outline its future strategic direction.

1. The Right Response

Success today is enfolded in the pursuit of a new business order. We are leaving behind a world in which scale, efficiency and replication meant everything. We are taking our first tentative steps into a world dominated by scope, choice and innovation where experimentation, imagination and agility are, if not everything, at least the essential catalysts for wealth creation. The soft and intangible elements in business are becoming as imperative as the hard and tangible ones; the latter can be exemplified by quantifiable shareholder value: the former by a cultural transformation that increases productivity and human capability through individual and organisational learning.

Business means competition from all sides. Information overload. Greater pressure on margins. Technology limitations. Too few long-term answers and business links for short-term quick fixes will pay no longer. The "velcro organisation" mindset must make place for a solid 'clicks and mortar' foundation.

Most traditional organisations have accepted the fact that in order to exist they must change – and most organisations willing to change don't want to survive, they want to thrive.

In order to respond to emerging opportunities, identify growth partners, build strategic alliances and keep a step ahead in being truly techno-savvy, DCB has to be transformed into a high performing bank.

2. National Economic Scene

Gross Domestic Product recorded a growth rate of 6.4% in 1999-2000, slightly lower than the previous year, mainly due to the decline in the overall agricultural output in 1999-2000. Industrial production however showed a firm recovery with a growth rate of 8.2% in 1999-2000 compared to the 4.0% growth during the previous year. Of interest in this context

is the clear improvement in the performance of the six core infrastructure industries, viz. electricity, coal, steel, crude oil, petroleum refinery products and cement which registered a robust growth of 8.3% during 1999-2000 compared to the sluggish growth of 2.8% during the previous year. As regards other infrastructure sectors, there was an 8.0% increase in railway goods traffic. Cargo handled at major ports also witnessed a rise of 8.1% during 1999-2000 while in communications, the number of new telephone connections increased by 23.0%.

There has been a significant deceleration in the inflation rate during 1999-2000. The inflation rate (as measured by the Wholesale Price Index) as on March 25, 2000 stood at 3.74% which was lower than 4.81% registered during the previous year. The strong agricultural growth in 1998-99, increasing openness of the economy to manufactured imports along with the fall in international prices has contributed to this decline.

Exports registered an increase of 13% during the fiscal 1999-2000 as against a decline of 1% during the previous year. Imports also increased by 10.5% in 1999-2000, as against 2.5% in 1998-99.

Aggregate foreign exchange reserves including gold and Special Drawing Rights amounted to US \$ 38,036 million as at March 31, 2000 as against US \$ 32,987 million in the previous year.

3. Developments in banking

• Deposits

Aggregate deposits of Scheduled Commercial Banks (SCBs) increased from Rs. 7,14,025 crore as at the end of fiscal 1998-99 to Rs. 8,10,065 crore as at the end of fiscal 1999-2000, recording a growth rate of 13.45%. Deposits have grown at a faster rate of 5.0% during the first quarter

