

# NEWS ALERT

## Is Spain The Next Greece? Or Italy? Or Portugal?

Even as Greece pledged anew on Wednesday to rein in its runaway budget deficit, briefly easing the anxiety over its perilous finances, traders on both sides of the Atlantic weighed the risks – and potential rewards – posed by the groaning debts of other European governments. While investors welcomed news that Athens would raise taxes and cut spending by \$6.5 billion this year, analysts warned the moves might not be enough to avert a bailout for Greece or to contain the crisis shaking Europe and its common currency, the euro.

Whatever the outcome in Athens, the debt crisis in Europe threatens to tip the financial, as well as political, balance of power across the Continent. With Germany and France emerging as the most likely rescuers, leaders in Berlin and Paris could end up dictating fiscal policy in Portugal, Ireland, Italy, Greece and Spain.

## Centre To Pump in Rs 35,000 crore into PSU Banks Over Two Years

The government has chalked out a two-year plan to infuse around Rs 35,000 crore of capital in public sector banks to enable them to meet the economy's credit require-



Double-digit salary hikes are likely to be back this year in India with employees expecting an average hike of 10.6% in 2010, the highest in the Asia Pacific, according to a survey conducted by HR consulting firm Hewitt Associates. The average salary increments had shrunk to just around 6% last year (from around 15% in 2007) as the economic slowdown hit India Inc.



ment. The proposed capital infusion will be done in Tier-I capital funds, which will help them to maintain an 8% Tier-I capital adequacy ratio (CAR). According to a senior finance ministry official, state-owned banks will get this capital in phases once the Cabinet approves the proposal. The government aims to complete this capital infusion by 2012. The Union Budget had already announced a recapitalisation support of Rs 16,500 crore to the public sector banks.