



सत्यमेव जयते
ITP Division
Ministry of External Affairs
Government of India

Monthly Economic Bulletin

September 2010

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Recent Trends in Indian Economy

Industrial Growth

The growth in IIP for the period April to August 2010-11 stood at 10.6 percent and this was higher than the growth posted during the five month period of the previous fiscal. The overall mood of the industry looked promising, however growth in August decelerated to 5.6 per cent as compared to 10 percent plus in the previous year, which was slightly disappointing .

The high growth oriented manufacturing sectors which accounts for the majority share has been the backbone of the rising Industrial growth numbers.

Coming to the use-based classification one can say that the capital goods which includes the plant and machinery grew by a phenomenal number, with average growth for April- August being 29 per cent as against 3.4 percent increase in the previous year. Nevertheless, capital goods shows volatility when we look at the monthly numbers as it turns negative for the second time this year in August 2010 after a positive movement. Output in the basic and intermediate goods rose but not as much as seen in the previous year.

The consumer goods cumulatively for the five-month period has also shown acceleration in growth , it rose by 8.6 percent as against the increase of 3.6 percent seen in the previous year. The rise was however seen to mainly come from the consumer durables goods category.

Acceleration in growth was observed in food products, cotton textiles, jute products , paper products, rubber products, basic metals , metal products machinery and transport equipments during the period from April to August as compared to the corresponding growth numbers of the previous year.

Core Sector Growth

The growth numbers in the six core infrastructure industries also suggest steady growth. It was only a notch down compared to the growth posted in the previous year. The growth is mainly ascribed to good performance seen in the crude petroleum, petroleum refinery and steel. And all the other sectors except for coal grew positively, however at a low pace as compared to the pace of growth in the previous year.



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Trends in Inflation

Inflation in September 2010 has been brought under 10 per cent, the inflation was 8.62 percent in September 2010 on a Y-o-Y basis compared to 1.09 percent in the same month of previous year. The buildup in the wholesale price index in September over March has been 3.9 percent compared to the build of 5.4 percent in the previous year.

Stock Market Trends

Sensex continues to remain between 19-20 K level and Nifty trades at above 6 K points. Not only activity remains strong from the FII in the NSE and BSE but also from the domestic investors.

Monetary Indicators

The broad money supply (M3) in August this year has slowed to 15 percent calculated on a Y-o-Y basis as compared to 19 percent in the previous year. Growth in the net bank credit to the government halved compared to the growth in the previous year and credit to the commercial sector has increased by 18.3 per cent compared to 13.8 percent in the previous year. Interbank liquidity is observed to be on the lower side low and the mood is likely to continue on account of the festive season.

Aggregate deposits in YoY terms were seen to slow as compared the deposits in the previous year. Investment were also seen to slow in the

government and other approved securities, going down to 8 percent from the 34 percent rise in the 2009-10. Growth in credit off-take rose further on account of the non-food segment.

Fiscal Management

Fiscal deficit up to August this year was lower at Rs 151425 crores compared to the fiscal deficit recorded in the previous year which was at Rs 182290 crores . The reasons for low fiscal deficits were increase in the revenue receipts (non tax source) on account of disinvestments in the PSUs and auction of 3G and BWA spectrum.

Foreign Trade

Merchandise exports in August (cumulative of five months, i.e from April) were seen to have risen to USD 85 billion as compared to USD 66 billion achieved in the previous year. Imports were also seen to increase by 33 per cent to USD 141 billion. So were the trade deficits that widened to 13 billion in August 2010 from USD 8.8 billion in August 2009.

Foreign Investment

FDI is yet to pick up this year, during the period from April to August of 2010-11 the FDI accumulated was USD 11.5 billion this was lower from the FDI of USD 13.5 billion received during the corresponding period of 2009-10.



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Lead Stories of the Month

Core infrastructure industries grow 3.7%

Growth of core infrastructure industries slowed to 3.7 per cent in August, as compared to 6.4 per cent in the same month last year, according to data released by the government.

Expansion of the six core industries-crude oil, petroleum refinery products, coal, electricity, cement and finished steel-aggregated 4.1 per cent during the first five months of this fiscal as against 4.8 per cent in April-August 2009-10, the data of Commerce and Industry Ministry said.

These six segments account for 26.7 per cent of the country's total industrial output.

Growth in the petroleum refinery production contracted by 2.3 per cent against a positive growth of 3 per cent in August 2009.

As per the data, the crude oil output growth was 15 per cent while it had contracted by 2.5 per cent in August 2009.

Production of both coal and electricity slowed to mere one per cent each, as against robust growth

of 13.3 per cent and 10.2 per cent in August 2009, respectively.

Similarly, cement production too slowed to 1.6 per cent from 17.5 per cent in the year ago period. However, finished steel output grew by 7.7 per cent in August this year. It was 0.3 per cent in the same month last year.

Meanwhile, the growth of the core infrastructure sector has been revised upwards to 4 per cent for July from the earlier provisional estimate of 3.9 per cent.

Exports grow by 22.5 pc to USD 16.64 bn in August

Exports grew by 22.5 per cent to USD 16.64 billion in August compared to the same period last fiscal, a senior Commerce Ministry official said.

Imports, too, jumped by 32.2 per cent year-on-year to USD 29.7 billion in August, Commerce Secretary Rahul Khullar told.



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"Export growth is relatively slow, well below the level of 2009. From next month onwards hopefully, you should see growth at the level of 2008," Khullar said.

During April-August this fiscal, exports posted a growth rate of 28.6 per cent to USD 85.27 billion on a year-on-year basis. Imports during the April-August period grew by 33.1 per cent to USD 141.89 billion.

The country's trade deficit widened to USD 13.06 billion in August compared to the year-ago period. For the April- August, 2010, period, the trade deficit amounted to USD 56.62 billion.

RBI hikes repo rate by 25 bps, reverse repo rate by 50 bps

The Reserve Bank of India raised interest rates more aggressively than expected, keeping up its fight against inflation, but signalled that it may be nearing a pause in its current tightening cycle.

The RBI lifted the repo rate, at which it lends to banks, by 25 basis points to 6 percent and raised the reverse repo rate, used to absorb excess cash, by 50 basis points to 5 percent. The new rates, which comes into effect immediately.

The hike in rates will lead to a rise in cost of funds for the banks and eventually makes loans expensive, which will reduce consumption.

The rate increase was India's fifth since March. "The Reserve Bank of India believes that the tightening that has been carried out over this period has taken the monetary situation close to normal. Consequently, the role of normalisation as a motivation for further actions is likely to be less important," it said.

The central bank said that while inflation remains the dominant concern in economic management, "current and expected macroeconomic conditions will be the more important considerations going forward."

The yield on India's benchmark 10-year bond rose by 4 basis points after the rate increase while the 1-year swap rate jumped by 9 basis points.

IIP growth rises to 13.8% on jump in capital goods production

Belying fears of a slowdown, industrial growth accelerated to 13.8 per cent in July from 7.2 per cent in the corresponding month last year, on the back of a 63 per cent jump in capital goods production.



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Among the main industry segments, manufacturing activity expanded by 15 per cent from 7.4 per cent a year ago. Mining sector grew by 9.7 per cent from 8.7 per cent while electricity generation growth slowed down to 3.7 per cent when compared to previous 4.2 per cent growth.

Capital goods industry and consumer durable goods production expanded by 22.1 per cent in July, the same rate witnessed a year ago.

Experts earlier had predicted the industry growth in single-digit number for the month of July because of the base effect.

The double-digit growth in July is commendable because industrial expansion in the previous month was revised down to 5.67 per cent from the earlier estimates of 7.1 per cent.

Industrial growth for the first four months of this fiscal stood at 11.4 per cent from 4.7 per cent a year ago.

The country's GDP had grown by 8.8 per cent in the first quarter, against six per cent in the April-June period of last fiscal.

Introduction of National ID Authority Bill approved

The Cabinet gave its approval for introducing the National Identification Authority of India Bill in Parliament, thus moving a step closer to arming the UIDAI with statutory powers to issue unique identification numbers.

“The Bill seeks to establish the National Identification Authority of India for the purpose of issuing Aadhaar numbers (or unique identification numbers) to individuals residing in India and to certain other classes of individuals, the manner of authentication of such individuals and other related matters,” an official statement said.

The Bill also outlines the powers and functions of the proposed authority, the framework for issuing the Aadhaar numbers, as well as penalties for various offences.

The Cabinet Committee on the Unique Identification Authority of India had earlier cleared the commencement of Phase II of the UID project at an estimated cost of Rs 3,023 crore.

Cabinet approval comes barely three months after the UIDAI invited comments on the draft version of the Bill, which among other clauses proposed a penalty for offences such as impersonation and unauthorised access to its data repository.



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According to the draft Bill, the UIDAI would be renamed the National Identification Authority of India and will comprise a Chairperson and two part-time members to be appointed by the Centre. It would also have a CEO (not below the rank of the Additional Secretary to the Government), who will be the member secretary of the authority.

Notably, the draft version had stipulated penalties for various offences — three years imprisonment and/or up to Rs 10,000 fine for both impersonation at the time of enrolment and impersonation of Aadhaar number holder by changing demographic and biometric information. Further, disclosing identity information could attract imprisonment of three years and a fine of Rs 10,000 for individual offenders (or up to Rs 1 lakh in the case of a company). The proposed penalty for unauthorised access to the CIDR (Central ID Data Repository) was pegged at up to three years imprisonment and at least Rs 1 crore in fine. Accordingly, penalties were also specified for offences such as tampering with CIDR data and the manipulation of biometric information.

India a dynamic market: Ron Kirk

Observing that India is a dynamic market, a top Obama Administration official has said that US strongly supports rapidly growing Indian economy.

"India is a dynamic market with a growing, educated middle class and long-term prospects for

increased prosperity," US Trade Representative Ron Kirk said in a statement following his meeting with visiting Indian Commerce and Industry Minister Anand Sharma.

Both the leaders attended the Trade Policy Forum meeting in Washington.

"The United States strongly supports India's rapidly growing economy and welcomes the significant opportunities this presents for jobs in America's farming sector, manufacturers and service providers," he said.

"Today's Trade Policy Forum is a critical part of this Administration's actions to help Americans take advantage of those opportunities," Kirk said after the Trade Policy Forum (TPF) meeting.

During the meeting, both the sides examined a range of trade and investment issues and expressed their shared commitment to intensify work under the TPF, including in the coming weeks preceding President Barack Obama's visit in November, with a view to further broadening and deepening existing economic ties.

During the TPF, representatives of the two governments met to discuss issues of mutual interest including agricultural and other goods trade, services, intellectual property, information and communications technology, and investment.



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In addition, Kirk and Sharma welcomed the inaugural meeting of the US-India SME Forum, which furthered the work plan set out in the Framework for Cooperation on Trade and Investment signed in March 2010 and reflected the critical role played by SMEs in supporting jobs in connection with US-India trade.

The Private Sector Advisory Group, created as an adjunct to the TPF in 2007, submitted a report to Kirk and Sharma outlining its proposals for advancing the US-India trade and investment relationship.

'India Fast Growth 25' rating for budding entrepreneurs

AllWorld Network and Prof Michael Porter have announced 'India Fast Growth 25,' an annual rating of emerging private companies in India. About 75 companies have applied to figure in the top 25 list.

Representatives of the 25 companies took part in a discussion on entrepreneurship at the Indian School of Business (ISB). The list includes Micromax Informatics, redBus.in, Bang Bang Films, the Loot, Travelspice.com, AppLabs and Apalya Technologies.

AllWorld, founded by Prof Anne Habiby and Prof Porter of Harvard Business School, said the 25 companies created about 7,000 jobs since their

establishment. These firms are expected to grow by 50 per cent or more in the next six months.

Support

An ISB spokesperson said the school would provide support for these companies through student projects, case studies and offering participation in short-term programmes.

The rating initiative is being supported by The Indus Entrepreneurs (TiE) Network, Nexus Ventures and Mumbai Angel Network.

Mr Srinu Raju, Managing Director of Peepul Capital, who gave away awards, asked the budding entrepreneurs to project a realistic picture of the company as they approached and signed deals with investors, particularly private equity players.

India ranks 77 in Forbes best countries for business

Despite the second highest growth in the world among major economies in 2009, India ranks 77 in Forbes Best Countries for Business list even as the US dropped from No. 2 to No. 9.

"India is developing into an open-market economy, yet traces of its past autarkic policies remain," noted the US business magazine placing India ahead of Sri Lanka (83), China (90) and Pakistan (92) in its fifth annual ranking of 128 economies.



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"Economic liberalisation, including reduced controls on foreign trade and investment, began in the early 1990s and has served to accelerate the country's growth, which has averaged more than 7 percent per year since 1997," it said.

Capitalising on its large educated English-speaking population, India has to become a major exporter of information technology services and software workers, Forbes noted.

India's services sector outperforms others on export front, says Unctad

Against the odds of weak overseas demand from advanced countries, the Commerce Ministry might be battling and batting for exporters of merchandise goods, but the star export performer remains India's unsung services sector.

Acknowledging the growing clout of India's services export, the UN Conference on Trade & Development (Unctad) has said India has benefitted from the opportunities offered by globalisation, mainly as an exporter of tradable services, while growth in its manufacturing sector has been driven primarily by domestic demand at much lower though 'credible' rates.

Stable growth

In its Trade & Development Report (TDR), released worldwide, the UN body has stated that India's manufacturing industry has grown much more slowly than China's, but growth was 'significant and relatively stable even after the Asian crisis of 1997'. Illustrating this, it said over the three periods, 1980-89, 1990-96 and 1997-2003 (the years after the Asian financial crisis), China's manufacturing value added grew at average annual rates of 2.1, 11.8 and 14.1 per cent respectively, whereas the corresponding figures for India were 5.6, 8.7 and 4.7 per cent (Unctad secretariat calculations).

Driving home the point that India's external trade was seldom as extensive as China's, Unctad said during the period 1997-2003, fewer Indian industries were as export dependent as those in China. In most manufacturing categories (at the three-digit SITC level) exports accounted for less than one fifth of production.

But apparent consumption (which factors in imports) was "significantly" higher than domestic production, indicating a sizeable share of imports in domestic consumption. This could be ascribed to the demand for imported luxury goods, resulting from trade liberalisation, a growing middle and upper middle class of consumers and the inability of Indian producers to meet this demand, Unctad said point-blank.



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Stretching this point to its corollary, Unctad argues India provides “a market for a number of manufactured and semi-manufactured imports and will continue to do so.”

Organised sector adds 3.2 lakh new jobs in July-Sept: Survey

It is boom time in new hiring in the organised sector with the addition of nearly 3.2 lakh jobs during July to September and the services sector leading the way.

In the first six months of the calendar year the organised sector added 4.18 lakh jobs, according to a survey by Ma Foi Randstad Employment Trends.

There is optimism in the economic scenario across all sectors. In the services sector, healthcare and hospitality are seen to add the maximum number of jobs, the survey says.

The survey was conducted among 650 companies across 13 industry segments in eight Indian cities.

The top management and senior HR personnel at these companies were queried on their hiring intentions in the present quarter as compared with the previous quarter and their views for the whole year.

The survey shows 4,18,564 jobs were created between January and June 2010 with 1.21 lakh jobs in healthcare and 63,000 jobs in hospitality. The top five sectors leading the boom are healthcare, hospitality, real estate and construction, IT and ITeS, and education, training and consulting.

New Delhi, Mumbai and Chennai are the leading job generators — 112,987 jobs during January to September 2010. Kolkata, Bengaluru and Hyderabad follow closely with 30,000-plus jobs during the same period, says the survey that tracks Indian employment trends and opportunities.

Mr Ben Noteboom, CEO and Chairman of the Executive Board, Randstad Holding, said, “We see positive trends across many economies such as US, Germany, France, Asia Pacific and parts of Europe which are clearly growing. I expect India to continue its economic growth and employment generation fuelled by its domestic consumption and stabilising global economy.”

ADB raises growth outlook to 8.5%, S&P to 8.1%

The government, in the dock recently for poor quality of its macroeconomic data, got a shot in the arm when two independent agencies backed its upbeat forecast, despite concerns over high inflation and a strong local currency.



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Multilateral lender (ADB) raised the country's growth forecast for the current fiscal to 8.5%, identical to the government figure, from 8.2%, after a series of positive numbers from industrial and agriculture sectors. "But, persistently high inflation and a rising rupee could undermine future strong growth," ADB said in a new report.

This comes in close on the heels of finance minister Pranab Mukherjee's assessment last week that India's GDP would surpass the earlier projection of 8.5-8.75%. He had, however, expressed concerns over infrastructure bottlenecks weighing on growth prospects.

Rating agency Standard and Poor's also raised its growth estimates for the current year in a note released on Tuesday. "We expect India's economy to grow by 8.1% in 2010, based on a steep gain in industrial output and resurgent private consumption, investment, and exports. Were these scenarios to continue, growth would lift further to 8.3% in 2011," said DK Joshi, chief economist at CRISIL, Mumbai based subsidiary of Standard & Poor's.

The growth prospects started looking brighter as fears that the industrial sector was running at full capacity subsided and expectations of a good harvest were boosted by good monsoon. The industrial sector grew at a robust 13.8% in July and advance crop estimates predicted a bumper rabi crop. Earlier, the chief economic advisor, Kaushik Basu had said that he would stick to planning commission's base case scenario of 8.5% GDP growth.

Asia's third largest economy grew by 7.4% last year, after recording 6.7% growth in year ended March 2009. It had posted 9% plus growth rates in the three preceding years. ADB raised its inflation estimates to 7.5% from the earlier projection of 5.5%. It said food prices continue to remain a near-term concern. The inflation, according to the new wholesale price index with the base year 2004-05, was 8.5% in August while food inflation stood at 15.46% for week ended September 11.

"A well-grounded, robust recovery will depend on the ability of the various policymakers to coordinate effectively among themselves to achieve macroeconomic stability," says Jong-Wha Lee, chief economist at the Asian Development Bank.

India hot spot for FII investments

India is the most popular destination for overseas portfolio investors to park their fund in the Asian region for 2010. It may be a signal of increasing confidence in the Indian growth story, when the rest of the world is struggling to fight the recession. Bloomberg data shows that foreign institutional investors (FIIs) have purchased domestic equities worth \$13.7 billion in 2010 till date making it the only Asian markets to have received more than \$10 billion of investment this year. It is 56% higher than corresponding period of last year.



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This year, FII investment into India is over 57% higher than that of South Korea, which remains at the second slot in terms of overseas investment followed by Indonesia, Taiwan, Thailand, Philippines and Vietnam among others. Interestingly, higher amount of FII investment has flowed into India despite the fact that domestic equities are commanding a relatively higher PE against its regional peers. While Nifty of NSE is trading at a PE of 19.36, it is 13.66 for South Korea, 4.16 for Indonesia, 14.98 for Taiwan and 14.61 for Philippines. As regards, future FII inflows into India will depend on the second quarter numbers, which would give a cue into the future earnings trajectory of India Inc.

Sensex crosses 19,000 on FII flows, banking sector charge

The Sensex soared 408 points, reaching a 32-month high, as foreign institutions poured in more than Rs 2,500 crore, according to provisional data.

The benchmark index closed at 19,208.33, up 2.1 per cent from its previous close. The Nifty closed at 5,760, up 2.13 per cent.

The strong performance was led by RIL and the entire banking sector.

Bank stocks were at their all-time high with SBI, India's largest bank, hitting a peak of Rs 3,148.55 on the NSE.

According to analysts, the gains made by stocks over the last few trading sessions have been primarily liquidity driven as is evident from the heavy FII inflows.

Domestic institutions, which were net sellers for Rs 960 crore, and retail investors, who sold for a net of Rs 219 crore (on the BSE), took advantage of the highs and booked profits. "It was fantastic opportunity for retail investors like us to sell and especially for those who had bought at April 2009 levels," said Mr Ashish Choudhary, a retail investor.

Technical analysts said the Nifty was moving in the 4300-5600 range for a long time and Monday's "break-out" could prompt an up-move equal to the width of the channel, that is, 1,200-1,300 points.

India second most important FDI destination

India has replaced the US as the second most important foreign direct investment (FDI) destination for transnational corporations during 2010-2012, according to a survey conducted UNCTAD.

In its latest 'World Investment Prospects Survey 2010-2012', the United Nations Conference on Trade and Development said transnational corporations remain buoyant about investment prospects in China, India and Brazil.

According to the survey, India is the most important FDI destination next only to China.



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India replaced the US as the second most important destination for FDI by transnational companies last year following severe recession in the US. In the last survey, the US was the second most important destination and this time the country has slipped to fourth position.

Global FDI flows are expected to jump increase from USD 1.2 trillion this year to USD 1.3-USD 1.5 trillion in 2011 and USD 1.6-2.0 trillion in 2012.

"The results point to a recovery in global FDI flows in 2010 and further growth in 2011 and 2012," UNCTAD said.

Basing its results on the responses from 236 leading transnational corporations and 116 investment promotion agencies, it forecasts an upswing in the international foreign direct investment flows.

"The crisis was less destructive to FDI than had been feared" despite the worsening economic situation and growing recession in the industrialised countries, UNCTAD said.

Notwithstanding the squeeze in the investment budget during the worst economic crisis in the last eighty years, there has been perceptible shift in the TNC's geographical focus to developing and transition economies.

The emerging countries weathered the downturn better than their industrialised country

counterparts. Further, the developing countries are leading the global recovery and are also contributing to the TNC strategies.

FII's pump in record \$17.9bn so far in '10

The foreigners are invading like never before. Foreign institutional investors (FIIs) have net infused \$17.9 billion so far this year into the , the highest ever yearly inflow since were allowed to invest in India in 1992, data published by Sebi on Monday showed that so far this year.

This year's data beats the past record of \$17.6 billion, witnessed during the frenzied 2007. As a result of this unprecedented inflow of funds from abroad, the Indian rupee is appreciating against major currencies, mainly the US dollar, and the leading indices are rallying to multi-year highs. On Monday, the rupee hit a four-and-half-month high against the greenback and ended at 45.10 to a dollar, compared to its Friday close at 45.25. And on the BSE, the sensex gained 72 points to end at 20,117, a 32-month closing high.

Institutional dealers and top officials at broking houses said a major portion of this large chunk of FII money is coming either through the exchange traded fund (ETF) route or from smaller countries where investors are now waking up to the India story. "ETF money will keep coming as long as we continue to give good return," said Ambareesh Baliga, VP, Karvy Stock Broking.



FII's investment cap in Govt, corporate bonds hiked

Foreign institutional investors (FII) can now invest more in the debt securities with the Government raising their investment limit in Government securities and corporate bonds by \$5 billion each.

Effectively, the FII investment limit on G-secs has been raised to \$10 billion from \$5 billion and that on corporate bonds stands raised to \$20 billion from the earlier level of \$15 billion.

The upward revision in the investment cap in G-secs and corporate bonds comes at a time when FIIs have been betting big on both Indian debt as well as the equity markets.

The Government had last raised the FII investment limit in G-secs in June 2008 to \$5 billion from \$3.2 billion.

To enable higher FII investment flows into the corporate debt market, the Government had in January 2009, at the peak of the financial crisis, raised the FII investment cap in corporate bonds to \$15 billion from a level of \$6 billion.

But this time round, for investment in G-secs, the Government has stipulated that the incremental limit of \$5 billion be invested in securities with residual maturity of over five years.

Corporate Bond

On the corporate bond side, the incremental limit of \$5 billion must be invested in corporate bonds

with a residual maturity of over five years issued by companies in the infrastructure sector, it has been stipulated.

These stipulations have been put in place for the first time, informed sources said. The latest move could be intended to ensure greater participation of FIIs on a longer term basis and also enable the flow of long-term resources to the infrastructure sector.

Sharma backs FDI in multi-brand retail, says opening up to create more jobs

Coming out in support of allowing foreign direct investment (FDI) in multi-brand retail sector, commerce and industry minister Anand Sharma has said that despite "sceptics and scaremongers" predicting job losses, unorganised retail will actually grow and thousands of jobs will be created if the sector is opened up to foreign investments. He said that his department had received all inputs on the position paper floated on the issue and an inter-ministerial core group will hold discussions on it soon.

"There are sceptics and scaremongers who will say that it (multi-brand retail) should continue the way it is and there will be job losses. On the contrary, both organised and unorganised retail will grow," Mr Sharma said on the sidelines of an India-South Africa business event organised by CII in Johannesburg.



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Opening up the sector will allow retail giants like Wal-Mart and Carrefour to tap India's growing retail market, currently estimated at over \$400 billion and growing at 13%.

The discussion paper on permitting FDI in multi-brand retail, circulated by the department of industrial policy and promotion (DIPP) on July 8, has received its share of criticism from small traders, farmer groups and non-government organisations (NGOs) such as the Bhartiya Majdoor Sangh, Confederation of All India Traders and Kisan Jagriti Manch which claim that liberating the sector would endanger the livelihood of 4 crore people directly dependent on retail and 20 crore people indirectly earning their livelihood through it.

Opening up multi-brand retail to foreign investment is a sensitive issue in India as the sector is dominated by mom-and-pop stores, which are afraid of losing business to retail giants. The present FDI regime allows 51% foreign investment in single brand retail and 100% in wholesale cash and carry, but none in multi-brand.

According to the minister, allowing foreign investment in multi-brand retail will not lead to weakening of the unorganised retail since it is also modernising itself. "It will generate tens of millions of jobs from sorting to processing and from packaging to marketing," the minister said. It would also lead to creation of much needed

infrastructure such as warehouses and cold-storages, he added.

Once the inter-ministerial core group goes through the inputs on the discussion note, it may frame a Cabinet note on the issue. It would then be placed before the Union Cabinet for clearance after it is vetted by all ministries and departments concerned.

Policy for special manufacturing zones likely this year: DIPP

The Centre is likely to announce the policy for units in the proposed special investment zones by end of this year, a move that is aimed at increasing the share of manufacturing in the overall economic growth.

The government expects these special areas -- National Manufacturing and Investment Zones (NMIZs) -- will help in increasing the share of manufacturing from 15 per cent of the GDP at present to 25 per cent by 2022.

"We are seriously considering to put this (NMIZ) policy for public consumption by the end of this year (2010)," Director in the Department of Industrial Policy and Promotion (DIPP) Rajat Kumar said at the sidelines of PHDCCI meet.



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The DIPP, part of the industry ministry, has received large number of suggestions on its concept paper for setting up NMIZs, which are being planned as mega industrial zones and subsume SEZs, industrial parks and warehousing units.

Kumar said an inter-ministerial discussion on the issue is likely in October or November.

The paper had suggested radical steps including freedom to downsize workforce and curtailing workers' right to join unions.

It also says that state governments should acquire land for the NMIZs, which could be promoted mainly by the private sector.

Besides, it has recommended low-interest loans for units opting for clean technology or products in the NMIZs.

Although the policy is still awaited, Commerce and Industry Minister Anand Sharma recently announced that the first NMIZ would come up in Rajasthan.

India-Canada trade to triple in five years: Anand Sharma

Ananda Sharma said that India's "strategic partnership" with will triple in the next five years to \$15 bn.

Sharma, who is here with a high-powered delegation of business and industry leaders to further "strategic dialogue" between the two countries, said there was an "enormous potential" for trade between the two complementary economies.

"The trade between our two countries was close to \$5 bn before the global downturn, and it has come down marginally. Both our prime ministers have given the mandate to take it to \$15 bn by 2015. It is achievable," said Sharma who will meet his Canadian counterpart Peter Van Loan in Ottawa.

He will also call on Canadian Prime Minister Stephen Harper and attend a round-table with the Canadian Council of Chief Executives.

Sharma said the proposed comprehensive economic partnership agreement (CEPA) between the countries will take their commercial ties in trade and services to higher level.

A joint study group formed by the two countries to study key areas of interest and the scope of CEPA has already submitted its report to the two governments, he said. "The two sides have exchanged drafts, and completed governmental procedures to launch the agreement."



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Sharma said the joint study group was created during the Indian visit of Canadian Prime Minister Stephen Harper in November when the two countries elevated their ties to 'strategic partnership' and agreed on regular CEOs' roundtables,

When formally signed, CEPA will give preferential access to the two markets. It will eliminate tariffs on most goods, create opportunities in services, set rules in investment and cut non-tariff barriers. After CEPA, Canadian exports - forest products, nickel, aircraft, electrical machinery, fish and seafood products and agricultural products (cereals, lentils) - will get free access to the Indian market.

India's exports of precious stones, diamonds, jewellery and apparel to Canada are also expected to rise substantially after CEPA is signed.

Inviting Canadian investors to India, the commerce minister said, "India is the second-fastest growing in the world and among top favourite investment destinations." Investments in India, he said, fetched the highest returns today.

Sharma is the second Indian cabinet minister to visit Canada after the signing of the path-breaking nuclear deal by the two countries during

Manmohan Singh's visit here in June. B.K. Handique, minister for mines, was here in July.

India to boost trade ties with Ghana

The Commerce and Industry Minister, Mr Anand Sharma, underlined the need for enhancing bilateral trade with Ghana.

The Minister, who was on a visit to the African nation, discussed various issues related to trade and investments.

Mr Sharma met with Mr John Evans Atta Mills, President, Republic of Ghana, and Ms Hannah Tetteh, Trade and Industry Minister of Ghana.

Areas of ties

Given the recent oil and gas find in Ghana, India's partnership with Ghana in fertiliser, petroleum and gas sector was underscored.

Mr Sharma impressed upon the need for a gas supply commitment by 2014 for the \$1 b ammonia-urea fertiliser plant in Ghana, for which, an MoU was signed recently between the two countries.

Other related issues like availability of land, potable water and infrastructural development for the project, were also raised.



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India gives \$72.55 million line of credit to Laos

Giving a further boost to its relations with ASEAN countries, India announced a line of credit worth \$72.55 million to Laos for undertaking hydro-electric projects, pushing its total investments in this country to \$162 million.

The two countries also renewed a three-year cultural exchange programme from 2011-13 which will facilitate closer cooperation in the field of education, health, culture and art, youth affairs and sports, and mass media.

President Pratibha Patil, told her Laos counterpart Choummaly Sayasone that India will grant a line of credit worth \$72.55 million for two projects.

"Laos had requested on February 1, 2010 for a line of credit of \$72.55 million for two hydro-electric projects. In today's talks, the President announced the line of credit," Vijaya Latha Reddy, secretary (East) in the ministry of external affairs, told reporters, after the meeting.

The line of credit is for 230 KV double circuit transmission line from Nabong to Thabok and sub-stations worth \$34.68 and 15 MW Nam Boun 2 hydro project worth \$37.86 million, Indian officials said.

Indian Ambassador to Laos Jitendra Nath Misra said India's investment in the country - including those already spent and the ones pledged - have

reached \$162 million after the \$72.55 million line of credit announced today.

Laos has requested for another line of credit worth \$30 million for development of irrigation projects in four provinces and this is under process, sources said.

Patil and her counterpart Sayasone commissioned the Paksong-Jiangxai-Bangyo transmission line project worth \$18 million at the Ho Kham Palace in Laos.

"India gave a line of credit of \$33 million in 2008 for development of three projects. Angelique International is the implementing agency and WAPCOS is the project management consultant for them. On the Laos side, it is Electricity Commission of Laos," Reddy said.

Patil and Sayasone held a one-on-one meeting which was followed by a meeting of senior officials of the two countries.

Reddy said Laos was a good investment destination for India, especially in the field of power transmission and irrigation projects.

India at present extends 94 per cent duty-free tariff to Lao and plans to make it 100 per cent in the near future.



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Taiwan keen to tap Indian electronics, auto parts sectors

India is the next major market of focus for Taiwanese companies in the electronic, machinery and auto component sectors.

While the Taiwan Formosa Industrial Park in the SEZ at Sri City in Andhra Pradesh (ground breaking function for this was held on Thursday) is a major boost in this direction, a couple of Taiwanese companies are planning joint ventures in India , according to Ms Maggie Liu, Manager, Exhibition Department, Taiwan External Trade Development Council.

Ms Liu, who was part the Taiwanese delegation at the EMMA Expo India 2010 – the Best Sourcing Fair from Taiwan, said India's trade has been strong with Asian countries such as China, Vietnam, Indonesia and Malaysia but not with Taiwan.

“We want to change this. There is now a growing interest among Taiwanese companies to tap the large Indian domestic market right from electronic components to finished goods and machinery,” she said.

Bilateral trade

The bilateral trade between Taiwan and India was around \$6,700 million. This, Ms Liu said, was not even half of Taiwan's trade with Malaysia or

Indonesia. “Despite having a strong presence in the electronics products, we are yet to penetrate the Indian market. This could be due to cultural issue as there are a large number of Indian origin people living in Malaysia or Indonesia or due to lack of marketing,” she said.

This year's EMMA Expo with 180 exhibitors has been a 'great success.' The exhibitors are happy with the response from the type of visitors who were mostly 'serious trade officials than just common people.' When compared to last year, the number of visitors this year grew by nearly 20 per cent to over 6,000 people. This was despite the fact that the exhibition was held in the mid week than the usual week end, she said.

On display

The three-day expo, concluded at the Chennai Trade Centre, showcased 35 brands and 158 products including the first hand products that have won Taiwan Excellence awards. Some of the leading Taiwanese companies in the expo were ASUSTek, D-Link, China Motor Corporation and Lien Chief Machinery.

Japan, India to sign free trade agreement

Japan says it plans to sign a free trade pact with India that will scrap tariffs on 94 percent of traded goods.



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Foreign ministry official Norifumi Kondo said that tariffs would be reduced over 10 years.

Kyodo News agency said Tokyo has asked New Delhi to cut tariffs on Japanese vehicles, while India asked Japan to import more generic drugs and expand job opportunities in Japan for Indian workers.

Japan's exports to India - mainly vehicles and electronic goods - totaled \$7.8 billion in the fiscal year ended March 2010. Japan's imports from India, which include oil, steel and jewelry, were worth \$4.7 billion, according to the ministry.

Talks in advanced stage for free trade pact with EU: Ministry

The Government will be signing Free Trade Agreements (FTA) with the European Union, Japan and Malaysia in the next few months, a Commerce Ministry official said.

“We will be signing an FTA with EU in the next few months. The talks are in an advanced stage. We will also be signing similar agreement with Japan before the year-end and then shortly thereafter with Malaysia,” Mr A.S. Mangotra, Additional Secretary, Commerce Ministry, said addressing the 117th annual conference of the United Planters Association of Southern India.

Challenge to planters

Stating that FTAs would pose challenge to Indian agriculture products and planters, he said trade with other countries has to be two-way and there had to be some quid pro quo.

Mr Mangotra said the outlook for the plantation sector was comfortable but the industry will have to replace ageing plantations and tackle the problem of labour shortage.

The Government, on its part, will try and help the sector in sharing social costs incurred in meeting various welfare programmes for the plantation labour. “A panel has been set up to look into it and I am heading it. Let's see what best we can help,” he said.

The Centre has fixed a two per cent target for replantation and rejuvenation of plantations this fiscal and the Government would extend all possible help to the industry meet the target.

In his presidential address, Mr T.V. Alexander, President of Upasi, said the additional cost arising from out of meeting the social and welfare measures to plantation labour was eroding the competitiveness of the sector.



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Trade with Poland likely to double over the next three years

Indo-Polish bilateral trade is likely to double to \$2 billion by 2013, the Indian Ambassador to Poland, Mr Deepak Vohra, said.

Speaking at an event organised by the Confederation of Indian Industry for the high-level Polish business delegation, he added that import and export between the two countries has crossed \$1 billion now.

Also present at the event, Ms Banashri Bose Harrison, Joint Secretary, Ministry of External Affairs said that Poland is the largest trade and investment partner in Central Europe and in the next five years is likely to be amongst the top five trade partners in Europe.

The Central European country is keen to boost bilateral trade ties and is looking for new business opportunities in renewable energy, infrastructure and innovative technology, clean and green environment technology and waste management. Some of the other sectors where Poland is looking for new investments are education, health care and hospitality.

The bilateral trade at present is in sectors such as Agro, textiles, defence, heavy engineering, mining,

IT, agro food processing and other such sectors. About 20 Indian companies have made capital investment in Poland so far.

Several opportunities for Indian companies in disinvestment/privatisation process in Poland are available and Poland is keen on looking at JVs in the defence sector.

The Indian and Polish business delegation also discussed ways to strengthen bilateral relationship in diverse fields.

Russia, India in pact to develop biotech network

An agreement on Russia-India Biotech Network (RIBN) was signed to serve as a dedicated platform to help facilitate collaboration between Russian and Indian biotech companies.

The agreement was signed and exchanged in the presence of the Chief Minister, Mr K. Rosaiah by Prof. Raif Vasilov, President, Russian Biotechnology Society and CEO of Russian Biotechnology Association, and Dr. B.S. Bajaj, Convenor of Bio-Asia 2011 and Secretary of Federation of Biotech Associations (FABA).



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Commenting on the development, the Chief Minister said that this platform will prove to be a very useful tool to accelerate the cross-border collaboration between the two countries. The first phase of this initiative is expected to be operational by February coinciding with Bio-Asia, Prof. Raif Vasilov said.

Coinciding with the signing of the agreement, the Chief Minister today announced that the eighth edition of Bio-Asia, a global bio-business forum will be held during February 21-24 at Hyderabad and serve as a platform to accelerate the growth of the biotech sector.

Bio-Asia 2011 will feature multi-track conferences, trade shows, networking conferences and other satellite events. The previous edition of Bio-Asia held this year in February was witness to participation of over 4,000 delegates from 21 countries. The event brought together over 160 companies and recorded over 800 onsite business-to-business interactions.

The Chief Minister said the State has recognised the importance of biotech sector and has made efforts to provide right environment for its growth by providing necessary infrastructure and

encouraging biotech companies offering them incentives.

Singapore invites Indian investments in pharma, solar energy

Singapore has invited Indian businesses to collaborate with its local players in sectors like solar power, pharmaceutical and chemicals.

"There are huge opportunities available for Indian business community there. Indians can collaborate with Singaporean player to set up research and development centres in areas of solar energy and pharmaceuticals," Singapore Economic Development Board (SEDB) International Director Engkeat Lee said.

Mumbai-based SEDB is a leading agency of Singapore government for planning and executing strategies to attract investments globally.

Elaborating, Lee said Singapore is facing problems in manufacturing medicines for diseases like cancer, diabetes, and heart problems.

"An Indian pharma company can set up a wholly-owned manufacturing or R&D facilities there or can explore collaborations with Singapore companies," he said.



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He also said that chemicals is another important area for exploring business opportunities.

Currently, Indian companies are investing mainly in services sectors.

The presence of Indian companies has increased substantially in Singapore in the recent years. The number has increased to 4,090 from 2,579 four years ago.

"This clearly reflects the friendly investment environment in Singapore," Lee added.

Indian firms in Singapore, include Tata Consultancy Services, Mahindra Satyam, NIIT Technologies, Godrej and Usha Martin.

Lee also said that Singapore business community is looking to invest in the infrastructure sector in India.

"The Indian government is investing billions (of rupees) in this sector, so Singaporean firms can explore business opportunities here," he added.

After Mauritius, Singapore is second largest investor in India. While, India-bound investments from Singapore amounted to about USD 9.5 billion in 2009, Indian investments there have crossed USD 11 billion.

The two-way trade between the nations stood at USD 14 billion in 2009-10.

The two countries have reduced or eliminated duties on several products under a comprehensive free trade pact operationalised since 2005.

US, India look to seal deals before Obama's Nov visit

The ministries of defence and external affairs are involved in a flurry of activities ahead of US President Barack Obama's visit to India in November. Defence minister AK Antony's visit to the US at end of the month, which will follow the visits of foreign secretary Nirupama Rao and minister of commerce and trade Anand Sharma, comes in the backdrop of defence-related agreements with the US like the Logistics Support Agreement (LSA), the End-User agreement and the Communications Interoperability and Security Memorandum of Agreement (CISMOA). These agreements will ease high-tech defence exports to India.



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The US is trying hard to ensure that most of the agreements with India are formalised ahead of Obama's visit. Antony's visit is expected to give a fresh impetus to Indo-US defence ties, which are currently down owing to the absence of a proper framework and trust deficit issues.

'Inter-operability' is the key word for the US in the ever expanding lexicon of the Indo-US defence ties. "The development of inter-operability procedures, communications and doctrines is only possible through familiarisation, understanding and building confidence, focusing on areas of mutual interest, and enhancing the professional development of personnel," sources said.

Early last month, a team from the Pentagon, led by US under-secretary of defence on policy Michèle Flournoy, interacted with their Indian defence ministry counterparts to prepare for a meeting of the Defence Policy Group, the joint committee headed by top civilian bureaucrats in the two defence ministries that charts bilateral defence cooperation. Both the sides had exchanged notes on fostering greater cooperation in defence through more equipment sales, greater joint exercises, frequent high-level exchanges and the possibility of inking three military agreements.

Flournoy had maintained that the US viewed India as a "natural partner" and indicated Washington's wish list vis-à-vis New Delhi in the area of defence. The list includes buying more American-origin defence equipment, 'realistic' joint exercises and stepped-up visits by officers of Indian armed forces.

Describing the three military agreements, which the US has been pursuing with India, as "foundational" in nature, Flournoy had said the three agreements being offered have been inked with many close partners, and this has enabled the Pentagon to offer cutting-edge defence technology. They also allow the US to "share" the next higher level of technology. She, however, went on to clarify, "It is not a requirement (for closer cooperation). It is a choice of the government of India."

CIS region invites Indian investments

A panel of diplomats from CIS countries threw open opportunities for Indian exporters and business houses for export of various products and setting up joint venture units at a seminar on 'Focus CIS Region' organised by the Engineering Export Promotion Council (EEPC).



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The Centre has already taken a string of initiatives to enhance trade between India and CIS region, including Government Lines of Credit (LOC), inter-banking relations, Double Taxation Avoidance Agreement and Bilateral Investment Protection Agreement.

Mr Oleg Laptinok, Ambassador, Embassy of the Republic of Belarus, said exports of engineering goods from India to Belarus increased from Rs 10.13 crore in 2008-09 to Rs 43.90 crore in 2009-10. These included products such as iron and steel bar, machine tools, residual engineering items and transport equipment.

Trade items

India's major items of exports to Belarus include fish filets, extracts of coffee, raw tobacco, compounds of carbon acid, antibiotics, footwear and electric transformers, while its imports from Belarus included potash fertilisers, polyamides, tyres, artificial threads, intermediate iron or alloy-free steel and electric integrated circuits.

Belarus's total exports were of the order of \$21.41 billion, while its imports touched \$28.39 billion.

On trade between India and Azerbaijan, India imported goods worth Rs 1,335.72 crore, while exported products worth Rs 142 crore in 2009-10.

While India's major items of import from Azerbaijan included aluminium and related products, organic chemicals and vegetables, export included products such as pharma, apparel, machinery, paper, tobacco, medical instruments, dye and paint.

India, Canada to set up CEO Forum for economic ties

India and Canada agreed to set up a CEO Forum to suggest policy initiatives for increasing trade and investment, as the two countries aim for tripling the bilateral commerce to USD 15 billion by 2015.

Indian Commerce and Industry Minister Anand Sharma met Canadian International Trade Minister Peter Van Loan and also agreed in principle to establish working groups on public-private-partnership model, focusing on infrastructure, energy, mining, agro-processing and education, a statement said.

"Both sides agreed to expedite the establishment of a Canada-India CEO Forum, a high-level representative body that would recommend policy initiatives and identify impediments to the enhancement of investment and trade between the countries," a statement released in New Delhi said.



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A joint study group report has recommended that the two countries should start negotiations for a bilateral market opening the trade pact.

The two nations are also negotiating agreements on social security and investment promotion and protection.

"These two agreements will make a significant contribution to the commercial and economic interaction between the two countries," the release said.

The ministers also reviewed the status of bilateral cooperation in critical sectors such as energy, environment, mining, ICT, science and technology, education and training, tourism, financial and other services, agriculture, and infrastructure.

Sharma had called on the Prime Minister of Canada Stephen Harper and apprised him on the current trade and investment scenario.

The two-way trade stood at USD 4.5 billion.

Huge opportunity for cloud in Indian healthcare, says Zinnov

Zinnov Management consulting said that the total addressable opportunity for cloud solutions in the

Indian healthcare industry (hospitals) is estimated at \$600 million by 2020.

The study, titled 'Cloud Computing: An enabler of IT in Indian Healthcare Sector,' revealed that cloud can potentially address close to 40 per cent of the total annual healthcare IT spending in India.

The current healthcare spending stands at \$54 billion and is expected to reach \$164 billion by 2019-20. Also, the estimated annual IT spending within existing hospitals in India is approximately \$191 million currently and is expected to reach a mark of \$1.5 billion by 2020.

India's telecom sector favourite among foreign investors

India attracted \$891 million (Rs 4,023 crore) foreign direct investment in the telecommunications segment in the first two months of the current fiscal, the highest among all sectors.

The telecommunications sector, including radio paging, cellular mobile, basic telephone services, had attracted \$612 million (Rs 3,055 crore) during April-May 2009-10.

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It was followed by services sector that attracted \$587 million investment, metallurgical industries (\$461 million) and power (\$313 million) in that order during the period.

The country managed to attract \$4.42 billion foreign direct investment (FDI) during April-May 2010-11, while it was \$4.43 billion in the year ago month, according to the latest official data.

The highest FDI of \$1.29 billion came from Mauritius followed by Singapore (\$854 million), Japan (\$369 million) and the Netherlands (\$298 million) in April-May 2010-11.

The government is making sustained efforts to make the FDI policy regime more attractive and investor friendly, with a view to attract investments from all major investing countries.

The government had floated discussion papers for public comments to liberalise FDI in multi-brand retail and defence sector.

The FDI for 2009-10 at \$25.88 billion was lower by five per cent from \$27.33 billion in the previous fiscal.

Retail sector sees a bright future

In a recently concluded Power Breakfast meeting on Retail industry, in New Delhi, the “Ideas for Growth” were discussed by the top management of various Retail and Realty sector players.

The emphasis was on to various verticals like service, manpower, attrition rates, footfalls, brand building, human behavior etc. The mark of the morning was the sincere sharing of case studies and the seriousness towards growth of the industry.

The interesting fact discussed was the grading system of cities where everyone agreed that tier based system has flaws as the target audience for retail sector is spread across cities.

According to Manjula Tiwari, COO, Esprite, “The growth in food and apparel will not stop in retail sector, as the women are the main revenue generators and it will keep on going up.” This reflected at how much the new age Indian women is contributing to a booming sector.

However fears were raised as the booming tag has been carried long by this sector and it may be a booming industry even after 10 years. The issues were discussed at length regarding government policies, infrastructure, quality of human resource, scarcity of leadership in the industry etc



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Shailja Dutt, MD, Stellar search concluded, "The future of retail industry is unquestionably bright as the organized retail will have 6-7% of consumers pocket as the basic demand is too high. The only worry for this sector is the talent which is concentrated on top and based on B-School tie-ups, the representation of the industry is completely wrong. Currently, this sector should learn from telecom industry."

India likely to quadruple industrial growth to 225 billion dollar by 2020: Som Mittal

National Association of Software and Services Companies (NASSCOM) President Som Mittal on Wednesday said that India is likely to quadruple its industrial growth to 225 billion dollar by 2020.

Delivering a keynote on 'India 2015: Leveraging It For Growth' here today, Mittal pointed out the recent economic growth in the country, especially with reference to the Information Technology sector.

"Our assessment is that if we get our acts right, then in 2020, we could be a 225 billion dollar industry, which is four times that what we are today. And, by the way, it would not be

constrained by demand. It will be constrained by our own ability to deliver," said Mittal.

Mittal emphasised the fact that many IT firms are going also global, and opined that in a reverse process; India has become the second largest investor in the United Kingdom.

"India is becoming the R&D engineering hub. Parts of Boeing, satellites parts, parts of Airbus, and automotives are being designed here. Chip designing end-to-end is happening here. Even a company like SAP does three products which were designed, developed, conceived from India, supported from India and marketed from India," said Mittal.

The NASSCOM chief also pointed out that more than 2.3 million people were working in the Information Technology- Business Process Outsourcing (IT-BPO) sector.

"If you look at the IT-BPO sector. I think we had an opportunity, the world needed us, we had the resources available with us. And I think very young people made it happen. We have today, about 60 billion dollars of total IT exports that we do, which is 20-25 percent of country's exports," said Mittal.



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Growing coastal shipping accounts for 27% of traffic

Mr A. Subbiah, Chairman in-charge of Tuticorin Port Trust, in a statement said that Tuticorin Port, since inception in 1974, has facilitated coastal shipping by offering the lowest tariff for salt from Tuticorin.

During 1999-2000 and 2009-10, the share of coastal traffic was about 42.32 lakh tonnes and 65.03 lakh tonnes to the overall traffic of 99.93 lakh tonnes and 237.87 lakh tonnes respectively.

Accounting for 27 per cent of the total traffic, coastal shipping has grown at 4.39 per cent CAGR (cumulative annual growth rate) during 1999-2000 to 2000-01, he said.

He further said that at Tuticorin Port, thermal coal, petroleum coke, iron and steel material, salt, industrial coal are some of the major import cargo unloaded for coastal shipping trade.

Sulphuric acid, phosphoric acid, gypsum, ilmenite sand, construction material, caustic soda lye and containerised cargo are some of the major export cargo loaded via coastal shipping at Tuticorin Port.

For the year 2009-10, he continued, the Port handled 65.03 lakh tonnes of coastal cargo primarily consisting of thermal coal, containerised cargo, sulphuric acid, phosphoric acid, industrial

coal, pet coke, caustic soda lye. The Port also handled about 71,979 TEUs in 2009-10 in coastal shipping.

The coastal container traffic from Mundra and Pipavav ports account for the major share at 43,614 TEUs and 11,724 TEUs respectively. The coastal movement to Kandla Port is about 5,053 TEUs and Okha Port is about 1012 TEUs.

The total share of ports from Gujarat is about 62,585 TEUs out of 71,979 TEUs handled.

The exporters from Gujarat have found coastal shipping from the Gujarat Port to Tuticorin Port quite economical because of the excellent facilities and productivity of the terminal at Tuticorin and Gujarat Ports. Due to the concessional tariff given by Tuticorin Port for coastal traffic, coastal movement of cargo is expected to pick up in the years to come, he added.

Digital information in India to grow 60 fold by 2020: EMC

India's share of digital information is expected to grow 60-fold by 2020, driven by the roll-out of 3G and BWA networks, digitisation of television networks, and increased technology adoption among individuals, small and medium enterprises, enterprises and in Government services like the Unique ID project, Census, among others, said a study.



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The findings of 'The Digital Universe in India' sponsored by EMC, provider of information infrastructure technology, stated that India's 2010 tally for digital information equals information stored in 2.5 billion iPads of 16GB.

It would mean more than 464,000 separate towers of iPads of 16GB stacked flat on top of each other, each as high as India's famed Qutub Minar. Or if the 2.5 billion iPads were laid end-to-end, they would be equal to a continuous line of more than 197 million Tata Nano cars.

"The digital information explosion will create significant challenges for India's CIOs and IT managers for two reasons. First, enterprises have responsibility for the storage, protection and management of 80 per cent of the digital universe's data, and this liability will only increase as social networking and Web 2.0 technologies continue to impact the enterprise," said Manoj Chugh, President, EMC India and SAARC and Director of Global Accounts for EMC Asia Pacific & Japan.

"Second, while digital information will grow 60-fold, enterprise investments in IT and staffing will grow only in single digits. The cumulative effect is

driving CIOs to transform traditional infrastructures into private cloud data centers that offer internal and external customers IT as a service," he added.

The EMC-IDC study further points out that 50 per cent more digital information is created today in India than the capacity that exists to store it. This number will grow to 80 per cent over the next decade. The study revealed that over the next decade (2010 to 2020), digital information in India will grow from 40,000 petabytes to 2.3 million petabytes, twice as fast as the worldwide rate.

He further added that: "The digital information deluge will translate into a significant market opportunity in India over the next decade. This is why EMC continues to invest in scaling its operations as a part of its previously announced \$2 billion investment commitment through 2014."

To help address customers' increasing challenges to store, protect and manage ever-growing digital information, EMC is rolling out its private cloud strategy in India and forging industry partnerships locally and globally to help customers move quickly toward private cloud computing environments.



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Textile & apparel exports to US rise by 20% in July

According to textile and apparel industry sources, exports to the US have risen by close to 20 per cent for the month of July. While the square metre equivalent (sme) of textile and apparel exports from India rose from 1606.225 million sme in July 2009 to 1924.060 million sme in July 2010.

“The order books from the US and other countries have begun increasing gradually. The month of July has shown almost 20 per cent rise in textile and apparel (T&A) imports from India for US, which is also the exports for the month of May-June for India. Moreover, due to rise in cotton and yarn prices in India as well as decline in prices in the US, unit realization for Indian exporters has also been improving marginally,” said DK Nair, general secretary, Confederation of Indian Textile Industry (CITI).

Seconding Nair is A Sakthivel, president of Tirupur Exporters’ Association (TEA), who said that the while overall exports from the region is almost stagnant, exports to the US has been increasing gradually. Annually, Tirupur exports textiles worth Rs 11,500 crore, 40 per cent of which goes to the US.

While the rise in T&A imports for US for the month of July from India has been 19.79 per cent in sme, in terms of unit realization the growth has been around 14 per cent.

According to Rakesh Chaudhary, executive director, South Gujarat Textile Exporters Association (SGTEA), the unit realization is expected to grow in couple of months.

However, CITI also expressed concerns over cotton availability and pricing for future exports.

“The availability of cotton has been an issue. If cotton is exported, there would not be enough cotton for producers to source within the country and production might be affected. This, in turn, may affect the exports, Nair added.

GSM operators add 13.5 million users in Aug

GSM operators added a whopping 13.5 million mobile subscribers in August taking the total tally to 481 million. The growth was led by Vodafone Essar which added 2.3 million new subscribers followed by State-owned Bharat Sanchar Nigam Ltd with 2.29 million new users. Uninor, which is among the new players to get licences in 2008, managed to get 2.2 million new subscribers in August beating even market leader, Bharti Airtel.



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“These numbers come from only the 13 circles where Uninor is commercially present today. While it is early days yet, we believe our strategy is taking us in the right direction.,” said Uninor.

Bharti Airtel added a little over two million users to take its total user base to 141.25 million. Vodafone is at second place with a subscriber base of 113.77 million at the end of August. IDEA cellular continues to be the third largest GSM mobile operator with a subscriber base of 72.7 million and State-owned BSNL is in fourth position in terms of GSM mobile user base with total subscribers of about 70.4 million.

IT index touches record high

Technology counters had a field day with IT bellweather Infosys Technologies leading the charge. Robust overseas trends shored up the shares of Infosys over 2%, helping the company touch a life-time high of Rs 3,000 on the BSE. The scrip closed 1.38% higher from the previous day at Rs 2,975.95.

Shares of TCS too touched an all-time high of Rs 898 before closing at Rs 894, up 1.65%. Wipro gained the most at 3.66% to close at Rs 417.45.

The BSE-IT index gained 83.24 points to close at 5,804.72, making it the second highest gainer among all the sectoral indices.

Market analysts said the export-oriented shares rose on the hope of an improving US economy, Indian IT's main revenue geography contributing to 60% of its exports. The bourses also seemed to shrug off comments from IT companies which said technology spending could turn cautious in the months ahead.

India to resume sugar futures from Oct

After more than a year, commodities market regulator, the Forward Market Commission (FMC) will allow sugar futures to start from October 2010 in view of expected bumper production of the sweetener next year.

Trading in sugar futures was suspended in May 2009 as retail prices spiked on the back of sharp drop in production.

“Sugar futures trading would be allowed from October when the new marketing season starts,” Reuters news agency reported quoting BC Khatua, chairman of commodities market regulator, the Forward Markets Commission on Wednesday, adding that the regulator will grant permission to exchanges to resume futures trading in sugar as and when they seek it.



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Later while talking to newsmen, Khatua also indicated that the regulator was considering resumption of tur dal futures, trading in which was suspended in 2007 also because of expected rise in production.

Meanwhile, sugar millers reacted positively to the announcement and said it would allow hedging against possible price slides.

“Now with much higher production expected next year, it is a welcome move. It will give some certainty to the producers and provide a platform for hedging,” said Narendra Murkumbi, managing director of Shree Renuka Sugar, the country's top sugar refiner.

Prakash Naiknavare, managing director of Maharashtra State Cooperative Sugar Factories Federation, said: India is poised to produce a bumper sugar (crop) in 2010-11. There is going to be pressure on prices. Futures are one of the effective ways to safeguard (against a) price slide.

Fresh demand to spur two-wheeler growth

The Indian two-wheeler industry will register a strong growth in the coming years on the back of replacement demand, according to a study released. The industry is expected to grow at 19.4% in the current financial year, according to research firm Analysis and Research (CARE).

As per CARE Research, the longer term outlook is also expected to be healthy, with domestic sales projected to grow in double-digits over the next five years. Investment in the sector would be in the range of Rs 900 crore-Rs 1,000 crore over the next 2-3 years for capacity expansion as well as product development, the report said.

D R Dogra, managing director and CEO of CARE Ratings said, “About 1.6 crore two-wheelers are aged above 10 years, as against the domestic sales of 93 lakh vehicles in FY10. Thus, the demand for replacing old two-wheelers is a huge growth potential for the industry in the coming years.”

The demand in two-wheeler industry picked up in 2009-10 registering a strong domestic sales growth of 26.4%. The acceleration continued with the first five months from April to August 2010, registering a growth of 27.2%.



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The growth in September-March 2011 is expected to be around 13.5%, with sales averaging between 935,000–940,000 units per month. The lower growth for September 2010 to March 2011 period can be attributed to high base effect last year. Domestic sales had witnessed 33% growth in September-March 2010 period over similar period in 2008-09. Improvement in consumer sentiments due to revival in the economy, rise in employment levels and increase in personal disposable incomes combined with improvement in systemic liquidity were some of the key factors that influenced this growth. Soaring sales translated to higher capacity utilisation levels, which has led to major expansion drive in the industry that otherwise was nearly held up during last two years due to recession, the study said.

Plan panel expects farm sector to grow by 5-6%, GDP by 8.5%

The Planning Commission has said growth in the agriculture sector this fiscal would be as high as 5-6 per cent, which would help the economy to surge by 8.5 per cent as projected by it earlier.

"I am absolutely certain that this year we are going to see more than four per cent agriculture growth. My guess would be that we should be somewhere in the 5 to 6 per cent range," Planning Commission Deputy Chairman Montek Singh Ahluwalia said.

He said, "The underlying logic of that (economic growth of 8.5 per cent with upward bias) quite simple is that if you get an agriculture growth of something like 5 per cent or a little more, which is possible, that alone will add one percentage point to overall growth rate of the economy."

About the concerns expressed by experts that the economic growth would slow down in the second quarter of this fiscal (July-September) due to base effect, he said, "It is not a cause of concern."

"The 8.5 per cent growth which is what we are calibrating or could be a little better. This only requires just about double digit growth in industry. So there is a lot of room for industrial growth to slow down and for our aggregate growth performance to be on track," he added.

About the industrial growth, he said that the country would end the fiscal with double digit factory output.

Asked about meeting fiscal deficit target of 5.5 per cent of GDP, he said, "There is no doubt that the 3G auctions will add money, there is also a demand for expenditure. My own guess is that we would achieve fiscal target."

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From beverages to noodles, its expansion time for FMCG firms

Some of the country's leading FMCG companies – they include Nestle, Coca-Cola and Tata Coffee – are investing over Rs 1,800 crore in the next few months to expand capacity or for inorganic growth.

Nestle India is investing Rs 950 crore to set up two units to manufacture instant noodles and infant foods in Karnataka and Haryana. The Karnataka unit will be up and running in the first quarter of next calendar year, while the Haryana unit will begin commercial production by the end of next of next calendar year. It also plans a fifth facility to manufacture instant noodles, which will be put up for approval in the next two months.

Confirming the development, a Nestle India spokesperson said: "The new facilities will support and grow our business in these segments, where we require more capacity. We already have three units to manufacture instant noodles in Punjab, Uttarakhand and Goa." Nestle has decided to concentrate on culinary, dairy and beverage products as key areas of growth in the future.

Nestle has also announced the setting up of a research & development centre at Manesar at an

investment of Rs 230 crore. The R&D centre – its 13th worldwide – will develop products specifically aimed at the Indian market.

Beverage major Coca-Cola India is investing Rs 550 crore to set up a greenfield beverage plant in Yadgir district of northern Karnataka. Sources in the company say it currently does not have any plant in this region, as a result of which it has to be served by bottling plants in Hospet and near Bangalore.

However, these bottling plants also service Tamil Nadu and parts of Kerala. "So, we found that there was a need to set up a third plant to serve the market well," said a source. Karnataka is the largest market for beverage companies, followed by Andhra Pradesh.

Tata Coffee, as part of its ambition to become a global plantation company, is scouting for coffee plantations in Uganda, Zambia, Ethiopia and Laos. The aim is to ensure that 40 per cent of the company's topline comes from inorganic growth by 2015. If everything goes to plan, around 30 per cent of the company's coffee production will come from overseas plantations.

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Hameed Huq, managing director of Tata Coffee, said: "Expansion of coffee plantations in India is difficult as land is very expensive. That is why we are looking for Arabica coffee plantations or of land overseas, especially near the equator, which is best suited to growing coffee." Huq says the investment on buying a plantation in these foreign locations is at least 50-60 per cent cheaper than in India.

The expansion of its coffee plantation is part of a major restructuring that Tata's food and beverage business. The group has already renamed Tata Tea as Tata Global Beverages and its headquarters shifted to London. The focus will now be on different kinds of beverages and not limited to tea. Tata has also tied the knot in a joint venture with PepsiCo for affordable beverages.

Recent Trends in Indian Economy

Region/Country	Export		
	US \$ million		% change
	2008-09	2009-2010	2009-2010
World	183091.3	178258.8	-2.6
Africa	11396.8	10626.5	-6.8
Egypt	1304.0	1206.2	-7.5
Ghana	421.6	386.0	-8.4
Kenya	890.4	866.1	-2.7
Mauritius	273.1	216.4	-20.7
Nigeria	1489.9	1307.9	-12.2
South Africa	1452.1	1405.3	-3.2
America	26971.5	24657.1	-8.6
Brazil	1542.7	1502.9	-2.6
Canada	1356.1	1122.1	-17.3
USA	20854.8	19082.8	-8.5
Asia (excl. Middle East)	43617.4	46561.4	6.7

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Region/Country	Export		
	US \$ million		% change
	2008-09	2009-2010	2009-2010
Bangladesh	2386.2	2362.7	-1.0
China	9184.1	11442.5	24.6
Hong Kong	6594.5	7866.7	19.3
Indonesia	1920.2	2310.9	20.3
Japan	2789.7	2384.1	-14.5
Korea DPR (North)	299.7	137.3	-54.2
Korea Republic (South)	1807.3	1918.1	6.1
Malaysia	3324.7	2509.6	-24.5
Nepal	982.5	1272.7	29.5
Pakistan	1353.0	1564.9	15.7
Philippines	711.1	743.0	4.5
Singapore	4743.6	4862.4	2.5
Sri Lanka	1641.6	1617.7	-1.5
Taiwan (Taipei)	852.9	730.2	-14.4
Thailand	1863.5	1669.0	-10.4
Viet Nam	1725.4	1823.0	5.7
Middle East	29980.0	29493.1	-1.6
Iran	1487.1	1665.5	12.0
Israel	1396.0	1350.7	-3.2
Kuwait	747.9	779.6	4.2
Oman	711.2	776.7	9.2
Saudi Arabia	3696.6	2941.4	-20.4
Syria	360.9	343.7	-4.8
UAE	19293.8	19688.8	2.0
Yemen	401.4	370.0	-7.8
Europe	38912.8	33604.2	-13.6
Belgium	4408.9	3436.9	-22.0
France	2884.4	2654.8	-8.0
Germany	6343.0	5376.1	-15.2

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Region/Country	Export		
	US \$ million		% change
	2008-09	2009-2010	2009-2010
Italy	3780.2	3388.5	-10.4
Netherlands	3277.7	2875.1	-12.3
Russia	1070.5	976.9	-8.7
Spain	2351.2	2024.9	-13.9
Turkey	1373.5	1469.7	7.0
UK	6327.4	5895.1	-6.8
Oceania	1744.8	1644.7	-5.7
Australia	1429.4	1354.7	-5.2

Region/Country	Import		
	US \$ million		% change
	2008-09	2009-2010	2009-2010
World	299310.9	286114.5	-4.4
Africa	10059.8	9285.9	-7.7
Algeria	107.4	28.2	-73.8
Angola	8.7	6.4	-27.0
Egypt	560.8	308.6	-45.0
Libya	0.5	9.8	2026.4
Nigeria	80.0	87.0	8.7
South Africa	5400.5	5589.3	3.5

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Region/Country	Import		
	US \$ million		% change
	2008-09	2009-2010	2009-2010
America	24615.2	23460.6	-4.7
Brazil	1140.6	2350.2	106.0
Canada	2450.1	2042.4	-16.6
Chile	1451.3	1096.1	-24.5
Mexico	790.2	332.7	-57.9
USA	17654.8	16442.6	-6.9
Asia (excl. Middle East)	78291.3	75109.7	-4.1
China	31918.6	30444.7	-4.6
Hong Kong	6426.4	4716.9	-26.6
Indonesia	6579.4	8339.1	26.7
Japan	7416.2	6661.9	-10.2
Korea Republic (South)	8012.6	7411.9	-7.5
Malaysia	3788.4	3564.0	-5.9
Singapore	5470.6	4720.8	-13.7
Taiwan (Taipei)	2399.8	2444.4	1.9
Thailand	2504.1	2827.6	12.9
Middle East	21300.1	20245.5	-5.0
Iran	1116.9	1197.2	7.2
Iraq	48.4	45.6	-5.8
Israel	2045.1	1860.0	-9.0
Kuwait	391.6	336.7	-14.0
Oman	577.8	567.1	-1.9
Qatar	595.6	534.7	-10.2
Saudi Arabia	1580.7	1690.6	7.0
UAE	13032.0	12916.9	-0.9
Yemen	9.3	12.5	33.5

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Region/Country	Import		
	US \$ million		% change
	2008-09	2009-2010	2009-2010
Europe	60691.6	57695.2	-4.9
Belgium	5462.9	5994.6	9.7
Finland	1213.8	1004.1	-17.3
France	4590.5	4123.4	-10.2
Germany	11948.0	10277.7	-14.0
Italy	4257.3	3847.2	-9.6
Netherlands	1866.8	1549.7	-17.0
Norway	1055.2	630.2	-40.3
Russia	4029.9	2896.5	-28.1
Spain	1007.5	1072.9	6.5
Sweden	1930.8	1567.5	-18.8
Switzerland	11475.3	14407.8	25.6
Turkey	649.5	547.1	-15.8
UK	5698.2	4345.3	-23.7
Oceania	11579.4	12578.4	8.6
Australia	10879.9	11950.1	9.8

DISCLAIMER

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