

Weekly Economic Bulletin

Date: October 12 - 18, 2010

Issue No. 390

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News Feature

India's growth to moderate next fiscal year

India's economic growth is on track to accelerate in 2010/11 on the back of monsoon rains but expectations for growth in the following year have moderated slightly, a quarterly Reuters poll shows.

Analysts raised their expectations for how far the Reserve Bank will lift rates in the fiscal year to the end of March 2011, reflecting signs that demand pressures, especially for consumer durables, are building in Asia's third-biggest economy.

A survey of 21 economists produced a median forecast that the economy would grow 8.4 percent in the year ending March 2011, unchanged from a similar poll conducted in July and up from growth in 2009/10 of 7.4 percent. They projected growth of 8.3 percent in 2011/12, slightly below 8.5 percent forecast in July.

"Rising cost pressures and global uncertainties are likely to have a sobering impact on India's growth momentum," said Rupa Rege Nitsure, chief economist at Bank of Baroda .

Wholesale price inflation is forecast at 8.3 percent at the end of 2010/11, similar to current levels, before moderating to 5.7 percent the following year. This compares with 8.6 percent and 5.5 percent, respectively, in the previous poll.

The Reserve Bank expects WPI inflation to ease to 6 percent in March 2011. The cut in forecasts for inflation at the end of the fiscal year reflect the view that a healthy monsoon will bring down food prices, which have a big influence on the headline index.

However, rising demand for consumer durables, such as cars, will need sterner action from the central bank than previously forecast because of the risk that these price pressures can filter more broadly through the economy.

The Reserve Bank of India (RBI) has raised its short-term lending rate by a total of 125 basis points in five moves in 2010 to 6 percent, but is seen to be nearing the end of its current tightening cycle.

The poll forecast that the RBI would raise the repo rate, at which it lends to banks, by another 50 basis points to 6.50 percent by the end of March 2011. Just one more 25 basis point hike is expected in the following fiscal year.

The rupee is forecast to be around current levels at the end of December, but is seen appreciating by about 1.2 percent between now and the end of March. It is up 4.3 percent so far in 2010 after having climbed 4.7 percent in 2009.

<http://economictimes.indiatimes.com/news/economy/indicators/Indias-growth-to-moderate-next-fiscal-year/articleshow/6763251.cms>

August industrial output growth seen up 9.65 pc

India's annual industrial output growth probably slowed down to 9.65 percent in August from the previous month, the median forecast of 20 economists showed. The output growth had picked up to 13.8 percent in July from 5.76 percent in June.

Forecasts ranged from a rise of 8.2 percent to 14.1 percent.

Factors to watch:

- The HSBC Markit Purchasing Managers' Index, an indicator of manufacturing expansion, slipped for a second straight month in September to 55.1, its lowest in 10 months.
- The HSBC Markit Business Activity Index, an indicator of expansion in services sector, also fell to a 10-month low, mainly due to weakness in incoming new business.
- Wholesale price inflation data for September, due on Oct. 14, may provide cues on the central bank's policy response.
- The Reserve Bank of India (RBI) said normalisation of monetary policy was now near completion, and further policy action would depend on data on growth and inflation.
- The RBI, which will review policy on Nov. 2, has raised its lending rate five times this year by a total of 125 basis points (bps) and analysts expect another increase of at least 25 bps by end-December.

Market Impact:

- * Local bond and the overnight indexed swaps (OIS) markets are pricing in at least a 25 bps increase in the central bank's policy rate next month.
- * Traders say a stronger-than-expected data will likely push up the 10-year benchmark bond yield to 7.98 percent, while the five-year OIS could rise to 7.24 percent.
- * The 10-year yield had closed at 7.95 percent, while the benchmark five-year OIS rate closed at 7.17 percent.
- * A below-forecast reading will weaken the case for another rate hike in November and may bring down both the 10-year bond yield and the five-year OIS rate.
- * But bond dealers see heavy debt supplies preventing a big fall in 10-year yields as the government plans to borrow 1.63 trillion rupees (\$36.7 billion) in the second-half of the fiscal year.

<http://economictimes.indiatimes.com/news/economy/indicators/August-industrial-output-growth-seen-up-965-pc/articleshow/6733834.cms>

GDP to grow by 9.2% in 2010-11: CMIE

The Indian economy is expected to grow by 9.2 per cent in 2010-11 following impressive growth in the manufacturing and services sectors, Centre for Monitoring Indian Economy (CMIE) said.

"We maintain that the Indian economy will grow by 9.2 per cent in 2010-11, as we expect impressive growth in the manufacturing and services sectors as well," CMIE said in a statement.

The Index of Industrial Production (IIP) dropped dramatically to 5.6 per cent in August, after growing by 13.8 per cent in July. It had recorded a growth of 11.2 per cent in the June quarter, but we believe that the growth was much higher than 11.2 per cent, CMIE said.

This is because sales revenues of the manufacturing companies rose by 23.8 per cent, while the rate of inflation in manufactured products (including petroleum products) was 8.2 per cent, implying that sales volumes grew by about 14.4 per cent.

<http://economictimes.indiatimes.com/news/economy/indicators/GDP-to-grow-by-92-in-2010-11-CMIE/articleshow/6749297.cms>

Overseas Investment

India's forex reserves swell \$1.63 bn to \$295.79 bn

The country's foreign exchange reserves went up by USD 1.63-billion to USD 295.79-billion on the back of a healthy jump in foreign currency assets, making it the fourth consecutive weekly rise in the kitty.

India's total forex reserves went up by USD 2.56-billion to USD 294.16-billion the previous week.

Foreign currency assets, a major component of the forex pie, shot up nearly USD 1.59-billion to USD 268.10-billion for the week ended October 8, data released by the Reserve Bank of India (RBI) said.

Foreign currency assets expressed in US dollar terms include the effect of appreciation or depreciation of the non-US currencies, such as the euro, pound and yen, held in the reserves, the apex bank said.

The country's gold reserves were unchanged at USD 20.51-billion while there was a marginal, USD 29-million rise in India's Special Drawing Rights (SDRs) to USD 5.168-billion, the data showed.

India's reserve position in the International Monetary Fund was also marginally up by USD 12-million to a little over USD 2-billion, the apex bank data showed.

<http://economictimes.indiatimes.com/news/economy/indicators/Indias-forex-reserves-swell-163-bn-to-29579-bn/articleshow/6755029.cms>

Trade News

Cyprus keen to forge ties in IT, energy sectors

The Cyprus Government is shortly sending a high-level business delegation, to be headed by its Minister for Trade, Commerce and Tourism, Mr Antonis Paschalides, to India to promote economic relations between the two countries.

Giving this information, the Minister told, "I'll be leading a delegation to India within 10 days to explore opportunities for mutual cooperation. We'll visit Delhi first and then Mumbai."

Asked if his Government had already identified the areas of probable cooperation between the two countries, the Minister replied that IT and energy would be the focus, though there could be other areas also.

"Our Government in partnership with industry representatives are working out the details," he observed. The delegation, as he pointed out, would also have professionals such as lawyers, accountants, and consultants.

The Minister emphasised that his Government would be fully supportive of any kind of foreign investment that would be mutually beneficial.

The Communist party is a partner in the Government, "but that would create no problem," he said, pointing out that the present Government, despite the participation of the Communists, attracted sizeable investments, running into billions of euros, from abroad in the past few years and more were in the pipeline.

He made it clear that in Cyprus, the Government had no role to play in land acquisition. "We do not give any land," he said, adding, "the Government only provides safe and sound business environment, and we've been successful in our approach so much so that despite economic recession hitting the rest of Europe, the Cyprus economy has remained largely unaffected."

The present unemployment rate at 7 per cent would further drop, and the country's debt would be brought down to 4-4.5 per cent by next year. The service sector accounted for nearly 80 per cent of the country's gross domestic product. Tourism contributed only 12 per cent, and there was scope for further development. Banking, legal education, IT, and real estate were other sectors that held out promise, he added.

<http://www.thehindubusinessline.com/2010/10/18/stories/2010101851390300.htm>

Mongolia for strengthening bilateral relations with India

The Mongolian Government is considering issuing visa on arrival for Indian businessmen.

Addressing the members of Southern India Chamber of Commerce and Industry (SICCI), Mr Voroshilov Enkhbold, Ambassador of Mongolia to India, said that the Mongolian Government will be interacting with the Indian Civil Aviation Ministry for early implementation of direct connectivity from Mongolia to India shortly. The business promotion meet was organised by SICCI to highlight the potential for the Indo- Mongolian bilateral relationship.

The press release said that even though Mongolia and India had signed an agreement for direct connectivity 10 years ago the agreement could not be implemented due to certain practical issues.

The Ambassador said that the Mongolian Government encourages investments in the priority sectors and has granted tax incentives to foreign direct investment. Opportunities exist in sectors such as mining, medicine, pharmaceuticals, ICT, tourism and entertainment.

<http://www.thehindubusinessline.com/2010/10/12/stories/2010101251481900.htm>

India, Israel to work towards signing FTA

India and Israel have agreed to kickstart talks on signing a financial pact next month to promote bilateral trade and lay the ground work for signing a free trade agreement (FTA), a media report said.

Israeli Finance Minister Yuval Steinitz met his Indian counterpart Pranab Mukherjee in Washington on the sidelines of last week's semi-annual meeting of the IMF and World Bank , business daily Globes reported.

The two leaders have agreed to prepare the ground for an FTA, it added.

Besides, the daily said, Steinitz would visit India in early 2011 with the heads of leading Israeli companies.

Indo-Israel trade has grown from USD 200 million in 1992, when diplomatic relations were established between the two nations, with projections of USD 5 billion this year.

India has jumped from the eighth position to second as the favoured destination for Israeli exports in the first half of 2010, according to Israel's Export and International Cooperation Institute.

Israeli exports to India in the first half of this year were worth USD 990 million, an increase of 102 per cent compared to last year.

"Israel cannot rely just on the markets in the US and Europe. We need new markets. We must look eastwards especially to India and China. I am interested in a closer connection between India and Israel, similar to the economic ties we have with the US and Europe," Steinitz was quoted by the business daily as saying.

"I want to see Indian investments in Israel, just as there are investments by Israeli companies in India," he added.

Steinitz dismissed apprehensions that an FTA with India would lead to jobs moving away from Israel to that country.

India has leaped to become Israel's second largest export destination, only next to close ally the US, as the Jewish state focusses at tapping potential in Asian markets.

The reason for this year's sharp jump in exports to India was a 63 per cent leap in shipments by Israel's mining, minerals and quarrying sectors, which exported USD 228 million worth of products, mainly fertilisers.

One of the biggest exporters to India in this sector was Dead Sea Works, a subsidiary of Israel Chemicals.

Exports of electronics equipment, including warfare systems, to India grew from less than USD 10 million in the first half of last year to USD 160 million this year, the institute reported.

Major exporters in this sector included ECI Telecom and Comverse, TowerJazz, Elbit Systems and Rafael .

Israeli exports to India of metals and metal products also increased from USD 21 million to USD 130 million, a sharp increase of 524 percent.

<http://economictimes.indiatimes.com/news/economy/foreign-trade/India-Israel-to-work-towards-signing-FTA/articleshow/6734966.cms>

India, Kenya expect trade to touch \$2.5 bn by 2013

India and Kenya aim to increase their bilateral trade to \$2.5 billion in the next three years from \$1.5 billion in 2009-10 and have identified various steps to be taken for achieving it.

"The two sides have agreed to make all possible efforts to achieve a target of bilateral trade of \$2.5 billion by 2013," a Commerce Ministry official said.

Indian Commerce and Industry Minister had met Kenyan Trade Minister Chirau Ali Mwakwere at the sixth meeting of the India-Kenya Joint Trade (JTC) which was held in Nairobi.

The two countries agreed to make every possible effort like organising trade delegations, organising seminars and conferences and fairs to further enhance the bilateral trade.

The bilateral trade between the two countries stood at \$1.5 billion in 2009-10.

Sharma had said that the key sectors identified for bilateral cooperation were agriculture like agro-processing, drugs and pharma, infrastructure sectors like road, rail and energy, information and communication technology, oil and gas and healthcare.

India and Kenya have also agreed towards greater engagement between the 'Kenya Investment Authority' and 'InvestIndia', which would help in trade and investment flows between the two countries.

The two nations also decided to fast-track the finalisation of a Bilateral Investment Promotion and Protection Agreement (BIPPA) and a revised Double Taxation Avoidance Agreement (DTAA).

<http://businessstandard.com/india/news/india-kenya-expect-trade-to-touch-25-bn-by-2013/112604/on>

Sectoral News

Pvt sector share in sales, profit rises 60% in 10 yrs

Liberalisation and appetite to grow have helped private companies to outpace their public counterparts in the last 10 years, by raising contribution in net sales by 20 percentage points to 68.55 per cent and in net profit, by 24 percentage points to 63.86 per cent.

In other words, net sales of the private sector rose at a compound annual growth rate (CAGR) of 23.48 per cent and net profit at 33.47 per cent, while public sector entities grew at a CAGR of 12.65 per cent in terms of net sales and at 19.3 per cent by net profit.

Information technology (IT), capital goods, metals, telecom, automobiles, construction, infrastructure, pharmaceutical and realty sectors led the private sector growth, while banks and capital goods helped public sector to show double-digit CAGR in sales and profit. The public sector companies were more or less hamstrung by the government control on oil prices and inability to push reform agenda on lack of support from bureaucrats. The government's failure to list the profitable entities also limited the public sector share in India Inc's sales and profit.

The private sector entities were fast forward to come out of the control-ridden years to increase and upgrade manufacturing facility, by tapping the capital market through public issues. They also approached banks for endless flow of cheap credit and re-invested profits for future growth.

Reliance Industries integrated itself to become the country's largest and the world's most integrated petrochemical company, while Tata Steel, Tata Motors, Hindalco and top pharmaceutical companies enter world map through overseas acquisitions.

The multinational companies (MNC) operating in fast moving consumer goods, capital goods and pharmaceuticals sectors did well, and posted CAGR of 19.55 per cent in sales and 25.43 per cent in net profit.

Hindustan Unilever was the biggest disappointment of the decade. It grew at a CAGR of six-eight per cent in sales and profit. ITC, despite ridden by endless rise in excise duty, registered a CAGR of 18 per cent in sales and profit.

The private sector edged out the public sector, with the number of companies, with net profit of Rs 1,000 crore, growing from one, namely Reliance Industries, in 2000-01 to 37.

The profit buoyancy saw eight private companies become billion dollar profit companies. They were TCS, Infosys Technologies, Wipro, Bharti Airtel and Reliance Communications. ITC and Hindustan Unilever continued to be the two most profitable companies among MNCs. Thanks to 14 state-owned banks, the number of Rs 1,000-crore plus net profit companies in the public sector increased from seven to 31.

The state-owned oil companies continued to dominate the list by sales, occupying four of the top six positions.

The private sector companies, with overseas acquisitions, increased their presence in the top 10 from two to four. Tata Steel joined the Rs 100,000-crore sales leagues on the back of its acquisitions of Corus. Tata Motors doubled its sales after acquiring Jaguar-Land Rover, while Hindalco improved its sales fivefold in two years after acquiring aluminium giant Novelis.

The information technology (IT) sector, which tilted the balance in favour of services sector, has grown manifold in the last 10 years. Now, the top three IT companies together rake in export revenue worth Rs 80,000 crore from Rs 8,000 crore 10 years ago.

Bharti Airtel, an unlisted entity till 2001, now ranks among India's top 15 companies, with net sales of Rs 42,000 crore. Bharti Airtel is also the fifth largest profitable company in India, with a net profit of Rs 9,163 crore.

<http://www.business-standard.com/india/news/pvt-sector-share-in-sales-profit-rises-60-in-10-yrs/399467/>

Handicrafts exports up 33% in Sept

Handicraft exports increased by 33 per cent at Rs 275 crore in September this year as against exports worth Rs 205 crore in the corresponding period last year. The exports increased on the back of more demand from the US, according to the Export Promotion Council for Handicrafts (EPCH).

The handicrafts industry is hopeful of achieving the export target of \$2.2 billion for the current financial year, said Mr Raj Malhotra, Chairman, EPCH.

The incentives provided by the Commerce Minister, Mr Anand Sharma, during the Foreign Trade Policy 2009-14 review also helped in increasing the exports, he said.

First half numbers

During the six months period of 2010-11, handicrafts exports increased by 17 per cent at Rs 4,753 crore against Rs 4,075 crore of last year while in the first half of 2010-11, the exports increased by 22 per cent at \$1.02 billion.

Mr Malhotra was speaking at the opening of the Indian Handicrafts and Gifts Fair, Autumn 2010. The fair is expected to have 2,000 exhibitors from 28 States and 6,000 buyers from 30 countries. There are expected to be more than 850 product lines and 350 buying agents.

The US and the EU together account for 70 per cent of the country's handicraft exports.

Moradabad, Jaipur, Saharanpur and Jodhpur are the major handicraft hubs catering to global markets. The sector employs about 10 lakh people.

<http://www.thehindubusinessline.com/2010/10/16/stories/2010101651300300.htm>

GSM operators add 12.4 m users in Sept

GSM-based mobile operators added 12.4 million subscribers in September to take their total tally to 494 million.

BSNL was the top operator in terms of subscriber addition with 2.3 million users. This is the first time in the last five years that BSNL has emerged the top operator. BSNL now has 72.7 million subscribers and is ranked fourth among GSM operators.

Among the private players, newcomer Uninor ramped up its user base by 2.17 million beating incumbent operators such as Airtel and Vodafone. This is the second consecutive month where Uninor crossed the two-million new subscriber mark. Market leader Bharti Airtel got just over two million new subscribers to take its total user base to 143 million. Vodafone added 1.7 million users in September against 2.3 million in August.

Industry watchers, however, said that the numbers being reported by some of the operators should be discounted by 30-40 per cent since there is no standard reporting norm.

<http://www.thehindubusinessline.com/2010/10/18/stories/2010101851300200.htm>

India to overtake Japan as largest small car hub

India aims to become the small car hub of the world by dethroning Japan, the biggest maker of compact cars, a majority of which is consumed domestically.

Last year, it had pipped Brazil to become the second-largest producer of such cars.

While Japan produced 3.4 million small cars between January and December in 2009, India manufactured 1.48 million units in the same period.

According to a top official from Tata Motors, the country's biggest vehicle maker, India would certainly become the biggest manufacturer of compact, fuel-efficient cars, as there is a growing demand for such versatile cars worldwide.

Top manufacturers like Maruti Suzuki, Hyundai Motor India and Tata Motors collectively sold 720,000 units of compact cars during the first six months of the year, reporting 32 per cent growth compared to the same period in the previous year.

The industry also collectively exported 191,000 compact vehicles during the first half of the current financial year. This was lower than the previous year by 2.6 per cent when the industry reported exports of 197,000 vehicles, primarily because of lower penetration levels, coupled with a stagnant demand in the European market.

"India will become the production centre of the world for compact cars, whose share could be as high as 80 per cent. The country will become the biggest manufacturer of small cars," Tata Motors Managing Director and Chief Executive Carl-Peter Forster said.

Forster, who was brought on board by Chairman Ratan Tata earlier this year to steer the company's global ambitions and to propel the businesses of Jaguar and Land Rover, was speaking on the sidelines of the launch of Aria, a crossover vehicle. Tata Motors plans to launch another small car in the coming months, which could be slotted between the Nano and Indica Vista.

"There are multiple segments within the small car segment, which could be explored and one of the segments is below the Indica Vista but above the Nano," Forster added.

The company has been working on such a car for the past 3-4 years. Maruti Suzuki is presently the biggest manufacturer of compact cars in India, with a share of 53 per cent. Korean car maker Hyundai was till recently exporting half of its produce in India to overseas markets such as Europe.

<http://www.business-standard.com/india/news/india-to-overtake-japan-as-largest-small-car-hub/411212/>

India will add 17 lakh metric tons of food storage capacity within five years: Thomas

Minister of State for Agriculture and Food K.V Thomas said India will add 17 lakh metric tons of food storage capacity within a period of five years in order to prevent the rotting of food grains that are stored in the open.

"We have the major proposal of establishing 17 lakh metric tons of new storage facility within a period of five years," said Thomas.

The proposals were given by the delegation, which included representatives from companies that produce silo bags and grain loaders.

The Argentine delegation had earlier visited Punjab and Haryana.

Thomas said the plans are being made to increase the storage capacity by 2012.

"At least 50 percent of the capacity we feel can be done by 2011 December, the rest by 2012. So, we will be able to improve our storage capacity with modern technology step by step," said Thomas.

<http://economictimes.indiatimes.com/news/economy/indicators/India-will-add-17-lakh-metric-tons-of-food-storage-capacity-within-five-years-Thomas/articleshow/6755264.cms>

India eyes \$14 bn investment in exploration round

India expects investments of \$14 billion in its ninth licensing round for 34 exploration blocks, Oil Minister Murli Deora said.

India is offering the oil and gas blocks in its latest exploration round. In its previous eight rounds of auctions, New Delhi has awarded 235 blocks.

There are eight deepwater blocks on offer, seven in shallow water and a further 19 blocks are onshore.

The blocks are being offered under India's New Exploration and Licensing Policy (NELP) which was launched in 1999 to offer better terms for contractors in an effort to attract investment in the oil and gas sector of Asia's third-largest oil consumer.

Foreign firms such as Cairn Energy and local companies such as Reliance and state-run Oil and Natural Gas Corp have been active in prior auctions.

Cairn's Indian assets are currently subject of a \$10 billion bid for control from London-listed Vedanta Resources, the India-focused resources firm's first move into the energy sector.

<http://www.business-standard.com/india/news/india-eyes-14-bn-investment-in-exploration-round/112253/on>

Gold hits record as Fed signals more stimulus

Gold surged to a record high at \$1,367.65 an ounce and silver to a 30-year peak after the Federal Reserve signalled the US economy may need extra stimulus, which hit the dollar.

Gold prices have rallied nearly 25% so far this year as investors turned to the metal as a haven from the effects of an increasingly loose monetary policy.

Spot gold hit a peak of \$1,367.65 an ounce and was bid at \$1,366.75 an ounce, against \$1,349.60. US gold futures for December delivery rose \$21.50 to \$1,368.20, having earlier touched a record \$1,368.90.

Silver hit a peak at \$23.69, its strongest level since 1980, and was bid at \$23.63 an ounce against \$23.28.

Because we are in a world of quantitative easing in the developed economies, and as QE is almost synonymous with competitive devaluation... gold and the precious metals (are) taking on the function of an alternative currency, said Ashok Shah, chief investment officer at London and Capital.

As we go into the next 1-4 quarters, the role of precious metals as alternative currency will become much more paramount, he said. The role of gold as an inflation hedge is not important now, but it may become important in the next cycle, when the time to reverse quantitative easing comes.

The dollar remained the main short-term driver of gold, with the currency coming under broad selling pressure as speculation grew that the Fed will introduce further monetary easing after the release of minutes from its last policy meeting.

Results from JPMorgan Chase, the second-largest US bank by assets, helped the dollar cut some of its losses in early afternoon trade and nudged gold down from session highs, but it quickly bounced back.

<http://www.financialexpress.com/news/gold-hits-record-as-fed-signals-more-stimulus/697265/>

Double-digit FMCG growth likely in Q2

The Rs 1.2 lakh-crore fast moving consumer goods (FMCG) industry in India is expected to register double-digit growth both by value and volume in the second quarter of 2010-11. While the buoyant economy, bountiful monsoons, new product launches and sustained ad-spends are expected to drive steady volume growth, selective price hikes across categories to offset input cost pressures may lead to higher value growth for FMCG companies this quarter.

“We expect the industry to post steady top line growth of 17.3% y-o-y aided by robust volume growth and selective price hikes though the full impact of price hikes is likely to be felt only in the second half of FY 2011,” said Anand Shah, senior research analyst with Angel Securities.

The industry had posted a 13.8 % top line growth in Q2 FY 10.

According to Shah, Godrej Consumer is expected to post the highest top line growth this quarter aided by first quarter of full consolidation of its recent acquisitions. “Among others, Dabur, Nestle, ITC and GSK Consumer are expected to post strong top line growth this quarter,” he added.

Sharing similar views, Nitin Mathur, a research analyst with Edelweiss Securities said strong volume growth (10-18% y-o-y) is expected primarily from Dabur, Emami, Colgate, HUL, Marico and Asian Paints. “In Q2, FY11, margins are likely to remain stable as price hikes during the quarter could offset raw material price inflation,” he added.

FMCG industry captains seem to share the optimism. Adi Godrej, chairman of the Godrej Group said, “The growth rate is accelerated in the FMCG sector — with good monsoon and rural economy. I think Q3 and Q4 of FY 11 will be highest growth quarters in FY 11.”

Aditya Agarwal, director of Emami, is upbeat about his company’s performance in Q2 FY11. “I expect the industry to post better volume growth as compared to the last two quarters. I expect Emami to clock a 30% volume growth in Q2 FY 11,” he added.

Sunil Duggal, chief executive officer of Dabur India also expects the Indian FMCG sector to register a robust volume growth in Q2 FY 11. “However, margins could remain under pressure because of high input costs,” he said. Echoing similar views, industry analysts point that margins will be under pressure because of pricing corrections in certain categories like detergents.

<http://www.financialexpress.com/news/doubledigit-fmcc-growth-likely-in-q2/698724/>

News Round-Up

India gets highest number of votes for UNSC seats in 5 yrs

With 187 votes in its bag, India has received the highest number of votes for getting into the United Nations Security Council in the past five years, according to an Indian diplomat.

Hardeep Singh Puri, India's envoy to the UN, described this as a "ringing endorsement."

"This is the highest vote that any country has got in the last five years," he told. "Now that's saying a lot."

Out of the 190 countries that voted, India received 187 votes.

After the vote in the General Assembly last morning, the diplomats of the Indian mission to the UN celebrated by opening a couple of bottles of champagne and serving a lunch of spicy Chinese food.

India, which is a founding member of the UN is returning to the Security Council after a gap of 19 years.

It has been on the Council six times before, having last served in 1992.

Other countries to be elected are South Africa, Colombia, Germany and Portugal.

Canada, which was also contending, received the least number of votes and eventually withdrew after the second round of voting.

The five new countries will be replacing Austria, Japan, Mexico, Turkey and Uganda.

Three of the new members are part of the G4 (India, Brazil, Japan and Germany), which want to become permanent members.

After the vote, India made it clear that it would be pushing for change in the next two years as it serves out its term as a non-permanent member.

"Not only are we entering the council but we're entering the council when inter-governmental text based negotiations are underway and those text based negotiations are expected to progress for a final outcome in the next twelve months," Puri said.

The Indian envoy asserted that countries like Brazil and South Africa "are expected to utilise their tenure as non-permanent members in order to facilitate longer-term permanent membership for themselves while their serving this term."

While India, South Africa, and Colombia were not challenged by any other country from their region, the two seats of the Western European and Others Group were contested between Portugal, Germany and Canada.

<http://www.business-standard.com/india/news/india-gets-highest-number-of-votes-for-UNSC-seats-in-5-yrs/111915/on>

Indians top global job hopping chart

Indian workforce ranked top in job hopping among the employees of 25 countries surveyed by HR consulting firm Mafoi Randstand on monitoring of 'mental mobility status' of employees across the global region. Mafoi Randstand study commissioned to find the state of workers' mind reveal that among countries in Europe, Asia-Pacific and America, maximum employee churn in job market happens in India. Next in the ranking are Chinese and Mexicans who quit jobs with the confidence of finding an another one.

The study finds that Indian workers rating high the period of economic downturn in refreshing their skillsets. In the prime period of global economic crisis, 71% of workers in China went through a structured training programme with the help of their employers when compared to 61% of workers in India who had done the same. When compared to their Chinese counterparts, 64% Indian workers in the survey had said the economic crisis was a development opportunity.

<http://www.financialexpress.com/news/indians-top-global-job-hopping-chart/696680/>