सत्यमेव जयते
ITP Division
Ministry of External Affairs
Government of India

Weekly Economic Bulletin

Date: August 16 - 22, 2011 **Issue No. 434**

CONTENTS

News Feature

India can have third largest GDP by 2025: PM Manmohan Singh

India could have the world's third largest GDP by 2025 if the country maintained its present growth rate, Prime Minister Manmohan Singh said while conceding that the target of nine percent growth for the next five years was "very ambitious" given the current state of the global economy.

Addressing the golden jubilee celebrations of the Indian Institute of Management-Calcutta, the prime minister cautioned that while the "rosy future" was within the nation's reach, it was not an assured outcome.

Manmohan Singh, who is regarded as the architect of India's economic reforms for having initiated them as finance minister between 1991 and 1996, said the reforms programme had courted controversy in the early years but all regimes at the centre had carried them forward.

"There have been differences of emphasis but the direction has remained the same. Most state governments have also acted in the same spirit.

"Because of our gradualist approach, it took time for the economic reforms to have an impact. However, it is now clear that their impact has been remarkable."

"If we can continue to grow at this rate, we are well positioned to be the country with the third largest GDP in the world by 2025."

He referred to the nine percent growth target fixed for the 12th Five Year Plan (2012-17), and said: "Since we have already achieved about 8.2 percent in the 11th plan period, it may seem that a transition to 9 percent growth is not difficult."

"However, it is in fact a very ambitious target given the current global economic situation, which is full of uncertainties about the prospects in industrialised countries and their implications for global capital markets," he added.

http://economictimes.indiatimes.com/news/economy/indicators/india-can-have-third-largest-gdp-by-2025-pm-manmohan-singh/articleshow/9695441.cms

Twelfth five-year plan to target 9 per cent growth

The Planning Commission will aim to achieve an average economic growth of 9% over the Twelfth Five Year Plan (2012-17).

The plan will primarily maintain the agenda of inclusive growth of the ongoing 11th plan with social sectors such as health, education, skill development and infrastructure getting primary attention and major chunk of the resources. "We will aim at a 9% growth given the uncertainties in the global scenario. There is a possibility of an upside and we can review it later if situation improves," said Planning commission deputy chairman Montek Singh Ahluwalia after a meeting of the full commission chaired by Prime Minister Manmohan Singh.

The ongoing eleventh plan had also aimed at a 9% average GDP growth in the five years, but it is likely to end with only 8.2%. The growth in agriculture in the current plan is expected to be 3.3%, which the plan panel wants to step up to 4% in the coming plan. However, the plan is likely to have access to marginally lower resources as percentage of GDP in the twelfth plan compared to the ongoing 11th plan (2007-12).

The finance ministry, which is working on the availability of plan resources, has indicated that that plan will have to rely on buoyant tax revenues as estimations of non- tax revenues are unlikely to be optimistic.

Non-tax revenues include government earning from spectrum auction and disinvestment. The finance ministry has informed the commission that achieving the disinvestment target of `40,000 crore for the current year will also be difficult. "The plan will have to be funded by tax revenues as outlook on non tax revenue is not that positive," added Ahluwalia. The Prime Minister in his introductory remarks has also said with the government committed to fiscal consolidation, focus needs to shift to better utilisation of existing resources.

http://articles.economictimes.indiatimes.com/2011-08-21/news/29909586_1_planning-commission-plan-panel-ongoing-11th-plan

India's economy robust; growth story in tact: FM

Finance Minister Pranab Mukherjee asserted that India's economy is "robust" and its growth story is in tact, amid fears of another global economic turmoil that sent the world stocks into a tailspin.

"Its (India's) fundamentals are strong and they look more attractive in a world confronting problems," the Finance Ministry said in a statement after Mukherjee reviewed the economic situation with Reserve Bank Governor D Subbarao and PMEAC Chairman C Rangarajan in the wake of debt crisis in the US and Euro zone.

The Bombay Stock Exchange benchmark

Sensex tanked to 15- month low on all-round selling in two successive days that wiped off over Rs 2 lakh crore investors wealth.

Continuing their sharp fall for the second straight trading session today, Asian stocks today plunged by as much as six per cent. European indices too were deep in the red in the afternoon trade.

The statement said that in comparison to the sharp fall in the indices in US and Europe, the Indian indices have "weathered any contagion effect".

Indian bourses are not as badly hit as others in Asia, and the country is well positioned to absorb the potential foreign fund inflows. "As the advanced economies grapple with their problems, India is better positioned than most other nations to meet its problems," the Finance Ministry said.

India has already been upgraded to 'market weight' by some global investment banks from 'underweight' and "this is a testimony to the strength of the Indian economy," it said.

The statement further added that the crisis in the Western world presents an opportunity for India to attract investments from foreign funds.

http://economictimes.indiatimes.com/news/economy/indicators/indias-economy-robust-growth-story-in-tact-fm/articleshow/9662570.cms

Overseas Investment

FDI inflows surge by 54 per cent in Jan-June 2011

Amidst global uncertainties, India's Foreign Direct Investments surged by 53.8 per cent in the first six months of this calender year to Rs 75,506 crore.

FDI was Rs 49,099 crore during January-June 2010, Minister of State for Finance Namo Narain Meena said in a written reply to the Rajya Sabha.

Meena said that under the government approval route, foreign direct investment up to Rs 1,200 crore can be cleared by the finance minister on recommendations of Foreign Investment Promotion Board (FIPB). Investments above this limit are sent to the Cabinet Committee on Economic Affairs for approval.

"The benefit of automatic route is intended to dispense with the need of multiple approvals," he said.

The surge in India's FDI has come at a time when there are economic uncertainties in Europe and the US, the biggest sources of investment globally.FDI inflows surge by 54 per cent in Jan-June 2011.

http://economictimes.indiatimes.com/news/economy/indicators/fdi-inflows-surge-by-54-per-cent-in-jan-june-2011/articleshow/9624326.cms

Government clears 18 FDI proposals worth Rs 123 cr

The government today said it has approved 18 FDI proposals worth Rs 122.79 crore, including those of Pipavav Defence and Offshore Engineering Company, but has deferred a decision on the proposed sale of stake by Essar to Vodafone.

A total of 39 FDI proposals were taken up by the Foreign Investment Promotion Board (FIPB), but it put off a decision on 16, rejected four and directed one applicant to approach the Reserve Bank, the Finance Ministry said in a statement.

In an FIPB meeting held on August 5, the board cleared the proposal of Pipavav Defence Offshore Engineering Company to infuse Rs 81.62 crore of foreign capital in the company.

The FIPB, headed by Economic Affairs Secretary R Gopalan, also approved Air Works India (Engineering) Pvt Ltd's proposal to make downstream investments in aviation companies in India. This FDI proposal was worth Rs 17.77 crore.

It has also approved the application of Walt Disney Company to undertake the additional activity of broadcasting and downlinking in India, the statement added.

Furthermore, the board has allowed Dish TV India Ltd to induct foreign equity through a transfer of shares to carry out the business of telecommunication equipment manufacturing. It also approved a Rs 5.85 crore investment in Gujarat-based Om Pile Pvt Ltd.

However, the board has deferred a decision on the proposed acquisition of a 5.48 per cent stake in telecom company Vodafone-Essar by two Mauritius-based companies for about Rs 2,700 crore.

The board has deferred the decision to "transfer shares from Resident to NR to carry out the activities relating to telecommunication," the statement said on the Vodafone proposal.

In addition, the board postponed a decision on the proposal of Essar Capital Holdings (India) to acquire equity shares of way of subscription to new equity shares or purchase of existing shares in an investing company engaged in the telecom sector.

In its last meeting, the FIPB had cleared 31 FDI proposals worth Rs 3,844.7 crore.

The FIPB offers single window clearance for proposals on FDI that are not allowed through the automatic route. The next meeting of the FIPB is scheduled on September 2.

http://economictimes.indiatimes.com/news/economy/policy/government-clears-18-fdi-proposals-worth-rs-123-cr/articleshow/9635892.cms

Trade News

‘US looking for closer biz ties with India'

The US Consul General in Kolkata, Mr Dean R. Thompson, described India as the seventh fastest growing source of investment for his country.

The US is also banking on “possible” opening of FDI in multi-brand retailing, as a means to step up its business activities in India. “Opening up the market to multi-brand foreign retailers will serve to elevate standards in the sector,” Mr Thompson said.

From 2006-2010, American firms invested a total of $6.5 billion in India.

India now stands one of the largest markets for the US clean energy technologies. In 2011-12, two of the three US financing agencies approved 173 transactions in India, totalling $1.4 billion, in solar energy.

The exposures of Overseas Private Investment Corporation and the Export-Import Bank – the two financing majors of the US – “are second only to their exposures in Mexico,” he said.

It is estimated that 20 years down the line, India will need investments of over $1 trillion to improve healthcare, transportation infrastructure, energy production and others.

“Controlling the ravages of flood and curbing air and water pollution are oher visible concerns affecting the lives of millions,” he said.

Referring the recent change in political climate in West Bengal, Mr Thompson said: “This region has gone through some dramatic

changes of late. With the new energy and enthusiasm rising in West Bengal, I am hopeful we will see the city rise again to recapture its image as a global hub for business activity."

http://www.thehindubusinessline.com/todays-paper/tp-others/tp-states/article2374077.ece

India holds 40% of Dubai export market

Dubai export markets by value are highly concentrated in India and Switzerland, comprising 40 per cent and 20 per cent, respectively, a government agency has said.

According to Dubai Exports, an agency of the Department of Economic Development (DED), this has been due to the export of gold to these countries, whereas other direct exports go mainly to Gulf Cooperation Council (GCC) and the neighboring countries in small shares.

"While India still took the biggest portion of 36 per cent of direct re-exports, there was a clear pattern of re-exports relative focus in Iran and Iraq with 17 per cent and 5 per cent shares respectively, including a number of other markets in small shares," DED said in a statement.

According to the statement, Dubai trade with its partners continued to grow, while some new export markets emerged as potentially important for Dubai, including Brazil, South Africa, Kazakhstan and Australia.

Also, based on trade flows, the report highlighted some trade opportunities with Free Trade countries that can benefit from free duties.

It said that in 2010, Dubai has been exporting diverse products, such as gold and precious metals, sugar, plastics & food, in various target export markets particularly in South and West Asia.

http://economictimes.indiatimes.com/news/economy/foreign-trade/india-holds-40-of-dubai-export-market/articleshow/9671028.cms

Thailand aims to take trade with India to $10 billion in next 2 years

Thailand aims to increase the bilateral trade with India to $10 billion in the next two years, a senior official from the Southeast Asian nation said.

"Following the Thailand government's policy to strengthen the relationship with all countries, including India, a great deal of effort has been put in forging a bilateral trade relationship with India," Thai Trade Centre Director Paisan Maraprygsavan said.

"The current two-way trade with India stands at $6.6 billion. We want to increase it to $10 billion in two years," he told reporters here on the sidelines of inauguration of the seventh edition of Thailand Trade Show, 2011 at the Chennai Trade Centre.

He said India signing Free Trade Agreement (FTA) with Thailand and with the ASEAN countries would help strengthening the two-way trade relations.

India imports various products, including cosmetics, furniture and rubber, while it exports automobile parts, sea food, diamond, coal and plastic products to Thailand, he added.

The three-day expo, Thailand Trade Show-2011, was formally inaugurated by Royal Thai Consulate Consul-General Chanchai Charanvatnakit.

He said more than 100 exhibitors ranging from food, beverage, garments, textiles, fashion accessories, health and kitchen products were taking part in the event.

http://economictimes.indiatimes.com/news/economy/foreign-trade/thailand-aims-to-take-trade-with-india-to-10-billion-in-next-2-yearrs/articleshow/9661562.cms

Sectoral News

'Indian banking sector to be third-largest by 2025'

The Indian banking sector is poised to become the world's third-largest in terms of assets over the next 14 years, according to a report by The Boston Consultancy Group (BCG).

"The domestic banking industry is set to see exponential growth in the coming years, with its assets poised to touch $28,500 billion by 2025, compared with the current $1,350 billion (2010)," says the report by Indian Banks' Association (IBA), Ficci and BCG titled 'Being five-star in productivity — Roadmap for excellence in Indian banking', prepared for the IBA.

The report was released on the eve of the three-day IBA-Ficci-BCG bank summit. The summit would be inaugurated by Reserve Bank Governor D Subbarao and would be attended by the heads of banks and the four central bank deputy governors.

The report adds China would overtake the US as the world's largest banking industry by 2015. It is expected the asset size of Chinese banks would be nearly $30,000 billion, while that of the US would be around $28,000 billion.

http://www.business-standard.com/india/news/indian-banking-sector-to-be-third-largest-by-2025/446716/

India's logistics space attractive: Eredene Capital

India's logistics sector continues to be attractive for global investors, says the London-based Eredene Capital PLC, which has seen the value of its investment in India go up by 14 per cent last year.

“India remains attractive growth story,” it said.

Eredene is a specialist investor in Indian infrastructure with a focus on ports, logistics and transportation.

It has 11 investments, including container handling, port services, and logistics and warehousing, in India.

Of this six are generating revenue, according to the company's 2010-11 annual report.

The London-based group reported a profit for the year of £1.9 million.

India's economy maintained its strong growth, although high inflation remained a concern.

The Indian Government has set ambitious targets for more than $1 trillion to be invested in infrastructure over the next five-year period, 2012-2017 — more than double the amount invested in the previous five-year period, the annual report said.

Vital for development

Major infrastructure investment is vital for India's development, and Eredene is, therefore, operating in a critical sector which will almost certainly experience rapid growth.

With its current projects, the London-based company is well positioned to earn attractive and sustainable revenues and to achieve significant capital returns.

Investment in logistics in India is projected to grow annually at 10 per cent.

Logistics costs in India are 13-14 per cent of the gross domestic product compared to 8-9 per cent in developed economies.

India's logistics market achieved revenues of $82.1 billion in 2010 and is expected to reach revenues of $90 billion in 2011.

The logistics industry is forecast to generate revenues of $200 billion by 2020, the annual report said.

http://www.thehindubusinessline.com/todays-paper/tp-marketing/article2373993.ece

Tyre exports surge 30% in first quarter

Amidst the recent drop in automobile sales, especially that of cars, production and export of tyres increased during the first quarter of the current financial year. Production of all categories of tyres increased 15 per cent and exports were up 30 per cent during the period, compared to the same period last financial year. The overall growth in production and exports was 22 per cent each during FY 2010-11.

Except in the segment of jeep, production increased across all categories of tyres, according to the latest data of Automotive Tyre Manufacturers Association (Atma). A total of 10.6 million tyres were produced as against 9.2 million in Q1 of the last financial year, a growth of 15 per cent.

The highest growth (32 per cent) was recorded in the case of the three-wheeler segment when the production edged up to 680,000 tyres as against 520,000 tyres. The second highest growth was in the two-wheeler/moped segment, where the growth was 26 per cent. The production was 1.1 million as against 890,000 in the same period of the last financial year.

A 20 per cent increase was recorded in the light commercial vehicle (LCV) segment while this was 12 per cent in the passenger car segment. Around 2.2 million passenger car tyres were produced as against 2 million last year. There had been a drop in sales of car tyres in the original equipment (OE) segment, but this was compensated largely due to the increase in exports and sales in the replacement segment.

Around 560,000 tyres were produced in LCV sector while this was 460,000 in Q1 of the last financial year. About 1.4 million truck/bus tyres were manufactured against 1.2 million, registering a growth of nine per cent. Jeep tyre production declined five per cent at 110,000 as against 120,000 tyres last year.

Exports

Car tyre exports increased 60 per cent in April-June. A total of 120,000 tyres were shipped in this segment as against 73,602 tyres in the same period last year. The highest increase of 323 per cent was recorded in the two-wheeler/moped segment with 6,015 tyres were exported. This was just 1,422 in Q1 of the last financial year. Also in the off-the-road segment, 21,921 tyres were shipped overseas as against 11,421, registering a growth of 92 per cent. Tractor front tyre exports registered an increase of 279 per cent at 1,366 tyres. A total of 180,000 truck/bus tyres were also exported as against 140,000 registering a growth of 22 per cent. In motor cycle segment, exports were 750,000 and in three-wheeler segment exports were 52,674. Export of tractor trailer tyres and jeep tyres declined 100 per cent and 41 per cent, respectively.

http://www.business-standard.com/india/news/tyre-exports-surge-30-in-first-quarter/446272/

Tractor sales grow on demand from agri and non-agri sectors

Even as sales declined in the passenger vehicle segment for the first time in nearly 30 months this July, tractor sales continue to post sturdy growth numbers on the back of favourable monsoons and increased use of farm equipment for construction work.

Sanjeev Goyle, senior vice-president (marketing, farm equipment sector), Mahindra & Mahindra, said: “Tractor sales are directly proportional to rainfall. Till August, rainfall was 95 per cent of what was initially projected by the government, which led to a spurt in sales. The minimum support price for staple crops have gone up by over 40 per cent in the past two years and there is credit availability in the agricultural economy. We are expecting double-digit growth in sales this financial year.”

With increased usage of farm equipment for construction work, tractor manufacturers are recording increased demand for their products from non-agri sectors. “The company is witnessing 70 per cent of its growth from infrastructure-related demand in states like Maharashtra and Gujarat. While no clear segregation of sector-wise purchase is available, we can get an idea of how tractor sales are being driven by infrastructure from an instance of Bihar. In Bihar, tractor sales have tripled in recent years on account of the infrastructure boom,” said a senior executive at Escorts.

According to estimates with the Planning Commission, total spending on construction work grew by r seven per cent to Rs 5,22,200 crore in 2010-11. While industrial development accounted for around 40 per cent of this investment, the remaining resources filtered in for infrastructure projects.

“Due to the construction boom, a typically agricultural product is now finding added usage in non-agri sectors for development of roads, railways and urban infrastructure for haulage of materials. We are seeing demand for tractors for infrastructure development work in states like Bihar, Jharkhand and Madhya Pradesh,” said Goyle.

http://www.business-standard.com/india/news/tractor-sales-growdemandagrinon-agri-sectors/446337/

FMCG majors to keep at acquisitions: Crisil

Major players in India's fast-moving consumer goods (FMCG) industry will continue to pursue acquisitions over the medium term, given the scope for expansion in under-penetrated product segments and geographies, and the intensifying competitive pressures in the domestic market, says a report by credit rating agency Crisil.

Home-grown players will continue to scout for small- to medium-sized acquisitions, mostly in the highly populated developing nations, where the targets are attractively priced.

The Indian subsidiaries of global FMCG majors may, however, pursue domestic targets; the size and cost of acquisition targets are unlikely to be constraining factors for these players, given their robust credit profiles and sizeable financial flexibility.

According to the report, the major players will maintain stable credit quality over the medium term, given their strong business and financial risk profiles, and the expected prudent funding of acquisitions. The FMCG sector's growth prospects remain healthy, supported by its immunity to economic downturns.

Indian FMCG players made 13 major acquisitions in 2010 at a cost of more than Rs 5,000 crore. Most of these acquisitions were global, and helped the acquirers expand their international businesses, particularly in markets such as Africa, Latin America, and South (including South-East) Asia.

The domestic acquisition targets appear to be priced significantly higher than those abroad, owing to the large number of takers in India, including the strong global players. For the home-grown players, outbound acquisitions are not only more attractive in terms of valuations, but also profitable, and offer quick payback, according to the report.

Mr Nagarajan Narasimhan, Director, Crisil Ratings, says “The overseas acquisitions by Crisil-rated FMCG players such as Dabur India Ltd and Marico Ltd in the recent past have strengthened the acquirers' business risk profiles by enhancing their product offerings and geographical reach. Besides, prudent funding of acquisitions has helped the acquiring companies maintain stable financial risk profiles and credit quality.”

For the global FMCG majors, India remains an attractive market, with its growing economy, large population that offers considerable scope for additional geographic penetration, particularly in the rural areas, and low per-capita consumption.

Adds Mr Narasimhan, “The Indian subsidiaries of global majors have maintained healthy

credit quality despite large acquisitions or capital-spending, driven by their strong cash flows and support from the parent."

http://www.thehindubusinessline.com/todays-paper/tp-marketing/article2370472.ece

PowerGrid plans African safari with large deals

Power Grid Corporation of India Ltd (PGCIL), the country's largest power transmission utility, is exploring opportunities in African countries such as Nigeria, Kenya and Niger, for execution of engineering, procurement and construction (EPC) contracts.

"Officials from Niger and Nigeria visited us recently. We have shown interest to work on an EPC basis for development of transmission systems in these two countries, apart from Kenya," chairman and managing director S K Chaturvedi told Business Standard. "Exim Bank has already issued a letter expressing their willingness for investment on behalf of PowerGrid in EPC ventures."

It will be the first time the company will take up an EPC project, if the talks succeed. However, no investment has been earmarked currently for foray into the segment. It will depend on project-to-project basis.

"Recently, a team from the World Bank was here to discuss cross-border transmission projects and had shown their keenness to help us in any other continent for similar projects," he said.

PowerGrid also plans to set up its first overseas office in Oman, to provide consultancy services. It offers consultancy services in overseas markets such as Nepal, Bangladesh, Sri Lanka, Afghanistan, Nigeria, and Bhutan among others. It is aiding Bangladesh to set up a 400 kv HVDC network.

It also plans to install transmission lines from Bangladesh border. The company owns and operates 812,136 circuit kilometres of transmission lines and transmits over 45 per cent of the total power generated in the country. It also owns 1,50,000 transmission towers across the country, with 70 per cent of them located in semi-urban and rural areas.

Last year, PowerGrid secured an engineering consultancy assignment for two 400kv GIS sub-stations and associated overhead transmission lines in Dubai from Dubai Electricity and Water Authority. In Nigeria, the company provides consultancy to Power Holding Company of Nigeria to update of telecommunication and substation automation systems specifications.

The company would also work on evacuating 1,600 Mw from a proposed hydro power project in Myanmar, being set up by state-run National Hydroelectric Power Corporation.

http://www.business-standard.com/india/news/powergrid-plans-african-safarilarge-deals/445935/

India's engineering exports jump 187 per cent to $8.2 billion in July

India's engineering exports saw a whopping growth of 187 per cent to $8.2 billion in July year-on-year on the back of rising demand, mostly from new markets like Latin America and Africa.

In July last year, the exports stood at $2.88 billion, according to the data released by the Engineering Export Promotion Council (EEPC).

"The increase in orders is mainly from emerging markets like Brazil, Mexico, Argentina and Columbia. But the demand is sluggish in Western markets like the US and Europe," an EEPC official said.

To reduce dependence on traditional markets, exporters are now exploring these new markets.

Last week, ratings agency Standard and Poor's (S&P) downgraded its long-term US debt rating to AA+, causing a rout in world markets and bolstering widespread belief that another recession was setting in.

There are also fears that the eurozone debt crisis is spreading to Italy and Spain.

Exporters are worried that the debt crisis in the Western world would hit demand and lead to a payments problems.

US and European markets account for about 55 per cent to the country's total engineering exports.

During April-July this fiscal, engineering exports jumped 114.3 per cent to $31.6 billion from $14.74 billion in the same period last year.

In the government's strategy to double the country's exports to $500 billion by 2013-2014, engineering exports are set to play a major role.

During 2010-11, India's exports grew 37.5 per cent to $245.9 billion.

Engineering exports include transport equipment, capital goods, other machinery/equipment and light engineering products like castings, forgings and fasteners.

http://economictimes.indiatimes.com/news/economy/foreign-trade/indias-engineering-exports-jump-187-per-cent-to-82-billion-in-july/articleshow/9660623.cms

News Round-Up

India to be $5.6 trillion economy by 2020: Dun & Bradstreet

India will become a $5.6 trillion economy by 2020, according to research firm Dun & Bradstreet, which has predicted a three-fold jump in the country's GDP from $1.7 trillion last fiscal on the back of rapid investment and growing consumer expenditure.

"Indian economy will become a $5.6 trillion economy by fiscal 2020, at current market price, from the $1.73 trillion in fiscal 2010-11," Dun & Bradstreet India Senior Economist Arun Singh said.

The rate of investment, consumer expenditure and infrastructure spending will be the driving force behind the country's economic growth over the next 10 years, he said, adding that these conclusions are part of a D&B report -- titled, 'India 2020' -- which is scheduled to be released tomorrow.

The share of discretionary spending is projected to increase considerably to 72 per cent of private consumption expenditure from around 60 per cent in FY'10.

Besides, the share of the services sector is expected to surge from 57.3 per cent of the GDP in FY'10 to 61.8 per cent in FY'20.

Another major contributor to the growth would be rapid investment in the infrastructure area. Infrastructure sector spending is expected to rise to 12.1 per cent of the GDP by FY'20 from around 7 per cent of the GDP in FY'11.

In terms of regions, eight states -- Maharashtra, Gujarat, Andhra Pradesh, Bihar, Madhya Pradesh, Rajasthan, Orissa and Uttar Pradesh -- would contribute 71 per cent of the total GDP in the next 10 years, as compared to 66 per cent in FY'10.

Further, the report said Maharashtra, Gujarat and Andhra Pradesh will be amongst the most developed states in the country by 2020 and would together contribute 32 per cent to the overall GDP.

http://economictimes.indiatimes.com/news/economy/indicators/india-to-be-56-trillion-economy-by-2020-dun-bradstreet/articleshow/9635152.cms

Goods, services tax: States to use PAN as common registration number for traders

The States have given 'in principle' nod for information technology (IT) infrastructure for

Goods and Services Tax (GST) better known as GST Net.

The IT infrastructure mainly involving the common portal is to be used for registration, payment and returns facility for the traders.

For smooth rollout

The States have also agreed to use Permanent Account Number (PAN) as common registration number for traders. This development is likely to facilitate the smooth roll-out of GST. This has happened at a time when the Centre and the States are still to arrive on a consensus to implement the GST.

The Centre has proposed to implement the new indirect tax system from April 1, 2012.

The Chairman, Empowered Group on IT Infrastructure on GST, Mr Nandan Nilekani said, “Even though GST may be some time away, creating an institutional arrangement will help the migration from VAT to GST. Tomorrow when all the States start using PAN as common registration number, this will bring all the tax agencies on the same platform.”

Maharashtra and 10 other States have started a pilot project for the new IT infrastructure and the results have been encouraging.

Mr Nilekani also disclosed that a Special Purpose Vehicle (SPV) will be formed for the new IT infrastructure. After approval from the Union Cabinet, a Chief Executive Officer (CEO) will be appointed.

Confirming the agreement on IT infrastructure, the Chairman, Empowered Committee of State Finance Ministers, Mr Sushil Kumar Modi said, “I am optimistic, if the way things are going and if everybody co-operates, we will catch the time line.”

Though he refused to give a new timeline for GST implementation, he reiterated that since this is a Constitution Amendment Bill, the Central Government will have to be flexible and address all the concerns of the state governments.

Overseas Experience

The Empowered Committee will be going on a four-nation tour to get first hand experience about GST.

“From September 7, nearly 15-16 State finance ministers will be visiting Belgium, Luxumberg, Spain and France,” Mr Modi Said.

FICCI's Submission

Meanwhile, the industry chamber FICCI stressed the need to bring down rates under the proposed indirect tax regime to a uniform level of 12 per cent.

“The proposed rates of 20 per cent, 16 per

cent and 12 per cent are good enough to begin with, but these would need to be gradually brought down to a uniform level of 12 per cent," said the FICCI President, Mr Harsh Mariwala.

http://www.thehindubusinessline.com/todays-paper/tp-economy/article2373967.ece

India to see 405% rise in millionaire wealth by 2020: Delloite

India is likely to experience a whopping 405 per cent growth in total millionaire wealth by 2020, mainly driven by new wealth generators such as investments, salary income, equity stakes and new business, according to research firm Delloite.

Emerging markets will see a significantly higher growth rate in millionaire households compared to developed markets with India likely to experience the largest growth in millionaire wealth (405 per cent) among the BRIC nations, Deloitte (India) Head Financial Services Sachin Sondhi said.

India will be followed by China, which is poised to see millionaire wealth grow at 394 per cent, followed by Brazil at 257 per cent and Russia at 241 per cent by 2020, he said. The four emerging markets make up the BRIC grouping.

"While some of the wealth creation in India will be continue to be driven by 'old wealth' drivers like real estate, family business, a sizeable portion is expected to come from the 'new wealth' drivers like investment, salary income, equity stakes, new business, etc," Sondhi said.

According to the report, the growth in millionaire wealth in India is expected to vary across different wealth cohorts.

The USD 5 million-30 million cohort will see the greatest growth at 161 per cent, while the USD 1 million-5 million cohort and USD 30 million-plus cohorts will follow closely with likely growth rates of 142 per cent and 115 per cent, respectively, over the next decade, Delloite said.

http://economictimes.indiatimes.com/news/economy/indicators/india-to-see-405-rise-in-millionaire-wealth-by-2020-delloite/articleshow/9639521.cms

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