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News Feature

Per capita income has grown 120% between FY'05 and FY'11: Government

The per capital income in the country has jumped over two-folds between 2004-05 and 2010-11 to touch Rs 54,835 per annum.

In a written reply to the Lok Sabha, Minister of State (Independent Charge) for Statistics and Programme Implementation Srikant Jena said that Delhi, Chandigarh, Puducherry and Haryana are the top states and union territories with regard to per capital income in 2010-11.

However, the provisional data for 2010-11 from a few states including Arunachal Pradesh, Goa, West Bengal and Gujarat are yet to be released.

"The per capita income at the national level, which was Rs 24,143 in the year 2004-05, stands at Rs 54,835 in the year 2010-11, showing an increase of more than 120 per cent," the minister said.

Jena said there is regional imbalance and disparity among states and union territories with regard to income levels and attributed this to various factors like historical differences, level of industrialisation, natural resource endowments and differences in human capital indocators.

"Per capita income is only an indicator of the disparity and not the cause," the minister said.

As per privisional data for 2010-11 provided by Directorate of Economics and Statistics of respective state governments and the Central Statistical Office, Delhi had the highest per capital income of Rs 1,35,814 annually, followed by Chandigarh at 1,28,634 and Poducherry at Rs 98,719.

Haryana had a per capital income of Rs 92,327 in 2010-11. Among other states Sikkim (Rs 81,159), Tamil Nadu (Rs 72,993), Uttarakhand (Rs 68,292), Punjab (Rs 67,473) and Andhra Pradesh (Rs 60,458) has good income levels. At the bottom of the list are Bihar (Rs 20,069), Uttar Pradesh (Rs 26,051), Manipur (Rs 29,684) and Jharkhand (Rs 29,786).

The minister said the government has been taking several measures to increase the per capita income of states in a balanced manner.

http://economictimes.indiatimes.com/news/economy/indicators/per-capita-income-has-grown-120-between-fy05-and-fy11government/articleshow/9481843.cms

Goldman upgrades India rating on improvement in eco conditions

Citing expected improvement in macroeconomic situation, Goldman Sachs.

After maintaining an 'under weight' status on India for one year now, Goldman Sachs also cited lower oil prices and government's push for policy reforms for the upgrade.

"We upgrade India after a year at under weight, on a turn in the macro cycle, oil prices, valuation, and policy reform," it said in a research note.

The upgrade comes at a time when there are rising fears of domestic economic slowdown amid escalating debt turmoil in the US and Europe.

However, Goldman expects the Indian economy to grow 7.3 per cent in the current fiscal, lower than the earlier projection of 7.5 per cent expansion.

The Reserve Bank of India has forecast 8 per cent growth in 2011-12.

Global economic uncertainty apart, India is grappling with high prices with headline inflation touching 9.44 per cent in June.

To tame rising prices, the apex bank had hiked key policy rates eleven times March 2010.

Goldman Sachs noted that Reserve Bank of India's latest move to raise repo rate by 50 basis points was a clear sign in that it is vigilant in bringing down inflation expectations.

"Despite the near-term weakness, we believe the policy tightening was a necessary step to reigning in inflation expectations and will ultimately serve as a net positive for the Indian equity market on a medium to longer term horizon," the research note said.

According to Goldman Sachs, core inflation is expected to taper off "in the autumn months... believe the equity market will already start to discount a moderation in inflation".

Goldman Sachs noted the current correlation between oil and Indian equities is relatively low and positive, suggesting that current oil price movements are not weighing on investor sentiment with regards to India.

"In short, we believe India's current valuation appropriately reflects the potential growth slowdown that may ensue given the recent tightening measures.

"History suggests that at current valuation levels, India may moderately outperform the region on a 6-month basis," it added.

Regarding policy reforms, Goldman Sachs said that over past few months, there has been some encouraging development on the political front in India even as it cautioned that much remains to be done.

The research noted cited steps such as market regulator Sebi's move to raise investment limit for foreign investors in the domestic corporate bond market to USD 40 billion and partial deregulation of petrol prices.

http://economictimes.indiatimes.com/news/economy/indicators/recession-2011-goldman-upgrades-india-rating-on-improvement-in-eco-conditions/articleshow/9530226.cms

Overseas Investment

India's forex reserves at new high of $319 bn

After topping pre-crisis levels, India's foreign exchange reserves have posted a new high of $319 billion as on July 29, according to data from the Reserve Bank of India (RBI). While foreign currency assets have grown in tandem, appreciation in gold reserves has also contributed.

"Valuation gains, on both euro and gold, seem to be the primary driver for the increase in the foreign exchange reserves," said Samiran Chakraborty, regional head of research (India), Standard Chartered Bank. In an uncertain global environment, rising foreign exchange reserves should provide some comfort to RBI, he added.

India's gold reserves are at an all-time high of $25,349 million as on July 29. Foreign currency assets are at $286 billion, still lower than the high of $306 billion two years ago.

The euro was at 1.4212 against the dollar on Friday as compared to 1.5991 as on April 22, 2008, and 1.5991 as on June 7, 2010. The dollar index was at 74.72 on Friday as compared to 89.11 as on March 5, 2009, and 71.33 as on April 22, 2008.

"There hasn't been much accretion in foreign currency assets which is evident in the fact that RBI hasn't intervened in the exchange market lately," said A Prasanna, economist, ICICI Securities Primary Dealership.

RBI's intervention in the foreign exchange market has been only four times since April 2010. Prasanna adds that coupon inflows on investments already made could also be one of the contributing factors.

http://www.business-standard.com/india/news/indias-forex-reserves-at-new-high319-bn/445011/

FDI into India shoots up 310% to record $5.65 bn in June

Foreign Direct Investment (FDI) into India saw a whopping 310 per cent increase in June to $5.65 billion, the highest monthly inflow in the last 11 financial years, indicating the revival of investor confidence in the Indian economy.

In June, 2010, FDI inflows into the country amounted to USD 1.38 billion.

FDI flows were also very high in May, 2011, with the country receiving foreign investment worth USD 4.66 billion, a jump of 111 per cent vis-a-vis the same period last year.

In the April-June period of the current fiscal, FDI went up by a massive 133 per cent to USD 13.44 billion from USD 5.77 billion in the corresponding period last year.

"The figures indicate that the trend of high FDI equity inflows since the beginning of the present financial year is being maintained," a statement from the Commerce and Industry Ministry said.

During the first six months of the 2011 calendar year, FDI increased by 57 per cent year-on-year to USD 16.83 billion, it said.

In the previous fiscal, equity inflows through the FDI route dipped 25 per cent amid the uncertain global situation following the recession of 2008.

In 2010-11, FDI into India declined to USD 19.43 billion from USD 25.6 billion in 2009-10. In 2008-09, FDI stood at USD 27.3 billion.

http://economictimes.indiatimes.com/news/economy/indicators/fdi-into-india-shoots-up-310-to-record-565-bn-in-june/articleshow/9527648.cms

Registration must for alternative investments

The Securities and Exchange Board of India (Sebi) framed a separate set of regulations for 'alternative investments' now classified as 'collective investment schemes'.

The new rules will apply to all hedge funds, real estate, private equity, debt, venture capital, private investment in public equity, infrastructure, social venture, strategy and small and medium enterprise funds.

While debt funds would mean all unlisted debt instruments, social or strategic investment funds would also cover investments into art or pieces of heritage and more.

In a discussion paper, comments for which have been invited till August 30, Sebi has laid out detailed eligibility and registration criteria and fund structure.

The move is aimed at safeguarding investors from falling prey to dubious schemes of portfolio managers.

Under the proposed regulations, it would be necessary for all private pools of capital and investment funds to seek registration with Sebi.

The funds could be formed as companies, trust or bodies corporate, including limited liability partner structure. The regulations would require that the fund manager, asset management company or trustees of the fund be specified, and change of such entities be reported to the regulator.

Also, all these funds will have to mention their categories, the targeted size of the proposed fund, life cycle and the target investor, said Sebi.

Sebi has also specified that funds will have to be raised only through private placement of information memorandum and all schemes will be close ended in nature.

Minimum investment would be 0.1 per cent of fund size subject to a minimum floor of Rs 1 crore. Sebi has specified that the minimum size of the fund would be Rs 20 crore.

"The minimum investment criterion would prevent retail investors straying into such funds and the granularity would ensure a maximum number of investors at 1,000, precluding the possibility that some funds might disguise themselves as private pools while approaching a large number of retail investors," said Sebi.

In case of an alternative investment scheme constituted as company or limited liability partner firm, the number of shareholders or partners may not exceed 50 and the size of issue will not be less than Rs 10 lakh.

http://www.business-standard.com/india/news/registration-must-for-alternative-investments/444551/

Government for early decision on FDI in multi-brand retail: Sharma

Government said it will take an early decision on opening up multi-brand retail sector for FDI after it formally gets minutes of the recommendations of top secretaries on the issue.

"(Policy formulation) is a careful calibrated exercise.... Once recommendations formally reach my table...we will take early and appropriate policy decision," Commerce and

Industry Minister Anand Sharma said in Rajya Sabha.

Replying to concerns raised by members on issues like job losses following opening up of the sector to foreign retailers, Sharma said the decision will be in "supreme" national interest and create millions of jobs across the country.

He said a group of secretaries headed by Cabinet Secretary Ajit Kumar Seth last month made specific recommendations which are in interest of all stakeholders, including farmers.

He said the secretaries have recommended that at least 50 per cent of the investment and jobs go to rural areas and the entities with FDI should source at least 30 per cent of their requirements from the MSME sector. They have recommended that the minimum investments should be USD 100 million.

India allows 51 per cent FDI in single brand retail and 100 per cent in cash and carry format of the business.

In July 2010, the Department of Industrial Policy and Promotion (DIPP) floated a discussion paper on opening of the politically sensitive multi-brand retail.

Global retail giants like WalMart are eying India's retail sector, dominated by mom and pop stores. Only four per cent of India's retail is in the organised sector.

The DIPP, in Commerce and Industry Ministry, received 175 suggestions from different stakeholders, like industry chambers, retailers associations and farmers bodies.

"There were mixed responses," Sharma said, adding industry chambers like CII and FICCI supported the proposal while some retailers associations opposed it.

The suggestions were examined by a committee and later top secretaries came out with recommendations.

http://economictimes.indiatimes.com/news/economy/policy/government-for-early-decision-on-fdi-in-multi-brand-retail-sharma/articleshow/9467413.cms

Trade News

South American nations keen on trade pacts with India

Bilateral trade pacts and free trade agreements with countries in Latin America will play a role in increasing trade with India,

according to ambassadors from four South American countries.

While assuring support to inbound investments, providing swift clearances and visas, the ambassadors of Mexico, Peru, Uruguay and Paraguay — all football-loving nations — said there is growing interest for cooperation in information technology and other spheres such as oil and gas and agriculture.

During an interactive session hosted by EEPC India (formerly Engineering Export Promotion Council), they said headway has been made in some of the bilateral treaties that foster trade.

Mr Javier Paulinich Valarde, the Peruvian ambassador to India, said “if the talks on free trade agreements materialise paving the way for the pact, it would accelerate trade between the two countries.” Trade with India is set to hit the $1-billion mark, up from $854 million last year.

There is growing interest in oil exploration in Mexico; Reliance Industries and the Jindals have already set up operations there, Mr Jaime Nualart, the Mexican ambassador, said. He said the stable Mexican peso, a growing middle-class and steady economic growth offer opportunities for new companies. The country is amongst the largest exporters of automobiles, flat TVs and mobile phones, including the Blackberry that most executives use.

Mr Cesar Ferrer, the ambassador of Uruguay, said “Preferential trade agreements will play a role in developing trade. Indian companies could use some of the countries in Latin America as gateways to other markets and also as logistics hubs.”

Mr Genaro Vicente Pappalardo, Ambassador of Paraguay, said the country had large hydel power generation projects and a small population of six million, and offered scope in the areas of services and agriculture.

EEPC India has outlined plans to host a mega event in Mumbai next year and representatives from South American countries would be invited to participate in it.

http://www.thehindubusinessline.com/todays-paper/tp-economy/article2328830.ece

India-China council to launch Gujarat chapter

The India China Economic and Cultural Council (ICEC) will launch its Gujarat chapter in Ahmedabad on August 26. Zhang Yan, Chinese ambassador to India, will visit the city for the launch, said Jagat Shah, chairman of Gujarat chapter of ICEC. This will be ICEC's eighth office after it was set up in 1997. It has eight full-fledged offices in Delhi, Beijing, Mumbai, Shanghai, Shenzhen, Guangzhou and Nantong.

This will be Yan's first visit to Ahmedabad and he is expected to stay in the city for two days. ICEC already has an information outlet in Ahmedabad. "He (Yan) will meet chief minister Narendra Modi on August 26. Later in he will participate in tree plantation activities followed by the ICEC launch that evening. He will be on a tribal development visit on August 27," added Shah.

ICEC provides services to exporters, importers, regarding joint ventures and technology transfer between Indian and Chinese companies. It also provides scholarships for Chinese studies, arranges conferences, round table, brain storming sessions, research, advocacy and culture exchanges.

The bilateral trade co-operation is expected in telecom, infrastructure, clean technology, energy, advance manufacturing and consumer goods.

http://economictimes.indiatimes.com/news/economy/indicators/india-china-council-to-launch-gujarat-chapter/articleshow/9506426.cms

Colombia beckons Indian investors

Stronger ties between India and Colombia are drawing investments from here in sectors such as energy.

Riewad V Warjri, India’s ambassador to Colombia, said, “Colombia is the second largest trading partner of India after Brazil in South America ...it offers numerous opportunities to Indian businesses.”

The investor-friendly climate in the country is reflected in the contract bagged by Praj Industries, a global biofuel technology and process engineering company, for a large ethanol plant in Colombia from Isolux Corsan of Spain which is the main contractor for the project of Bioenergy SA.

Under the $22-million contract, Praj will supply the main process plant for ethanol production, including the concentration of vinasse for use as liquid fertiliser.

‘‘Bioenergy SA, a company that is majority owned by Colombia’s national oil company Eco Petrol, is developing the sugar to ethanol project in the Los Llanos area,” explained company executives.

‘‘The $22-million ethanol plant by Praj is a reflection of the recognition of Colombia as a source of energy for India and India as a source of investment for Colombia,” the Indian envoy pointed out.

Also, “due to the growing economic relations

between India and Colombia, Indian companies are increasingly out-competing others to win contracts in Latin America on the basis of their technical merit, surpassing obstacles of language, culture and distance," said Wajri.

Praj Industries, which has been operating in the region since 2000, holds over over 50% market share in Latin America (excluding Brazil) in ethanol technology, plants and equipment.

Today, the whole of Colombian Fuel Ethanol programme is being served by plants set up by Praj and operating on Praj technology.

According to Praj executive chairman Pramod Chaudhari, "This is our biggest order in this region so far. We have successfully commissioned five greenfield plants in Colombia over a decade. This will be our sixth plant."

The plant is based on Praj's cutting edge technology that permits use of very low pressure vapours generated from the juice evaporation area enabling substantial saving of both water and energy.

http://www.financialexpress.com/news/colombia-beckons-indian-investors/827378/0

Sectoral News

Top 200 IT companies in India log revenue of $84 bn in FY'11

India's top 200 tech firms reported combined revenues of US$ 84 billion (Rs 384,250 crore) in FY '11 to grow at 25%, the highest rate of growth in last 4 years.

According to the annual research findings on the Indian IT industry carried out by Dataquest, the top 5 Indian tech companies in FY '11 were TCS, Infosys, Wipro, HP and Cognizant.

The combined revenue of the Top 20 tech companies was US$ 54 billion (Rs 247,808 crore) in FY '11, an 8 percent increase from the previous year.

The No. 6 slot went to the Indian subsidiary of the 100-year old global tech behemoth IBM while No. 7 and No. 8 slots went to HCL Technologies and hardware led HCL Infosystems. Mahindra Satyam, took the 17th slot - making a re-entry to the top twenty after two years.

Revenues of the next 30 companies (Ranks 21-50) grew at 29%, faster than those of the Top 20 companies.

The top 200 IT companies in India included

129 Indian companies and 71 foreign companies who are active players in the Indian market. Coincidentally, the top company TCS with revenue of Rs. 33,112 crore was over 200 times the size of the two companies at the 200th rank - Aftek Limited and Datamatics Global Services - that posted revenue of Rs 155 crore each in FY '11.

The survey took into account revenues of all tech companies from April 1, 2010 to March 31, 2011.

http://articles.economictimes.indiatimes.com/2011-08-02/news/29842843_1_tech-firms-companies-revenues

Handicrafts exports up 29 per cent in July

Handicrafts exports jumped by about 29 per cent year-on-year to USD 155 million in July on the back of rise in demand not only from western markets, but also from new markets like Middle East and Latin America.

The exports stood at USD 120 million in July last fiscal, according to the data provided by the Export Promotion Council for Handicrafts (EPCH).

"Besides good demand from the US and Europe, there is an increase in orders from new markets like Africa, Latin America and Middle East," an EPCH official said.

The US and Europe together account for about 60 per cent of the country's total handicrafts shipments.

During April-July 2011-12, the handicrafts exports grew by 20.5 per cent to USD 711 million year-on-year.

Among items that registered the maximum growth in exports were woodwares, which increased 52.8 per cent in July, followed by shawls as artwares which rose by about 49 per cent, imitation jewellery which gained 42 per cent and miscellaneous handicrafts which rose by 32 per cent.

The council expects the exports to touch USD 2.7 billion in the 2011-12 fiscal.

During April-March 2010-11, handicrafts shipments jumped about 26 per cent to USD 2.3 billion as compared to the previous fiscal.

Moradabad, Jaipur, Saharanpur, Jodhpur and Narsapur are the major handicraft hubs catering to world markets, employing one million people.

http://economictimes.indiatimes.com/news/economy/foreign-trade/handicrafts-exports-up-29-per-cent-in-july/articleshow/9492627.cms

Oilmeal July exports increase by 11.5%

The July exports of oilmeals have increased by 11.5% as compared to the same month of previous year due to increased production and crushing.

The export of oilmeals during July 2011 is reported at 272,308 tons compared to 241,182 tons in July 2010.

A release from the Solvent Extractors Association stated: "The oilmeal exports are growing in the current year as compared to 2009-10, which was the year of lowest oilmeal exports in last few years."

The April to July 11 exports are up by 43% as against the comparable period of the previous year. The export of oilmeals during April-July 2011 is reported at 1,359,771 tons compared to 777,882 tons during the same period of last year.

http://economictimes.indiatimes.com/news/economy/foreign-trade/oilmeal-july-exports-increase-by-115/articleshow/9479595.cms

Gold futures surge to record at Rs 25,978

Gold futures surged to record high by adding Rs 536 to Rs 25,978 per 10 grams in futures trading today on buying by speculators, driven by a strong overseas trend, where investors sought safe haven following downgrading of the US credit rating.

The rising of gold to an all-time high of over USD 1,700 an ounce in the Asian region as equity markets tumbled worldwide, encouraging investors to park their funds in bullion, traders said.

At the Multi Commodity Exchange, gold rate for April delivery spurted by Rs 536, or 2.10 per cent, to Rs 25,978 per 10 grams, with a business volume of four lots.

Similarly, the precious metal for February delivery rose by Rs 560, or 2.21 per cent, to Rs 25,858 per 10 grams, with a business volume of 38 lots.

Traders said buying activity gathered momentum after gold prices climbed above USD 1,700 an ounce for the first time as Standard and Poor's cut the top US credit rating, fuelling a slump in equities and the dollar amid concern that the global economy is slowing.

They added that speculators were largely picking gold rather than other metals in futures on expectations of better return.

http://www.financialexpress.com/news/gold-futures-surge-to-record-at-rs-25-978/828735/0

Medical tourism industry to touch Rs 10,800 cr: Assocham

Market size of the Indian medical tourism sector is likely to more than double to Rs 10,800 crore by 2015 from Rs 4,500 crore at present, industry chamber Assocham said in its study.

The inflow of medical tourists in India is also likely to cross 3.2 million by 2015 from the current level of 850,000, it said.

"Top notch healthcare facilities like cardiology, joint replacement, orthopedic surgery, transplants and urology at a low price are certain key factors making India a favoured destination in terms of medical tourism," the study said.

States like Andhra Pradesh, Karnataka, Kerala, Tamil Nadu, Maharashtra and New Delhi are fast emerging as India's best medical centres with several hospitals and specialty clinics coming up in the cities, it said.

India is also offering other medical services like yoga, meditation and ayurveda, which is increasingly becoming popular as a non-surgical treatment for various ailments among the foreign patients.

The country attracts large number of medical tourists from West Asia, America, Europe and also from neighboring countries like Bangladesh, Pakistan and Afghanistan.

http://businessstandard.com/india/news/medical-tourism-industry-to-touch-rs-10800-cr-assocham/143464/on

India eyes $4 bn earnings from marine products

India is eyeing marine product earnings worth $4 billion during 2011-12, Marine Products Export Development Authority (MPEDA) has said.

"Increased production of Vannamei shrimp, increase in better infrastructure facilities for production of value added items and the regaining pace of Japanese market after tsunami would help India achieve the target," MPEDA Chairman Lina Nair said.

During 2010-2011, for the first time, Marine products exports, crossed $2.8 billion. Exports aggregated to 8,13,091 tonnes valued at $2856.92 million.

Compared to the previous year, sea food exports recorded a growth of 19.85% in quantity, 28.39% in rupee and 33.95% growth in dollar earnings, respectively.

Egypt and African countries were among the new markets India was looking at. Exports to South East Asian countries had increased, she said adding: "It was high time sea food industry took stock of the situation."

The global crisis will not have any impact on marine product export, the chairman claimed. "They haven't in the last two years...There is no slowing down of marine products exports in India," she said.

The Indian achievement this year must be viewed in the light of the scenario of continuing recession in the International markets, debt crisis in EU economies, continuing anti-dumping duty in US and sluggish growth in US economy besides political instability in the Arab world, she said.

Increased production of Vannamei shrimp, black tiger shrimp and better price realisation of major items like cuttle fish, shrimp and squid helped India gain the high export turnover.

Frozen shrimp continued to be the major export value item accounting for 44.17% of the total $earnings. Shrimp exports in the period increased by 16.02%, 36.72% and 42.90% in quantity, rupee value and dollar value, respectively.

Fish has retained its position as a principal export item in quantity terms and the second largest export item in value terms accounting for a share of about 38.42% in quantity and 20.42% in $earnings, the chairman said.

http://businessstandard.com/india/news/india-eyes-4-bn-earningsmarine-products/143732/on

News Round-Up

Indian economy resilient, says RBI to calm jittery investors

The Reserve Bank of India (RBI) said, it would ensure adequate rupee and forex liquidity, in a move to calm markets after a US rating downgrade rattled investors already reeling under a gloomy world economy.

Noting that India was not insulated from global developments like the downgrade of the US, the RBI said it was closely monitoring the situation and would continuously assess the impact on the Indian economy and financial markets.

The RBI also said the entire policy and regulatory framework of the country must be "prepared to respond to turbulent financial market conditions arising out of external developments".

"Developments relating to the US economy last week have significantly increased uncertainty about its prevailing condition," the RBI said in a statement.

The announcement just before the markets opened for trading failed to ease jitters and shares fell more than 3 per cent, while the rupee weakened to its lowest in five weeks. Bond yields fell to 3-week troughs as investors sought safe-haven government securities.

RBI, which has raised interest rates 11 times since mid-March 2010 to control high inflation, said the country's economy had high resilience to weather the storm.

While downside risks to growth may have increased in the wake of global developments, they are likely to have limited impact, the central bank said.

The RBI, supported by India's foreign exchange reserves of more than $300 billion, said it was monitoring the global situation and would respond quickly and appropriately to the evolving situation.

http://www.financialexpress.com/news/indian-economy-resilient-says-rbi-to-calm-jittery-investors/828722/0

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