

Weekly Economic Bulletin

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News Feature

Exports jump 81.7 pc to USD 29 bn in July

The country's exports surged by 81.79 per cent to USD 29.3 billion year-on-year in July despite uncertain economic conditions in the US and Europe.

In July 2010, the shipments stood at USD 16.14 billion. Imports too jumped by 51.5 per cent to USD 40.4 billion in July against 26.6 billion in the same period last year, leaving a trade deficit of USD 11 billion, the Commerce Ministry said in a statement today.

Engineering, petroleum products and gems and jewellery exports were worth USD 8.7 billion, USD 4.6 billion and USD 3.5 billion, respectively, in July, the statement said.

Oil imports were valued at USD 11.44 billion, an increase of 37.02 per cent over the same period last year. Non-oil imports too grew by 58.12 per cent to USD 28.98 billion from USD 18.32 billion 7.8 in July 2010.

The overseas shipments in June this year were worth USD 29.2 billion, a robust growth of 46.4 per cent year-on-year. Imports too had grown by 42.4 per cent to USD 36.9 billion.

<http://economictimes.indiatimes.com/news/economy/foreign-trade/exports-jump-81-7-pc-to-usd-29-bn-in-july/articleshow/9821448.cms>

Core sector industries grow fastest in 15 months at 7.8 per cent

The output of eight infrastructure industries rose at its fastest pace in 15 months in July, raising hopes of a robust industrial performance during the month.

The index for eight core sector industries - crude oil, petroleum refinery products, coal, electricity, cement, steel, fertilizers and natural gas - rose 7.8% compared to 5.7% in July last year, industry ministry data showed. July's core industries performance has been led by steel, electricity and cement, with the three growing at 10% plus.

"The core sector growth has come out to be much stronger than expectations," said Siddhartha Sanyal, chief economist, Barclays Capital.

The eight segments have a combined weight of 37.9% in the index of industrial production, or IIP, and their performance is considered a good lead indicator of industrial activity.

"We can expect overall industrial growth in July to be around 8%," said Madan Sabnavis, chief economist, CARE Ratings.

The data indicate that the construction sector may have picked up pace. Steel grew by 15.5% in July compared to a contraction of 2.9% in the year-ago period. Cement production

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expanded by 10.6% compared to a compression of 0.2% last year. First quarter national income data, showed the construction sector expanded only 1.2% from a year ago.

http://articles.economictimes.indiatimes.com/2011-08-31/news/29949553_1_core-sector-infrastructure-industries-industrial-growth

Overseas Investment

Forex reserves up \$955 m to \$319.17 b

The country's foreign exchange reserves rose by \$955 million to \$319.175 billion, according to the Reserve Bank of India's Weekly Statistical Supplement. The foreign exchange reserves rose for the second consecutive week. In the previous week ended August 26, the reserves had soared by \$1.6 billion to \$318.220 billion.

In the week under consideration, a break-up of the forex reserves shows that foreign currency assets increased by \$944 million to \$286.195 billion.

Foreign currency assets expressed in US dollar terms include the effect of appreciation or depreciation of non-US currencies such as the euro, sterling and yen held in reserves. In the reporting week, the euro weakened from \$1.4511 to \$1.4259 against the dollar.

Gold reserves were unchanged at \$25.35 billion.

SDRs increased by \$7 million to \$4.64 billion.

The reserve position in the IMF increased by \$4 million to \$2.99 billion.

<http://www.thehindubusinessline.com/todays-paper/tp-money-banking/article2419263.ece>

India is safe haven for investment in times of crisis: Finance Minister Pranab Mukherjee

India could be a source of stability for the world economy and provide safe haven for global capital desperately looking for options, finance minister Pranab Mukherjee said inviting foreigners to invest in the country.

"We could be a source of stability for the world economy and provide the safe haven for restless global capital," Mukherjee said at golden jubilee function of Indian Economic Service.

The finance minister said India's robust performance in difficult times showed that the country could actually come out stronger from any international financial crisis. However, he cautioned that the country



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needs to be prepared with adequate and immediate policy responses. "We have to be alert to shape real-time policy responses, reform systems, improve the regulatory framework of our institutions and make the most of the opportunities coming our way," Mukherjee said.

He also emphasized the need to re-design incentive structures for development and regulation of markets and for improving the quality of governance.

<http://economictimes.indiatimes.com/news/economy/finance/india-is-safe-haven-for-investment-in-times-of-crisis-finance-minister-pranab-mukherjee/articleshow/9783593.cms>

India will be leader in attracting FDI in another 10 yrs: Japanese economist

Having already witnessed a "substantial increase" in Foreign Direct Investment over the years, India will become the leading destination for FDI in another 10 years, overtaking China, a top Japanese economist said.

Professor Shujiro Urata of Waseda University said though India was trailing behind China in terms of attracting FDI, it was fast catching up with its neighbour and with "quite substantial investments over the years, will be No.1 in the next 10 years."

In his presentation on 'Regional Economic Integration in East Asia and Japan-India

Comprehensive Economic Partnership Agreement', Urata compared the economic growth rates of China, India, Indonesia and Japan with the rest of the world and said China's growth rate was "amazing", while India has been "catching up very fast" since 1991.

In contrast, Japan was "suffering from a low economic growth rate".

Urata said, "Indian policymakers have to deal with the increasing population, especially population without education, otherwise it will become a burden on the economy."

Observing patterns in Indian imports, he said India had become more dependent on procuring parts and components.

He also hoped to see more Indian students in Japan, while many Japanese companies were looking to invest in India.

The special lecture was organised by the Consulate-General of Japan at Chennai and the Indo-Japan Chamber of Commerce and Industry. It was attended by Japanese Consul-General Masanori Nakano and B S Raghavan, the Chancellor of the Institute of Chartered Financial Analysts of India University, Jharkhand.

<http://economictimes.indiatimes.com/news/economy/foreign-trade/india-will-be-leader-in-attracting-fdi-in-another-10-yrs-japanese-economist/articleshow/9871224.cms>



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Panel recommends FDI of up to 26% in pension sector

The government may open up the pension sector to foreign investors. Parliament's Standing Committee on Finance, headed by former finance minister Yashwant Sinha, has recommended allowing 26% foreign direct investment (FDI) in the pension sector - in line with the existing limit in the insurance sector.

The finance ministry is in favour of the suggestion but does not want any cap to be specified in the Pension Fund Regulatory and Development Authority (PFRDA) Bill. The ministry believes this is in line with the approach generally followed, wherein FDI caps are specified in the Foreign Exchange Management Act and the FDI policy.

Foreign investment limits, for instance, in private banks and stock exchanges are determined through Fema regulations. FDI limit in the insurance sector, however, is specified in the Act, and the government is

planning to amend the Act to raise the cap to 49%.

Pension corpus of over a 10 lakh employees are managed by IDFC, State Bank of India, ICICI Prudential Life Insurance, Kotak Mahindra Bank, Reliance Capital and Life Insurance Corporation.

The parliamentary committee also suggested that the returns from a new government pension scheme should fetch a minimum return of the Employee Provident Fund (EPF)-- which paid 9.5% in the year 2010-11.

Finance Minister Pranab Mukherjee has urged Sinha to finalise its recommendations at the earliest so that the Bill can be cleared quickly. The PFRDA Bill will give statutory powers to the interim pension regulator.

<http://www.financialexpress.com/news/panel-recommends-fdi-of-up-to-26-in-pension-sector/839396/0>

Trade News

India, South Africa set \$15-bn bilateral trade target by 2014

India and South Africa decided to increase two-way trade between both countries to \$15 billion by 2014 from \$10.64 billion while concluding the India-South Africa CEOs Forum.

This was the second meeting of the forum. The first one was held in Johannesburg last year, where five sector-specific working groups were created to ensure seamless trade and business transaction between both countries.

"Today we took up the recommendations of the five sectoral groups. All the core areas



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were touched upon. We are on course but together we will be exploring what further steps are required. We have already reached bilateral trade worth \$10 billion in 2010, which was our target for 2012. This year we have already reached \$7 billion, and so we have revised the target to \$15 billion by 2014," Minister of Commerce & Industry and Textiles Anand Sharma told.

The forum is headed by Ratan Tata from India and Patrice Motsepe from South Africa. The minister said both sides would also be holding bilateral meetings to have a Preferential Trade Agreement (PTA) with the South Africa Customs Union (SACU) comprising Botswana, Lesotho, Namibia, South Africa, and Swaziland.

Under a PTA, both countries will reduce their tariffs on a particular number of products from the level they maintain with countries that are not members to the agreement. However, unlike Free Trade Agreements (FTA), PTA does not slash or eliminate duties from a large number of tariff lines.

"Relationship with India had been growing enormously. Indian companies are among our largest investors in South Africa. South African companies are also finding a growing role in the Indian market," said South African trade minister Rob Davies.

<http://www.business-standard.com/india/news/india-south-africa-set-15-bn-bilateral-trade-target-by-2014/447478/>

Government hikes limit of marble import from Bhutan to 5,882 tonnes

The government increased the import limit of marble from Bhutan by three-fold to 5,882 tonnes.

Earlier, 1,847 tonnes of marble import was allowed from the neighbouring country.

"The annual quota for import of marble from Bhutan will now be 5,882 MTs," the Directorate General of Foreign Trade said.

On August 4, the government released the policy for issue of import licences of rough marble blocks for 2011-12.

The import policy of rough marble blocks for 2011-12 has increased the quota from 3 lakh tonnes to 5 lakh tonnes.

<http://economictimes.indiatimes.com/news/economy/foreign-trade/government-hikes-limit-of-marble-import-from-bhutan-to-5882-tonnes/articleshow/9826441.cms>

Bangladesh, India to swap 162 land parcels: Dhaka

Bangladesh and India are set to sign a deal next week exchanging 162 "enclaves" where pockets of one country's territory are surrounded by the other, a Dhaka official said.

The two sides intend to agree on the swap, which would tackle historic border disputes, during Indian Prime Minister Manmohan



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Singh's two-day visit to Dhaka starting on September 6.

"We are trying to address all outstanding border issues and we hope there will be no issues after Singh's visit," Gowher Rizvi, an adviser to Bangladesh's Prime Minister said.

The islands of land result from ownership arrangements made centuries ago by local princes, and have survived both the partition of the sub-continent after British rule ended in 1947 and Bangladesh's 1971 war of independence from Pakistan.

Last month, the countries launched a joint census of the enclaves and found that more than 50,000 people live in the landlocked islands, where they lack many basic services because they are cut off from their national governments.

"Everything will be done according to the will of the people in the enclaves. Nothing will be

forced," Rizvi said, adding that enclave residents would be allowed to choose their nationality.

There are no marked borders separating the enclaves from surrounding land, but the movements of those who live in them are often restricted by checkpoints.

Agreements on river water sharing, railway and road transit and importing power from India are also on the agenda for Singh's visit, Rizvi said.

Relations between India and Bangladesh have improved since 2009 when a new Bangladeshi government, led by the secular Awami League party, came to power.

<http://economictimes.indiatimes.com/news/economy/foreign-trade/bangladesh-india-to-swap-162-land-parcels-dhaka/articleshow/9796105.cms>

Sectoral News

Farm sector output grows 3.9% in Q1; highest since 2008-09

India's farm output grew at 3.9% in the first quarter of the current fiscal, thanks to the robust rabi harvest. This is the highest first quarter growth in farm output since 2008-09.

Agriculture output grew at 2.4% in the corresponding period in 2010-11. However, the pace of growth is far below the 7.5%

expansion rate in the previous quarter through March 2011.

Although agriculture, along with allied sectors, accounts for less than one-fifth of country's overall gross domestic product, it employs more than a half of the nation's working population.

"The production of crops-rice, wheat, coarse



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cereals and pulses — during the Rabi season of agriculture year 2010-11 (which ended in June 2011) recorded growth rates of 11.3%, 6.3%, 0.7% and 4.9%, respectively, over the production in the corresponding season of the previous agriculture year. Among the commercial crops, the production of oilseeds increased by 12% during the Rabi season of 2010-11," an official statement said.

<http://www.financialexpress.com/news/farm-sector-output-grows-3.9-in-q1;-highest-since-200809/839387/0>

Infra sector grows 7.8% in July

India's infrastructure sector grew at a faster rate in July than in the previous month, indicating that growth momentum would be maintained in the industrial sector despite slowing down of the global economy. Eight segments of infrastructure, also referred as core sector, clocked a growth of 7.8% in July against 5.2% in June and 5.7% a year ago. The improvement has been registered mainly due to better performance of the steel, cement and electricity sectors.

During April-July 2011-12, core sector registered a growth of 5.8% as against 6.5% during the corresponding period of 2010-11.

Steel output rose 15.5% in July against 13.2% in June while cement registered a marked improvement growing at 10.6% against 0.7%. Electricity generation also improved 13% compared with 7.9%.

<http://www.financialexpress.com/news/infra-sector-grows-7.8-in-july/839384/0>

New national manufacturing policy this month, says commerce and industry minister Anand Sharma

The national manufacturing policy that proposes to create mega industrial zones with world-class facilities and tax sops for units is likely to be implemented by the end of the month, commerce and industry minister Anand Sharma has said.

"The note will go to the Cabinet within a week. I do not foresee any delay. Hopefully within this month it will become a reality," Sharma told.

The policy aims to create 100 million additional jobs and take the share of manufacturing to 25% of the country's GDP by 2020 from the current 16%.

The labour and environment ministries had opposed the relaxation in laws sought by the department of industrial policy and promotion for units in the national manufacturing investment zones or NMIZs, but the matter was resolved after it was agreed that the existing national laws would be applicable to all.

"We propose to establish 4-5 NMIZs as greenfield integrated industrial townships with world-class infrastructure, financed by the central government in partnership with respective state governments, with a



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competitive regulatory environment for attractive investments," he said.

Unlike SEZs that have proliferated throughout the country, only a handful of NMIZs have been planned and this could even subsume SEZs.

http://articles.economictimes.indiatimes.com/2011-09-03/news/30110238_1_new-investment-regions-competitive-regulatory-environment-environment-for-attractive-investments

Biotech sector crosses \$4 bn: E&Y

Domestic biotech industry crossed the \$4 billion-mark last fiscal, growing from around \$3 billion in the previous fiscal, according to an Ernst & Young India report.

Vaccines, diagnostics and devices and personalised medicine are the key innovative growth areas for the domestic biotech sector, says 'Beyond borders: Global Biotechnology Report - 2011'.

The report notes that though the year has seen R&D funding increasingly become scarce for vast majority of firms globally, India's biotech sector is one of the fastest growing knowledge-based sectors with numerous comparative advantages in terms of R&D facilities, cost effectiveness and budding capability.

The domestic biotech industry has the

potential to emerge significantly from the current levels, it added.

<http://businessstandard.com/india/news/biotech-sector-crosses-4-bn-ey/145715/on>

Pharma exports may grow 20% this fiscal: Pharmexcil

Indian Pharma exports is likely to register 17-20 percent growth this fiscal, touching the \$12 billion mark, a top official of Pharmaceuticals Export Promotion Council (Pharmexcil) said here.

"Last year we exported \$10.3 billion worth of pharma products registering 17.5% growth over a year before. We hope it (the growth) will be between 17-20% in this fiscal," PV Appaji, Executive Director, Pharmexcil told PTI.

India's largest export destination is still the USA followed by the UK, Germany, South Africa and Russia. Segment-wise generics account for 58% of the total exports, active pharmaceutical ingredients (APIs) 40% and Ayurvedic/herbal/neutraceuticals two percent, according to industry reports.

According to international consulting firm Pricewaterhouse, by 2020 the pharmaceutical market is anticipated to be at \$1.3 trillion, with the E7 countries -- Brazil, China, India, Indonesia, Mexico, Russia and Turkey -- accounting around for a fifth of global pharmaceutical sales.



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Appaji said Pharmexcil has begun receiving comments on the new European directive that mandates compulsory certification by Indian authorities that the export-oriented drugs are EU compliant.

He said all the comments will be sent to the Ministry of Commerce which will initiate a dialogue with the EU.

"We have sought industry comments on the issue which will be sent to Commerce Ministry. Then they will take up the issue. May be in 10-15 days time, we will send our comments," Appaji said.

The new directive may have significant impact on the pharma exports to EU, which accounts for 15%.

"They are asking for a technical person or a competent person to sign the consignment that the Indian exporter is following EU Good Manufacturing Practices. In our country it will be drug controller general who has to certify," the Pharmexcil chief said.

<http://businessstandard.com/india/news/pharma-exports-may-grow-20-this-fiscal-pharmexcil/145734/on>

Mobile social networking sees explosive growth

Social networking isn't confined to the fully-abled community anymore — the sites have opened up new avenues to connect the hearing impaired and deaf communities.

Rajesh Ketkar, a 32-year-old hearing impaired person, who heads a Vadodara-based NGO, Mook Badhir Mandal (MBM), has found a solution to problems faced by the hearing impaired in RockeTalk — a mobile social networking platform.

RockeTalk allows users to send video messages that makes communication easy for the community because facial expressions are critical during a conversation between two hearing impaired persons.

"With video messaging, talking to one another becomes easy. In addition, users can also send their video messages to an interpreter who in turn would talk to a normal person on their behalf over the phone," said Ketkar. MBM has even prepared two short films demonstrating the use of this application and uploaded it on various other social networking sites.

With 70 per cent of India's mobile internet users coming from SEC A and B cities, the 46 million mobile internet users, according to a report published by the Internet and Mobile Association of India (IAMAI), are a valued user base that has got the bigger social networking giants like Facebook, Twitter, Google Plus and LinkedIn investing in their mobile platforms.

But dedicated mobile application developers like Nimbuzz, SMSGupShup, RockeTalk and Mig33 have painstakingly built large mobile user communities that show no signs of slowing down.

Keeping the Indian user happy



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Chris Chandler, VP, Business Development of Mig33 claims having 50 million users worldwide. "We are very popular in tier II and tier III cities of India. Before expanding, we did a pilot and went to cities across India and found that we enjoy popularity in cities like Patna, Bharuch, Jalandhar, Vapi, Valsad and towns in Gujarat, Haryana."

Mig33 is a social mobile platform where users make new friends, chat with them, exchange virtual goods and play social games. Chandler says the company has seen its NRI user base connecting to their community from across the globe.

"For example, a lot of Gujaratis live in Tanzania, Mozambique and South Africa, among others, and we have a good user base there. We have seen mobile community members connecting with them in chat rooms, exchange virtual gifts and play social games."

<http://www.business-standard.com/india/news/mobile-social-networking-sees-explosive-growth/448061/>

Export of spices rises 22%

The exports of spices in the April-July period rose 22 per cent in rupee terms and 26 per cent in dollar terms over those in the same period a year ago. Total receipts in the period stood at Rs 2,613.50 crore (\$585.46 million), compared to Rs 2,135 crore (\$464.92 million) during the same period last year.

This was in spite of a decline of 24 per cent in exports volume during the period to 157,725 tonnes from 208,775 tonnes in the same period a year ago.

Export of cardamom (small) rose 376 per cent in quantity to 975 tonnes and 288 per cent in value to Rs 91.47 crore. During the period, 190 tonnes of cardamom (large), valued at Rs 14.98 crore was exported, compared to 65 tonnes for Rs 3.69 crore last year — a rise of 192 per cent in quantity and 306 per cent in value. The unit value of cardamom (large) rose from Rs 567.43 per kg in April-July 2010, to Rs 788.16 per kg during the period this year. Export of pepper, cardamom (small), cardamom (large), ginger, turmeric and other spices like tamarind and asafoetida have seen an increase both in volume and value.

Export of value-added products, curry powder and paste rose both in volume and value. But for spice oils and oleoresins, mint products, nutmeg & mace, and other seeds like mustard and ajwainseed, the increase was only in value terms. Exports of all other spices have seen a decline both in volume and value.

<http://business-standard.com/india/news/exportspices-rises-22/447713/>

Textiles, clothing exports to touch \$32.35 billion in FY'12: Textiles Minister Anand Sharma

The country's textiles and clothing exports are



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expected to touch USD 32.35 billion in the 2011-12 fiscal, Parliament was informed.

"An exports target of USD 32.35 billion has been prescribed for the textiles and clothing sector for 2011-12. During 2010-11, the textiles sector achieved an export figure of USD 26.8 billion," Textiles Minister Anand Sharma said.

He said the size of domestic textiles industry was expected to reach USD 65 billion by the end of the 11th Five-Year Plan (2007-12).

Sharma noted that the share of textiles and clothing as a percentage of the country's overall export basket decreased from 11.46 per cent in 2008-09 to 10.63 per cent in 2010-11.

Referring to the latest data published by the World Trade Organisation, Sharma said the share of India's textiles and clothing exports increased to 3.91 per cent of the global market in 2009, up from 3.36 per cent in 2007.

Talking about capacity addition in the sector, Sharma said 9 million additional spindles have been established during the 11th Plan so far, taking total spindlage in the country to 48 million spindles as of March, 2011.

Cotton yarn production increased from 2,948 million kg in 2007-08 to 3,510 million kg in 2010-11, he said. What is more, fabric production also increased from 55,257 million square metres in 2007-08 to 61,057 million

square metres in 2010-11, he added.

<http://economictimes.indiatimes.com/news/economy/foreign-trade/textiles-clothing-exports-to-touch-32-35-billion-in-fy12-textiles-minister-anand-sharma/articleshow/9872074.cms>

Metallurgical sector attracted Rs 5,023 cr FDI in FY'11

The country's metallurgical sector garnered Rs 5,023.34 crore in Foreign Direct Investment in the 2010-11 financial year, a 150 per cent increase compared to the previous fiscal, Parliament was informed today.

The sector, which also includes steel, had attracted over Rs 1,999 crore in FDI in FY'10, Steel Minister Beni Prasad Verma said in the Lok Sabha.

Quoting statistics from the Department of Industrial Policy and Promotion (DIPP), he added that the metallurgical sector attracted Rs 4,152.56 crore in FDI in 2008-09.

Japanese firm JFE Holdings had bought a 14.99 per cent stake in JSW Steel last fiscal.

Furthermore, global steel majors Posco and Arcelor-Mittal have proposed an over Rs 2 lakh crore investment in India, he said.

While Posco plans to establish 18 million tonnes per annum (mtpa) of steel capacity at an investment of Rs 84,000 crore, Arcelor-Mittal intends to put up plants with a



cumulative capacity of 30 mtpa at an outlay of Rs 1.2 lakh crore.

In a separate reply, the minister said the country's total finished steel production in 2010-11 amounted to 66 million tonnes, while demand stood at 65.6 million tonnes.

<http://economictimes.indiatimes.com/news/economy/foreign-trade/metallurgical-sector-attracted-rs-5023-cr-fdi-in-fy11/articleshow/9871721.cms>

Government to offer one-year transitional duty drawback scheme to replace DEPB

The government is likely to offer a lucrative one-year stop-gap duty reimbursement scheme, replacing a popular tax break for exporters that ends next month. The move would bring relief to big industrial houses such as Reliance Industries, Bharat Forge, TVS Suzuki and Bajaj Auto.

An experts panel, set up by the finance ministry to rework the duty drawback scheme for all export products, including those covered under the popular duty entitlement passbook scheme (DEPB), is likely to recommend a middle path and provide a one-year transition regime.

"A transitional duty drawback scheme will replace DEPB," a person privy to the development said.

DEPB, an export promotion scheme similar to

the duty drawback scheme, cost the exchequer 8,520 crore last fiscal. Large engineering and chemical exporters cornered over 60% of this amount.

<http://economictimes.indiatimes.com/news/economy/foreign-trade/government-to-offer-one-year-transitional-duty-drawback-scheme-to-replace-depb/articleshow/9815506.cms>

PC sales to log 14% growth in 2012, says CyberMedia

Indian personal computers (PC) sales is expected to achieve 14% growth at 12.71 million units in 2012 against the projected sales of 11.15 million units during 2011, according to IT market researcher, CyberMedia Research. Notebook PCs will drive the sales with double digit growth. The launch of mass market tablets will also aid the sales of PCs in India.

"The future growth of the India PC market will be driven by adoption of new form factors such as LED monitors in the commercial desktop space, net-books, ultra lightweight notebooks and tablet computers in the portable space," stated Anirban Banerjee, associate vice-president, research and advisory services, CyberMedia Research.

Since the first tablet launch in India last year, the country has seen numerous companies entering with their tablets—Cisco's Cius, RIM's Blackberry Playbook, Samsung Galaxy Tab and now Reliance 3G Tab. "For tablets to



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become a common man's device, the data usage tariffs for 3G services need to be brought down even further," Anirban said.

The first-half of 2011 witnessed subdued PC sales in India due to lower offtake by the government, public and private sector and low consumer demand. It is to be noted that IDC, in its latest PC sales report, had seen a sequential decline of 4.2% to 2.44 million units for the second quarter of 2011. Gartner recently reported a rise of 2.5% in PC sales in India to 2.5 million units for second quarter of

2011 as compared to last year. Experts at CyberMedia expect July-September 2011 quarter PC sales to improve with strong demand from the education sector and beginning of festive season. The combined installed base of desktop and notebook PCs in India is estimated to have crossed 52 million units as of 2010. At present, there is one computer for every 25 Indians.

<http://www.financialexpress.com/news/pc-sales-to-log-14-growth-in-2012-says-cybermedia/839823/0>

News Round-Up

Moody's pegs India's GDP at 7.5-8% in FY12

Global rating agency Moody's has pegged India's growth at 7.5-8% for the current fiscal, saying that higher interest rates as well as global economic uncertainties could affect the country's economic expansion in the near term.

In its annual sovereign credit update on India, Moody's, however, added that the "cyclical slowdown" is unlikely to change its credit outlook of the country.

"Moody's expects GDP growth of 7.5-8% in 2011-12 ...Given current global uncertainty, and the continuing transmission of the RBI's tightening over the last year, the risks to both forecasts are on the downside," Moody's said.

It added: "Although rising domestic interest rates and an uncertain global economic environment could dampen India's near term GDP growth, a cyclical slowdown is unlikely to alter its credit outlook."

India's economy grew at 8.5% in 2010-11. The projection made by Moody's in its latest report for the current fiscal is below the government's and RBI's forecast.

While the government expects the country's Gross Domestic Product to grow at the same pace this fiscal also, the Reserve Bank has projected economic growth at 8%.

Moody's report also said that inflation was likely to moderate to around 7% by March 2012, a projection in sync with that made earlier by the RBI.



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<http://economictimes.indiatimes.com/news/economy/indicators/moodys-pegs-indias-economic-growth-at-7-5-8-in-fy12/articleshow/9873201.cms>

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