सत्यमेव जयते
ITP Division
Ministry of External Affairs
Government of India

Weekly Economic Bulletin

Date: December 20-26, 2011 **Issue No. 452**

CONTENTS

News Feature

Economic growth projected at 7.6%: RBI

RBI Governor D Subbarao said the economic growth rate for the current fiscal is projected at 7.6 per cent as against earlier projections of 8 per cent.

While hoping to tame down the inflation below 7 per cent by the year end, Subbarao said he was not sure when the benchmark interest rates will be reduced.

"Challenges before the RBI is to balance growth and inflation. Previously (GDP) growth was at 9 per cent and we hoped that it may cross 10 per cent previously.

"But due to various factors, RBI projected it will be 8 per cent. But finally in the recent review it is projected to 7.6 per cent," Subbarao said.

Replying to a query on interest rates, the governor said: "I cannot say when and how the Interest rates will come down".

After 13 hikes in key policy rates since March 2010, the RBI in its mid-quarterly policy review opted to keep the repo rate, at which it lends to the banks, unchanged at 8.5 per cent, apparently due to the worsening global growth.

Reverse repo (rate at which the RBI borrows from banks) is also kept at 7.5 per cent.

Subbarao said in addition to the constraints in food supply and its prices, the international oil prices also flared up inflation levels.

Banking system stable;there are weak spots in economy: RBI

India's banking system is stable and can withstand global shocks, but there are weak spots like decelerating growth and rising fiscal deficit which are needed to be addressed, said a Reserve Bank report.

"The domestic financial system remains stable in the face of an adverse international backdrop ... soft spots (are needed) to be addressed going forward," said the RBI's Financial Stability Report (FSR).

http://www.financialexpress.com/news/economic-growth-projected-at-7.6-rbi/890918/0

Economy to grow by 7.5 pc next fiscal, says Fitch

The economy is likely to grow by 7.5 per cent in 2012-13 and public finances of various state

governments are likely to see consolidation during the next fiscal, ratings agency Fitch said.

"Fitch expects Indian economic growth to rebound to 7.5 per cent in FY-13 from 7 per cent in FY12 ... the Indian economy is expected to perform better than the developed economies," Fitch Ratings said in its '2012 Outlook: Indian Subnationals'.

According to Fitch, after a period of pause in reforms the government has again taken up initiatives on special economic zones and increasing foreign participation in the government and corporate debt market and these are likely to have a positive impact.

The agency had earlier revised down its growth projection for the Indian economy in 2011-12 to 7 per cent, from 7.5 per cent earlier, on account of sustained inflation, the global slowdown and high domestic interest rates.

The Indian economy had expanded by 8.5 per cent in 2010-11.

It said that though growth will rebound in 2012-13, the economic performance in the states will vary.

"States with better infrastructure and growth-oriented policies are likely to grow faster and will improve their fiscal performance. The smaller states, especially the special category states, will depend on the federal government for revenue and their performance will mirror the federal government's," it said.

It said that "the reform-oriented economic growth" in the next financial year will help states to achieve faster fiscal consolidation.

"The expected improvement in economic growth will result in further fiscal consolidation," the report said.

According to Fitch, the gross fiscal deficit of the state governments is likely to be 2.2 per cent in 2011-12 as against 2.6 per cent in the last year.

"An improvement in deficit quality, with a faster improvement in the current balance is highly likely. However, due to specific structural issues for each state, the extent of improvement will vary.

"Faster growing and better fiscally administered states will lower their deficits more quickly than the laggard states," it said.

The agency, however, said that the two key reform bills in taxation -- the Direct Tax Code (DTC) and the Goods and Services Tax (GST) -- are likely to miss their rescheduled date of implementation of April 1, 2012.

"Fitch expects that all issues will be sorted out in FY-13. The implementation of the DTC and

GST would be credit positive for India and its subnationals," it said.

http://economictimes.indiatimes.com/news/economy/indicators/economy-to-grow-by-7-5-pc-next-fiscal-says-fitch/articleshow/11207173.cms

Overseas Investment

FDI dips by 50 pct to $1.16 bn in Oct

Reflecting economic slowdown in the world's major economies, foreign direct investment into India dipped by over 50 per cent to USD 1.16 billion in October for the second month in a row.

The country had received USD 2.33 billion overseas investment in the same month last year. In September, the inflows were at USD 1.76 billion, down by 16.5 per cent year-on-year.

However, during the April-October period, the FDI went up by 50.3 per cent to USD 20.8 billion, from USD 13.84 billion in the year-ago period as inflows were robust in the initial months, a senior government official said.

While in August foreign investment inflows had increased over two-fold to USD 2.83 billion, year-on-year, in July they declined after a significant jump for two consecutive months - May and June.

Despite uncertainties in the global economy, FDI may touch USD 35 billion in 2011-12, as account of major deals like RIL-BP and Posco, the official added.

In 2010-11, equity inflows through the FDI route had dipped 25 per cent to USD 19.43 billion, from USD 25.6 billion in 2009-10. In 2008-09, FDI stood at USD 27.3 billion.

According to experts, uncertain economic conditions in the US and Europe are one of the major reasons for the declining FDI in India.

Mauritius, Singapore, the US, the UK, the Netherlands, Japan, Germany and the UAE are major sources of FDI for India.

During April-October, the sectors that attracted the maximum FDI include services, construction activities, power, computers and hardware, telecom and housing and real estate.

Wooing global investors by easing FDI procedures, the Reserve Bank said that transfer of shares between Indians and nonresidents will not require its permission in several key areas like financial services.

http://www.financialexpress.com/news/fdi-dips-by-50-pct-to-1.16-bn-in-oct/891887/0

Forex reserves fall to $302.1 bn: RBI

India's foreign exchange reserves stood at $302.100 billion as of Dec. 16, down from $306.775 billion in the previous week, the Reserve Bank of India said.

Changes in foreign currency assets, expressed in dollar terms, include the effect of appreciation or depreciation of other currencies held in its reserves, the central bank said.

Foreign exchange reserves include India's Reserve Tranche position in the International Monetary Fund.

http://economictimes.indiatimes.com/markets/forex/forex-reserves-fall-to-302-1-bn-rbi/articleshow/11220377.cms

Trade News

USAID, FICCI to raise $50 m to support innovation

The United States Agency for International Development (USAID) and Indian industry body FICCI pledged $15 million ($7.5 million each) towards the formation of an alliance to support innovations addressing challenges in food security and climate change as well as the energy, health and education sectors.

FICCI and USAID would work with the private sector to raise $50 million over the next 12 months, a statement said.

The letter of intent of cooperation for the alliance was signed by the Administrator, USAID, Dr Rajiv Shah, and the Secretary-General, FICCI, Dr Rajiv Kumar.

The alliance will leverage Indian creativity, expertise, and resources to support innovations that have the potential to benefit vulnerable populations across India and around the world, the statement added.

USAID, with 80 missions around the world, can help take these innovations and introduce them globally, Dr Shah — the highest-ranking Indian-American in the Obama Administration — said.

http://www.thehindubusinessline.com/todays-paper/tp-economy/article2733037.ece

Trade with Belgium goes beyond diamonds

Non-diamond trade dominated by small and medium enterprises has created certain dynamics for bi-lateral trade between Belgium and India.

“Small enterprises in pharmaceuticals, biotech, clean energy and automotive ancillaries are shaping the bi-lateral trade to take it to the next level,” said Mr Pierre Vaesen, Belgium ambassador to India.

“At present the bi-lateral trade is largely driven by gems and jewellery which constitutes about 80 per cent of the bilateral trade. We want to diversify this trade to other sectors,” he added.

Belgian business interests in India cover ports, construction, banking and finance, chemicals and fertilisers, and solar energy. Zeebrugge port has been showcased in India to take up modernisation of ports.

“There has been increasing interest on India from Belgian companies and we are looking forward for reforms to take-off in India, especially foreign direct investments, in certain key sectors like retail, aviation and agriculture sectors,” said Mr Vaesen.

Belgium has emerged second biggest trade partner of India after Germany. Indian exports to Belgium touched €3.6 billion in 2010 and is expected to maintain the same trend in 2011. In the last decade (2000 to 2010), about 150 Belgian companies have invested $350 million in India and in return about 75 Indian companies have made Belgium their home to tap European markets.

In terms of geographic spread of Belgian companies, Mr Vaesen said western region (Mumbai and Pune) tops the list with 38 per cent and is followed by northern region (New Delhi) 24 per cent and South (Karnataka) 14 per cent and East (West Bengal) one per cent.

According to Mr Jayant Nadiger, Trade Commissioner of Flanders Belgium, “The Flemish Trade office has been operational for South India based in Bangalore since 1999. Flanders Belgium Industry has been active in south India since then in sectors like logistics, manufacturing, services, research and development among others.”

“Baekart, LMS, Xsysys, UCO, are among some of the Flemish companies present in South India and a few from this region have also established business in Flanders. ,” he added.

http://www.thehindubusinessline.com/todays-paper/tp-economy/article2745259.ece

Japan, India to push ahead with 3 infrastructure projects

India and Japan are set to push ahead with three major infrastructure projects on solar power, seawater desalination and gas-fired energy production during the upcoming visit of Prime Minister Yoshihiko Noda to New Delhi.

The projects will be involving Japanese companies and are part of a bilateral initiative agreed in 2006 to build a freight railway linking Delhi and Mumbai and industrial complexes along the rail corridor, known as "the Delhi-Mumbai Industrial Corridor," officials were quoted as saying by Kyodo news agency.

The three projects concern the building of a solar power generation system, seawater desalination and gas-fired power production.

The envisioned accord between Noda and his Indian counterpart Manmohan Singh is expected to give momentum to efforts by the Japanese public and private sectors to export infrastructure systems so as to boost Japan's economic growth.

Under the solar power generation system project, Hitachi Ltd. and the government-linked New Energy and Industrial Technology Development Organization plan to operate the system on a trial basis, supplying power to industrial parks.

Hitachi will also team up with trading house Itochu Corp. and the city government of Kitakyushu, which provides technical expertise to foreign governments on building water supply systems, in a project in India that involves seawater desalination and building an industrial water supply network.

Mitsubishi Corp., another trading company, and Mitsubishi Heavy Industries Ltd., plan to develop a gas-fired power generation project in areas where electricity supply is tight.

Following the accord by the premiers, the two countries will sign a memorandum of understanding on the three projects.

The signing ceremony will possibly be held in January, when Japanese Economy, Trade and Industry Minister Yukio Edano will visit India, the sources said.

http://economictimes.indiatimes.com/news/economy/foreign-trade/japan-india-to-push-ahead-with-3-infrastructure-projects/articleshow/11245441.cms

Afghanistan seeks Indian investments in mining, agriculture sector

As it strives to stand on its own feet, Afghanistan has invited Indian investments in sectors like mining, agriculture and transport and to provide it the "backbone" after transition in 2014.

The Afghan government is trying to make an "enabling" environment to attract foreign investments, as the country has to stand on its own after the transition, said Afghanistan Deputy Minister of Ministry of Agriculture, Irrigation and Livestock Abdul Ghani Ghuriani.

The year 2014 is the timeline set for the withdrawal of US forces from Afghanistan.

Speaking at an interactive session on agriculture, he said, "...Practically saying, we might lose all of these opportunities, grants from international community (after 2014). To make it and to ready ourselves for this transition, only way is that we prioritise key areas".

He said the country is considering its potential areas and resources to get its economy running smoothly even after the international source of funding get reduced.

Ghuriani, who is leading a high-level Afghan delegation to India, said the key areas for privatisation and investments include agriculture, mines and transport.

He said: "Perception of the world is Afghanistan will collapse after 2014. So investments would make us stand on our own. Investment will give backbone after the transition".

During the six-day visit, the delegation would discuss with Indian government the prospects of cooperation in areas of agriculture, livestock and mining.

He said besides agriculture on which 85-90 per cent of the Afghan population relies on, the iron-rich nation has lot of potential for investment in mines even for joint ventures.

Citing the recent example of SAIL-led consortium that bagged rights to develop three iron ore mines at Hajigak, Afghanistan Embassy First Secretary (Economic) M Ayuob Omarzada said the country attracted USD 10 billion Indian investments in last 5-6 years.

"There is a scope of around three billion metric tonnes of iron in Afghanistan," Omarzada said adding there is an opportunity to construct railways.

http://economictimes.indiatimes.com/news/economy/foreign-trade/afghanistan-seeks-indian-investments-in-mining-agriculture-sector/articleshow/11194939.cms

India, Bahrain trade unions join hands to protect workers

Trade unions in India and Bahrain have joined hands to tackle exploitation of workers from

erala and prepare them so they know their rights when they land in Bahrain and other Gulf countries.

Bahrain's main trade union body, the General Federation of Bahrain Trade Unions (GFBTU), has joined forces with the Indian National Trade Union Congress (INTUC) to push for a pre-departure training programme for workers before they leave Kerala, a news report has said.

"We definitely think that workers should undergo some sort of training in their home countries," GFBTU Assistant Secretary for the Private Sector, Karim Radhi said.

"We worked on this issue last year and plan to raise it again next month during a key meeting in Kuwait. It will be attended by union bodies in Gulf and Asian countries," he said.

The decision follows a meeting to specifically discuss exploitation of workers from Kerala last year. "There should be an orientation programme for foreign workers upon arrival in Bahrain to make them aware of their rights," he said.

Low income workers often fall prey to recruitment agencies, who force them to pay huge amounts of money for visas or place them in jobs they were not looking for.

"We plan to get in touch with union bodies in Nepal, Pakistan and other Asian countries to protect their rights," added Radhi.

http://www.financialexpress.com/news/india-bahrain-trade-unions-join-hands-to-protect-workers/891310/0

Call to diversify India-US trade thru manufacturing

The new manufacturing policy will enable India-US bilateral trade to diversify beyond commodity exports into manufacturing, said Ms Nirupama Rao, Ambassador of India to the US.

Speaking to reporters on the sidelines of an interactive business meeting organised by FICCI, Ms Rao said, “While trade with the US is growing, there is lot of emphasis on commodity-based exports. There is a need to diversify through manufacturing. The new manufacturing policy announced by the Government of India will be a key instrument for this purpose.”

Trade between the two countries is expected to touch $54 billion this year.

“Despite global slowdown, exports from India to the US has not been affected,” said Ms Rao.

Commenting on the issue of H-1 B visas, Ms Rao said the Indian embassy is committed to reiterating the importance of mobility of

work-force and ensuring there is no difficulty in obtaining visas. “We have taken up this issue with the US administration on various occasions. Unfortunately, the economic climate is difficult in the US now, with great deal of unemployment. But that has not stopped us from putting across our concerns. We will continue to emphasise that India is adding value to the US economy through IT.”

The focus areas for Indo-US collaboration include green energy (particularly solar energy, bio fuels and energy-efficient buildings), environment, healthcare and education, said the Ambassador.

A “world-class” cancer institute is being proposed in India using America's “expertise” and “experience” in cancer research and treatment, said Ms Rao.

India is awaiting the passage of the foreign universities bill keenly, said Ms Rao. “This will aid in setting up community colleges, faculty development and encourage co-innovation and research.”

http://www.thehindubusinessline.com/todays-paper/tp-economy/article2729968.ece

Sectoral News

Real estate houses most PE investments in 2011, attracts $1,700 million

Real estate emerged as the popular parking place for private equity funds who invested $1,700 million in the sector during 2011. Power sector that topped the PE charts during the first six months of the year finished third with $892-million investments behind automotive sector that could attract $1006 million private equity funding.

Overall PE investments during the year rose to $7.7 billion through 347 deals, up from $6.2 billion and 253 deals in 2010. However, the country's total investment in the private sector was a tad lower than last year.

In 2011, PE players signed 29 deals in real estate at a time when the sector found it tough to receive bank funding, a report by consulting firm Grant Thornton says. "Banks have become too cautious to lend to the sector and PE players found a new opportunity. They expect high returns within a year or so," says Raja Lahiri, partner, transaction advisory services, Grant Thornton India. Of the 100 transactions handled by the firm, more than half are into real estate.

Private equity in real estate projects will fetch considerable returns by next year-end or early

2013, says Vikram Hosangady, partner, KPMG. "Limited partners (who write cheque for funds) expect 15-25% returns from real estate deals. Foreign investors are optimistic about India. All they want is prompt action and friendly policies," he says.

Automotive, power & energy, banking & financial services and IT & ITes received PE investments of $1006 mn, $892 mn, $816 mn and $783 mn respectively. The sectors were ahead of telecom, metals & mining, pharma & healthcare, hospitality who saw a declining interest from private equity firms.

Bain Capital and Govt of Singapore clinched the top deal of the year of $849 million when they together took 30% stake in Hero Investment.

Macquarie SBI Infrastructure Investments, Blackstone and a consortium of Standard Chartered PE (Mauritius), JM Financial and NYLIM Jacob Ballas have invested $200 mn each in separate deals. "Though the outbound deals have seen lesser activity due to weak global conditions, PE firms continue to attract better deals," adds Lahiri.

The year saw $50.9 billion invested through various forms of private investments like mergers & acquisitions, PE deals and qualified institutional placement (QIP). The invested amount in 2011 was however, lower than $62.2 billion investments in 2010 and so were the number of deals that fell to 961 deals from 971 deals last year.

http://articles.economictimes.indiatimes.com/2011-12-23/news/30551182_1_pe-investments-pe-deals-pe-players

RBI removes cap on mobile banking transactions

Customers will soon be able to transact more than Rs 50,000 through their mobile phones.

The Reserve Bank of India has removed the cap of Rs 50,000 per day per transaction through mobile banking.

It has now been decided that individual banks can place transaction limits based on their own risk perception and with approval of their respective boards.

The RBI said that banks are increasingly extending mobile banking facilities to their customers. Inter-bank Mobile Payment Service (IMPS) developed and operated by the National Payment Corporation of India (NPCI) has also enabled real-time transfer of funds through the medium of the mobile phone between accounts in different banks.

The volume and value of mobile banking transactions are also showing an uptrend, said the RBI.

According to Mr Lalit Sinha, General Manager, Alternate Channels and New Initiative Department, Union Bank of India, it is a welcome move by the RBI.

http://www.thehindubusinessline.com/todays-paper/tp-money-banking/article2739486.ece

New telecom policy regime likely by June 2012

The new telecom policy, that is likely to usher in roaming free environment with one-nation, one-tariff and nation-wide mobile number portability, is likely to be delayed till June next year.

The draft NTP 2011 was announced in October by Telecom Minister Kapil Sibal, who had said that new policy would be ready after incorporating comments from all stakeholders by the end of this year.

According to official statement, highlighting evelopments during 2011, the new "policy is likely to be approved by June 2012."

It also said that the number of telephone connections, both wireline and wireless put together, stands at 914.60 million as on October 31, 2011, against a target of 600 million at the end of March 2012.

The NTP-2011 has talked about making available secure, reliable and affordable voice telephony and high speed broadband services to every citizen in India with special focus on rural and remote areas, to improve the broadband experience by enhancing the speed of delivery.

Further, it emphasises to make India a global hub of manufacturing for all electronic products including telecom equipment with substantial value addition within the country and safeguard security concerns of the nation.

The draft NTP 2011 said price of spectrum would be discovered through market related processes and to enable free roaming throughout the country.

In a scenario that witnessed private sector growing much faster than the public sector, the statement said the share of private sector in the number of telephones has increased from 65.32 per cent (134.48 million telephones) at the end of March, 2007 to 85.92 per cent (786 million telephones) at the end of October, 2011.

Teledensity in the country is steadily increasing from 18.22 per cent as on March 31 2007 to 70.89 per cent as on March 31, 2011 and currently stands at 76.03 per cent as on October 31, 2011. However, there is a wide gap between urban teledensity (166.54 per cent) and rural teledensity (36.81 per cent).

Implementation of MNP has not only given wider choices to the Indian subscribers but has also induced service providers to offer innovative, affordable and competitive traffic plans for the benefit of the masses. As on November 30, 2011, 19 million mobile customers have successfully ported their mobile numbers to the service providers of their choice.

http://www.financialexpress.com/news/new-telecom-policy-regime-likely-by-june-2012/891350/0

Tea industry grows at 15%, turnover to touch R33,000 cr by 2015: Study

The total turnover of the tea industry in India is likely to touch R33,000 crore by 2015 from the current level of about R19,500 crore. With nearly six lakh hectares under tea cultivation, the domestic tea industry is growing at a compound annual growth rate (CAGR) of about 15%, according to a study titled 'Indian Tea Industry' by the Associated Chambers of Commerce and Industry of India (Assocham).

"India is world's largest consumer, second largest producer and fourth largest exporter of tea after China and accounts for nearly 30% of global output and nearly 25% of tea produced worldwide is consumed in India ," said DS Rawat, secretary general of the chamber.

"Branded market accounts for nearly 55% of the total market and is growing at about 20% while the unbranded market is growing at 10% annually," Rawat said adding "nearly 35 lakh workers are employed in over 1,500 tea estates across India and about 65% of these are employed indirectly."

Assam produces over half of India's tea and accounts for over 12% of annual global tea yield. Tea being cheap, affordable and addictive in nature nearly 90% of Indian households are regular tea drinker. According to an estimate the tea production during the current year is likely to stay over 950 million kg as against 966.4 million kg in 2010.

"Awareness about health benefits associated with moderate intake of tea is another significant factor behind this upsurge in its demand as now more and more people are familiar with healing properties of tea," said Rawat. It not only helps combat heart related ailments but also helps lower cholesterol, protects skin, keeps cancer at bay, strengthens bones and teeth and contains no calories, fat and salt, he added.

http://www.financialexpress.com/news/tea-industry-grows-at-15-turnover-to-touch-r33-000-cr-by-2015-study/889690/0

Global steel output up 1.1% in Nov, India's by 8.9%

Global steel output increased by 1.1% in

November to 116 million tonne in which India contributed 6 million tonne, World Steel Association said.

The association, which represents 170 international steel makers, said global production of steel in November last year stood at 114.2 million tonne.

India's production improved by 8.9% during the month from 5.5 million tonne in November, 2010.

In January-November this year, India's steel production stood at 66 million tonnes compared to 62.5 million tonne during the same period last year.

Global steel output during the period stood at 1,373 million tonne, up by 7.4% over the first 11 months of the last year.

China, world's largest producer, produced 49.9 million tonne steel in November this year, recording a marginal 0.2% decrease compared to the same month last year.

Japan produced 8.7 million tonne and output in South Korea increased by 12.4% to 5.8 million tonne during the reporting month.

Among the European Nation countries, Germany's production for November 2011 was 3.5 million tonne, a decrease of 10% over November 2010.

Italy produced 2.6 million tonne in November this year, which is 12.3% higher than November last year. Turkey's production was at 2.8 million tonne, up 12.8% over November last year.

Production of steel in the US was at 7.2 million tonne, an increase of 11.8% compared to the same month last year.

"The world crude steel capacity utilisation ratio dipped to 73.4%. Compared to November 2010, the utilisation ratio in November 2011 decreased by 2.6 percentage points," the association said.

http://businessstandard.com/commodities/news/global-steel-output11-in-nov-india/s-by-89/153391/&tp=on

India retains top slot in milk production

India continues to be the largest milk producing nation, according to the report of the National Dairy Development Board (NDDB) for 2010-11.

The country's estimated milk production for the period stood at 121 million tonne (mt), close to 17% of the world's total produce.

During the year, dairy cooperatives collected 9.6 mt of milk, a growth of about 1% over the last year. Liquid milk marketing by cooperatives increased by around 4% over the previous year and was about 8.2 mt in 2010-11.

Amrita Patel, chairman of NDDB, said, “Higher GDP growth, increased incomes in rural areas thanks to schemes like MGNREGA, and a growing population are among major reasons for this rapidly growing demand for milk.”

“Now the only way to cope with this increasing demand is to have a scientific approach, that is improve genetic potential of milch animals and feed them a balanced diet to ensure they produce milk commensurate with their genetic potential. Regarding this, NDDB has prepared a multi-state initiative titled National Dairy Plan (NDP) with a 15-year horizon,” she said, adding, “NDP-I has already been appraised by the World Bank and approval for the same is expected shortly.”

The first phase of NDP is proposed to extend over a period of six years and envisages an investment of around R2,000 crore for activities ranging from having bulls of high genetic merit for disease-free quality semen to delivery of artificial insemination (AI) service at farmers’ doorsteps in line with prescribed Standard Operating Procedures (SOPs) to services like ear-tagging of animals and proving training.

The project is proposed to be carried out by End Implementing Agencies (EIAs) along with State Cooperative Dairy Federations, District Cooperative Milk Producers’ Unions, producer companies and State Livestock Development Boards.

The same will be done in states that have agreed to put in place the necessary regulatory and policy measures to create an enabling environment for the successful implementation of the project.

Additional funding for activities that are commercial in nature, such as plants for milk processing and manufacture of cattle feed, is being explored with the International Finance Corporation.

http://www.financialexpress.com/news/india-retains-top-slot-in-milk-production/890192/0

Gold glitters with 2nd biggest gain in 2011

Gold zoomed by R1,025, its second biggest rise this year, to R28,990 per 10 gm, on brisk buying by stockists and investors amid a firming global trend and shifting of funds to the precious metal from volatile equity and forex markets.

The rise in the yellow metal’s prices is the highest since August 19, 2011, when it had increased by R1,310.

Silver followed suit and rose by R750 to R53,000 per kg on increased offtake by industrial units and coin makers, besides rising trend in international markets due to the weakening US dollar.

The trading sentiment bolstered as gold in overseas markets advanced to the highest level in a week after better than expected economic data from the US and Germany reduced demand for the dollar as a haven investment, market experts said.

Gold in global markets, which normally sets the price trend on the domestic front, gained 0.8% to $1,628.30 an ounce in Singapore, the highest price since December 14.

On the domestic front, gold of 99.9 and 99.5% purity shot up by R1,025 each to R28,990 and R28,840 per 10gm, respectively. In a similar fashion, silver ready jumped up by R750 to R53,000 per kg and weekly-based delivery by R780 to R53,630 per kg.

http://www.financialexpress.com/news/gold-glitters-with-2nd-biggest-gain-in-2011/890535/0

Indian medical electronics mkt to touch $6.4 bn

Indian medical electronics market is set to touch nearly USD 6.4 billion (nearly Rs 33,800 crore) by 2020, growing at a compounded annual growth rate (CAGR) of up to 19 per cent on the back of rising cases of diseases and healthcare facilities expansion.

Indian medical electronics industry has been growing at an average rate of 17 per cent for past couple of years. It is expected that growth will outperform the pace and industry will touch the USD 6.4 billion mark by 20120, a study by FICCI-Deloitte said.

"There are various factors, which will propel growth of the medical electronics industry which are a combination of macroeconomic factors, industry trends and segment consideration," Deloitte Touche Tohmatsu India Pvt Ltd Director Strategy and Operations Anjan Sen said.

Factors like increasing disease burden, expansion of healthcare delivery in Tier II and Tier III towns, increase in non-communicable and lifestyle diseases, rising income levels and demand for better healthcare will drive growth in the short term, he said.

In 2010, the segment had sales of USD 1 billion out of the Indian medical devices market of USD 2.5 billion.

'Medical Electronics' are healthcare products which require external energy source to be operational. The segment includes equipments, diagnostic tools, life support systems, implants and disposables.

"In the longer term shift towards better diagnostics and preventive healthcare coupled with integrated healthcare delivery will drive growth," Sen said.

He said in order to drive growth further in the segment, "the industry has to target both the public and private sectors."

With the Indian government planning to increase the healthcare allocation to 2-3 per cent of the GDP, the report said: "Schemes like National Rural Health Mission (NRHM) and Rashtriya Swasthya Bima Yojna (RSBY) will break the constraint for rural India, offering the economies of the scale to the Industry."

About the prospects of domestic firms in the future growth scenario Sen said: "The market is expected to grow 6.5 times the current size and everything depends on who is able to capture what share of the market."

http://www.financialexpress.com/news/indian-medical-electronics-mkt-to-touch-6.4-bn/891935/0

News Round-Up

'India to be a top listing destination'

The future of equity capital markets is shifting towards the East and in 15 years time, India is likely to be among the most favourable listing destinations for foreign companies, says a report.

According to PricewaterhouseCoopers 'Capital Markets in 2025' report, that covered 400 senior managers at companies from across the globe, developing Asia is emerging as the most popular region for future listings.

Nearly 80 per cent of respondents covered by the study believe China will be the home of most new issuers and will also be the domicile to raise the largest pool of equity capital by 2025, while India comes second in terms of issuers (voted for by 59 per cent of respondents) and third in terms of capital (39 per cent).

As per the report, foreign companies overtook Chinese enterprises to become the biggest participants in the Hong Kong Stock Exchange's IPO market.

Overseas companies raised HK dollar 122.5 billion, contributing to a record high of 70 per cent of the total IPO capital proceeds in Hong Kong this year.

A similar pattern has emerged in Singapore, where more than 40 per cent of companies listed on the Singapore Exchange now

originate from outside of Singapore, the report said.

In terms of IPO deal volumes in 2004 emerging markets represented less than one quarter of global IPO volume. By the end of 2010, that figure had rocketed to 67 per cent. Emerging markets have accounted for 55 per cent of global IPO volumes in the year to date.

Meanwhile, in terms of electronic-order-book value, the National Stock Exchange of India is now the fourth-largest exchange by number of trades in equity shares globally.

India's primary markets are growing rapidly; in 2010 a total of 63 IPOs raised USD 8.3 billion for domestic companies, up from USD 4.5 billion raised by 36 IPOs in 2008.

http://www.financialexpress.com/news/india-to-be-a-top-listing-destination/891943/0

'R&D hiring in India may grow by up to 20% in 2012'

With global companies shifting their R&D base to India to achieve greater cost-efficiency and domestic firms increasing their spending on these activities, experts feel hiring in the segment will increase by up to 20 per cent in 2012 vis-a-vis the current year.

“Total global spending on research and development (R&D) is anticipated to increase by 3.6 per cent. With this, the momentum in the hiring has gone up," Elixir Consulting Executive Director Kanika Vaswani said.

"With India becoming a destination of choice due to its cost-competitiveness, hiring by multinational companies is at an all-time high. There is a talent war for engineers and technical professionals," she said.

The country is an emerging destination for auto R&D, with companies like Renault-Nissan, Maruti Suzuki and Honda pressing ahead with plans to set up centres in 2011 and 2012. This has not only given a boost to hiring, but has also led to attrition in established R&D companies due to the new entrants, she added.

In addition, pharmaceuticals and auto R&D have been hiring steadily, while other segments like defence recently increased hiring, she said.

Talking about pay packages, she said in the R&D space, pharma and defence are the better-paying sectors.

Echoing the view, Executive Search Firm Symbiosis Management Consultants CEO Vinay Grover said R&D is witnessing large investment not only by MNCs, but domestic players as well.

“India, positioned as a land with plenty of

talent pool at a low cost, has gained the attention of MNCs. In domestic companies, pharma and automobile have realised that in their ambition to globalise their operations, they have no recourse but to spend on R&D," he said.

Despite the lull in hiring in most sectors, R&D recruitment is on an upward trajectory and is expected to increase by 15-20 per cent in 2012, he added.

The positive trend in R&D hiring started picking up in 2010 and peaked in 2011 and is expected to continue through 2012, he said.

"The hiring is on at all levels -- junior, middle and senior. There are a lot of positions available at the levels of technology manager and programme manager that can go to the level of director," he said, adding that IT and healthcare are among the highest paying sectors for R&D professionals.

Planman Consulting Director Deepak Kaistha said organisations in India are realising the value of a strong internal research centre to back them with ideas that could be turned into reality.

"Hiring has touched its peak in FY'11 and is expected to grow another 20 per cent next year," he added.

http://www.financialexpress.com/news/r&d-hiring-in-india-may-grow-by-up-to-20-in-2012/891909/0

DISCLAIMER

The information contained in this Bulletin, is a compilation of information from various sources. While we endeavour to keep the information updated, we make no claim to the accuracy and completeness of the same

FICCI

Designed, Developed
& Maintained by
FICCI-BISNET