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CONTENTS

1 **News Feature** — Page 1-2
- Union Budget 2011: Fiscal deficit for FY11 at 5.1%; FY12 seen at 4.6%, says Pranab
- Economic Survey sees India back on 9% growth path in FY12

2 **Overseas Investment** — Page 2-5
- FIPB approves 19 FDI proposals worth Rs 1,358 crore
- More FDI must for fund requirements
- FDI guidelines for insurance and retail sectors need to be liberalised
- Retail industry seeks more FDI, service tax exemption on rentals

3 **Trade News** — Page 5-8
- Uruguay to sign double-taxation treaty with India
- India-Asean trade may jump to $70 bn in 3 years
- India-Korea trade will touch $24 b in 5 years, says Sharma
- Indo-US trade up 29.6% at $48.75 bn

4 **Sectoral News** — Page 8-15
- Indian exports up 29.5 per cent in April-Dec 2010
- Services sector growth pegged at 9.6%, lower than FY10
- India expected to become second largest steel producing nation
- Exports from SEZs rise 47% in Apr-Dec
- India’s domestic market for IT set to grow three times faster
- Aspirational goods to drive FMCG growth: Study
- Marine exports up 6.6% in April-December
- Food processing sector gets 576-crore FDI
- Domestic air traffic up 19 per cent: Economic Survey

5 **News Round-up** — Page 15-17
- India fifth in global economic power: Survey
- Indian SMEs look offshore for growth: study

News Feature

Union Budget 2011: Fiscal deficit for FY11 at 5.1%; FY12 seen at 4.6%, says Pranab

Led by higher than expected non-tax revenue like auction of 3G spectrum, Finance Minister Pranab Mukherjee pegged the fiscal deficit at 5.1 per cent for the current financial year, and further reduced the estimates to 4.6 per cent for 2011-12.

Mukherjee said the revenues from 3G and Broadband Wireless Access (BWA) spectrum auction (that garnered Rs 1.08 lakh crore) has helped government reduce the fiscal deficit for the current fiscal, from 5.5 per cent estimated earlier.

"Due to the higher than anticipated non-tax revenue from 3 G spectrum auction... I have brought down the fiscal deficit from 5.5 per cent to 5.1 per cent of the GDP for 2010-11," Mukherjee said in his 2011-12 Budget speech. "During the course of 2010-11, I had the opportunity to bring in improvement in fiscal balance", he said.

"For the year 2011-12 I have kept it (fiscal deficit) at 4.6 per cent of GDP which improve upon my own target of 2011-12 indicated in the fiscal roadmap presented in the last budget," Mukherjee said. The pre-budget Economic Survey Survey tabled in Parliament had pegged the fiscal deficit for the current fiscal at 4.8 per cent.

India's fiscal deficit had ballooned to 6.3 per cent of the GDP in 2009-10 in view of stimulus spending worth billions of dollars to combat global financial meltdown.

In the medium term fiscal policy, Mukherjee pegged the rolling target of fiscal deficit at 4.1 per cent for 2012-13, and 3.5 per cent for 2013-14. In his Budget speech, Mukherjee pegged the revenue deficit for the current fiscal and 2011-12 at 2.3 per cent and 1.8 per cent respectively.

The government had in 2010 mobilised Rs 1.08 lakh crore from auctioning of spectrum for 3G and broadband wireless access (BWA) services. Besides, it also followed the path of consolidation during April-December of 2010-11, as it partially withdrew the sops given to the industry in 2008 and 2009.

Stimulus package provided by the government at the time of financial meltdown helped India to grow by 6.8 per cent in 2008-09, and by 8 per cent in 2009-10.

http://economictimes.indiatimes.com/news/economy/indicators/union-budget-2011-fiscal-deficit-for-fy11-at-51-fy12-seen-at-46-says-pranab/articleshow/7593862.cms

Economic Survey sees India back on 9% growth path in FY12

The annual Economic Survey could have been written by Aamir Khan and titled “Aal Izz Well.” It is gung-ho about GDP growth rising to 9% next year, and staying there in the medium term. Services (which now have a 57.3% share in the GDP) will be the main locomotive of the economy. This, plus the coming demographic dividend, will offset many policy flaws and sustain fast growth. The Survey cites a new Index of Government Economic Power showing that India is now the fifth greatest global economic power after the US, China , Japan and Germany, and is well ahead of Britain or France.

Analysts may worry about the fiscal deficit, but the Survey declares that India is galloping down the road to fiscal virtue. The fiscal deficit in the first three quarters of this year was just 44.8% of the level in the previous year.

The Survey says the ratio of consolidated government debt to GDP, which touched 79.3% of the GDP in 2004-05, will fall to 68.7% by 2013-14 and 65% by 2014-15. The recent revision of GDP data shows that we have underestimated true GDP for many years, and hence have overestimated the fiscal deficit. This, plus high inflation this year (nominal GDP will rise 20.3% against the expected 12.5%), means that the budget estimate of a fiscal deficit of 5.5% of GDP now translates into just 4.8%.

http://economictimes.indiatimes.com/news/economy/indicators/economic-survey-sees-india-back-on-9-growth-path-in-fy12/articleshow/7577782.cms

Overseas Investment

FIPB approves 19 FDI proposals worth Rs 1,358 crore

The Foreign Investment Promotion Board (FIPB) has approved 19 proposals worth Rs 1,358 crore, including one from Sistema Shyam Teleservices and Reliance Broadcast Network.

A decision was deferred on 21 proposals, including that of Essar Capital Holdings (India), and nine were rejected. Three proposals – from Hero Investments Pvt Ltd, Reckitt Benckiser Plc and GMR Airports Holding Ltd – were referred to the Cabinet Committee on Economic Affairs, as the investment involved in each was over Rs 1,200 crore.

Shriram Capital wants to induct foreign equity in an investing company in a Rs 1,180-crore proposal. The government also approved a Rs 45.5 crore proposal of Reliance Broadcast Network seeking to induct investment by foreign institutional investors and non-resident Indians, among others, up to the limit of 20 per cent of the capital of the company. The company is engaged in FM Radio Broadcasting.

A Rs 55 crore proposal of INX Media was also okayed.

FIPB approves FDI proposals that are not permitted under the automatic route. In its earlier meeting, the board had approved eight foreign investment proposals worth Rs 883 crore. FDI inflows into the country declined by 23 per cent to $16 billion in April-December 2010 from $20.9 bn in the same period the previous year, according to commerce ministry data.

http://www.businessstandard.com/india/news/fipb-approves-19-fdi-proposals-worth-rs-1358-crore/426338/

More FDI must for fund requirements

The government must encourage greater FDI inflows to meet capital requirements, the Economic Survey has said, given that domestic savings were not enough to meet the capital requirements.

While underscoring the importance of a more liberal FDI regime, the survey acknowledged that the government since 2000 has gradually simplified and rationalised the FDI policy, adding a substantial number of sectors that are automatically allowed 100% FDI. Since 1991, when the economy was opened up to foreign capital, total FDI inflows was $136.8 billion up to May 2010.

The survey highlighted that for the country to reach the next phase of growth, it has to embark upon reforms on several fronts in industrial production to have a sustained double-digit output. “Over the medium to long term, to sustain double-digits output growth and reduce the vulnerabilities of the sector, there is a need to put in place a policy framework for embarking on another round of multifaceted reforms,” the survey noted.

http://www.financialexpress.com/news/more-fdi-must-for-fund-requirements/754904/0

FDI guidelines for insurance and retail sectors need to be liberalised

The government may further liberalise its foreign direct investment (FDI) policy for key sectors like insurance and retail to encourage enhanced capital inflows rather than bank on volatile portfolio investments to bridge its widening fiscal deficit. FDI inflows have shown a declining trend in recent years. “The FDI inflows that are stable and productive in nature have declined from $37.7 billion in 2008-09 to $33.1 billion in 2009-10 and $19.0 billion in the current fiscal up to November 2010. Moreover, the majority of the capital inflow is in the form of FIIs, which are volatile in nature. Steps have to be taken to encourage FDI inflows vis-à-vis other forms of capital,” the Economic Survey has said.

The latest assessment of portfolio investments comes at a time when international crude oil prices are skyrocketing on the growing geopolitical instability in West Asia and FII inflows are weakening, and marks a departure from the government’s earlier stand that the surge in foreign institutional investment (FII) inflows was not a concern given that it helped India finance its current account deficit. “The fragile global recovery and the robust domestic growth have led to higher current account deficit in 2009-10 and during the first half of the current fiscal which is a matter of some concern. The problem may be further aggravated by the rising international oil prices,” the report said. “The periodic surge in capital flows could lead to problem of absorptive capacity in the economy, fueling asset price bubbles, currency appreciation and stoking inflation. The challenge is in managing such surge in capital flows,” the Survey added.During the first half of the current fiscal, the goods and services deficit widened by 28.8% to $ 47.4 billion from $36.8 billion compared to the corresponding period of the previous year.

At September-end, India’s total external debt stood at $295.8 billion, 12.8% higher compared to the figure as on March 31. The increase in India’s external debt was mainly on account of higher commercial borrowings and short-term debt.

http://www.financialexpress.com/news/fdi-guidelines-for-insurance-and-retail-sectors-need-to-be-liberalised/754923/0

Retail industry seeks more FDI, service tax exemption on rentals

The organised retail industry in India, which forms 5-6% of the $500 billion retail trade, has two primary expectations from the Union Budget 2011-12. The industry wants a relaxation of foreign direct investment (FDI) norms allowing entry of foreign players in multi-brand retail and exemption from service tax on rentals, which amount to nearly 1.5% of annual sales. Besides, some retailers expect the government to consider the implementation of goods and service tax (GST).

FDI in multi-brand retail has been long-awaited. At present, the government allows 100% foreign investment in the wholesale cash-and-carry business and 51% FDI in single-brand retail.

However, large format retailers like Walmart, Carrefour and Tesco, which have been waiting to set up independent stores across the country, cannot do so as per the current policy. Nitin Mathur, manager — institutional equities — research, Edelweiss Securities, said, “FDI norm may get liberalised for different formats. This could happen as many government departments are supporting this and this could be used to fight food inflation by getting higher investments in cold storage, technology and logistics for the retail sector.” Major domestic retailers want FDI to improve back-end infrastructure and reduce wastage at the farm level which is about 15% of total produce, and at the transportation level which is 25%. Rajan Divekar, senior director, Deloitte said, “FDI in multi-brand retail should be utilised to develop back-end operations. Improved transportation fleets, refrigerated vans and pre-cooling chambers can bring down wastage by about 40%. Foreign retailers, if allowed to come in, should invest in technology for gathering real-time information on inventories. Better grading and packaging systems should also be developed.”

http://www.financialexpress.com/news/retail-industry-seeks-more-fdi-service-tax-exemption-on-rentals/755531/0

Trade News

Uruguay to sign double-taxation treaty with India

Uruguay is expected to sign a double-taxation treaty with India to promote and improve trade relations between the two countries, said the Vice-President of Uruguay, Mr Danilo Astori.

Speaking on the sidelines of a reception in honour of the visiting delegation from Uruguay, accorded by Surana & Surana International Attorneys, Mr Astori said, “The necessary formalities (for signing the treaty) are over at our end, and we expect to sign the treaty very soon.” Once signed, it would improve trade relations between the two countries enormously and would also promote investments from India in Uruguay and vice versa.

Exports and imports

Talking about the current trend in India-Uruguay trade, he said Uruguay's exports to India in 2010 were $14 million, an increase of 40 per cent over the previous year. However, on the other hand, imports from India rose by 44 per cent in the same year to $59 million.

Uruguay's main exports to India were in the textile and leather sectors while major imports are automobiles and chemicals.

http://www.thehindubusinessline.com/industry-and-economy/government-and-policy/article1486906.ece

India-Asean trade may jump to $70 bn in 3 years

Asean bilateral trade could jump to $70 billion in three years as the two sides take advantage of the free trade agreement signed last year that will eliminate tariffs on 4,000 products over six years.

Two-way trade has already increased by 25% in 2010 to $50 billion from $40 billion in 2009 with both sides witnessing higher exports. India's exports to the region went up to $22.3 billion from $17.3 billion, while imports increased to $27.8 billion from $23.8 billion.

"The growth in India's exports have been sharper than the growth in its imports ," said commerce joint secretary Sumanta Choudhuri at a press conference announcing the fiveday India-Asean fair and business conclave being jointly organised by the ministry with Ficci.

The fair, starting on March 2, will be attended by foreign trade ministers of all 10 Asean countries and have more than 500 business participants.

http://economictimes.indiatimes.com/news/economy/foreign-trade/india-asean-trade-may-jump-to-70-bn-in-3-years/articleshow/7552976.cms

India-Korea trade will touch $24 b in 5 years, says Sharma

The Commerce and Industry Minister, Mr Anand Sharma, said that India-Korea trade could touch around $24 billion in the next five years from nearly $12 billion in 2009-10.

Stating this after a meeting here with Mr Park Young June, the Vice-Minister of Knowledge Economy of South Korea, Mr Sharma said bilateral trade between the two countries has gathered momentum during the last few years. He pointed out bilateral trade was only $1.6 billion in 2001-02.

The trade balance has been in Korea's favour with India's exports to Korea in 2009-10 worth only $3.4 billion, while Korea's exports to India were worth $8.6 billion.

Mr Sharma said both the countries held the first meeting at the Ministerial level last month to review the implementation of the Comprehensive Economic Partnership Agreement (CEPA).

He said after the India-Korea CEPA came into force, bilateral trade has increased by over 40 per cent as compared to the previous year.

He added that the CEPA was an important milestone in the bilateral trade and economic Relations.

“The CEPA will create business opportunities for Korean companies and would simultaneously provide opportunities to Indian professionals from the software, engineering, finance and telecommunication sectors to participate and contribute to Korea's services sector. We look forward to opening of the IT-enabled services market in Korea for our reputed IT companies,” Mr Sharma said.

Meanwhile, according to Mr June, bilateral trade has jumped to $10.7 billion in 2010 (calender year) after CEPA came into force in January 2010. He said at a Ficci function that the agreement, which liberalised bilateral trade in goods and services as well as investments, has helped around 480 Korean firms, including Hyundai and Samsung operating in India.

According to Great Eastern Energy Corp's Chairman and CEO, Mr Yogendra Modi, bilateral trade has the potential to touch $100 billion by 2020.

The major items of India's exports to Korea are cotton yarn, fabrics, made-ups, gems and jewellery, machinery and instruments, ferro-alloys and chemicals, while the major items of India's imports from Korea are iron and steel, electronic goods, transport equipment, project goods and organic chemicals.

The total foreign direct investment (FDI) inflows received from South Korea were $523.88 million. The main sectors that have attracted FDI inflows were in real estate, power, semi-finished iron and steel products and telecom.

http://www.thehindubusinessline.com/industry-and economy/economy/article1481159.ece

Indo-US trade up 29.6% at $48.75 bn

The total two-way trade between India and the US between January to December 2010 was over $48.75 billion. This is in comparison to $37.61 billion achieved during the same period in 2009, showing an increase of 29.64 %, according to Indo-American Chamber of Commerce (IACC).

The total bilateral trade in calendar year 2009 was $37.61 billion, which was a significant drop from $43.39 billion in 2008 mainly because of the downturn in global economy. Between January and December 2010, the country's exports to the US stood at $29.53 billion as against $21.17 billion for same period in 2009 thus showing an increase of 39.52%.

Meanwhile, the US exports of merchandise goods to India grew by 16.91% from $16.44 billion to $19.22 billion during the corresponding period in 2010. Steps are being undertaken by both the countries to reduce trade barriers and protectionist measures. Recently, the US removed companies under the Isro and DRDO off the Commerce Departments Entities List.

http://www.financialexpress.com/news/indous-trade-up-29.6-at-48.75-bn/752901/0

Sectoral News

Indian exports up 29.5 per cent in April-Dec 2010

India's exports rose 29.5 percent to $164.7 billion in the first three quarters of the current fiscal and it is likely to remain robust for the next two years, according to the Economic Survey for fiscal 2010-11.

"India's cumulative export growth in April-December 2010 stood at 29.5 percent with cumulative exports reaching $164.7 billion," said the survey tabled in the Lok Sabha by Finance Minister Pranab Mukherjee..

Current indications are that India will not only achieve the target of $200 billion but surpass it in 2010-11, it said.

India's imports grew 19 percent in April-December.

On foreign trade, the survey points out that the US, which used to be India's top trading partner till 2007-08, had been relegated to the third position now.

The United Arab Emirates (UAE) has emerged as the top trading partner of India followed by China.

Export-import ratios show that among its top 15 trading partners, India has bilateral trade surplus with the UAE, the US, Singapore, Britain and Hong Kong.

According to the survey, trade policy measures taken by the government and the Reserve Bank of India (RBI) in 2009-10 and 2010-11 focused on reviving exports and export-related employment besides mitigating inflation.

"The government followed a mix of policy measures including fiscal incentives, institutional changes, procedural rationalisation, enhanced market access across the world, and diversification of export markets," it said.

http://economictimes.indiatimes.com/news/economy/indicators/indian-exports-up-295-per-cent-in-april-dec-2010/articleshow/7569833.cms

Services sector growth pegged at 9.6%, lower than FY10

The Economic Survey pegged the services sector growth at 9.6 per cent for the current fiscal, lower than the 10.1 per cent expansion in the previous fiscal, though the outlook remains bright.

"This (9.6 per cent growth) is despite global deceleration in the sector," the Survey for 2010-11 tabled in Parliament by Finance Minister Pranab Mukherjee said.

The growth rate in the current fiscal is expected to be 19.5 per cent for IT-BPO services, 18.5 per cent for exports and 22.8 per cent for domestic IT related services.

India is the second fastest emerging country in the services growth, behind China (10.5 per cent)

Going ahead, the Survey notes that "the outlook for the services sector, which had slightly dimmed due to the fallout of the sub-prime crisis in the US and the global financial crisis has once again brightened".

The sector, growing by 10 per cent annually, contributes 55.2 per cent to the GDP and a quarter of total employment. It also contributes over one-third of country's total exports, besides accounting for a higher share in foreign direct investment (FDI), the Survey noted.

As per the advance estimates for 2010-11, the two broad services categories -- trade, hotels, transport and communication and financing, insurance, real estate and business services -- have performed well with growth of 11 per cent and 10.6 per cent, respectively.

The survey said only community, social and personal services have registered a low growth of 5.7 per cent, thus contributing to the slight deceleration in the growth of the sector.

The financial and non-financial services sector, which falls purely in the services category, is the largest recipient of FDI equity inflows with a 21 per cent share.

In terms of exports, India is also moving towards services-led export growth, it added. In the first half of the fiscal, services eports growth was 27.4 per cent despite a dip due to the global crisis, which was due to fall in the share of merchandise trade to GDP.

http://economictimes.indiatimes.com/news/economy/indicators/services-sector-growth-pegged-at-96-lower-than-fy10/articleshow/7569861.cms

India expected to become second largest steel producing nation

Minister of State for Steel Beni Prasad Verma on Friday said that with a targeted production capacity of 120 million tonnes by 2012, India is expected to become the second largest steel producing nation very soon.

Addressing at the 'Indian Steel: Moving to the Next Orbit' at CII Steel Summit 2011, Verma said: "It is indeed a matter of pride that India is the largest producer of sponge iron in the world. During the last five years, the country has achieved a compounded average growth rate of over 9.2 per cent in consumption of steel."

"With this consumption base and the targeted growth in GDP coupled with the emphasis of the Government on infrastructure, housing and other steel consuming sectors," he added.

Expressing confidence that demand of steel would increase manifolds, Verma said that there is a need to ensure that production also keeps pace with the level of consumption.

"Substantial capacity is getting added in both Public as well as Private sectors. Most of the major steel projects, particularly those in the brown field sites are progressing as per schedule. New players are also emerging in the field of steel making with significant prospects," said Verma.

"The mini steel sector has also been playing an important role in the economy in generating employment and meeting localized demand of steel. Substantial capacity has been also added in this sector and this segment is expected to grow further in years to come," he added.

The Steel Minister further informed that the government has launched infrastructure development plans on an unprecedented scale in areas such as power, road, ports, railways, communication and human resource development.

"However, a large responsibility lies with the industry and the industry associations," he said and urged the steel industry to come forward and share this responsibility.

http://economictimes.indiatimes.com/news/economy/indicators/india-expected-to-become-second-largest-steel-producing-nation/articleshow/7573605.cms

Exports from SEZs rise 47% in Apr-Dec

Exports from special economic zones (SEZs) stood at at Rs 2,23,132 crore in the April-December 2010 period, a rise of 47 per cent, compared with Rs 1,51,785 crore in the same period of the last financial year, according to data released by the Export Promotion Council for export-oriented units (EOUs) and SEZs.

So far, the government has approved 582 SEZs, of which, 374 have been notified. Currently, a total of 130 SEZs are under operation and these contribute to exports from these zones. As on December 31, 2010, the total investment in SEZs stood at Rs 1,95,348 crore, according to the data. During 2009-10, total exports from SEZs stood at over Rs 2,20,711 crore. Exports from EOUs and SEZs account for 36 per cent of the country's total exports.

Although exports from SEZs have been rising steadily, the ministry of commerce and industry had expressed concerns over the sustainability of such a growth rate, especially with the introduction of the Direct Taxes Code. The draft DTC bill has suggested the continuation of the 15-year tax holiday for units which would be operational on or before March 31, 2014.

http://www.business-standard.com/india/news/exportssezs-rise-47-in-apr-dec/426497/

India's domestic market for IT set to grow three times faster

For India's top technology firms focused on the markets of US and Europe, the country's $15-billion-plus domestic market for IT services is the latest battleground. In a year when top markets for software exports are recovering and expected to grow at less than 5%, India's domestic market for IT is set to grow three times faster, mainly on the back of higher government spending on IT and new outsourcing projects from local banks.

"We will be looking at IT to aid customer acquisition and financial inclusion. The attempt will be to take banking to remote areas using technology services," says Pushpinder Singh, DGM-IT, Bank of India , which plans to spend Rs 600 crore on technology this year. "For some of the contracts, we will continue with existing vendors. We will be evaluating others for new projects," he added.

Indian government departments and public sector units are going to spend the most on IT this year. The biggest driver for higher government spending on IT and related areas is India's UID project, which according to CLSA Research will lead to $10 billion worth of investments in IT consulting, system integration, and computer hardware over the next five to six years. CLSA sees an $1-billion business opportunity for consultants in the first five years and a need to raise manpower by 15% for their services. Some 18,000 systems specialists and programmers will drive a $2.4-billion pie for integration of UID into existing software systems.

"As this sets in, business process re-engineering (BPR) activities should pick up, as the full benefits of UID for businesses become clear. We expect 36,000 people to join the BPR wave around UID, creating a $6-billion market over the first five years," CLSA researchers said in their report last year.

"Apart from UID, IT hardware growth will get a fillip with $1.1 billion worth of equipment sold to the government and another $1.8 billion of incremental demand from the private sector and government-owned companies," the report adds. What's critical is that vendors like IBM, TCS, Infosys and Wipro see newer opportunities emerging even during a global slowdown in software spending because state-owned enterprises like BSNL and ONGC — and other ministries too — seek to become more efficient.

http://economictimes.indiatimes.com/tech/ites/indias-domestic-market-for-it-set-to-grow-three-times-faster/articleshow/7559358.cms

Aspirational goods to drive FMCG growth: Study

Aspirational products such as chocolates, cold cream, fragrances and breakfast cereals will drive the future of the consumer products industry in India, says a new study by The Nielsen Company. Product innovation, portfolio expansion and aggressive distribution across channels and geographies have helped companies popularise categories such as impulse, health and wellness, lifestyle and convenience, says the Nielsen study on fast moving consumer goods.

These segments are growing at an annual rate of more than 20%. Companies such as Marico, Parle, Dabur and Emami are betting big on such categories.

"These segments are the next big thing in the Indian FMCG market, so much so macro-economic conditions like inflation are unlikely to impact their growth if the companies take the right approach," says Dabur India CEO Sunil Duggal.

Marico CEO (Consumer Products) Saugata Gupta observes that the growth in economy and higher spending power are increasing the aspiration of Indian consumers who are much younger than before. "With such a backdrop, the FMCG industry too has to change its nature fast," he says.

Key impulse products such as biscuits, chocolates, salty snacks and confectionery, which are essentially unplanned purchases for instant gratification, are clocking high double-digit growth rates and rapid increase in retail presence.

The Nielsen study says the huge explosion in variants, price points and pack sizes of such products are acting as catalyst. "Companies are introducing newer attributes like low fat, sugar free, baked and whole grain to entice and attract various consumer segments by creating greater relevance and empathise with their needs," The Nielsen Company Executive Director Roosevelt D'Souza says.

At the same time, health & wellness FMCG products are finding greater acceptance among the affluent, urban and health conscious Indians. The study says that this portfolio has evolved from being preventive or supportive nutrition and reflects a mix of indulgence, invigoration and narcissism. "Anti-ageing products such as facial creams, lipsticks, eye balms and hair lotions are showing significant growth. Expanding distribution and a wave of consumer interest in these sub-categories have resulted in a surge in their growth rates on a small base," says D'Souza.

http://economictimes.indiatimes.com/news/news-by-industry/cons-products/fmcg/aspirational-goods-to-drive-fmcg-growth-study/articleshow/7566864.cms

Marine exports up 6.6% in April-December

Marine exports increased 6.6 per cent in quantity during April-December 2010, crossing the $2-billion mark. Exports grew 18.9 per cent in rupee terms and 24.7 per cent in dollar terms compared to their realisation in the same period last year.

This is the first time that the marine exports have crossed $2-billion in the first nine months of the financial year. The country shipped 547,249 tonnes, valued at Rs 9,187.2 crore as against 513,373 tonnes valued at Rs 7,725.4 crore in the same period of the last financial year.

Major products

According to the latest data on exports, frozen shrimp continued to be the major export item accounting for 48.61 per cent of the total earnings. Shrimp exports during the period increased 12.54 per cent in quantity, 33.94 per cent and 40.72 per cent in rupee and dollar terms respectively.

Export of frozen shrimp to the US registered a whopping increase of 88.12 per cent in volume and 149.05 per cent in dollar terms. Shrimp exports to Japan also showed an increase of 23.55 per cent in volume and 42.74 per cent respectively. During the period, India exported 7,363 tonnes of Vannamei species of shrimp.

The commercial cultivation of Vannamei shirmp in India was started couple of years back and is picking up now. This variety of shrimp has a good demand in markets like the US and the EU.

Fish, the principal export item in quantity terms and the second largest item in value term, accounted for 36.01 per cent of the total exports. Dried items showed growth of 50.27 per cent in quantity but declined 14.99 per cent in rupee value compared to the same period last year.

http://www.businessstandard.com/india/news/marine-exports66-in-april-december/426281/

Food processing sector gets 576-crore FDI

The food processing sector attracted Rs 576 crore of foreign direct investment (FDI) in the first eight months of the fiscal as compared to total FDI of Rs 5,344.22 crore, minister of state for food processing industries Harish Rawat told the Lok Sabha.

In the thick of the recent food inflation, the government had also widened the scope of service tax exemption to include foodgrains and pulses in addition to fruits, vegetable, eggs and milk, the minister said. The Centre is keen on projecting FDI in the food processing industries, where 100% FDI is already allowed.

Besides attracting FDI through schemes like mega food park, the government has also extended several fiscal incentives during this financial year to enhance FDI in food processing sector, including full exemption from excise duty for specified equipments to preserve, store or transport apiary , horticultural, dairy, poultry, aquatic and marine produce and meat and its processing products.

Project imports status, with concessional rate of basic customs duty of 5%, has been granted for the initial setting up or substantial expansion of a cold storage , cold room (including farm pre-coolers) for preservation or storage or an industrial unit for processing of agricultural, apiary, horticultural, dairy, poultry, aquatic and marine produce and meat.

http://economictimes.indiatimes.com/news/economy/finance/food-processing-sector-gets-576-crore-fdi/articleshow/7552947.cms

Domestic air traffic up 19 per cent: Economic Survey

At 51.53 million, domestic air passenger traffic grew by 19 percent in 2010 compared to 43.3 million in 2009, according to the Economic Survey 2010-11 tabled by Finance Minister Pranab Mukherjee in the Lok Sabha.

"The civil aviation sector witnessed a strong recovery during 2010 from the adverse impact of the recent global financial crisis," said the Economic survey.

According to it, apart from passenger traffic growth, cargo traffic too grew at a good pace with an increase of 30 percent at 4.7 million tonnes as against 3.4 million tonnes.

The survey further said air traffic has grown by 18 percent since 2004, with a fleet of 360 aircraft with the domestic airlines in the country.

"The potential for higher levels of growth in the future is also very high," the survey said, while adding that the country is expected to be the fastest growing civil aviation market in the world by 2020 with about 420 million passengers being handled by the Indian airport system.

http://economictimes.indiatimes.com/news/economy/indicators/domestic-air-traffic-up-19-per-cent-economic-survey/articleshow/7569771.cms

News Round-Up

India fifth in global economic power: Survey

In an interesting first, the Economic Survey 2010-11 measures the government's 'economic power' or the ability of the government to project itself in the international sphere. The index is composed of four variables: government revenues, foreign currency reserves, export of goods and services and human capital and has been developed by the Finance Ministry for 112 countries over a 10 year span 2000-2009 .

It shows India in good light at number five in 2009 (up from number 10 in 2000), behind the US, China, Japan and Germany . The four variables capture the government's ability to raise resources , its credit-worthiness and credibility in international financial markets, its influence on global economic activity and its representational strength or how much of the global economy, including its global manpower, it can claim to represent and includes a normative element .

The ranking corroborates what the Survey calls the changing dynamics of global economic power as reflected both in India's membership of the G-20 and its increasing voice in the global arena. It shows the rapidly-growing clout of emerging markets.

The US two of the three top-ranking countries of 2000, US and Japan , show a much slower rise in index values while the third, China , rose rapidly and after surpassing Japan in 2004 is now almost neck-to-neck with the US. The indices for China and India also show remarkable robustness , unlike the other top 10 countries of 2000, all of which had a lower index for 2009, mirroring the global slowdown.

The direct correlation between the growth in economic power between 2000 and 2009 and the change in GDP between the postcrisis period of 2009 and 2010 suggests a strong link between growth in economic power as measured by the index and the ability to recover from the crisis. The Survey, however, clarifies that this does not in itself establish a causal relationship. An important clarification as the previous paragraph talks of India ranking a lowly 134 in the World Bank's Doping Business in India Report.

http://economictimes.indiatimes.com/news/economy/indicators/india-fifth-in-global-economic-power-survey/articleshow/7578300.cms

Indian SMEs look offshore for growth: study

Underpinned by an increasingly positive outlook on the economy, Indian SMEs plan to increase capital expenditure and hire more staff in the next six months and a growing number are eyeing an offshore expansion for their business. The latest HSBC research states that confidence among Indian SMEs surged in the fourth quarter of 2010, increasing more than any other SMEs in Asian market.

The research findings show the number of SMEs across India conducting international business activities is expected to rise from 31 per cent to 56 per cent by 2013. The increase is driven by domestic SMEs, 24 per cent of which plan to become international by 2013, revealed the bi-annual research. The HSBC Small Business Confidence Monitor gauges the six-month outlook of SMEs on local economic growth, capital investment plans and recruitment drives.

Dheeraj Dikshit, head of SME Business, HSBC India said, "We are seeing an increasing number of small to medium businesses who are looking to expand their business offshore and this is borne out in the results of this research. At the same time, economic conditions, particularly in the emerging markets, have returned to pre-crisis levels so the booming confidence that we are seeing is not surprising."

Further, the research showed positive outlook on local economic growth, which is expected to maintain the same pace in the next six months, while a larger portion of the respondents in the survey expect the pace to increase. On the capital expenditure, the outlook remained largely seemed to be stable, however a smaller portion of the respondents were planning to increase their capital expenditures, while one per cent were planning reductions.

Meanwhile, forty per cent of Indian SMEs surveyed they would increase staff in the next six months, up from 22 per cent in 2Q 2010, and 60 per cent plan to maintain staff levels, while none of those surveyed have plans to reduce staff.

http://www.businessstandard.com/india/news/indian-smes-look-offshore-for-growth-study/426181/

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