

Weekly Economic Bulletin

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News Feature

S&Ps sees India's economy improving by mid-July

Standard and Poor's (S&Ps) sees India's economy turnaround by mid-July this year on the back of responses to the various policy measures initiated by the Reserve Bank of India.

According to Subir Gokarn, chief economist, Asia-Pacific of S&Ps, said the lagging effects of earlier monetary tightening in 2008, coupled with a region-wide slowdown in exports and capital flows, caused a sharp deterioration in results for Asia-Pacific economies in fourth-quarter 2008. This trend will continue into 2009, while strong policy responses provide some hope for 2010.

This is true not only for India, but also many other Asia-Pacific economies. S&Ps has pegged India's growth rate at 5.8 to 6.3% for 2009, while China is expected to grow in the range 5.8 to 7%. These forecasts are based on a baseline forecast of 2% decline during 2009 and a positive growth of 2% in 2010.

But some of the large Asian economies like Japan, Singapore, Hong Kong Korea and Taiwan are likely to record negative growth in their economies.

He further added that, the lags may vary depending on circumstances, but a period of about six months is not unreasonable. By this measure, and everything else remaining the same, we should have seen the first signs of the impact around September. Since the tightening continued until July or a bit after, we should expect its impact to persist until at least the first quarter of 2009.

http://economictimes.indiatimes.com/Indicators/SPs_sees_Indias_economy_improving_by_mid-July/articleshow/4081499.cms

India-focused PEs to raise \$24 billion in 2009

Seventy-eight private equity players are looking to raise \$24 billion in 2009 for investing in India, three times that of last year, when 30 private equity players raised \$9.2 billion, a research report says. This also includes real estate funds.

Meanwhile, 117 Pan-Asian private equity (PE) players — with India as focus — aim to raise funds worth \$59 billion, says UK-based Preqin, an alternative assets research and consultancy group. “We have reached this estimate after talking to all concerned general partners. These are our current figures for fund raising,” said Tim Friedmen, company spokesperson.

On a global platform, he said, majority of investors remain positive towards private equity. A Preqin survey conducted in December 2008 reveals that 29 per cent of investors intended to increase their private equity portfolios in the medium to long term, while 67 per cent intended to maintain their allocations. Only 4 per cent of those polled intended to reduce their allocations to private equity in the future.

“In 2008, PE investments in India was close to \$10 billion, but the total amount raised for 2008 would be 2-3 times of what has been invested. Besides, India is a growth story while

everywhere else, there is recession,” said C G Srividya, Partner, Specialist Advisory Services, Grant Thornton.

<http://www.business-standard.com/india/storypage.php?autono=348012>

Overseas Investment

Forex reserves rise \$990 m

Foreign exchange reserves rose \$990 million during the week ended January 30, largely on account of revaluation of gold in reserves and non-dollar currencies vis-à-vis the dollar.

According to the latest figures released by the Reserve Bank of India, total foreign exchange reserves, including gold and SDR, rose \$990 million to touch \$248.6 billion. While foreign currency assets rose \$589 million, the value of gold in reserves rose \$399 million during the week. Reserve with the International Monetary Fund rose \$2 million.

Major international currencies such as the euro and the pound have been weakening against the dollar, which in turn, is impacting the valuation of foreign exchange reserves, expressed in dollar.

http://economictimes.indiatimes.com/Indicators/Forex_reserves_rise_990_m/articleshow/4090684.cms

Fiscal deficit will not hamper flow of FDI in India: Montek

The high fiscal deficit will not in any way hamper the flow of foreign investments, said Deputy Chairman of the Planning Commission Montek Singh Ahluwalia. He admitted that the fiscal deficit could rise but this should not be construed as slowdown in the economy.

Ahluwalia said high fiscal deficit due to economic down turn is a global phenomenon and India is no exception.

Replying to a question on job losses, he said when the growth rate has come down to seven percent in place of 8-9 percent, and this is quite possible.

Participating in the Social Sector Editors Conference in New Delhi, he urged the states to focus on health and education sectors as funds earmarked for these sectors could not be fully spent this fiscal.

Ahluwalia said that centre accorded highest priority to these sectors, and elaborated that the share of GDP for education sector has substantially gone up from eight to about 20 percent.

He said the focus is to link education to skill development in a bid to create more skilled manpower.

Ahluwalia said that National Rural Health Mission has helped a great deal in changing the health profile of rural India but pleaded to allocate more funds to these sectors.

[http://economictimes.indiatimes.com/News/Economy/Finance/Fiscal deficit will not hamper flow of FDI in India Montek /articleshow/4077511.cms](http://economictimes.indiatimes.com/News/Economy/Finance/Fiscal_deficit_will_not_hamp_flow_of_FDI_in_India_Montek_/articleshow/4077511.cms)

GoM to consider norms for direct, indirect FDI

The group of ministers (GoM) on foreign direct investment (FDI) will meet to discuss the revised guidelines for calculation of direct and indirect foreign holding in sectors attracting foreign investment caps. Indirect FDI in a company is defined as another company with foreign investments infusing funds in it.

The revised guidelines have been framed by the department of industrial policy and promotion in the wake of concerns raised by various ministries including finance and telecom on calculation of indirect equity in Indian companies.

The GoM had asked the DIPP to formulate simpler guidelines for calculation of indirect holding and better address the concerns of management and control in Indian companies.

In the revised guidelines, it has been kept in view that the balance equity is beneficially owned by resident Indians and Indian companies and owned and controlled by Indian citizens.

In the last meeting, the GoM had a broad consensus that revised guidelines for calculation of direct and indirect foreign investment should be simple, homogenous and consistent across various sectors, according to a senior cabinet minister involved in the GoM.

"The revised guidelines should not lead to passing of management control in sensitive sectors from residents to non-residents where the present policy based does not highlight such eventuality," the minister, who wished not being named, said.

As per DIPP's proposal, if a company A with less than 50% FDI invests in company B, the latter would not be considered as having any indirect foreign holdings.

In case, the company A with over 50% FDI invests in company B, the latter would be considered as having indirect FDI same as the former's foreign investment i.e. 50%. For instance, if a company having 75% foreign holdings picks up 80% or more stake in another Indian company, then the indirect FDI in the latter will only be 75%.

If implemented, the move will allow foreign companies increased leeway in bringing in foreign investments.

[http://economictimes.indiatimes.com/News/Economy/Finance/GoM to consider norms for direct indirect FDI/articleshow/4067610.cms](http://economictimes.indiatimes.com/News/Economy/Finance/GoM_to_consider_norms_for_direct_indirect_FDI/articleshow/4067610.cms)

Trade News

India, Finland see potential to widen economic ties

India and Finland will encourage businesses to explore new areas and sectors so as to widen and deepen the trade basket. This was agreed at a bilateral meeting between the Commerce and Industry Minister, Mr Kamal Nath, and the visiting Finland Minister for Foreign Trade & Development, Dr Paavo Vayrynen.

Both the sides felt that bilateral trade and investments between Finland and India were growing and that there was lot of potential for developing these economic relations further.

The Ministers noted that the possible areas for bilateral cooperation include energy, environment, forestry, IT, civil aviation, science and technology and tourism. India-Finland bilateral trade has more than doubled from \$533 million in 2004-05 to \$1,165 million during 2007-08.

Major exports to Finland are readymade garments (cotton), manufactures of metals, drugs & pharmaceuticals, coffee, transport equipment while major imports from Finland are electronic goods, computer software, iron and steel and paper board.

Dr Paavo said that the direct flight connections of Finnair, which started in 2006, have stimulated tourism and a lot of new contacts between the two countries and their people.

Interacting with the Finnish Minister, Mr Nath said that India had a vibrant SME sector. The engagement by SMEs on both sides would strengthen the foundations of trade relationship, he added.

Both the Ministers agreed on a need for fast results in the WTO Doha Round, especially in the current economic situation. Mr Nath emphasised that India would remain committed to engage constructively to reach a fair and balanced outcome of the Doha Round of WTO negotiations.

The cumulative FDI inflows during 1991 to 2008 were \$74.4 million. The top sectors attracting FDI inflows from Finland are fuels (power & oil refinery), telecommunications, electrical equipment, paper & pulp and services sector.

Meanwhile, speaking to reporters on the sidelines of the bilateral meeting, Mr Nath said that the Reserve Bank of India would continue to take more (monetary) measures, but they will have to be calibrated.

<http://www.blonnet.com/2009/02/07/stories/2009020751770500.htm>

India-Cuba bilateral trade to reach \$100 m in 2-3 years

The bilateral trade between India and Cuba is expected to more than double to \$100 million within the next two to three years from the current \$40 million level, Mr M.A. Ramirez Ramos, Ambassador of the Republic of Cuba in India, said.

The recent sanction of \$100 million line of credit to Cuba by the EXIM bank of India and the decision of extending credit cover by the Export Credit Guarantee Corporation for exports to Cuba would accelerate trade between the two countries, he said, while addressing media persons and members of the Bengal National Chamber of Commerce & Industry in an interactive session.

India also waived a debt of nearly \$70 million – nearly \$30 million in principal and the rest in interest to Cuba last year, he pointed out.

“The deterrent in trade with India so far has been the lack of credit line for exports to Cuba,” Mr Ramos said. The recent initiatives by the Indian Government, however, would help boost trade between the two countries.

The credit line extended by EXIM bank would largely facilitate import of engineering products from India, he said.

The initiative to expedite bi-lateral trade with India also follows the Cuban policy to expand trade relations in Asia beyond China, Mr Ramos said.

“We are reaching the saturation of our possibilities in China,” he said.

<http://www.blonnet.com/2009/02/08/stories/2009020851300500.htm>

Sectoral News

Services sector contributes 50% of AP's GSDP

The services sector continues to be the biggest contributor to Andhra Pradesh Gross State Domestic Product (GSDP) accounting for about 49.05 per cent followed by industries (26.30 per cent) and agriculture (24.65 per cent).

The Survey of Socio Economic Trends and State Plan 2009-2010 presented by the State Finance Minister, Mr K. Rosaiah, to the Legislature outlined some of the major economic trends.

Per capita income

The per capita income of Andhra Pradesh at current prices is Rs 35,864 as against the All-India per capita income of at Rs 33,283. The per capita income has more than doubled for all-India and the State during 2000-2001 and 2007-2008.

According to crop estimates, the production of foodgrains in the State is estimated to be 179.01 lakh tonnes in 2008-2009 (second advanced estimate) as against the production of 198.17 lakh tonnes in 2007-2008, registering fall in overall output.

The production of rice is expected to be 131.13 lakh tonnes in 2008-2009 (133.24 lakh tonnes).

Power sector

Referring to the power sector, the survey pointed out that the installed capacity, including Central sector is 12, 423 MW as of September 2008. During 2008-2009, the State Government provided a tariff subsidy of Rs 1,182 crore and the total subsidy provided to the agriculture sector, including cross subsidy, is Rs 3,033crore.

The information technology sector recorded a growth of 41 per cent in 2007-2008 achieving exports of Rs 26,122 crore. This sector contributed to 52 per cent of total exports from all sectors in the State.

The State contributed about 15 per cent of the national IT exports and ranked fourth in IT performance in the country. The IT sector created additional employment of 51,500 with the cumulative employment of 2,39,000.

<http://www.blonnet.com/2009/02/07/stories/2009020750951700.htm>

Medical Transcription sector to boom despite recession: report

Despite global economic downtrend, the Medical Transcription (MT) industry is looking for a further growth buoyed by a report of the NASSCOM stating that recession has not hit the healthcare industry.

Reverse is the trend in medical transcription outsourcing in the US, which is witnessing agonising attrition in large scale in IT, financial, manufacturing and other sectors.

As per a NASSCOM report, the MT industry will be worth Rs 40 billion by 2010 and could employ as many as 50,000 people. It predicts that this industry is here to stay for at least 10 years.

It estimated the size of the US MT industry, which is in the range of around \$ 12 million in 2005, would reach \$ 16.8 billion by 2010. The work offshored was expected to be in the region of \$ 860 million in 2010, of which India is expected to capture \$ 647 million. India remained a preferred offshore destination primarily due to availability of manpower and industry maturity.

The report also expected the employee strength of 18,000 in 2006 in India-based MT vendors would reach 52,000 by 2010. For an industry that witnessed too much crowding, too fast in India, a report conducted by US-based Stevens International Consulting expected the value of MT outsourcing in the US to double by 2005 to \$ 4 billion. India could take as much as two-thirds of that increase, providing work to 45,000 transcribers.

MT companies in Mysore observe that the demand for medical transcriptionists is great. There is currently a shortage of qualified medical transcriptionists - and demographic trends suggest that the outlook will continue to be favorable for some time to come. Good medical transcriptionists typically have no problem in obtaining and maintaining employment.

Currently there are around 300 MT companies including training institutes in India, employing about 50,000. Mysore houses around 25 MT firms (including Mom n Pop set ups). However, the

major companies, which provide MT services, are only two - Software Paradigm International (SPI) and Acusis. Approximately, there are around a thousand employees.

In India, MT business is 3-4 years old. Bangalore pioneered, the Healthscribe India setting up the first MT company. In USA, where it is a well-established industry, it is 25 years old. Low cost, reliable telecommunication links, abundant, qualified, low cost, human resources, second-largest English-speaking workforce in the world, abundant supply of college graduates - 2.1 million graduates and 0.3 million post-graduates per year, about 12 hours time zone difference with US, less operating cost in India - 20 per cent vis a vis the US, reliable, low cost datacom bandwidth available on demand (for clients needing online connectivity), industry-friendly government and labour laws provide enough job opportunities in medical transcription.

"High-speed Internet access and faster, more reliable operating systems have made collaboration and information exchange more efficient than ever before. Technology advances such as these make it possible for us to offer home-based positions to our staff. This enables us to create a pleasant, family-friendly work environment that promotes both productivity and employee satisfaction," says Sheetal Somashekar, HR Executive, SPI.

<http://www.business-standard.com/india/news/medical-transcription-sector-to-boom-despite-recession-report/08/31/347988/>

India may be next WiMAX Mecca

India is slated to become the largest WiMAX market in the Asia-Pacific by 2013. A recent study sees India's WiMAX subscriber base hitting 14 million by Year 2013 and grow annually at nearly 130%. What's more, initial investment in WiMAX ventures is slated to top \$500 mn in India, notes the report conducted by US-based research and consulting firm Strategy Analytics.

While the initial deployment is likely to happen primarily in urban pockets, WiMAX will find relatively greater utility and less competition from competing technologies in smaller towns and villages.

"Eventually, we expect WiMAX growth to be much faster in smaller cities and rural towns. The investment on WiMAX will then go up substantially. WiMAX will not be an alternative to 3G but will be used for overall broadband diffusion in India," Strategy Analytics manager (emerging market communication service) Rahul Gupta told.

<http://economictimes.indiatimes.com/News by Industry/India may become next WiMAX mecca /articleshow/4092603.cms>

Gujarat's ICT industry exports likely to touch Rs 1,000cr

Despite economic slowdown, exports of Information and Communication Technology (ICT) industry in Gujarat is likely to increase in the fiscal 2008-09. The total ICT industry exports from the state is estimated to touch Rs. 1,000 crore mark from Rs. 750 crore last fiscal.

Ruling out any adverse impact of ongoing global turmoil on the export performance of ICT industry in Gujarat, Nirav Shah, President, Gujarat Electronics and Software Industries Association (GESIA), said, "We expect the exports by ICT players in the state is likely to surge to Rs 1,000 crore in 2008-09".

Gujarat's ICT industry is largely driven by small and medium enterprises (SMEs) and the export orders, which they get, are also from small players in the international market. "The slowdown has not impacted this segment substantially. Apart from this, appreciation in the value of dollar against rupee has also benefited the players in the industry. Exports contributes around 50 per cent of the total turnover of the industry ", he added.

However, the ICT industry is feeling the pinch of recession on domestic front. "Domestic sales have been impacted due to ongoing crisis. As a result, margins have squeezed by nearly 5 to 10 per cent", he said while announcing the second edition of "GESIA Awards" for excellence in ICT industry.

Last year, the apex body had received 58 to 59 entries and it is expecting the number to grow this year. The end of this month or early next month will announce the awards. The last date of forms submission is 9 February 2009.

In addition to awards, GESIA is also working on providing ranking to the companies operating in ICT industry and it will come up with the rankings in April this year. "The ranking will act as reference to other players seeking business with ICT industry", he said.

<http://www.businessstandard.com/india/news/gujarats-ict-industry-exports-likely-to-touch-rs-1000cr/07/01/54349/on>

‘Vaccines market set for explosive growth’

The vaccines’ market in India will lead the demand growth in South-East Asian countries as many new vaccines are set to be launched in five years, according to Mr Albrecht Laufer, Head (India), Corvay GmbH, Germany.

Speaking at a session on “Vaccines: India’s Strength” at BioAsia 2009, Mr Laufer said the global vaccines market “has exploded in the last one decade”.

Global vaccine sales were \$21 billion in 2008 while the Indian market was valued at \$360 million (Rs 1,800 crore). India, Russia, Brazil, China and the entire South-East Asia are set to become a major market, he said.

Mr Martin Gotting, Vice-President, Intercell AG, Austria, said Europe and India should collaborate in vaccine research to save lives.

“About 13 million people die in the developing countries alone which could be prevented by vaccines,” he said.

Speaking earlier in a session on oncology and monoclonal antibodies, Dr Shireen Vali, Cellworks Group, US, said there is a need to focus on technology requirements to facilitate personalised therapy in tune with cancer types (tumour signatures).

Research should also be encouraged in identifying biomarkers for efficacy in development of oncology drugs, she said.

Mr V. Ramakrishnan, Founder-CEO, Pikamab, USA, (a firm engaged in research on monoclonal antibodies) said the market for monoclonal antibodies is estimated to touch \$50 billion by 2013.

“From market perspective, monoclonal antibodies are raking up billions of dollars. Herceptin (indicated for the treatment of breast cancer) now has market of \$4.04 billion,” he said.

The US Food and Drug Administration and other European regulatory authorities are now adopting “progressive licensing” for monoclonal antibodies, he added.

<http://www.thehindubusinessline.com/2009/02/04/stories/2009020450440300.htm>

Big Auto's Jan sales in top gear despite discount withdrawal

Big auto companies posted positive car sales in January, reviving hopes of an upturn in demand, as increased customer interest drove higher footfalls at car dealerships.

Car market leader Maruti Suzuki India achieved its highest-ever domestic and total sales in January this year. Maruti's dispatches to domestic dealers increased 5.6% to 67,005 units during the month. Its last biggest dispatch of 65,216 cars took place way back in November 2007. Maruti posted retail sales of 76,700 vehicles in December, its highest ever, clearing the stocks piled up at dealerships.

Most car companies reported positive sales despite the withdrawal of price rebate schemes. Utility vehicle company Mahindra & Mahindra (M&M) made the most of new launches.

While its sales dropped to 17,320 vehicles in January this year from 20,884 vehicles in the same month last year, the decline was cushioned by the performance of recently launched multi-activity vehicle Xylo.

With sales of 1,788 vehicles within two weeks and bookings crossing the 4000-mark, M&M is ramping up its production. Including exports, M&M sold 17611 vehicles in January, down from 22309 units in the same month last year.

South Korean carmaker Hyundai Motor India reported a 13.5% decline in domestic sales to 21,016 vehicles in January, against 24,301 vehicles for the same month last year. But its exports were up 21% to 16,200 vehicles, against 13,399 units in the year-ago period.

Tata Motors continued its negative run, with its passenger vehicle portfolio declining by 9% to 18,331 vehicles in January from 20,119 vehicles sold in January last year. However, on a month-on-month sequential basis, the sales increased 68% in January.

The major push came from Indigo sedan, whose sales jumped 37% to 3,973 units in January. However, the sales of Indica dropped 7.5% to 11,433 units and Sumo/Safari skid 40% to 2,925 units in the same month. Premium carmaker Honda SIEL Cars India saw sales weakening 26% to 5,773 vehicles in January, against 7,767 vehicles in the corresponding period last year. However, this was higher by 57.4% than the 3,667 units in the previous month.

Two-wheeler company Bajaj Auto reported a 34% reduction in two-wheeler sales to 1.10 lakh units in January, against 1.67 lakh units in the same month last year. Its motorcycle sales dropped 34% to 1.09 lakh units from 1.66 lakh units during the same period.

Not all two-wheeler companies were in negative terrain. Like fellow Honda arm Hero Honda, Delhi-based Honda Motorcycle & Scooter India (HMSI) posted a 22% increase in two-wheeler sales to 94,982 units in January this year, against 77,755 units in the same month last year.

The company's motorcycle sales grew by 58% to 40,153 units last month against 25,469 units in the year-ago period, while its scooter sales increased by 5% to 54,829 units from 52,286.

<http://economictimes.indiatimes.com/News by Industry/Big Autos Jan sales in top gear/articleshow/4067511.cms>

MFs back on growth track

After facing a severe liquidity crunch in the later part of 2008, the mutual fund industry has shown signs of growth.

The industry's average assets under management (AAUM) in January has gone up from Rs 421,116 to Rs 460,948 crore, a rise of 9 per cent. Birla Sun Life Mutual Fund has witnessed the highest growth among the top five asset management companies (AMCs) in percentage terms. Its AUM has shot up by 15.29 percent to Rs 42,157 crore from Rs 36,565 crore.

Out of the Rs 39,000-crore increase in AUM in absolute terms, the top five mutual funds have witnessed the maximum growth. "Most of growth is mainly due to a rise in debt assets," said Anil Kumar, CEO, Birla Sunlife.

Analysts and distributors attribute this rise in assets to huge inflows received by income and gilt funds. With interest rates set to move downwards, corporate and government bonds have been rallying, making them one of the favourite investment options.

Income funds invest in a mix of government bonds and corporate debt, while gilt funds invest in only in government bonds. Prices of these debt instruments move up as interest rates fall, thereby increasing the net asset value (NAV) of the scheme that invests in them. The yield of 10-year government securities is currently ruling at 5.84 per cent.

Rupesh Nagda, Vice President-Mutual Funds at Motilal Oswal, said, "Assets under management have seen a sharp increase in January due to the huge inflows received by income and gilt funds. All classes of investors are putting money in these funds."

Reliance Mutual Fund's AAUM stood at Rs 76,168.48 crore, up 8.48 per cent from the previous month. HDFC continued as the second largest fund house with an AUM of Rs 51,420.73 crore. ICICI Prudential Mutual Fund saw the second-highest growth of 13.4 per cent in its AAUM. From Rs 41,877 crore in December, it went up to Rs 47,515.50 crore.

Similarly, UTI Mutual Fund witnessed an 8.49 per cent growth in its assets in January.

<http://www.business-standard.com/india/news/mfs-backgrowth-track/01/57/347896/>

News Round – Up

Savings and investments set 7%-plus pace for economy

There are reasons to believe the economy will grow at over 7% in the next fiscal as projected by the Economic Advisory Council to the Prime Minister. This would be way above the 6% growth projected by IMF last month in its Global Economic Outlook (Update.)

The latest savings and investment data from GDP estimates, released by the Central Statistical Organisation, bears out this optimism.

The figures for 2007-08 show investments rose by 2.2 percentage points to 39.1% of GDP. The government's own projection for the economy was far more modest. It estimated that the investment rate would move up from 32.4% of GDP to 36.7% by 2012. This was considered good enough to sustain a 9% GDP growth each year in the Eleventh Plan.

The better performance of the economy is significant as this means India has crossed the projected savings and investments rate for the Plan period in the very first year. Even if the investment rate for 2009-10 drops to 32% as projected by the council, the economy has enough headroom to withstand the shock and keep growth ticking along at plus 7%.

The story for the savings trends in the economy, as the table shows, is very similar. Savings shot up by 2% over the previous year to touch 37.7% of GDP in 2007-08. Here too, the Eleventh Plan has projected that the average savings rate will go up from 30.9% of GDP to only 34.8% in the Plan years. How had the savings and consequent investment data moved up so fast? As the council points out in its Review of the economy, 2008-09, "the present crisis has come upon India at a point in time where several of its components are in relatively strong shape".

A break-up of the data shows the highest increase in investments were in manufacturing, rising by 0.8 percentage points to 15.7% of GDP in 2007-08. The next highest increase was in the transport, storage & telecommunication segment where investments picked up by 0.7 percentage points to 5% of GDP.

<http://www.financialexpress.com/news/savings-and-investments-set-7plus-pace-for-economy/418430/>

India likely to emerge stronger post recession

Even as the rest of the world remains mired in the global recession, India, which has been relatively less impacted by the downturn, may Ghosts of 1929 Citigroup Financial crisis emerge stronger post recession that will hopefully come in a year or two.

There have been renewed talks about a possible shift of economic power house from US to emerging economies like India and China in the context of deepening recession. Economists refuse to buy this notion terming it a distant goal, unless and until there are some major happenings like a global trade being dominated by in euros rather than USD or a fundamental change in geo-political events whereby US losses dominance at the global level. US economy is expected to continue its dominance decades after decades, they are of opinion.

Said Dr. Shanto Ghosh, principal economist, Deloitte Haskins & Sells, "although, I don't see much good coming out of this episode (recession), Indian companies and policies should be ready to seize the opportunities that will emerge as the world starts to recover from the recession."

India's chances to participate in the world recovery stands firm subject to two factors: no reversal of economic reform process and not to let regional feuds and religious hatreds get out of hand, which will malign India's impression to foreign investors, feels Dr. Avinash Dixit, professor of economics, Princeton University, US.

If not be the economic super power, India is however, better equipped (rather than US, Europe and other frontline countries) to cope with the ongoing recession having certain exclusive economic characteristics.

According to Deloitte's Dr. Ghosh, there are four factors contributing to this. Those are India's domestic consumption, large number of PSU sectors jobs where job security is relatively greater than private sector, India's prudent mix of monetary and fiscal policy as a response to the economic slowdown that helps cope with the downside better and finally the recent decline in commodity prices.

"With almost two thirds of India's output consumed domestically, there is some insulation instilled within the economy that helps reduce volatility in market demand," pointed out Ghosh who believes, larger number of PSU employees, inspired by sixth pay commission will help sustain domestic demand restoring consumer confidence.

http://economictimes.indiatimes.com/India_likely_to_emerge_stronger_post_recession/articleshow/4071044.cms

Mukesh Ambani is world's third richest CEO

Reliance Industries (RIL) chief Mukesh Ambani emerged the third-richest chief executive in the world, according to a list of 10 wealthiest CEOs compiled by Forbes magazine. Steel tycoon Lakshmi Mittal, Anil Ambani and Sunil Mittal were the other Indians in the list.

Billionaire investor Warren Buffett was the wealthiest chief executive for the second year in a row, with stake worth \$35.9 billion in investment management firm Berkshire Hathaway. Business software major Oracle CEO Larry Ellison was ranked second (\$19.7 billion) in the list that covered CEO and MDs of public firms.

Despite a 62% drop in RIL share prices since January 2008, chairman and managing director Mukesh Ambani climbed up three places in the 2009 rankings. His stake in the petrochemical firm is valued at \$16.8 billion.

Lakshmi Mittal, who heads ArcelorMittal, slipped two places in the list this year to No 4. The 58-year-old chief executive saw the value of his stake in the steel firm dive 73% since June 2008 and is now worth \$13.2 billion.

At No.6, Anil Ambani's stake in his various firms is worth around \$9 billion. Telecom firm Reliance Communications, his biggest holding, has lost 78% of its value since the beginning of 2008.

Last year too, four Indians made it to the Forbes' list. However, Wipro chief Azim Premji made way for Sunil Mittal in this year's rankings. The Bharti Airtel CMD's \$6.9-billion stake in the telecom firm placed him at ninth position in the rankings. Over the past one-year, Bharti Airtel's shares have dipped 30%.

Forbes compiled the list based on the value of the CEOs' financial stakes in companies they control at the close of stock trading on January 23. It excluded private companies and CEOs' holdings in unlisted entities.

LVMH chairman and CEO Bernard Arnault was ranked fifth on the list, with his stake in the world's largest luxury goods firm valued at \$12.2 billion. Tied at seventh place were UAE's Mashreq Bank CEO Abdul Aziz Al Ghurair and Microsoft chief exec Steve Ballmer (\$7 billion each). Japanese retailer Tadashi Yanai, who runs discount retail firm Fast Retailing, was ranked tenth with a stake worth \$6 billion.

http://economictimes.indiatimes.com/Mukesh_Ambani_is_worlds_third_richest_CEO/articleshow/4078220.cms