

## Weekly Economic Bulletin

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### Contents

- |          |  |           |
|----------|--|-----------|
| <b>1</b> | <b>News Feature</b> <ul style="list-style-type: none"><li>• Industrial growth on track again</li><li>• India Inc improves capital productivity by 36%</li></ul>  | Page 1-2  |
| <b>2</b> | <b>Overseas Investment</b> <ul style="list-style-type: none"><li>• Outward FDI in Q2 rises 5.4%</li><li>• 100% FDI in fax editions of foreign newspapers okayed</li><li>• Government may allow 25% FDI in airlines</li><li>• Foreign labels bet on India's brand value</li><li>• Singapore-based Universal to invest \$17.5 bn in India</li><li>• Intel Capital to invest \$23m in Indian cos</li></ul>  | Page 2-7  |
| <b>3</b> | <b>Trade News</b> <ul style="list-style-type: none"><li>• Govt may sign free trade agreement with ASEAN</li><li>• Indo-African economic ties touch a new high</li><li>• India, UAE non-oil trade grows 24%</li></ul>   | Page 7-9  |
| <b>4</b> | <b>Sectoral News</b> <ul style="list-style-type: none"><li>• Total telecom subscriber base touches 353.66-m mark</li><li>• GSM cos add 8.12 mn mobile users in Dec</li><li>• Luxury cars log double-digit growth last year</li><li>• Agri &amp; processed food exports likely to see growth this year</li><li>• Gems, jewellery exports up 9 per cent during April-Dec'08</li><li>• Cement industry registers 8% growth on south region demand</li></ul> | Page 9-13 |
| <b>5</b> | <b>News Round-up</b> <ul style="list-style-type: none"><li>• India Inc keeps faith in future, files more investment intentions</li></ul>   | Page 13   |

## News Feature

### Industrial growth on track again

India's industrial production moved into positive territory in November 2008 after the negative growth it had clocked in October, according to data released by the ministry for industry and commerce.

The Index for Industrial Output (IIP) registered a 2.4% growth in November as against the negative 0.3% for October that had set alarm bells ringing.

In fact, an ET poll of economists had forecast that the IIP would grow by 1.6% in November, the only such survey to hint that the index would move into positive terrain.

However, amidst the unexpected good news, the data shows a fall in the capital goods output for the first time since 2002. "The growth in the consumer goods segment to 4.4% — largely on account of strong growth in consumer non-durables segment — shows that the consumption demand in the rural economy remains unaffected.

"With monetary and fiscal measures to give a boost to the slowing economy setting in, I expect the IIP numbers to be healthy from here on. The aggregate demand in the economy is already showing signs of improvement," said Suresh Tendulkar, chairman of Prime Minister's Economic Advisory Council.

Factory output rebounded from a negative 1.2% year-on-year (y-o-y) growth in October to a positive 2.4%. Ten out of 17 sub-groups in the manufacturing segment posted positive growth in November. The April-November period witnessed a cumulative growth of 3.9% over the corresponding period last year. However, part of the improvement may be due to the positive base effect. The new IIP figures add to the interim report that rate-sensitive and export-oriented sectors had shown signs of revival in December.

A bounce-back in the growth rate for the intermediate goods segment to 2.6% for November, which had contracted for three consecutive months, suggests higher industrial growth in the months to come.

The positive sentiment sets in even as the capital goods sector contracted by 2.3% in November, the first contraction since April 2002. The production of consumer durables, too, declined 4.2% y-o-y, indicating some curbs on discretionary expenditure.

[http://economictimes.indiatimes.com/News/Industrial\\_growth\\_on\\_track\\_again/articleshow/3970583.cms](http://economictimes.indiatimes.com/News/Industrial_growth_on_track_again/articleshow/3970583.cms)

### India Inc improves capital productivity by 36%

India Inc improved capital productivity by 36% between 2001-02 and 2007-08. Capital productivity captures revenue generated per unit of capital employed and indicates the productivity churned out of the fixed assets of a company. The rise in capital productivity coincided with the six-year period of high economic and corporate growth in the country.

Capital productivity of industrial sector rose from 1.13 in FY02 to 1.54 in FY08. This basically means that the revenue generated by companies for every Rs 1 crore worth of their fixed assets rose from Rs 1.13 crore in 2001-02 to Rs 1.54 crore in 2007-08. This was due to better sales growth compared to increase in capital (machinery, funds etc).

While aggregate sales of 2,000 companies in the study, grew at compounded annual growth rate (CAGR) of 18% during the six year period, their fixed assets grew at CAGR of 12%.

The ratio, which stood at 1.20 in FY01 declined in FY02 but has seen a consistent improvement thereafter. But, the increase was marginal last year when it moved from 1.52 in FY07 to 1.54 in FY08. This could be due to modest performance by the core-manufacturing sector, accounting for 87% of sales and 70% of fixed asset base. Core manufacturing sectors saw a marginal decline in capital productivity from 1.96 to 1.94 between FY07 and FY08.

It must be noted that higher ratio for certain sectors is partly due to higher realisation per unit of sale and does not necessarily imply improvement in production.

Companies which have seen maximum improvement in capital productivity over the last six years include Rajesh Exports, Mangalore Refinery & Petrochemicals, Sterlite Industries, Haldia Petrochemicals, Jindal Saw, L&T, Siemens, Hindalco and NMDC.

Most of these companies represent sectors such as oil, mineral, metals, and jewellery which have witnessed sharp increase in prices during the period backed by high global economic growth. This helped them generate more revenue out of the same assets. For engineering companies such as L&T and Siemens, this is an indication of better asset utilisation as there has been no sharp run in their product prices.

Another important feature of the analysis is the performance of the top 100 Indian companies by revenues. These top firms had a capital productivity ratio of 1.13 in FY02 around the same levels as that of all companies put together.

But these firms have managed better utilisation of capital resources, leading to productivity ratio of 1.62 against 1.54 for aggregate set, translating into productivity growth of 43% as against 36% for all companies put together.

The top 50 companies have even better ratio of 1.83, up from 1.22 in FY02 i.e., a capital productivity growth of 50% for the six-year period.

<http://economictimes.indiatimes.com/Jobs/India Inc improves capital productivity by 36/articleshow/3994475.cms>

## **Overseas Investment**

**Outward FDI in Q2 rises 5.4%**

With domestic companies not going for big-ticket overseas acquisitions, outward foreign direct investment (FDI) grew 5.4 per cent to \$3.13 billion during the second quarter of the current financial year, as against \$2.97 billion in the corresponding period last year.

According to data on FDI in overseas joint ventures (JVs) and wholly-owned subsidiaries (WOSs) released by the Reserve Bank of India, about 1,180 proposals amounting to \$5.62 billion were cleared for investment abroad in JVs and WOSs during the quarter as against 452 proposals amounting to \$4,23 billion during July-September 2007.

During the period, the share of equity in total investment proposals declined, while those of loans and guarantees showed an increase.

Equity accounted for 51.6 per cent of the investments, followed by loans (29.1 per cent) and guarantees (19.4 per cent). During the corresponding quarter of the previous year (July-September 2007), equity constituted 74.3 per cent of the proposals for investment, while guarantees and loans formed 13.8 per cent and 12 per cent, respectively.

<http://www.business-standard.com/india/news/outward-fdi-in-q2-rises-54/09/35/346256/>

### **100% FDI in fax editions of foreign newspapers okayed**

In a move that would allow international media houses to open subsidiaries and market and distribute facsimile editions of their magazine and newspaper in the country, the government allowed 100% FDI in fax editions of magazines and newspapers.

The FDI policy for the facsimile edition of magazines and newspapers needed clarification. While non-news segment already attracts a 100% FDI in the country, foreign investment in news and current affairs segment is restricted to 26%. Facsimile or fax edition of a magazine or newspaper implies a 100% replica of a publication that is originally published outside the country.

<http://www.financialexpress.com/news/100-fdi-in-fax-editions-of-foreign-newspapers-okayed/410771/1>

### **Government may allow 25% FDI in airlines**

Civil Aviation Minister Praful Patel said the government was considering foreign direct investment (FDI) of up to 25 per cent in Indian carriers by foreign airlines.

This means that the foreign carrier will not have the right to block special resolutions in the board, for which an investor requires a 26 per cent shareholding.

“Every airline has a problem and we have to look for extraordinary solutions. It is not formalised yet. It is only a thought process. We are not saying we will give it. We just feel the need,” said Patel.

Airlines, led by full-service carrier Kingfisher, have been lobbying for the government to allow foreign carriers to take stakes in domestic carriers. The Indian airline industry is estimated to lose close to Rs 10,000 crore this fiscal.

Foreign carriers like British Airways, Lufthansa, Emirates, Singapore Airlines and Virgin Atlantic are understood to have shown interest in Indian carriers in the recent past.

“The ability for foreign airlines to invest may provide a much-needed lifeline for an industry that desperately needs cash,” said Kapil Kaul, CEO (Indian sub-continent) of global aviation consultancy firm, Centre for Asia Pacific Aviation (CAPA).

Speaking of the equity and soft loan package to national carrier Air India, Patel said the proposal would be pushed in the cabinet in February.

Patel added that the ministry could allow Delhi and Mumbai to levy airport development fees on passengers for two years to bridge the gap in capital as a result of the poor response to their real estate projects and fall in passenger numbers.

<http://www.businessstandard.com/india/news/government-may-allow-25-fdi-in-airlines/06/06/346125/>

### **Foreign labels bet on India’s brand value**

More than one-and-a-half years after the foreign direct investment (FDI) was allowed in single-brand retail, at least 37 foreign brands have entered India and over a dozen are seeking permission to set shop.

A slowdown in India doesn’t seem to have so far weighed on the entry of international brands, mostly from advanced countries in the grip of recession.

A senior official in the ministry of commerce and industry said there has been greater interest among foreign brands to invest in India after an initial slow start in 2006. The government had allowed 51% FDI in single-brand retail in early 2006.

“India remains the most important destination for international brands outside their home markets due to its solid economic fundamentals and growth opportunities,” said Benetton India MD Sanjeev Mohanty. Several marque brands in different segments, including fashion, apparel, footwear, watches, sportswear, sport equipment, luggage and home furnishings have entered India in the past two years either through joint venture route or licensing agreement with a local partner.

Fendi, Nike, Llaro, Rino Greggio, Damro, ETAM, Zegna and Lee Cooper were among the first to get FDI permission under the single-brand retail window. Premium fashion brands such as Armani, Dolce & Gabbana, Louis Vitton, Salvatore Ferragamo, sportswear retailer Puma, Lerros and S Oliver, luggage brand Piquadro, Marks & Spencer, La Perla, Jimmy choo and Toy Watch have also set foot in India. A few others like Diesel and Starbucks are waiting in the wings.

Meanwhile, there are several brands that have been waiting for the government to allow 100% FDI in retail. Furniture retailer Ikea says it will wait for the policy to change rather than choose a partner for its India entry. Most foreign companies would like to have complete control over their operation in India. And there have been instances, where joint ventures have withered as the two partners struggled for control.

Also, foreign brands may impose certain restriction on local partner that may cause business to falter. "In cases, where the local partner is expected to procure goods from overseas, chances of survival of joint ventures become slim. Imports make goods more expensive and thus makes business less viable," said Arvind Brands' CEO Suresh J.

In the short term, retailers feel a significant dip in rentals in malls and high street may actually encourage more brands to look at India. "Entry barriers seems to be getting reasonable owing to correction in real estate," says Mr Mohanty.

More brands will likely land in India this year and after that, but Mr Suresh of Arvind feels there won't be a flood of brands, because "we already have enough foreign brands and the country may not be able to absorb many more."

[http://economictimes.indiatimes.com/Indicators/Foreign\\_labels\\_bet\\_on\\_Indias\\_brand\\_value/articleshow/3980380.cms](http://economictimes.indiatimes.com/Indicators/Foreign_labels_bet_on_Indias_brand_value/articleshow/3980380.cms)

### **Singapore-based Universal to invest \$17.5 bn in India**

Singapore-based Universal Success Enterprises Ltd (USEL) said it has signed three pacts with the Gujarat government to invest Rs.87, 000 crore (Rs.870 billion/\$17.5 billion) in infrastructure projects.

The agreements were signed during the ongoing "Vibrant Gujarat Global Investors' Summit 2009" in Ahmedabad and the investment would be made over a period of 10 years, a company statement said.

USEL, a diversified group with interest in infrastructure development, real estate, energy trading, hospitality and manufacturing, has identified thermal power generation, seaports and mixed-use industrial and urban development as focus areas in India.

USEL, which is in the process of setting up a thermal power plant in Gujarat, plans to generate employment for more than 50,000 people.

"USEL's expertise lies in developing large scale infrastructure projects and we would partner with the world's best infrastructure consultants to maintain high standards and meet the set time lines for execution," said its chairman Prasoon Mukherjee.

In addition, the Singapore-based firm also said it will also set up a 10,000 MW thermal power plant with an investment of Rs.50, 000 crore (Rs.500 billion).

The project would use imported coal from group owned captive mines as fuel and will have dedicated port terminals for import of the coal, the company said.

For ports, the company will invest Rs.7, 000 crore (Rs.70 billion) and also involve the development of related infrastructure for bulk cargo handling for power plants.

It will be gradually upgraded to a commercial port for handling all kinds of cargo.

The company's mix-use industrial and urban infrastructure development will come up at Dholera near Ahmedabad and constructed on an initial area of 5,000 acres with an investment of about Rs.30, 000 crore (Rs.300 billion).

This project aims to generate a huge employment opportunity, which would be close to creating 50,000 jobs in Gujarat, the company said.

Universal entered India in 2003 and started its operations with the development of a 130-km express highway and a 3.5-km bridge across Hooghly river connecting Kolkata with Haldia.

<http://economictimes.indiatimes.com/Infrastructure/Singapore-based Universal to invest 175 bn in India/articleshow/3969236.cms>

### **Intel Capital to invest \$23m in Indian cos**

Intel Capital, chipmaker Intel's global investment arm, announced an investment of \$23 million in three Indian companies--One97 Communications, IndiaMART.com and Global Talent Track. With these investments, the organisation has spent nearly \$100 million of its \$250-million Intel Capital India Technology Fund set up in December 2005.

Intel Capital is looking at four areas for investments - WiMAX and mobility, clean tech and renewable energy, consumer Internet and education, its India, Japan, Australasia and South East Asia MD Sudheer Kuppam said.

While the investment arm did not disclose individual investment figures, it's learnt that about \$9-10 million has been invested in IndiaMART.com, an online business-to-business marketplace for apparels, chemicals and electronics. The company said it will use the fresh fund infusion for new branding and marketing initiatives.

Global Talent Track, in which Intel Capital has invested along with Helion Ventures, is a start-up. The new investments will help the vocational education firm set up its training centres across the country. Its first centre will come up at Pune in March this year.

Telecom solutions provider One97 Communications plans to scale up operations and expand marketing and sales reach in India and overseas.

Intel Capital has invested in about 60 Indian companies since 1998. The organisation makes investments at various stages of a company in return for a minority stake. Intel Capital also gets to nominate an independent board director and appoint its own executive as a board observer. It also helps companies in customer acquisition by providing them its own channel partners and arranging interactions with customers.

[http://economictimes.indiatimes.com/Hardware/Intel\\_Capital\\_to\\_invest\\_23m\\_in\\_India\\_cos/articleshow/3977950.cms](http://economictimes.indiatimes.com/Hardware/Intel_Capital_to_invest_23m_in_India_cos/articleshow/3977950.cms)

## Trade News

### Govt may sign free trade agreement with ASEAN

The government is likely to sign a free trade agreement (FTA) with the Association of Southeast Asian Nations (ASEAN) during the 14th summit of the bloc slated for February in Thailand.

Thailand's Nation newspaper said that India would submit a letter to the Thai Commerce Ministry later on Monday, saying it will sign the long-awaited FTA with ASEAN during next month's summit.

Thai Commerce Minister Porntiva Nakasai said the letter would confirm India would not attempt to change any of the provisions of the FTA, the negotiations for which concluded last year, said Bernama, the official Malaysian news agency.

To ensure that Thailand can also commit to the FTA, the ministry will soon ask for parliamentary approval to sign the pact, in accordance with Article 190 of the Constitution Act, which requires such endorsement for international agreements.

Under the FTA, ASEAN and India will be committed to liberalising trade in goods. Thailand now enjoys zero tariffs on only 82 items exported to India, the paper said.

Taxes on about 75 per cent of trade in agricultural and industrial products will be gradually phased out by 2012, while tariffs for another 10 per cent will be eliminated in 2015.

The other 15 per cent consist of sensitive items that must be renegotiated.

With lower tariff barriers, trade between India and ASEAN is expected to increase significantly from the present \$28 billion annually.

[http://economictimes.indiatimes.com/News/Economy/Foreign\\_Trade/Govt\\_may\\_sign\\_free\\_trade\\_agreement\\_with\\_ASEAN/articleshow/3999848.cms](http://economictimes.indiatimes.com/News/Economy/Foreign_Trade/Govt_may_sign_free_trade_agreement_with_ASEAN/articleshow/3999848.cms)

### Indo-African economic ties touch a new high

India's economic engagement with Africa has gone from strength to strength and the bilateral trade stands close to around \$30 billion.

And to further strengthen cooperation between India and Africa, Paul Kagame, president of Rwanda will be leading a high level delegation for the forthcoming 'India-Africa Business Partnership' in New Delhi.

"The main objectives of the two day summit from January 19-20, organised by Ficci with the support of ministry of external affairs and ministry of commerce, is to review the what

all has been achieved through previous engagements, to create forums for interaction and most importantly to promote people to people contact, “ Lt Gen Kayumba Nyamwasa told.

According to him, “The business summit would bring together the stakeholders of the select priority sectors from the economies of Africa and India at a common platform to share and showcase the trade and investment opportunities for Indian companies in Africa and vice-versa.”

Infact, President Paul Kagame of Rwanda who is coming as chairman, of East African Committee. “ We want to deepen the relationship with India not only bi-laterally, but on a multilateral front too. Several sectors have been identified where there is plenty of scope for both investment and cooperation including Indian Technical and Economical Cooperation (ITEC), railways, infrastructure, agriculture, education, and health,” Nyamwasa pointed out.

“We also need a greater inflow of educational personnel - teachers, professors - to our country. Under the ITEC, our civil servants are befitting from Short Training Courses,” said the envoy. With information and communication technology becoming one of the growth drivers globally, there is a big scope for collaborative effort in the arena of telecom networking. “Now that we are engaged in a major rebuilding exercise, the current Indo-Rwandan talks will help us get the state-of-the-art technology,” he said.

The Rwandan envoy said that, “Energy is another area of interest. Luckily Rwanda enjoys huge reserves of natural gas, methane in particular. And, we are keen to get help from India in solar energy, bio-mass, and an investor who can put in money in the power sector.”

<http://www.financialexpress.com/news/indoafrican-economic-ties-touch-a-new-high/410760/>

### **India, UAE non-oil trade grows 24%**

Non-oil trade between India and the United Arab of Emirates rose 24% to \$29.02 billion in the last fiscal, making the UAE India's third-largest trading partner after the US and China, latest figures released by the Indian embassy in Abu Dhabi has stated.

India's non-oil exports to the UAE in the last fiscal year went up to \$15.47 billion from \$13.61 billion a year earlier and its non-oil imports from the UAE during 2007-2008 were valued at \$13.56 billion, higher than \$9.79 billion in 2006-07 financial year.

The balance in the non-oil trade, despite dropping to \$1.91 billion from \$3.82 billion the previous year, is still in India's favour although there is competition from China, the US and Japan. India's major exports to the UAE comprise petroleum products, finished precious and semi-precious jewellery, machinery, textiles and apparel and cereals.

India's imports from the UAE are mainly crude oil, petroleum products, raw pearls and precious metals, electrical machinery and equipment and iron and steel.

India is making efforts to boost exports to the UAE and is planning to organise trade delegations and promotional events in the country. The embassy is also planning to organise an exclusive Indian trade fair in Abu Dhabi in December 2009, showcasing India's industrial products and services sector including information technology, health, education and financial services.

<http://businessstandard.com/india/news/india-uae-non-oil-trade-grows-24/11/46/53159/on>

## **Sectoral News**

### **Total telecom subscriber base touches 353.66-m mark**

The total telecom subscriber base in the country touched 353.66 million for the quarter ending September 2008 as against 325.79 million for the quarter ending June 2008, registering an increase of 8.55% during the quarter. The figures released by the Telecom Authority of India (Trai) include both the wireline as well as the wireless subscribers.

The tele-density during the quarter reached 30.64 compared to 28.33 for the June quarter. While the subscriber base for wireless services during the quarter increased from 286.87 million during the previous quarter to 315.31 million. The subscriber base of the wireline service declined from 38.92 million to 38.35 million.

The rural wireline subscriber base further decreased from 11.33 million in the quarter to 10.95 million registering a decrease of 3.35%. The rural wireless subscriber base on the other hand increased from 70.83 million to 90.98 million during this quarter, registering a growth of 28.44%.

For the GSM segment, all India blended average revenue per user (Arpu) per month decreased by 7.53% from Rs 239 in June 2008 to Rs 221 in September 2008, according to the Trai figures. While in the CDMA segment, all India blended Arpu (per month) for the quarter ending September 2008 was Rs 122 compared to Rs 139 for the previous quarter.

<http://www.financialexpress.com/news/total-telecom-subscriber-base-touches-353.66m-mark/410358/>

### **GSM cos add 8.12 mn mobile users in Dec**

India's GSM players have added over 8 million mobile customers in December 08 maintaining the robust pace in the world's fastest-growing mobile market.

As per the latest data compiled by the Cellular Operators Association of India (COAI), the GSM subscriber base has touched 258 million as of December 2008, up 3.25 % from 249.7 million in November 08. The growth witnessed in December was lead by Bharti Airtel, which added over 2.7 million new users taking its subscriber base to about 87 million. Bharti now commands a market share of 33.22% in the GSM place.

Vodafone Essar with a market share of 23.63% added 2 million subscribers in December 08 taking its total subscriber base to about 60 million. Idea Cellular added close to 1 million subscribers during the same period taking its total subscriber base to 38 million.

However, BPL mobiles witnessed a dip in the number of addition for the month. BPL mobile, which currently operates only in Mumbai added close to 65,000 subscribers in December compared to about 74,000 in November 2008, registering a decline of about 9,000 users during the month. BPL mobile's total subscriber base now stands at 1.9 million.

State-owned Bharat Sanchar Nigam Limited (BSNL) recorded a positive growth with about over 8 lakh additions in the given period, taking its all India subscriber base to 41 million.

Interestingly, among all circles, category C circle witnessed the highest rate of growth at 3.83%, followed by category B circle at 3.56%, with metros recording the lowest growth rate of 2.3%.

[http://economictimes.indiatimes.com/News/News\\_By\\_Industry/Telecom/GSM\\_cos\\_a\\_dd\\_812\\_mn\\_mobile\\_users\\_in\\_Dec/articleshow/3969567.cms](http://economictimes.indiatimes.com/News/News_By_Industry/Telecom/GSM_cos_a_dd_812_mn_mobile_users_in_Dec/articleshow/3969567.cms)

### **Luxury cars log double-digit growth last year**

Hit by economic slowdown, the global automotive industry may have seen their worst in 2008, but luxury cars have literally bucked the trend and have registered high double digit growth in India last year.

Mercedes-Benz India, the largest luxury car manufacturer in the country, registered a growth of 46% at 3,625 units in the passenger car industry in 2008 as against 2,483 units in the preceding year. Even BMW India sold over 2,500 units last year as against an estimated 2,000 units for the whole year. Likewise Audi India, the relatively new entrant into the Indian automobile industry, posted a growth of 201% at 1,050 units in 2008 as compared to 349 units in 2007.

“Despite a slump in the automobile industry because of high interest rates and liquidity crunch, luxury cars managed to post a healthy growth primarily because a huge part of the sales is via cash. Moreover, because of huge margins in these cars, companies and financiers together offered lower rate of interest to woo customers,” says an industry analyst.

<http://www.financialexpress.com/news/luxury-cars-log-double-digit-growth-last-year/409483/>

### **Agri & processed food exports likely to see growth this year**

Despite a global slowdown, agri and processed food exports from India may register an increase in absolute growth in the current financial year.

Agricultural and Processed Food Products Export Development Authority (Apeda) feels the exports will grow in absolute terms due to higher demand from Asian and African markets that are aggressively procuring relatively cheaper products from countries such as India. This is significant at a time when other major exports are slowing down.

At present, around 70% of the country's agri and processed food exports are to developing countries in the Middle East, Asia, Africa and South America. With the global downturn hitting the profitability of supermarkets in these countries, they are now looking at less expensive products.

"Numbers will grow in absolute terms as Africa and lesser developed Asian countries would look at India to source less expensive products," said Apeda director S Dave. He added that the recession has hit everyone including these countries who, instead of sourcing expensive products from developed markets, are looking at markets such as India.

Going forward, exports may get a fillip if Russia re-opens its market and India gets an access to markets of Japan and the US for export of grapes, pomegranates and litchis. Apeda hopes that Russia may shortly re-open its market for Indian plant based products, imports of which were banned a year ago due to pest related issues.

Mr Dave said that Apeda is trying to push for grape exports to Japan and the US. "We should also get an entry into the US markets for pomegranates and litchis this summer itself," he said.

For the current financial year, Mr Dave feels that export in value terms could grow by 20% compared to the previous fiscal, which recorded 46% growth in relative terms. There has been consistent growth in export of agri and processed food products from the country.

According to official data, India exported about 17.5 million tonne of agri and processed foods worth Rs 31,870 crore in FY08 against 10.9 million tonne valued at Rs 21,805.9 crore the previous year.

[http://economictimes.indiatimes.com/Economy/Agrifood\\_exports\\_to\\_see\\_growth\\_this\\_yr/articleshow/3980403.cms](http://economictimes.indiatimes.com/Economy/Agrifood_exports_to_see_growth_this_yr/articleshow/3980403.cms)

### **Gems, jewellery exports up 9 per cent during April-Dec'08**

The country's gems and jewellery exports rose nine per cent to Rs 66,249.73 crore during April-December 2008 as compared with Rs 60,779.15 crore in the same period last year, according Gem and Jewellery Export Promotion Council.

Gems and jewellery exports in dollar terms rose marginally by 0.59 per cent at \$ 15,087 million from \$ 14,999 million, a data released by GJEPC said.

Net exports of gems and jewellery, excluding export of rough diamonds, jumped by 7.41 per cent at Rs 63,572 crore in April-December 2008 as against Rs 59,184 crore a year ago.

Exports of cut and polished diamonds grew by 10.91 per cent at Rs 45,153 crore in the same period from Rs 40,711 crore. However, quantity in carats decreased by 1.35 per cent to 308.02-lakh carats from 312.23-lakh carats.

Exports of rough diamonds also shot up by 67.94 per cent at Rs 2,677 crore from Rs 1,594 crore in the same period last year. Quantity too increased from 185.93-lakh carats to 248.56-lakh carats, GJEPC said.

[http://economictimes.indiatimes.com/News/Economy/Foreign\\_Trade/Gems\\_jewellery\\_exports\\_up\\_9\\_per\\_cent\\_during\\_April-Dec08/articleshow/3984969.cms](http://economictimes.indiatimes.com/News/Economy/Foreign_Trade/Gems_jewellery_exports_up_9_per_cent_during_April-Dec08/articleshow/3984969.cms)

### **Cement industry registers 8% growth on south region demand**

Riding on a strong demand from southern region, particularly from Andhra Pradesh market, the cement industry has reported a strong 8% growth on the consumption level for the nine-month period ended December 2008, despite there has been a drop in the offtake from the real estate sector, particularly on the commercial front, said industry sources. The production during the period has seen a healthy growth of 7%.

Interestingly, the industry has added close to 9 million tonne during the said period, thereby increasing the overall installed capacity 207 million tonne as against 198 million tonne as of March end 2008.

Buoyed by an impressive offtake from Andhra Pradesh, particularly with the number of irrigation projects, the southern region witnessed a whopping growth of 12% in consumption during the nine-month period, followed by eastern region with 9%. The western region, considered to be the major pocket for consumption witnessed a growth of 7% while that of central region with 7%. The consumption growth in the northern region seen almost stagnant at 2%, said industry sources.

According to the sources, the overall despatches during the April-December 2008 period stood higher at 131 million tonne as against 121 million tonne during the same period previous fiscal. Similarly, the production was at 131.50 million tonne as against 122 million tonne.

On the all-India front, Delhi has reported a whopping growth of 38%, followed by Andhra Pradesh with 26% growth. Kerala has been surprise for the industry as the state shown a remarkable growth in consumption with a 13% growth during the nine-month period as compared to the same period previous fiscal. Some of the other states, which have shown sizeable growth including Orissa (13%), Jharkhand (12%), Chattisgarh (10%), Bihar (11%). Tamil Nadu, Gujarat, Maharashtra, Madhya Pradesh have reported a growth of 9%, 4%, 8%, 9%, respectively, the sources pointed out.

On the production side too, southern region tops the chart with 12% growth, followed by northern region (11%), eastern region (7%). Western region, however, shown a negative production growth of 2%. During the nine-month period, companies such as Rain Commodities, India Cements, Ultra Tech have added capacities of 2 million tonne, 1.20

million tonne, 1.30 million tonne, respectively while others added capacities in a smaller way.

<http://www.financialexpress.com/news/cement-industry-registers-8-growth-on-south-region-demand/412232/>

## **News Round – Up**

### **India Inc keeps faith in future, files more investment intentions**

The economic downturn may have led to a deceleration in margins but corporate India is confident that things will be different soon. Signs of improvement in macro-fundamentals are already visible— inflation rate has fallen, liquidity conditions are improving, and industrial production has grown in November.

India Inc, of course, is cautious right now and is not implementing as many projects as it had intended earlier.

Several companies are cutting down production to check the piling up of unsold stocks. But these steps are for the present time. For future, they have remained buoyant despite the recession.

While India Inc has implemented less projects this year, it has filed substantially more investment intentions, so that they are not caught unaware when demand conditions improve.

In January-October 2008, the number of implemented projects has declined by 37.4% to 420 from 671 in January-October 2007. The investment in new projects has declined by 43.1% from Rs 18,237 crore in January-October 2007 to Rs 10,377 crore in the corresponding period of 2008.

But what is significant is that despite the fall in the implementation rate, India Inc has filed substantially more investment intentions (industrial entrepreneur memoranda + letters of intent + direct industrial licences) in the current year.

The number of investment intentions filed during April-October 2008 has increased by 16.6% over the corresponding period of 2007-08. The aggregate proposed investment by them has increased by a huge 63.3% from Rs 4,65,732 crore in April-October 2007 to Rs 7,60,366 crore now.

[http://economictimes.indiatimes.com/Corporate\\_Trends/India\\_Inc\\_keeps\\_faith\\_in\\_future\\_files\\_more\\_investment\\_intentions/articleshow/3998673.cms](http://economictimes.indiatimes.com/Corporate_Trends/India_Inc_keeps_faith_in_future_files_more_investment_intentions/articleshow/3998673.cms)