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CONTENTS

News Feature

India set to take inclusive growth mantra to Davos

During the 1990s, for many Indians the abiding image of Davos was about politicians and businessmen trooping to the Swiss ski resort town, cap in hand for investment dollars and listening to homilies on liberalisation and globalisation.

The next decade, especially its latter half, saw India's emergence as a rising power, with its companies acquiring a global profile, buying stakes in or snapping up marquee Western corporate names and its business tycoons steadily populating the world's premier rich lists.

As the third decade of India's engagement with Davos gets underway, the country is all set to make its biggest splash ever, declaring its coming of age as an economic power ready to engage with the world on its terms, taking its domestic mantra of inclusive growth to a recession-scarred world.

A team of Cabinet ministers, including P Chidambaram, Kamal Nath and Anand Sharma, UIDAI chief Nandan Nilekani, and some 125 business leaders, including Mukesh Ambani, Azim Premji, Sunil Mittal and Anand Mahindra are among the 400-plus Indians attending the World Economic Forum in Davos this year, part ambassadors and part defenders of the 'India Inclusive' theme that the country wants to aggressively project. It is the second time in five years that India will be the centre of attention in Davos, the last being the 'India Everywhere' campaign of 2006 that marked its arrival at the world's biggest gathering of the wealthy and the influential.

India's pitch is its growth

Until then, Davos was always more about Indians, less about India. This time, India's pitch is its growth-at nearly 9%, nearly three times as fast as the global economy-which it believes will be hugely beneficial to the world if harnessed effectively.

"As India's growth takes place, it can really be inclusive for the rest of the world. We are quite an open economy and there are other countries that can benefit from India's growth," says Chanda Kochhar, CEO of ICICI Bank and one of the six co-chairs of the forum this year.

Once known for its sanatoriums that catered to wealthy tuberculosis sufferers, Davos' recuperative history will be called into service again, this time to discuss cures to consolidate an uneven global economic recovery that has rich countries struggling while emerging economies prosper, creating geopolitical and economic tensions.

This year's forum meeting takes place against a backcloth of continuing fragility in several European economies, a tentative recovery in the United States, currency wars, a rising and increasingly assertive China. Amid all this, India is hoping to showcase itself as an oasis of economic tranquility, with an economy growing at a pace only second to China, its potential which many believe is better than its neighbour and an outlook that embraces the world rather than exploits it.

http://economictimes.indiatimes.com/news/economy/policy/india-set-to-take-inclusive-growth-mantra-to-davos/articleshow/7350215.cms

Early December quarter results upbeat

First 230-odd firms report over 20% rise in net profit, sales growth.

The third quarter results have started on an extremely positive note, with sales and net profit showing healthy growth of over 20 per cent each, despite a higher base year effect.

Operating margins are up 10 basis points on a yearly basis, thanks to tight cost control, as the total expenditure to sales ratio has eased by 15 bps.

The cost of raw materials, which moved at a slower pace of 16.87 per cent compared to sales growth rate of 19 per cent, helped manufacturers to show robust growth in net profit.

The healthy net profit growth has come from industry giants such as Reliance Industries, Tata Consultancy Services, Bharat Heavy Electricals, Bajaj Auto and State Bank of India.

As is known, corporate analysts have projected earnings growth of over 20 per cent in the third quarter and the early bird results so far have been in line with expectations.

So far, 235 companies have announced their December 2010 quarter results and reported net profit growth of 23 per cent, to Rs 32,319 crore from the level of Rs 26,251 crore of the previous corresponding period.

The profit growth rate has been higher than in the first two quarters of the current financial year.

But total sales grew only 21 per cent, the slowest in the last four quarters.

More than half, or 126 companies, outperformed the total sample by reporting net profit growth of 25 per cent. The net profit of as many as 48 firms have more than doubled, 59 posted profit growth in the range of 25-100 per cent and 19 saw a turnaround.

Analysts expect refinery companies, which account for a fifth of total net profits of listed firms, to post a record quarterly profit, aided by strong improvement in gross refinery margins.

Banks, automobiles, fast moving consumer goods, pharmaceutical and packaging industries have done well by reporting 30 per cent growth in net profit.

http://www.business-standard.com/india/news/early-december-quarter-results-upbeat/422792/

Overseas Investment

India's forex reserves rise $3.4 billion

India's foreign exchange (forex) reserves increased by $3.4 billion to $297.41 billion for the week ended Jan 14 on the back of rise in the value of foreign currency assets.

The foreign currency assets, the biggest component of the forex reserves kitty, rose by $3.30 billion to $267.86 billion during the week under review from $264.56 billion in the previous week, according to the weekly statistical supplement of the Reserve Bank of India (RBI).

The foreign currency assets expressed in US dollar terms include the effect of appreciation or depreciation of non-US currencies such as British pound sterling, euro and Japanese yen held in reserves.

The value of Special Drawing Rights (SDRs) increased by $73 million to $5.10 billion and reserves with the International Monetary Fund (IMF) increased by $28 million to $1.98 billion for the week ended Jan 14.

However, the value of gold reserves remained unchanged at $22.47 billion.

http://economictimes.indiatimes.com/news/economy/finance/indias-forex-reserves-rise-34-billion/articleshow/7341160.cms

Sebi seeks more details from FIIs

Foreign institutional investors (FIIs) will have to provide more details of their activities in Indian equity markets to the capital markets regulator from April.

The Securities and Exchange Board of India (Sebi) announced revised reporting formats for FIIs on their offshore derivatives instruments (ODIs), which include participatory notes (PNs).

ODIs have Indian equity or debt as underlying securities and are issued by registered FIIs or sub-accounts to clients abroad.

The FIIs issuing such instruments would have to give seven detailed reports regarding their underlying trade activity for every month, with a six-month lag. Starting April 2011, reports providing details of ODI/PN activity for the month should be filed before October 10. This is apart from the monthly summary report FIIs have to file on the seventh of every month, for the previous month.

The reports Sebi has sought for any trading in the Indian market include details of ODI/PN activity and trades where the type of underlying Indian security is equity, debt and derivatives. Besides, it wants details of assets under management where the underlying Indian security is equity, debt and derivatives.

http://www.businessstandard.com/india/news/sebi-seeks-more-detailsfiis/422091/

Relax FDI policy on convertibles: DIPP

Says present norms hamper valuation, FDI and VC deals; points to drop in flows this year.

The Department of Industrial Policy and Promotion (DIPP) plans to relax foreign direct investment (FDI) norms for convertible instruments, to encourage greater private equity (PE) participation and venture capital deals in the country.

DIPP Secretary R P Singh has written a letter each to Finance Secretary Ashok Chawla and Reserve Bank of India Governor D Subbarao seeking their views on the issue.

Under the present policy, the pricing of all the capital instruments that are issued to foreign investors must be decided upfront at the time of issue. However, companies argue that this would deprive them of getting a better valuation afterwards in case of better performance. This has led to widespread ambiguity among the industry and halted several potential investments.

DIPP says the precondition constrains flexibility by the industry. The department has also received several complaints from the industry to remove the stipulation as it was preventing FDI inflows into the country.

"Industry representatives have represented that this stipulation constrains their flexibility and prevents them from leveraging opportunities, if the company does well in future. Stipulating the condition of pricing fully convertible instruments upfront prevents them from getting a better valuation based on higher performance," DIPP said in its letter.

DIPP has also argued that the stipulation also prevents venture capitalists from making a proper valuation, besides making FDI policy unfriendly for global investors. It also said India had received FDI worth $14.03 billion in the current financial year, compared to $19.33 billion during the corresponding period of 2009-10. On the contrary, countries such as Russia and China have attracted more investments in 2010-2011.

http://www.business-standard.com/india/news/relax-fdi-policyconvertibles-dipp/422234/

More FIIs bearish on India in Jan

Sluggish market, inflation take toll; BofA-ML survey finds optimism on global growth.

The slowing reforms, lack of enough government spending and high inflation have hit investment sentiment in the country.

Foreign institutional investors (FIIs) have increased their underweight (bearish) positions on Indian stock markets, reveals a survey of fund managers by Bank of America (BofA) Merrill Lynch for the month of January.

The survey shows that emerging market fund managers are underweight (UW) on India by 21 per cent in January as against 18 per cent last month. The country is the largest UW bet in the Asia-Pacific region, followed by Australia (13 per cent). The most favoured market is Taiwan, with an overweight (OW) of 17 per cent, and Korea, with an OW of 15 per cent.

The biggest UW sectors for FIIs are defence utilities, telecom and health care. Among global emerging markets, UW on India stood at 35 per cent as against 30 per cent in December. The Indian markets underperformed between November and January, when inflationary pressure was felt the most. The Sensex benchmark declined over five per cent while the MSCI Emerging Markets Index of 21 developing nations' shares gained over three per cent during this period. Though India's food inflation eased to 16.91 per cent, it still is at levels that may keep pressure on the yearly headline inflation.

http://www.business-standard.com/india/news/more-fiis-bearishindia-in-jan/422189/

Govt may filter out FDI in tobacco marketing

Import of cigarettes could also be shifted out of OGL.

Foreign cigarette companies could soon find it harder to sell their products in India. The government is looking into a proposal to ban foreign direct investment (FDI) in the wholesale marketing arms of these companies. It is also exploring the possibility of shifting the import of tobacco products from the open general licence (OGL) to the restricted list.

Both moves will impact companies like Japan Tobacco International, Philip Morris and others that have set up fully-owned marketing subsidiaries through which they not only sell their global brands in the domestic market, but also bring in funds to support local operations.

After more than two years of deliberations, the government banned FDI in the manufacture of cigarettes last year. Despite this, however, the health ministry and NGOs have complained that foreign cigarette companies use the marketing services route as a back door for investment and to support sales in India.

Japan International, which has a 50 per cent stake in joint venture JTI India to manufacture cigarettes in India, last year set up JTI Wholesale India — a wholly-owned subsidiary — through which it can continue to bring money into the country and sell its products in the wholesale market.

Philip Morris, which has a minority stake in Godfrey Phillips India controlled by the K K Modi group, has set up IPM Wholesale Trading — in which it is a majority shareholder — to promote its international brands.

The department of industrial policy & promotion under the ministry of commerce has suggested that existing policy, which allows 100 per cent FDI in wholesale trading, should be amended to exclude tobacco. DIPP has also suggested that tobacco products be excluded from the OGL list to make symmetric its treatment vis-à-vis imports. That would plug the possibility of new foreign companies using a combination of the two routes to sell tobacco products in India.

http://www.business-standard.com/india/news/govt-may-filter-out-fdi-in-tobacco-marketing/422782/

Trade News

India, Indonesia to begin talks on trade pact next week

India and Indonesia will formally begin negotiations towards entering into a Comprehensive Economic Cooperation Agreement (CECA) next week, when Indonesian President Susilo Bambang Yudhoyono visits New Delhi.

The pact could potentially open up one of the fastest growing Southeast Asian markets, and one of the only three G-20 nations with positive growth during the recession, along with India and China, for domestic firms.

Yudhoyono, who will be the chief guest at the Republic Day parade in the capital, along with Prime Minister Manmohan Singh is slated to jointly announce the commencement of talks for the CECA, Deputy Minister in Indonesia's Coordinating Ministry for Economic Affairs Rizal Effendi Lukman told. Senior officials in the Union Ministry of Commerce confirmed that the joint announcement would be made next week.

In November 2005, Singh and Yudhoyono had signed an MoU for establishing a joint study group (JSG) to examine the feasibility of a CECA. In a report in September 2009, the JSG backed the pact and mooted the formation of a bilateral trade negotiating committee on goods, services, investment and other areas of cooperation.

The India–Indonesia CECA will build on the Free Trade Agreement (FTA) that India already has with the ASEAN (Association of South East Asian Nations), the 10-member trade bloc that includes Indonesia, Malaysia, Philippines, Singapore and Thailand, Brunei, Myanmar, Cambodia, Laos, and Vietnam.

While Indonesia is already India's third largest trading partner in the ASEAN, with bilateral trade of about $10 billion in 2008, the JSG in its report had suggested that trade could increase substantially with the reduction of trade barriers. By 2020, according to JSG estimates, India's exports to Indonesia could reach up to $ 7.8 billion, while exports from Indonesia to India were likely touch $ 9.7 billion.

"For Indonesia, India is a strategic country, with a large population. We have a 50-year-old relationship that goes back to the Non-Aligned Movement. Now, we will look at beginning a new chapter, which is timely because Indonesia currently holds the chairmanship of ASEAN and is also a member of the G20," Lukman said.

Indonesia anticipated signing $14-15-billion deals with companies and local government, the deputy minister said. “About 70-80 Indonesian businessmen are going to New Delhi along with 10-15 members of local governments. We think about $14-15 billion of cooperative pacts will be signed in total,” he said.

http://www.business-standard.com/india/news/india-indonesia-to-begin-talkstrade-pact-next-week/422523/

India, Bangladesh open new land port to boost trade

India and Bangladesh opened a key joint land port at the northwestern tip of Banglabandha bordering Phulbari of West Bengal to boost bilateral trade .

Phulbari-Banglabandha land port was opened at a cross-border ceremony attended by Indian Finance Minister Pranab Mukherjee and Bangladesh's Agriculture Minister Matia Chowdhury.

Two trucks carrying cotton from Bangladesh entered Indian territory, while three stone-laden trucks from India crossed the border into Bangladesh, reports said.

Mukherjee termed the relations between the two countries as historic and said both Bangladesh and India have been working to cut trade deficit.

"Both countries are determined to solve all problems side by side with boosting trade," he said.

He said that Phulbari-Banglabandha land port has more potential than Benapole-Petraploe as it is very close to Siliguri, the gateway to northeast India, Nepal and Bhutan.

Speaking on the occasion, Chowdhury said with the launching of Banglabandha land port the trade deficit between the two countries will come down significantly.

"We hope that the immigration through the port will (also) start very soon," she said.

With the opening of trading through the port, the Indian finance minister said mills and factories will be opened in the region to create employment.

http://economictimes.indiatimes.com/news/economy/foreign-trade/india-bangladesh-open-new-land-port-to-boost-trade/articleshow/7343737.cms

Japanese cos interested in investing in key projects

Japanese firms are keen to invest in India's mining and infrastructure development sectors, a visiting minister from the East Asian industrial powerhouse said.

Hideichi Okada , Japan's Vice-Minister for International Affairs at the Ministry of Economy, Trade and Industry, also said talks between the two countries on a Comprehensive Economic Partnership Agreement (CEPA) are progressing well.

Speaking after signing a Letter of Intent (LoI) with the Tamil Nadu government, he said his country has agreed to reduce tariffs in the area of generic drugs, as well as ease work permit-related restrictions against Indians.

To a query, he said Japanese mining companies are interested in exploring the potential in mining rare earth in the country.

On LoI with the Tamil Nadu government, he said around 40 Japanese companies are interested in investing in the state. A working group has been set up to look at investment opportunities for Japanese companies in Tamil Nadu, he added.

Principal Industries Secretary Rajeev Ranjan and Hidenobu Teramura, the Director of the Financial Corporation Division under Japan's Ministry of Economy Trade and Industry , signed the LoI.

Deputy Chief Minister M K Stalin , who spoke after the LoI was signed, said 300 of the 725 Japanese companies in India are located in Tamil Nadu and the CEPA between the two nations will further improve economic relations between them.

Okada said the quality of labour and Chennai's strategic location on the Bay of Bengal are some of the reasons that Tamil Nadu is the target of large-scale foreign investment.

http://economictimes.indiatimes.com/news/economy/foreign-trade/japanese-cos-interested-in-investing-in-key-projects/articleshow/7343527.cms

India, South Korea target doubling trade by 2014

India and South Korea look to doubling their bilateral trade to $30 billion by 2014 as a comprehensive economic partnership agreement between the two countries liberalises tariff regime, Commerce and Industry Minister Anand Sharma said.

"As exporters on both sides develop a better understanding of the advantages presented by this agreement through a liberal tariff regime, we should easily be in a position to achieve the trade target of $30 billion by 2014," Sharma said at the India-South Korea Business Forum.

Bilateral trade between India and South Korea surged 44 per cent to $15 billion in 2010 after the two countries signed a comprehensive economic pact.

The Comprehensive Economic Partnership Agreement (CEPA) between India and South Korea was signed in August 2009. The agreement came into force from Jan 1, 2010.

"We view the agreement with the Republic of Korea to serve as an economic bridge between South Asia and the larger east Asian economy, paving the way for a larger regional economic integration across the Asian continent," Sharma said after meeting South Korean Trade Minister Kim Jong-Hoon.

India and South Korea held the first joint ministerial committee meeting to review of the Economic Partnership Agreement.

"It was decided that the next Ministerial Joint Committee meeting would be convened in Seoul in 2012," according to a joint statement issued after the meeting. The Korean minister is leading a high-level delegation to India comprising of business leaders, professionals and government officials.

Sharma also asked South Korean companies to invest in India's infrastructure sector.

He said foreign direct investment (FDI) flow in India is likely to reach $250 billion in the next five years.

During the last three years, India received over $100 billion FDI.

http://economictimes.indiatimes.com/news/economy/foreign-trade/india-south-korea-target-doubling-trade-by-2014/articleshow/7327858.cms

Sectoral News

PM to flag off mobile number portability

Prime Minister Manmohan Singh is slated to flag off the nationwide rollout of mobile number portability on 20th January 2011, a move that will allow users to switch operators without losing their phone numbers and will force telcos to improve the quality of services.

"I think it's a great step forward for the consumer, as it enhances choice and brings in more competition , because the more efficient you are as a service provider , the more likely that consumers will choose you," telecom minister Kapil Sibal said. MNP services were first launched in Haryana in November last year. Nevertheless, companies like Idea Cellular and Vodafone started marketing their services to subscribers in other parts of the country.

Idea Cellular, which started the 'No idea? Get Idea' campaign to woo the subscribers of rival telecom companies, has also set up a toll-free line to assist customers looking to switch operators.

More telecom operators are expected to undertake similar activities to retain their subscribers, with competition likely to heat up following the nationwide rollout of MNP services, with companies poaching their rivals' subscribers.

http://economictimes.indiatimes.com/news/news-by-industry/telecom/pm-to-flag-off-mobile-number-portability-today/articleshow/7323913.cms

Govt set to re-start textile upgradation fund scheme

In what could come as a leg-up for the textiles sector, the Centre is set to re-start its popular Technology Upgradation Fund Scheme (TUFS).

The Union Cabinet is expected to give its approval to revive the scheme, which is likely to be re-started by the month-end, Ms Rita Menon, Secretary, Ministry of Textiles, said here while inaugurating a stakeholder consultation meeting on technical textiles, organised by Federation of Indian Chambers of Commerce and Industry and the Ministry of Textiles.

The Union Budget for 2010-11 had provided for an allocation of Rs 2267.50 crore, of which around Rs 1,500 crore was sanctioned in the first quarter of the fiscal. In June last year, the Government had abruptly asked banks to suspend new sanctions under the scheme, till such time the new fund allocation was approved by the Cabinet Committee on Economic Affairs (CCEA).

"An in-principle approval to re-start sanctions under TUFS has been granted by the Finance Ministry. The decision needs to be ratified by the CCEA, which is likely to do it next week," an official involved in the exercise said.

The scheme provides for reimbursement of 5 per cent out of interest actually charged by lending agencies for facilitating investment in the modernisation of textiles and jute units and is operated through nodal agencies such as IDBI, Small Industries Development Bank of India, IFCI and major nationalised banks.

The Ministry had introduced the scheme in 1999 to boost investment in the textiles sector. TUFS was to last till 2007, but the Government had extended the scheme till 2012 in view of its popularity. The domestic textiles industry had been pressing for the continuation of the scheme, citing the need to constantly modernise plant and machinery to compete with China, Vietnam and Bangladesh. During 2008-09 and 2009-10, Rs 2,631.38 crore and Rs 2,890 crore was released respectively under the scheme.

http://www.thehindubusinessline.com/2011/01/21/stories/2011012152040100.htm

Automobile industry H1 excise payment up 54%

The automobile industry paid 54% higher excise in the first half of the current fiscal as auto sales peaked on buoyant economy fuelling customer demand.

The industry, which grew by 31% in the first six months, contributed 11,901 crore as excise duty during the first half as compared with 7,684 paid in the same period last year.

"Our contribution to the government coffers has gone substantially due to massive growth posted in the past few months. We are looking forward to similar growth and has asked the government to refrain from any changes in the tax structure in the upcoming budget to keep the current momentum going," said Pawan Goenka, president, Society of Indian Automobile Manufacturers .

The government raised the excise duty by 2% across all vehicles in the last year's budget. In December 2008, it had reduced the tax by 4% to induce demand on the back of global financial crisis. Currently, most automotive segments pay a flat 10% excise while big cars are taxed at 22%. The auto industry's contribution to net excise collection of 60,834 crore went up to 20% in the first half of the fiscal from 18% in the previous year.

The industry posted its highest ever production of 1.31 core vehicles in the April-December period. The production is expected to get a further boost with strong demand for cars from domestic market and a higher export of two wheelers to various overseas markets.

http://economictimes.indiatimes.com/news/news-by-industry/auto/automobiles/automobile-industry-h1-excise-payment-up-54/articleshow/7316283.cms

Machine tool sector poised for 25% growth in 2012-13

The industry's output is expected to touch Rs 3,100 crore in 2010-11

Business is booming again for the Indian machine tool industry after the nightmare years of 2008 and 2009, when the financial crisis led to order cancellations, deferment of deliveries and pressure on bottomlines.

The industry's output is expected to touch Rs 3,100 crore in 2010-11, from a low of Rs 1,425 crore in 2008-09 . The 117.5 per cent surge in two years has resulted from large order inflows caused by the resurgence of the economy, and the boom in the automobile and auto components industries.

The Indian Machine Tool Manufacturers' Association (IMTMA) expects that the industry's turnover will reach Rs 3,870 crore in 2011-12, a growth of 24.8 per cent over the current fiscal year.

This has emboldened IMTMA to set an ambitious target of growing at a compound annual growth rate (CAGR) of 25 per cent over the next 10 years. The size of the industry is expected to be Rs 23,000 crore by 2020.

"The machine tool industry has coped well across the globe after the market downturn. IMTMA aspires to grow to 10 times the industry's current turnover, and for this we suggest a proactive policy-level intervention," said C P Rangachar, managing director of Yuken India Ltd and former president of IMTMA.

http://www.businessstandard.com/india/news/machine-tool-sector-poised-for-25-growth-in-2012-13/422051/

FMCG cos may weather inflation, see net sales growth of 15-20%

Despite surging inflation and price increases that fast moving consumer goods (FMCG) companies took during the third quarter of the current financial year, they're likely to record good top line growth. Analysts say it is likely to be 15-20 per cent, even as bottom line growth for the period could be lower, at 10-12 per cent.

Price increases that firms undertook during the quarter were not proportionate with commodity inflation for the sector. "This aided top line growth," says Arnab Mitra, FMCG analyst at Mumbai-based brokerage IndiaInfoline.

On an average, companies raised prices by five to 10 per cent during the quarter, lower than the inflation that key raw materials saw in the period. Crude, for instance, moved up 22 per cent, while copra and palm oil spiked by 23 and 32 per cent respectively, says Amnish Aggarwal, senior vice-president, research, Motilal Oswal Securities. Copra is a key input in hair oil, while palm oil is used to make soaps.

So, while producers of these products, including companies such as Marico, Dabur, Hindustan Unilever and Godrej Consumer could see some pressure on gross margins, they can take respite from the fact that overall sales were good, thanks to calibrated price rises, says Mitra of IndiaInfoline.

Anand Mour, FMCG analyst at brokerage Indiabulls Securities, says companies were also careful in their advertising & sales promotion (ASP) expenditure, which as a percentage of sales could be lower in the quarter in comparison to previous ones. Mitra says ASP spending as a percentage of sales was 13-14 per cent in the recent quarters. This time, it could be in 10-11 per cent.

http://business-standard.com/india/news/fmcg-cos-may-weather-inflation-see-net-sales-growth15-20/422515/

News Round-Up

India tops global consumer confidence survey - Nielsen

Consumers in most countries globally look set to keep a tight grip on spending in coming months as they worry about job security and rising inflation, a survey by the Nielsen Company showed.

U.S. consumer confidence in the fourth quarter held steady from the third quarter but 45 percent of Americans see a weak economic environment this year, compared with 38 percent of Europeans and 19 percent of consumers in the Asia Pacific.

"The U.S. jobless rate remains at the heart of the issue for Americans," said James Russo, vice president of The Nielsen Company. "It has topped 9 percent for 20 months straight, which is the longest streak on record."

Consumer confidence was positive at the end of last year in only 14 out of 52 countries surveyed worldwide. The Nielsen Global Consumer Confidence Index's average score, however, was unchanged from the third quarter at 90, helped by sharp jumps in confidence in Norway, Turkey and Switzerland as well as the Philippines.

A reading below 100 signals pessimism about the outlook.

India came top, improving on its third quarter reading. Still, India's index reading of 129 was well below the country's record 137 index reading in the second half of 2006, the highest reading for any country since the Nielsen consumer confidence index was launched in 2005.

Confidence was lowest in Croatia followed by Portugal, which has imposed austerity measures as it struggles to slash high debt.

Consumer confidence in Greece slumped from the third quarter as the country continued to grapple with its debt burden while Ireland, which was forced to follow Greece and seek an international bailout late last year was also in the 10 least optimistic markets.

"Global consumers -- especially in the West, are bracing themselves for another year of flat to sluggish growth in 2011," said Venkatesh Bala, chief economist at The Cambridge Group, a unit of The Nielsen Company.

"Job creation and employment numbers have fallen below expectation and even though many countries are officially out of recession, many consumers are still living - and expect to continue living - a cautious recessionary lifestyle which is restricting domestic spending and demand."

Rising inflation threatened consumer confidence in previously bullish emerging markets, he said.

"Going forward, rising prices in several emerging markets such as China and India have potential to dent consumer confidence and spending, especially if their governments decide to expand policy actions to combat higher inflation," Bala said.

China's index reading dipped 4 points to the 100 level whereas Brazil was in the top 10 most confident markets and its score rose 5 points from the third quarter to 108.

The survey was taken in mid-November, covering 26,000 consumers in 52 countries. The survey is based on consumers' confidence in the job market, status of their personal finances and readiness to spend.

http://economictimes.indiatimes.com/news/economy/indicators/india-tops-global-consumer-confidence-survey---nielsen/articleshow/7349550.cms

PE investments almost double to $7.9 bn in 2010

Private equity (PE) firms invested $7.97 billion in Indian companies in 2010, almost double than the previous year, says a study.

According to data compiled by deal space research firm VCCEdge, PE firms invested $7.97 billion in India in 2010, as against $4.06 billion during the previous year.

“After a volatile three years, PE investment activity reverts to the levels of 2006 (which had witnessed 358 investments worth $7.48 billion),” pointed out Arun Natarajan, CEO, Venture Intelligence.

As many as 325 companies saw PE investment pouring in, while firms made an exit from 121 other companies.

“The really exciting feature was the exits, where activity vaulted to an all-time high with 121 transactions, including 24 via initial public offerings (IPOs),” he added.

In terms of investment, energy, banking, financial services, insurance and telecom were the most targeted sectors, VCCEdge said.

The largest deal of the year was the $425-million investment in power generation firm Asian Genco by a consortium of General Atlantic, Goldman Sachs, Morgan Stanley, Everstone and Norwest. This was followed by SBI-Macquarie’s $304 million commitment to telecom tower infrastructure firm Viom Networks (formerly Quippo Telecom).

The third spot was shared by two $300 million investments – one by Blackstone into an unlisted renewable power generation firm of the Moser Baer Group and another by Quadrangle Capital Partners into telecom towers firm Towervision India. A $267 million investment by UK-based 3i and others in GVK Energy also figures among the top five.

Among cities, Mumbai-based companies retained the top slot, attracting 68 PE investments worth $1.59 billion, followed by Delhi, with 60 investments valued $1.02 billion. Bangalore-based companies came third, attracting $1.02 billion across 53 deals.

With 34 investments worth $2.14 billion, energy companies topped in terms of investment value, while Information Technology and IT-Enabled Services topped in terms of volume with 79 investments worth $696 million. Banking, financial services and insurance (BFSI) came second on both parameters, with 44 investments worth $1.05 billion. Figures excluded PE investments in real estate.

As for the exits, the number stood at 121, including 24 via IPOs. In 2009, there were 66 exits, including seven via IPOs

http://www.businessstandard.com/india/news/pe-investments-almost-double-to-79-bn-in-2010/422207/

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