

# Weekly Economic Bulletin

**Date: July 19-25, 2011**

**Issue No. 430**

## CONTENTS

- 1 News Feature** Page 1-2
  - 21st century will be written in Asia and India will have a key role: Hillary Clinton
  - India regaining status as trading powerhouse: Report
  
- 2 Overseas Investment** Page 2-6
  - RIL-BP's USD 7.2 bn deal - biggest FDI into India ahead of Posco, Arcelor Mittal
  - 51% FDI in multi-brand retail moves step closer to reality
  - Foreigners can hedge risks for rupee-invoiced foreign trade
  - Multiples Pvt Equity, Cox & King's among 31 FDI proposals cleared
  - FinMin gears up to help Indian investors abroad
  - India to allow foreign investment in mutual funds from August 1
  - FIPB backs DIPP on FDI in defence
  
- 3 Trade News** Page 6-9
  - Potential of India-Bangladesh trade via Border Haats put at \$20 million
  - India may emerge as largest market for US Ex-Im
  - India, Germany in talks for joint air exercises
  - India-UK bilateral trade grew 20% in 2011
  
- 4 Sectoral News** Page 9-13
  - 18 million tourists visited India in 2010
  - Railway revenue earnings up by 12.15 per cent during April-June 2011
  - Education sector to see \$200 m PE, VC funding in '11: Report
  - Telecom services industry grew 15% in 2010-11
  - Gems, jewellery sector growth steady at 15%: ASSOCHAM study
  
- 5 News Round-up** Page 13-14
  - India Inc's appetite to ink deals to soar in coming months: KPMG



## News Feature

### 21st century will be written in Asia and India will have a key role: Hillary Clinton

Visiting US Secretary Of State Hillary Clinton advocated a more active policy initiative from India with reference to its stature and policies in Asia and the East. Clinton, who said she believed, "21st century will be written in Asia" and that India will have a key role in shaping it, said the Indo-US ties will be one of the defining partnerships of the new century.

Backing India's 'Look East' policy, Clinton urged the country to go further. She wanted India to go forward with that idea, pointing to how the US was looking to both the Atlantic and Pacific sides and suggesting that India too should be looking to both the West and East.

"We encourage India not just to look East, but to engage East and act East. And its leadership in South and Central Asia is critically important."

<http://economictimes.indiatimes.com/news/politics/nation/21st-century-will-be-written-in-asia-and-india-will-have-a-key-rolehillary-clinton/articleshow/9304243.cms>

### India regaining status as trading powerhouse: Report

India broke into the club of top 20 exporters of goods and reclaimed its position among top 10 services exporters in 2010, moving up two notches in both categories from 2009 in a display of resilience to the economic downturn that continues to cast its shadow on the US and the EU.

The 'World Trade Report 2011' of the WTO, said trade in goods rebounded to grow by 14.5% in volume terms in 2010 after shrinking 12% in 2009. However, it projected the growth to moderate to 6.5% in 2011.

India's goods exports rose at a much sharper 31% in 2010, helping the country not only improve its world ranking to 20 from 22 in 2009 but also expand its market share to 1.4% from 1.2% a year ago.

Interestingly, while exports shrunk by 20% in 2009 owing to contraction in demand, India's share in world trade increased from 1.1% in 2008 and ranking improved from 26 the year before.

Experts attribute the robust growth to a change in the composition of exports and addition of new markets.

"Our basket has shifted from raw materials to manufactured goods, such as processed agri commodities and engineering items. Our



## Weekly Economic Bulletin



exports have become relatively wide based in manufacturing," pointed out Rajesh Chadha, senior fellow, NCAER.

Engineering and petroleum exports now account for 42% of exports as compared to 14% in 2000.

"This high export growth clearly indicates that diversification to other destinations has taken place apart from changes in the composition of goods," finance minister Pranab Mukherjee said.

Indian Institute of Foreign Trade (IIFT) director K T Chacko also said the government's

attempt to help exporters diversify markets beyond traditional regions like the EU and the US has stood India in good stead. "Greater interaction between business communities with newer countries opens up various opportunities. Various free trade agreements (FTAs) and consolidation of special economic zones (SEZs) have also contributed to the rise in exports."

[http://articles.economictimes.indiatimes.com/2011-07-21/news/29798358\\_1\\_goods-exports-services-exports-share-in-world-exports](http://articles.economictimes.indiatimes.com/2011-07-21/news/29798358_1_goods-exports-services-exports-share-in-world-exports)

## Overseas Investment

### RIL-BP's USD 7.2 bn deal - biggest FDI into India ahead of Posco, Arcelor Mittal

Mukesh Ambani-led Reliance Industries' \$7.2 billion deal with British giant BP Plc, cleared by the government, is seen as the biggest foreign direct investment into India.

The mega transaction, announced in February, was cleared by the Cabinet Committee on Economic Affairs (CCEA).

RIL-BP's \$7.2 billion deal is seen as the largest Foreign Direct Investment (FDI) after Japanese

pharma major Daiichi Sankyo's buyout of Ranbaxy Laboratories for \$4.5 billion in 2008.

Even though there are other bigger-size proposals, most of them are yet to materialise. For instance, South Korean group Posco's \$12 billion investment for a steel plant in Orissa is yet to take off.

Similar is the case with ArcelorMittal's around \$30 billion investment plans across India.

Another mega transaction worth \$11 billion was between Vodafone and Hutchison-Essar. However, there was no direct participation of



## Weekly Economic Bulletin



any domestic firm, as the deal was between two foreign firms.

The latest RIL-BP deal, one of the biggest in the Indian energy space, would see Mukesh Ambani firm selling 30 per cent stake in 23 oil and gas blocks to British entity.

"This is the single largest FDI in the history of India," RIL Chairman Mukesh Ambani had said earlier.

<http://economictimes.indiatimes.com/news/news-by-industry/energy/oil-gas/ril-bps-usd-72-bn-deal--biggest-fdi-into-india-ahead-of-posco-arcelor-mittal-investments/articleshow/9325968.cms>

### **51% FDI in multi-brand retail moves step closer to reality**

After a delay of several years, the move for 51 per cent foreign direct investment (FDI) in multi-brand retail took a significant step forward. A Committee of Secretaries (Cos), headed by the Cabinet Secretary, Mr Ajit Kumar Seth, gave the go-ahead for this politically-sensitive decision, which will now have to be approved by the Union Cabinet.

The nod at the CoS level comes, significantly, just a week after the US Secretary of State, Ms Hillary Clinton's visit to India. The US has, for long, been urging India to open up its retail trade to allow companies such as Walmart,

Carrefour and Tesco to sell grocery, food and other merchandise directly to consumers.

Currently, these companies are only permitted to operate cash-and-carry format stores catering to wholesalers and business consumers.

<http://www.thehindubusinessline.com/todays-paper/article2286012.ece>

### **Foreigners can hedge risks for rupee-invoiced foreign trade**

In an effort to aid hedging of currency risks for non-resident exporters and importers, the Reserve Bank of India (RBI) issued norms allowing them to either use overseas banks or those in the country to settle foreign trade transactions invoiced in the Indian rupee.

It had made announcement to this effect in annual monetary and credit policy for 2011-12.

A non-resident exporter or importer can approach his banker overseas with appropriate documents with a request to hedge the rupee exposure arising from confirmed import or export order. The overseas bank will approach its correspondent bank in India for a price to hedge the exposure of its customer along with documentation.



## Weekly Economic Bulletin



The same underlying exposure can't be hedged with any other bank in India. If the underlying exposure is cancelled, the customer will have to cancel the hedge contract immediately, RBI said in a communication to banks.

On using banks in India for hedging risks, it said, exporters and importers could also deal directly with banks in India. They can approach the bank in India with a request for forward cover for underlying transaction.

<http://www.business-standard.com/india/news/foreigners-can-hedge-risks-for-rupee-invoiced-foreign-trade/443511/>

### **Multiples Pvt Equity, Cox & King's among 31 FDI proposals cleared**

The Government has approved 31 foreign direct investment proposals worth Rs 3,844.7 crore.

This includes Rs 1,000 crore by Multiples Pvt Equity Fund- Scheme-1, Mumbai and Rs 750 crore by Cox & Kings.

The approvals are based on Foreign Investment Promotion Board's recommendations, an official statement said.

However, 18 proposals have been deferred. These include that of Walt Disney Co India to

undertake broadcasting and downlinking and Vodafone Essar in telecom-related activities.

The proposal of Multiples Pvt. Equity Fund – Scheme-1 is to issue units, to make investments in securities of Indian companies and to distribute income realised on its investment.

Cox & Kings' proposal is to use the investment to carry out leisure travel services, corporate travel services, visa processing services and foreign exchange services.

Among those proposals cleared include Rs 400 crore by Hinduja Energy (India) and Rs 852 crore by Ashwell Holding Co.

Also given the green signal are the proposals of Natixis Global Asset Management, France to invest Rs 300 crore in pension fund subsidiary and that of BNP Paribas SA Paris to invest Rs 225 crore to set up a wholly owned subsidiary to act as an investing company.

Two FDI proposals from Bangladesh have been cleared. They include Rs 4.59 crore by Southern CNG Automobiles India, Kolkata for induction of foreign equity by a company from Bangladesh and Rs 0.01 crore by Mr M. Rezaul Hassan and Ms Monnujan Nargis, Bangladesh to set up a wholly owned subsidiary to undertake software development services by citizens of Bangladesh.



## Weekly Economic Bulletin



The proposal of Cayman Islands-based NCBG Holdings to invest Rs 4.45 crore in the defence sector has also been cleared.

Among those deferred included the proposal by Dish TV India for transfer of shares to carry out the business of telecommunication equipment and provide management and marketing of 'agrani', in the area of mobile satellite communications.

<http://www.thehindubusinessline.com/today-paper/tp-economy/article2260541.ece>

### **FinMin gears up to help Indian investors abroad**

Bilateral deals with 80 nations to be available online; DEA writes to Indian embassies to generate awareness.

The finance ministry has decided to help Indians investing abroad, apprising them about bilateral agreements protecting their rights. The department of economic affairs will upload 80 Bilateral Investment Promotion Agreements (BIPAs) on its website to facilitate the move.

A senior finance ministry official told that the department had written to ambassadors of the 80 countries to provide a link to the finance ministry website so that those having business interests abroad had a first-hand

reference of their rights in the country they are operating in.

The official said now that the BIPAs will be readily available in public domain, those willing to invest abroad can analyse the advantages that they can get in the respective countries. "This will certainly help those encountering problems related to their investments in other countries."

India has trade agreements with the UK, Russian Federation, Germany, Malaysia, Switzerland, Netherland, South Korea, Sri Lanka, France, Mauritius, Iceland and Saudi Arabia, among others. BIPA outlines the provisions for settlement of disputes between an investor and a host state.

Further, the agreements outline norms for transfer of investment capital and returns. According to the Indo-Mauritius BIPA, for example, both countries will allow free transfer of investment funds from an investor, without unreasonable delay and bias.

<http://www.business-standard.com/india/news/finmin-gearsto-help-indian-investors-abroad/443291/>

### **India to allow foreign investment in mutual funds from August 1**

India will allow qualified foreign investors to invest up to \$10 billion in domestic mutual



## Weekly Economic Bulletin



funds from August 1, a senior finance ministry official said.

The government expects good inflows from qualified financial institutions into mutual funds in this fiscal year to March 2012, Thomas Mathew, joint secretary, capital markets at the finance ministry, told reporters.

<http://economictimes.indiatimes.com/personal-finance/mutual-funds/mf-news/india-to-allow-foreign-investment-in-mutual-funds-from-august-1/articleshow/9323712.cms>

### **FIPB backs DIPP on FDI in defence**

Despite objections raised by the defence ministry, the Foreign Investment Promotion Board (FIPB) has gone with the industry

department's view that non-defence foreign companies can also invest in the defence sector up to the 26% sectoral FDI cap.

The Department of Industrial Policy and Promotion (DIPP) and the defence ministry had locked horns over the issue with the former saying that non-defence overseas companies can invest in an Indian JV within the 26% limit. The defence ministry has always held the view that such tie-ups strictly apply to companies which are in the defence sector.

The defence ministry's stand is that non-defence companies can invest up to 5% within the overall 26% cap.

<http://www.financialexpress.com/news/fipb-backs-dipp-on-fdi-in-defence/821880/0>

## Trade News

### **Potential of India-Bangladesh trade via Border Haats put at \$20 million**

The Commerce and Industry Minister, Mr Anand Sharma, said that an estimated \$20 million worth trade will take place annually between India and Bangladesh through the 'Border Haats'.

Mr Sharma and his Bangladesh counterpart Mr Muhammad Faruk Khan will jointly

inaugurate a Border Haat at Kalaichar, West Garo Hill District in Meghalaya, an official statement said.

"The opening of Border Haats shall herald a new chapter of cooperation in India-Bangladesh trade. I am confident that it will make the border villages on both sides more prosperous through improved market accessibility for their locally produced goods," Mr Sharma said.



## Weekly Economic Bulletin



The commodities traded will include vegetables, food items, fruits, spices, bamboo, bamboo grass, broom stick, local cottage industry items, small agriculture household implements, garments, melamine products, processed food and fruit juice.

The list of items allowed for trade through Border Haats may be expanded/modified by mutual consent, the statement said.

<http://www.thehindubusinessline.com/today-paper/tp-economy/article2282731.ece>

### India may emerge as largest market for US Ex-Im

India may emerge as US Ex-Im Bank's largest market in next 12-18 months, its Chairman and President, Mr Fred P. Hochberg has said.

Currently, among all countries in which US Ex-Im Bank provides financing, India ranks second behind Mexico.

The US Ex-Im Bank's total assistance in the nine-month period ended June 2011 stood at \$1.4 billion, up from \$53 million in entire year of 2009-10. The export credit agency's financial year runs from October to September.

"During the last nine months, we have approved 173 transactions involving 100 companies and \$1.4 billion in financing of US

exports to India. If India continues to keep growing, we can make sure that it has the technology and capital to enhance that growth rate," Mr Hochberg said.

The US Ex-Im Bank announced that it was providing a \$16-million long-term loan to support the exports of First Solar Inc in Tempe Arizona to Azure Power Rajasthan Pvt Ltd in New Delhi.

In the Azure Power transaction, First Solar will export thin-film photovoltaic modules to Azure Power for the construction of a five megawatt (MW) solar project in Rajasthan.

The US Ex-Im bank also announced that it was providing \$9.2-million long-term loan to support exports of thin-film solar photovoltaic modules from the US-based Abound Solar Inc to Punj Lloyd Solar Power Ltd.

In the Punj Lloyd Solar Power transaction, Abound Solar's exports will be used in the construction of 5 MW solar project on a 62.5 acre site near the village of Bap, about 145 km from Jodhpur in Rajasthan.

In fiscal year 2011 to date, the bank has approved financing totalling about \$75 million for four solar power projects in India. It also has about \$500 million of India solar projects in the pipeline that will generate an estimated 315 MW of solar power.



## Weekly Economic Bulletin



<http://www.thehindubusinessline.com/todays-paper/tp-economy/article2248552.ece>

### India, Germany in talks for joint air exercises

Even as it looks at India as a market for European consortium EADS' Eurofighter Typhoon fighter aircraft, Germany is keen on taking its military cooperation with the country to another level by having joint exercises with the Indian Air Force (IAF).

German Air chief Lt Gen Aarne Kreuzinger-Janick told his country was exploring options for an air combat exercise with the IAF in the near future. "We are in talks with India on joint exercises. When the new chief of the IAF, Air Marshal NAK Browne, visits the country in September, joint exercises will be topping the agenda," said Janick, adding the two sides had already discussed the possibility of joint training.

While India has been conducting regular military exercises with countries like the US, France, the UK, Russia and even China, there has only been a limited military interaction with Germany till now. At present, officers are being exchanged for specific training courses. "We have an exchange pilot on the SU 30MKI fighters," the German Air chief said.

India holds joint combat exercises with friendly countries from time to time and is a

much sought after nation for the North Atlantic Treaty Organisation (NATO) countries for war games. The framework for annual consultations for defence cooperation concluded with Germany in 2006 is the basis for expansion of the two countries' defence cooperation. Under it regular exchanges of officers, including that of service chiefs, consultations and training are being held.

The Eurofighter 'Typhoon' 126-aircraft Medium Multi-Role Combat Aircraft (MMRCA) deal worth \$10.4 billion is seen by many as a possible driver to expanding the two countries' relationship. The German Air chief also said Eurofighter was ready to share technology with India to a degree nobody had offered.

In order to beat the challenge from French Dassault 'Rafale', the European defence giant is transferring some of its operations to India. EADS has already set up a military research and development centre in Bangalore.

<http://www.financialexpress.com/news/india-germany-in-talks-for-joint-air-exercises/819179/0>

### India-UK bilateral trade grew 20% in 2010

It has been a year since the UK's Prime Minister, David Cameron, made a highly successful visit to India, which helped to



## Weekly Economic Bulletin



strengthen our bilateral relationship and build on our already-strong trade and investment ties. Now we have published figures to show how many companies from overseas are investing in the UK, and these have demonstrated just how important a partner India is for the UK.

In terms of inward investment, India ranks third: up from fourth last year. This is a clear indicator of our growing relationship and shows that, despite global economic uncertainty, the UK remains one of the most attractive locations for foreign business. In fact, in 2010, bilateral trade between the UK and India grew by 20%, bringing the total to £13bn. UK goods exported to India grew by 38% and goods imported from India rose by 27%.

The trade and investment relationship between the UK and India is very diverse, covering sectors from infrastructure and education to life sciences, financial services, engineering, energy and the environment. And there are also strong collaborations in new, innovative and creative technologies.

This growth is encouraging, but we have the potential to do even more. As Indian

companies globalise, and demand focuses on international goods and services, there is an increasing awareness of the world-class expertise and experience UK companies can offer Indian partners. And UK businesses are increasingly looking for new opportunities to take these partnerships forward.

Companies deciding to establish themselves in the UK have made a long term-decision. They have taken a view that if they invest their time and money, they will see a good return on this investment. They are right. Companies such as Tata have rightly viewed the UK as a springboard to the rest of the world. They are now among the UK's largest manufacturing employers.

Of the 1,200 Indian businesses in the EU, 700 are in the UK, joined by increasing numbers of new investors. They see the UK as the best place to do business in Europe, with access to international markets, a highly trained workforce and one of the most open and welcoming global economies.

**<http://www.financialexpress.com/news/indiauk-bilateral-trade-grew-20-in-2010/820090/0>**

### Sectoral News

**18 million tourists visited India in 2010**

Foreign tourist visits to the country registered a 24.2 per cent growth in 2010, while



domestic tourist visits showed a 10.7 per cent growth.

The number of foreign tourist visits (FTVs) during 2010 was 17.9 million as compared to 14.4 million in 2009 and 2008.

This shows an impressive growth of 24.2 per cent over 2009 as compared to a decline of 0.1 per cent in 2009 over 2008.

The number of domestic tourist visits to States and Union Territories during 2010 was 740 million as compared to 669 million in 2009 and 563 million in 2008, an official statement said.

The top-10 States in terms of number of domestic tourist visits (in millions) during 2010 were Andhra Pradesh (155.8), Uttar Pradesh (144.8), Tamil Nadu (111.6), Maharashtra (48.5), Karnataka (38.2), Madhya Pradesh (38.1), Uttarakhand (30.2), Rajasthan (25.5), West Bengal (21.1) and Gujarat (18.9).

The contribution of the top 10 States was about 85.5 per cent of the total number of domestic tourist visits during 2010.

The percentage shares of the top five States were: Andhra Pradesh (21 per cent), Uttar Pradesh (19.6 per cent), Tamil Nadu (15.1 per cent), Maharashtra (6.5 per cent) and Karnataka (5.2 per cent).

The top 10 States in terms of number of FTVs

(in millions) during 2010 were Maharashtra (5.1), Tamil Nadu (2.8), Delhi (1.9), Uttar Pradesh (1.7), Rajasthan (1.3), West Bengal (1.2), Kerala (0.66), Bihar (0.64), Himachal Pradesh (0.45) and Goa (0.44).

The contribution of the top 10 States was about 90.3 per cent of the total number of FTVs in the country during 2010. The percentage shares of the top 5 States were Maharashtra (28.5 per cent), Tamil Nadu (15.7 per cent), Delhi (10.6 per cent), Uttar Pradesh (9.4 per cent) and Rajasthan (7.2 per cent).

<http://www.thehindubusinessline.com/today-paper/tp-economy/article2260546.ece>

## **Railway revenue earnings up by 12.15 per cent during April-June 2011**

Indian Railways registered an increase of 12.15 percent in its earnings for the first quarter of the current fiscal from Rs 24756.18 crore compared to Rs. 22074.92 crore during the same period last year.

It registered a jump of 12.61 percent in the total goods earnings which have gone up from Rs. 14928.80 crore last year to Rs. 16811.76 crore during April-June in the current financial year.

The total passenger revenue earnings during first three months of the financial year 2011-12 were Rs. 6841.16 crore compared to Rs.



190.10 crore during the same period last year, registering an increase of 10.52 per cent.

The revenue earnings from other coaching amounted to Rs. 694.63 crore during April-June 2011 compared to Rs. 626.03 crore during the same period last year, an increase of 10.96 per cent.

The total approximate number of passengers booked during April-June 2011 were 2039.82 million compared to 1936.98 million during the same period last year, showing an increase of 5.31 per cent.

In the suburban and non-suburban sectors, the number of passengers booked during April-June 2011 were 1008.09 million and 1031.73 million compared to 965.05 million and 971.93 million during the same period last year, showing an increase of 4.46 per cent and 6.15 per cent respectively.

[http://articles.economictimes.indiatimes.com/2011-07-18/news/29787309\\_1\\_revenue-earnings-earnings-from-other-coaching-period-last-year](http://articles.economictimes.indiatimes.com/2011-07-18/news/29787309_1_revenue-earnings-earnings-from-other-coaching-period-last-year)

### Education sector to see \$200 m PE, VC funding in '11: Report

Private equity and venture capital investors are bullish on the education sector and have invested \$93 million in 10 companies so far in 2011.

The total deal size or investment in this sector is expected to touch \$200 million in 2011 as compared with \$183 million in 2010, said a report done by Venture Intelligence, which provides data and analysis on PE/VC and M&A activity in India. Of the \$93 million investments into this sector so far, the R100 crore or about \$22 million investment in vocational training and placement firm Teamlease Services is considered to be a big one. PE investments in the education sector increased from \$129 million in 2009 to \$183 million in 2010.

Some of the large deals in the sector include Premji Invest's \$43 million investment in Manipal Education and India Equity Partners' \$37 million investment in IL&FS Education and Technology Services, DE Shaw's \$31 million investments into e-learning company Excel-Soft Technologies and Navi's Capital's \$24 million investments into ITM Group, said the report. According to the report, the education sector is the largest services market in India with a market size of more than 450 million students and \$57 billion per annum (as of 2009).

The landscape is primarily dominated by central and state governments funded and managed institutions with 80% of all schools being government schools. The government currently spends about 4% of the GDP on education, which has been increased to 6% to



## Weekly Economic Bulletin



R270,000 crore from R43,500 crore a few years ago.

The education industry in India can be broadly classified in to the regulated segment (K12 and higher education) and the unregulated segment (pre-school, multimedia, ICT, coaching cases, vocational training and books).

<http://www.financialexpress.com/news/education-sector-to-see-200-m-pe-vc-funding-in-11report/819398/0>

### **Telecom services industry grew 15% in 2010-11**

In the midst of scams involving award of 2G spectrum coming to light last year, the Indiantelecom services industry grew almost 15 percent to post revenues of Rs.166,168 crore in 2010-11, up from the previous fiscal's Rs.144,600 crore, according to a survey released.

Telecom services revenue includes revenue from cellular, fixed line, broadband and VSAT services.

The cellular or mobile services market, the largest among all the communication services offered in the country, saw revenues rise 16.6 percent to cross the Rs.100,000 crore revenue milestone, according to a survey conducted by leading telecom industry journal Voice&Data.

At end of the financial year 2010-11, revenues from this segment had grown to Rs,102,230 crore from Rs.87,680 crore a year before.

<http://economictimes.indiatimes.com/news/news-by-industry/telecom/telecom-services-industry-grew-15-in-2010-11/articleshow/9346753.cms>

### **Gems, jewellery sector growth steady at 15%: Assocham study**

The gems and jewellery industry in India is likely to reach Rs 2.13 lakh crore by 2015, apex industry body Assocham said.

“Growing at a steady rate of 15 per cent, the domestic gems and jewellery market is currently poised at Rs 1.22 lakh crore,” said the Associated Chambers of Commerce and Industry of India (Assocham) in a study titled ‘Current Trends in Indian Gems and Jewellery Sector’.

#### **Growing trend**

Assocham sought feedback from around 1,500 key retailers, manufacturers and wholesalers throughout the country including branded players from all verticals of the industry - gold, diamonds, silver and gemstones.

The study was carried out in March-June this year.



## Weekly Economic Bulletin



Growth in the industry is spurred by rising constant demand as jewellery is considered a trusted store of value and a large number of Indian consumers approve of it as a safe investment option, said industry bigwigs, adding that demand is expected to rise further with the onset of the annual festive season during August-October.

“Rising purchasing power, lifestyle changes and overall increasing affordability among Indian middle-class are significant reasons for higher jewellery demand,” said Assocham Secretary-General, Mr D.S. Rawat.

The introduction of hallmarking and certifications has transformed buying

preferences as more youngsters are seen buying jewellery as fashion accessories and are even parking their excess funds as part of investments in this sector, according to the Assocham study.

The availability of skilled artisans with expertise in jewellery-making, designing and diamond-cutting, processing at competitive wages is another reason for growth in this sector. Conscious marketing efforts are also a reason for the rapid increase in jewellery demand in India.

<http://www.thehindubusinessline.com/todays-paper/tp-economy/article2286002.ece>

## News Round-Up

### India Inc's appetite to ink deals to soar in coming mnths: KPMG

Corporate India's appetite to ink deals is likely to see an uptrend in the coming months, as there will be a large number of M&A pacts, especially across the border, says a study by global consultancy firm KPMG.

"M&A activity in India is expected to increase over the next 12 months with more cross border transactions," Vikram Utamsingh, Head of Transactions and Restructuring at KPMG said.

Utamsingh added, "The increasing availability of deals in the global markets is a positive sign for Indian buyers as these deals will still be relatively cheaper than the prices that prevailed prior to the global crisis."

Meanwhile, the private equity deals are also likely to rise in 2011 and 2012 as the Indian IPO market has been somewhat muted in the past six months.

"Increasingly, global private equity houses are targeting Indian buyers for their portfolio

## Weekly Economic Bulletin



companies as they are realising that our large Indian business houses have the muscle power and desire to do international deals," Utamsingh said.

According to KPMG International's latest Global M&A Predictor, though there was a decline in M&A transactions in the first half, there is an encouraging downward trend in net debt/EBITDA ratios -- which means that companies have lower debt levels.

According to global consultancy firm Grant Thornton, the first six months of this year saw M&A deals worth USD 26,743 million, down 7 per cent from last year when there were deals worth USD 28,892 million.

<http://economictimes.indiatimes.com/news/news-by-company/corporate-trends/india-incs-appetite-to-ink-deals-to-soar-in-coming-mnths-kpmg/articleshow/9298030.cms>

### DISCLAIMER

**The information contained in this Bulletin, is a compilation of information from various sources.**

**While we endeavour to keep the information updated, we make no claim to the accuracy and completeness of the same**



Designed, Developed  
& Maintained by  
FICCI-BISNET