

# Weekly Economic Bulletin

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### News Feature

#### Exports rise 46% in June

The country's export growth continues to belie the fears of a general slowdown.

Merchandise exports in June grew spectacularly for the third month in a row by rising 46.4 per cent to \$29.2 billion, driven by high-end products such as engineering goods.

This is despite experts doubting the sustainability of such high growth due to uncertainty in the global markets.

"This is a very high number for exports," said Commerce Secretary Rahul Khullar.

Imports grew 42.4 per cent to \$36.2 billion. A little less than one-third of this was accounted for by petroleum, oil and lubricants. The trade deficit stood at \$7 billion, down from \$10.55 billion a year ago.

Exports rose 45.7 per cent to \$79 billion in the first quarter of 2011-12. With imports growing 36.2 per cent to \$110.6 billion, the trade deficit for the quarter stood at \$31.6 billion. The gap was less than \$32.26 billion a year ago.

What is encouraging is that the growth in exports is broad-based. Engineering goods, electronic items, basic chemicals, plastic items and mineral ores were the main drivers.

"Almost all the sectors have performed very

well in the first quarter," said Khullar. He was particularly impressed with the performance of engineering goods.

Commerce Minister Anand Sharma said "the growth is steady and satisfactory and the maintained high rate of exports is encouraging."

"There has been a perceivable shift in the export mix from traditional goods to high-end items such as engineering products, for which there seems to be a sustained demand overseas," said Anis Chakravarty, director, Deloitte, Haskins & Sells.

In the last financial year, merchandise exports had grown 37.55 per cent to \$246 billion compared with 2009-10, while imports were up 21.6 per cent at \$350 billion.

The trade deficit in 2010-2011 was \$104 billion. "The trade deficit continues to remain a concern in the light of high imports due to volatile commodity prices," said Chakravarty.

The government has set a target of \$500 billion worth of exports by 2014 and doubling of India's share of global exports by 2020. "If we keep growing in excess of \$79 billion (quarterly), we can achieve our target by 2014," said Commerce Minister Sharma.

<http://www.business-standard.com/india/news/exports-rise-46-in-june/442110/>



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### Services PMI for June rises to 56.1

Activity in India's services sector rebounded in June from a 20-month low as new orders flowed in with renewed vigour and input costs climbed at a slower pace, a survey showed.

The seasonally adjusted HSBC India Services Purchasing Managers Index (PMI), compiled by Markit, rose to 56.1 in June. The index, which is based on a survey of 350 companies, was at 55.0 in May.

A reading above 50 indicates expansion.

"Services are showing signs of resilience, with business activity and new business improving over the previous month, despite policy tightening and high inflation," said

Leif Eskesen, chief economist for India and ASEAN at HSBC.

June was the 26th straight month of expansion for the services sector, which contributes about 60% of the total income generated in the economy.

The new business sub-index touched its highest level since February on improved general market conditions and rising demand. The sub-index has expanded in each month since May 2009.

However, the overall composite PMI fell to a nine-month low of 56.8 in June from 57.7 in May. The fall was attributed to a sharp slowdown in the manufacturing sector.

Economists say the disconnect between the services sector and manufacturing has been growing over time.

"The link between manufacturing and services is not very strong relative to earlier periods; it is perfectly possible that manufacturing and services tell completely different stories," said Abheek Barua, chief economist with HDFC Bank.

Rising rural affluence has been driving the growth of India's services sector, which has become more dynamic in the course of time.

"The services sector has its own momentum," said D K Joshi, chief economist with Mumbai-based ratings agency Crisil.

Participants in the survey expected business activity to flourish amid optimism for improved growth in new business over the next year due to marketing initiatives.

<http://economictimes.indiatimes.com/news/economy/indicators/services-pmi-for-june-rises-to-561/articleshow/9118975.cms>

## Overseas Investment

### At \$4.66 billion, FDI in May second highest in 11 years

Foreign direct investment (FDI) into the country more than doubled in May from year



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ago, touching \$4.66 billion against \$2.21 billion in May last year.

This is the second highest monthly FDI inflow since 2000. The rebound follows a dismal 2010-11 fiscal in which FDI dropped 25% to \$ 19.4 billion.

Foreign investors have shied away from India in the last year even as growth remained robust at above eight percent, amid mounting governance concerns and a decline in overall investment sentiment.

"The recent trend of a dip in foreign direct investment inflows appears to have been reversed in the current financial year, where a significant upward trend is evident," the industry ministry said in a statement.

The FDI is likely to spurt as a number of acquisition have been cleared against which inflows will come soon. The proposed tie up between BP and Reliance and Vodafone buying share of Essar could alone result in an inflow of approximately \$ 12 billion.

Major deals like Cairn -Vedanta are also expected to give an impetus to FDI into the country. "There is a likelihood of another 'surprising' spurt in the coming months with many projects are due for clearance under FIPB. FDIs tend to have a bunching effect under private equity," said Abheek Barua, chief economist at HDFC Bank .

Combined inflow over April and May through FDI has jumped 77% to \$7.79 billion, the data

showed.

Economists say that continued inflows could be a big positive as the stock market has not been able to attract FII inflows.

The FDI could help in paying for the current account deficit (CAD) at the end of the year. The CAD is expected to be in the range of 2.5-3% of GDP for FY12.

According to data released by Grant Thornton India, 27 more deals were signed in May this year over last year worth \$5.4 billion as compared with \$1.8 billion May 2010.

The deals include mergers and acquisitions, qualified institutional placements and private equity deals. These include the acquisition by Mundra Port of Abbot Point worth \$1.96 billion, Religare-Fortis deal amongst others.

<http://economictimes.indiatimes.com/news/economy/indicators/at-466-billion-fdi-in-may-second-highest-in-11-years/articleshow/9106070.cms>

### India third largest investor in UK

India was the third largest investor in Britain during 2010-11 with 97 new projects, generating several jobs in a country facing recession and major job losses, according to official figures.

"Among the high growth markets, India and China are still the two principal sources of inward investment by project numbers," an



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official report titled by 'UK Inward Investment Report 2010-2011' released by the UK Trade and Investment said.

An example of India's growing investment in Britain is Tata Steel and Australia's Dyesol's recently announced expansion of their 11 million pounds collaborative R&D project in Flintshire to develop the world's first continuously manufactured dye-sensitised photovoltaic product on steel, for building applications.

Peter Strikwerda, Managing Director of Tata Steel Colors, said: "This project forms a key part of our strategy to develop a new range of functional coated steel products. The expansion takes it from its laboratory and pilot line phase into a pre-industrialisation phase".

He added: "We will now accelerate technical progress with the objective of establishing a product, process and supply chain that can be successfully commercialised".

The report indicates that Britain is the top destination for foreign investment in Europe.

Speaking to over 100 CEOs of the UK's leading investors at UKTI's Business Summit, Business Secretary Vince Cable said: "The UK is rightly proud of what it achieves in exporting ideas and products overseas, but also in bringing new technologies and talent home".

He added: "With more overseas companies choosing the UK to set up their headquarters

than anywhere else, we are in a good position to capitalise on these opportunities."

Foreign secretary William Hague said: "The strong investment performance in this report confirms what many already know; the UK is a great place to invest, grow and succeed.

UK investors benefit from a globally renowned science and technology base, access to talent and a skilled labour force, in one of the most open economies in the world".

The US tops the country of foreign investment during the year with 388 projects, while Japan is second with 105 projects. Sector-wise, 'Software' attracted the most new projects: 229.

<http://economictimes.indiatimes.com/news/news-by-company/corporate-trends/india-third-largest-investor-in-uk/articleshow/9187038.cms>

### **End 3-Year lock-in on FDI in education infrastructure: Dipp**

Foreign direct investment in education infrastructure could become easier if a department of industrial policy and promotion proposal finds favour with the government.

The department has recommended dropping the three-year lock-in for FDI in construction if it is for creation of education infrastructure.

"The proposal is under consideration," an



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official told. "There is a view that building of education infrastructure needs to be treated differently from construction," he said.

FDI up to 100% is permitted in the construction sector, but is subject to stringent conditions that include a three-year lock-in, minimum capitalisation of \$5 million for joint ventures and \$10 million for wholly-owned subsidiary and development of at least 10 hectares of land.

The FDI policy does not make a distinction on the basis of the end use of the constructed asset even as it has allowed 100% FDI in education per se since February 2000.

DIPP has circulated the proposal to the ministries concerned, seeking their views on dropping these conditions for investment in building infrastructure for education, a priority sector for the government.

"This proposal is quite relevant and timely," said Punit Shah, executive director, tax & regulatory services (financial services), KPMG. "This move is also in line with past waivers of such conditions by DIPP in sectors of strategic importance such as health care and hospitality."

The government has already decided to provide viability gap funding for education projects under the public private partnership (PPP) route. The DIPP proposal would make investment in education infrastructure even more attractive for foreign investors, who have not been really interested in the

construction sector as a whole.

<http://economictimes.indiatimes.com/news/economy/policy/end-3-year-lock-in-on-fdi-in-education-infrastructure-dipp/articleshow/9179703.cms>

### India sees PE deals worth \$5.8 bn in first six months of 2011

Private equity investments jumped to USD 5.8 billion in the first six months of 2011, driven by higher number of large-size transactions as well as increased activities in the infrastructure space, says E&Y.

With capital markets remaining sluggish, more and more investors seem to be preferring the PE route to raise funds.

According to global consultancy Ernst & Young, PE deal value in the six months ended June climbed 34 per cent to USD 5.8 billion as compared to same period a year ago.

"The increase in aggregate deal value was largely driven by greater number of large deals (deals over USD 100 million).

"Top 10 deals in H1 '11 aggregated USD 2.7 billion compared to USD 1.75 billion in H2 '10 and USD 2 billion in H1 '10," E&Y Partner (Private Equity) Mayank Rastogi told PTI.

The first six months of this year saw 211 PE deals, much higher than 154 transactions witnessed in first half of 2010.



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Infrastructure attracted highest PE investments in 2011 first half, accounting for over USD 1.35 billion of the total deal value.

"This trend of infrastructure sector attracting the most PE investments has continued from H1 '10 and H2 '10, where it recorded 27 per cent (USD 1.16 billion) and 36 per cent (USD 1.36 billion) of aggregate PE investments, respectively," Rastogi said.

In terms of deal count, retail and consumer products was on top with 29 transactions in the first six months of 2011, followed by infrastructure (28) and technology (23).

Among the top 10 PE investments in first half

of 2011 are GIC and Bain Capital pumping in USD 850 million into Hero Investment Private Ltd.

Other major transactions include Apollo Management LP investing USD 350 million in Welspun Corp and Apax Partners infusing USD 330 million in iGate Patni.

As per E&Y, India-focused PE funds mopped up as much as USD 2.8 billion in the first half of 2011.

<http://economictimes.indiatimes.com/news/economy/finance/india-sees-pe-deals-worth-58-bn-in-first-six-months-of-2011/articleshow/9171205.cms>

## Trade News

### Poland looking forward to better ties with India

Polish Foreign Minister Radoslaw Sikorski will arrive on a two day visit, along with a high-powered business delegation in what is seen as bid to improve relations between the two countries. Sikorski's visit comes at a time when bilateral trade between the two countries has touched a new height, and there is growing realisation in the two governments that the bonds could be strengthened, encapsulating areas such as culture, academics, tourism and defence, besides business.

Poland, which on July 1 assumed the

presidency of the European Union, is poised to take up issues relating to cultural and consular relations. "The two sides may discuss several areas of mutual interest. These may span not just bilateral issues, but also global concerns," Polish ambassador Piotr Klodkowski told. Bilateral trade touched \$808.42 million in 2009-10, up from \$334.77 in 2005-06. "Poland is India's largest trading partner in central Europe and is considered an attractive investment destination by the Indian private sector," Klodkowski said. Indian companies, in the past decade, have made a beeline towards Poland, with Uflex, Infosys, TCS, RIL and Wipro setting up bases there.



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LM Mittal's Arcelor group has four steel plants. But then he holds a British passport and the group has its headquarters in Europe. "So far, the investments of Indian private players in Poland have been largely limited to BPO and IT sectors. Of late, pharmaceuticals, steel and agricultural machinery too have attracted investments. But we are looking towards joint ventures and technology transfer, particularly green technology. Our country is sitting on the largest reserves of shell gas. Both countries need access to technology," Klodkowski said. With the Indian economy emerging among the fastest growing in the world, Polish companies also view New Delhi as an important investment destination.

[http://articles.economictimes.indiatimes.com/2011-07-09/news/29755852\\_1\\_polish-companies-polish-ambassador-poland](http://articles.economictimes.indiatimes.com/2011-07-09/news/29755852_1_polish-companies-polish-ambassador-poland)

### India calls for cooperation with Africa in solar energy

India has offered to expand and strengthen its cooperation with the African countries in the field of Renewable Energy.

"India is already assisting African countries for electrification of villages through solar energy and aims to set up 40 solar charging stations and 40 biomass gasifiers," said Dr Farooq Abdullah, Union Minister of New and Renewable Energy. He was speaking at the IRENA-Africa High Level Consultative Forum meeting in Abu Dhabi on Accelerating Renewable Energy Uptake for Africa's Sustainable Development.

"India has established many institutes which have tailor-made training programmes in various areas of renewable Energy and the country is ready to share its experience, knowledge and technology in the field of renewable energy with the African countries", he added.

In the recently concluded 2nd Africa-India Forum Summit held at Addis Ababa, Indian Prime Minister, Dr Manmohan Singh had announced an offer of 5 billion US dollars for the next three years under lines of credit and 700 million US dollars as assistance to help Africa achieve its development goals. As part of these efforts, Dr. Abdullah announced over 250 training positions on Rural Electrification, Small Hydropower, Solar Energy and Wind energy for African learners and professionals.

He also outlined India's success in providing energy access through decentralized energy sources and explained how small stand alone solar and biomass based systems are being used to provide energy to some of the farthest and remotest corners of India.

[http://articles.economictimes.indiatimes.com/2011-07-08/news/29752055\\_1\\_solar-energy-renewable-energy-small-hydropower](http://articles.economictimes.indiatimes.com/2011-07-08/news/29752055_1_solar-energy-renewable-energy-small-hydropower)

### Jordan wants more JVs to enhance trade with India

Jordan is looking for more joint ventures between Indian and Jordanian companies, especially in sectors like garments, pharmaceuticals and agricultural equipment



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in a bid to enhance trade between the two countries.

As part of the initiative, a Jordanian team is currently holding talks for a joint venture with a Punjab-based firm that makes agriculture equipment and tractor components.

"While we want trade between the two countries to grow, we are also encouraging companies in respective nations to form joint ventures," Jordan's Ambassador to India Mohammad El Fayed told.

In 2008 IFFCO and Jordan Phosphates Mines Company Ltd (JPMC) of Jordan had announced a joint venture -- Jordan India Fertiliser Company (JIFCO) -- to set up a phosphoric acid plant there.

"Similar to JIFCO, we want more joint ventures to be formed," El Fayed said.

He said a team from his country is currently holding talks for a joint venture with a Punjab-based agriculture equipment and tractor components maker.

"The talks are at an advanced stage," El Fayed said, but declined to disclose details.

He said Jordan also encourages Indian companies to set up 100 per cent owned manufacturing units.

"In the last three years, 20 Indian companies in various sectors like garments, pharmaceuticals and agricultural equipment

have set up manufacturing units in Jordan," he said.

Having operations there gives Indian companies an access to the entire Arab region, European Union, Canada and the US with which Jordan has free trade agreements.

According to El Fayed, the total bilateral trade between Jordan and India stood at USD 1.4 billion in 2010.

"Jordan mainly exports phosphate and potash to India and imports garments, pharmaceuticals and agri-equipment," he said.

<http://economictimes.indiatimes.com/news/economy/indicators/jordan-wants-more-jvs-to-enhance-trade-with-india/articleshow/9171274.cms>

### India is our key priority in trade: Canada

Canada said deepening trade ties with India is its key priority as the two countries work out the modalities of a Comprehensive Economic Partnership Agreement (CEPA) to be signed soon.

Speaking at a round-table discussion with the Indo-Canada Chamber of Commerce at Toronto, Ed Fast, minister of international trade, said India was a priority country for Canada in terms of forging better economic relations.



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"Earlier this week, Canadian and Indian officials held a successful meeting in Ottawa, where they worked toward a comprehensive economic partnership agreement. There is opportunity here, and we are seizing it in order to protect and strengthen the financial security of hardworking Canadians," the Canadian minister said.

He said, "With trade representing some 60 percent of Canada's economy, strengthening and increasing trade and investment with India is vital to our economic recovery. Building on the already strong ties we have with India will lead to new opportunities and stronger economies for both countries."

Punjab-born Bal Gosal, who is the minister of state for sports in the Canadian cabinet, said, "Forging closer Canada-India ties is a key priority for our government, and today's round-table discussion puts even greater emphasis on this important relationship."

"Our ongoing negotiations toward a free trade agreement are a clear indication of our commitment to strengthening this relationship."

Lauding the Canadian prime minister Stephen Harper for his stress on boosting business ties with India, Satish Thakkar, president of the Indo-Canada Chamber of Commerce, said, "The Indo-Canada Chamber of Commerce

lauds the efforts of the Harper government to improve economic relations with India. Our Chamber supports an economic partnership agreement and we believe it will result in all-around benefits."

A Canada-India joint study in 2010 concluded that free trade could expand Canada's economy by at least \$6 billion and increase bilateral trade with India by 50 percent.

Last year, the bilateral trade between Canada and India totalled \$4.2 billion. With the two countries likely to sign a Comprehensive Economic Partnership Agreement (CEPA), they aim to triple it by 2015.

Canadian goods face 16 percent tariff in India while Indian goods face nine percent tariff in Canada.

But once the deal is signed and tariffs are eliminated, each country is expected to gain between \$6 billion and \$15 billion in trade volume.

Currently, India is Canada's 15th largest trading partner while Canada ranks 33rd on India's list.

**<http://economictimes.indiatimes.com/news/economy/foreign-trade/india-is-our-key-priority-in-trade-canada/articleshow/9147349.cms>**



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### Sectoral News

#### India's commercial plane mkt to reach \$150 bn by 2030: Boeing

Boeing said it expects India's commercial airplane market to reach USD 150 billion over the next 20 years driven by double digit growth and economic prosperity amongst a massive Indian population.

In its outlook for India's commercial airplane market through 2030, Boeing said India will need 1,320 new passenger airplanes over the next 20 years.

"Robust growth with new economic prosperity amongst a massive Indian population, discretionary incomes, business progress and access to airports will increase airplane demand," Boeing India president Dinesh Keskar said.

India had 53.6 million domestic passengers and 13.1 million international passengers during the fiscal year ended on March 31, 2011.

Boeing said passenger traffic in India is expected to grow at 8.1 percent annually over the long-term, while globally it is expected to grow at 5.1 per cent.

"In 2011, the economy continues to do well. Indian air carriers are becoming profitable and we expect the GDP to maintain its upward trend in the long-term. As a result, both the

air travel and air cargo markets will grow," Keskar added.

Boeing predicts that India-based airlines will also grow by responding to passenger preference for more flight choices, lower fares and direct access to a wider range of destinations.

"The demand for new aircraft is driven by growth in developing and emerging cities, demand from low-cost carriers, and the need to replace an aging fleet," the statement said.

High inflation and volatile fuel prices will however, play a pivotal role in determining the future trend of the industry, Boeing said.

Globally, Boeing forecasts a market for 33,500 new passenger airplanes and freighters worth USD 4 trillion over the next 20 years.

<http://economictimes.indiatimes.com/news/news-by-industry/transportation/airlines/-aviation/indias-commercial-plane-mkt-to-reach-150-bn-by-2030-boeing/articleshow/9125584.cms>

#### SaaS expected to grow by 20.7% this year: Gartner

Software as a service (SaaS) which has gained significant buzz over the past year is estimated to grow by 20.7% this year



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amounting close to Rs 538 crores as compared to 2010 where it was close to Rs 445 crores according to IT advisory firm Gartner. SaaS refers to software that is owned, managed and delivered by a provider from a remote location. Customers pay for the service based on their usage.

Although SaaS is only a variation of cloud computing which includes services like platform as a service and infrastructure as service, SaaS has led the growth of cloud computing. According to Gartner, 75% of SaaS delivery could be regarded as cloud services which is set to exceed 90% by 2015 with SaaS becoming mature. Customer relationship management (CRM) is the largest market for SaaS expected to reach Rs168.83 crores in 2011 to represent 32 % of total CRM market.

Usage and vendors' on-demand ecosystems continue to evolve to provide additional business and technology services, more vertical-specific functionality, and stronger communities of partners and buyers," said Tom Eid, research vice president at Gartner in a statement. "Initial concerns about security, response time and service availability have diminished for many organizations as SaaS business and computing models have matured and adoption has become more widespread," he added.

[http://articles.economictimes.indiatimes.com/2011-07-07/news/29747795\\_1\\_saas-cloud-services-crm](http://articles.economictimes.indiatimes.com/2011-07-07/news/29747795_1_saas-cloud-services-crm)

### Exports of coir, products hit record high

Export of coir and coir products reached an all time high of 321,016.02 tonnes valued at Rs 807.07 crore for 2010-2011. This is an increase of 9 per cent in quantity and a marginal increase of 0.4 per cent in terms of value over exports achieved in 2009-2010.

During 2009-2010, exports of coir and coir products were at 294,508.05 tonnes valued at Rs 804.05 crore. The export during 2010-11 has surpassed the target of Rs 800 crore fixed by the Ministry of Micro, Small and Medium Enterprises.

<http://www.thehindubusinessline.com/industry-and-economy/agribiz/article2207860.ece>

### FM radio auction to double sector's size in 3 yrs

A day after the government approved e-auctioning of a record 839 private FM radio stations in 227 towns and cities, the industry expects to double in size in the next three years.

The government's guidelines were for the expansion of the third phase of FM radio broadcasting services.

Ashish Pherwani, associate director and segment champion (radio), Ernst & Young, said: "Once all the licences are sold, the



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number of stations will increase four-fold to over 1,000 centres. It would take three to four years to launch all stations, but the amount of inventory coming in, it would enable the industry to double revenues over the time.”

At present, the radio industry in India, which has 36 FM operators, is estimated to be valued at Rs 1,200 crore.

The country’s largest private radio operator, Entertainment Network India Limited (ENIL) which owns and operates Radio Mirchi, expects 22-25 per cent growth in annual revenues once new stations under the third phase start functioning.

“Our steady state growth expectation is about 15 per cent per annum. With Phase-III coming in, we would expect to grow at 22-25 per cent per annum. But this would happen from 2013-14....it will take another 18 months for the new stations to be launched,” Radio Mirchi Chief Executive Officer Prashant Panday said.

Reliance Broadcast Network Ltd, which runs channel Big FM, also appears upbeat.

“We expect to clock over 30 per cent growth annually, driven by expansion in key urban clusters and deeper reach in Tier-II and Tier-III towns,” said CEO Tarun Katial.

One of the significant policy initiatives that would drive growth in the sector is the government’s decision to allow multiple frequencies under a single licence, experts say.

Pherwani added, “Permitting multiple frequencies will enable radio companies to effectively generate revenues around the larger revenue markets — the metros. According to me, that’s the most important policy change in Phase III. Further, the ability to network all radio stations will enable a reduction in operating costs and that is a welcome relief for number two and three ranked stations in smaller revenue markets. Given that companies can now provide a bouquet of over 150 channels across the country, we can expect to see more and bigger deals.”

Under the new policy, pan-Indian players with adequate infrastructure can broadcast content across metros and smaller cities by operating from a single city, instead of having studios across the country.

<http://businessstandard.com/india/news/fm-radio-auction-to-double-sectors-size-in-3-yrs/442114/>

### News Round-Up

#### Indian consumption to grow 14% in 3 years: Study

Consumer durables, automobiles, food and personal care products have the maximum



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growth potential in the country as multinationals shift focus to Asia Pacific and Latin America to drive up their sales, says a study. And Indian consumers will maintain their spending spree despite challenges such as rising prices and higher interest rates, according to an Ambit Capital Research report.

The Indian Consumer: a robust operator in an uncertain world'. "Despite being impacted by several challenges, we expect India's consumption growth story to maintain its course of about 14% growth over the next three years driven by three factors— inclusiveness, mix changes and specific consumption categories," senior analysts Vijay Chugh, Ashvin Shetty and Shariq Merchant wrote in the report.

Reasonable valuations will keep acquisition interest by global midcap firms alive," they added. The \$473-billion processed dairy category could grow at a rate of 15% in the next four years, while the \$340-billion personal care products category would grow a tad lower at 14%.

Multinationals are aware of the potential in India. "I am hopeful that McDonald's India will contribute half a percent to the global sales in the next five-seven years," McDonald's India (North & East) MD Vikram Bakshi said. India currently accounts for just 0.37% of the US fast food giant's \$24-billion global business.

Last week, at the Cannes advertising festival, Unilever CEO Paul Polman was categorical when he said "We have to shift our thinking to

New Delhi, not New York." Calling Unilever an 'emerging markets company', Polman said the "shift of economic power to the East and the South" was forcing the world's second largest consumer products firm to make extraordinary changes. He said while about 56% of Unilever's revenues come from outside North America and Europe, by 2020, Unilever expected this to be 70-75%.

At the same venue, Paul Bulcke, CEO of the world's largest foods maker Nestle SA, said that the most important global economic difference over the last few decades was that "emerging markets are emerging". As sales flatten in mature markets like the US and Europe, consumer products makers are relying on Asia Pacific and Latin America for growth.

[http://articles.economictimes.indiatimes.com/2011-07-05/news/29738716\\_1\\_consumer-products-global-sales-hindustan-unilever](http://articles.economictimes.indiatimes.com/2011-07-05/news/29738716_1_consumer-products-global-sales-hindustan-unilever)

### **Start-ups, subsidiaries will drive India's innovation: Study**

Start-up and MNC ecosystem in India is likely to drive India's future innovation growth, ably supported by a huge domestic market with immense untapped potential, according to a study released.

India is increasingly shifting towards becoming a technology-enabled economy which is evident by some of the government initiatives and budgeting, as per the study conducted by

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Zinnov Management Consulting, a leading globalisation advisory firm.

According to the study, India today is at the cusp of becoming an epicentre for global innovation, which is driven by the timely amalgamation of multiple factors viz domestic market, global aspirations of Indian firms and the need for innovation to succeed.

While the private sector has always rooted for technology adoption, the government too seems to be making the strategic shift. The Indian Government has earmarked USD 9 billion for investment in IT initiatives over the next five years; 12 per cent y-o-y rise in IT spending allocation to States.

"The next decade will play a crucial role in the evolution of India's IT ecosystem, which will also have a significant bearing on the innovation growth story," Pari Natarajan, Co-

Founder & CEO, Zinnov Management Consulting, said.

Highlighting the synergies that have also spurred the MNC & Start-up ecosystem in India, the study says India has over 2,50,000 professionals working in R&D related services across captive centers and service providers.

The study also takes note of the contribution of second generation entrepreneurs in India.

Successful IT company founders like Narayana Murthy and Azim Premji have started venture funds to encourage entrepreneurs resulting in the growth of the start-up ecosystem, the study states.

<http://economictimes.indiatimes.com/news/economy/indicators/start-ups-subsidiaries-will-drive-indias-innovation-study/articleshow/9127614.cms>

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