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News Feature

DBRS upgrades India's credit rating outlook to stable

International credit rating agency DBRS has upgraded India's long-term foreign and local currency debt rating outlook from negative to stable on account of fiscal consolidation and return to pre-crisis growth levels, backed by a robust policy framework.

"DBRS has changed the trend on India's long-term foreign and local currency debt ratings to stable from negative. The reasons for the change are progress in fiscal consolidation in the context of a strengthening policy framework, and a return to pre-crisis growth," the rating agency said in a statement.

DBRS has assigned a 'BBB(low)' on India's long-term foreign currency and local currency debts. A 'BBB' signifies medium risk.

"Estimates indicate that the general government deficit will decline from 8.3 per cent of GDP in 2010-11 (8.7 per cent of GDP excluding privatisation receipts) to 5.4 per cent of GDP in 2014-15," DBRS said.

This effort, combined with reductions in subsides, changes in the tax code and privatisation of state assets, will reduce net general government debt estimated at about 75 per cent of GDP in 2010-11, it added.

"Overall, India has adopted a more responsible medium-term fiscal policy and commitment to debt reduction, and this bodes well for the ratings," DBRS said.

The government, it added, "is addressing the country's infrastructure deficit by spending USD 514 billion, or 9 per cent of GDP, on infrastructure between 2007-2012, and an additional USD 1 trillion from 2013-2017."

The government plans to spend USD 1 trillion on infrastructure during the 12th Plan period, of which half is expected to come from the private sector.

Complimenting India for reform initiatives, the DBRS said the country has freed petrol prices and is in the process of revamping the direct tax laws.

"A new direct tax code which could improve tax efficiency may be enacted in April 2012. Once introduced, a national identification card may in the coming years increase labour market formality, raise tax compliance and streamline subsidies and social security expenditures," it said.

DBRS further said the proposed Goods and Services Tax (GST), once implemented, would help in streamlining the indirect taxation regime in the country.

"India's fiscal and monetary policy response to the global credit crisis helped restore the

economy to a path of higher growth. The economy has weathered the global credit crisis relatively well, and a strong private sector-led recovery has returned India's growth rates to pre-crisis levels," it said.

http://economictimes.indiatimes.com/news/economy/indicators/dbrs-upgrades-indias-credit-rating-outlook-to-stable/articleshow/8976575.cms

Fitch sees India's mid-term growth at over 8%, affirms current sovereign status

Multinational rating agency Fitch Ratings has projected India's potential medium-term GDP growth over 8% even after lowering the current year growth target to 7.7% from 8.5% in 2010-11. Expecting a robust medium-term growth, the agency has affirmed India's 'BBB-' sovereign status.

The agency's Asia sovereign ratings group director Art Woo said India's robust growth prospects and solid external financial position underpin the status. Fitch has given a thumbs-up to India's ceaseless effort in tackling fiscal deficit and inflation pressure and said the rating got support from the country's robust foreign exchange reserves at $313.5 billion.

The rating agency has affirmed India's long-term foreign and local currency issuer default ratings (IDR) at 'BBB-' with stable outlook. It has also affirmed India's short-term foreign currency IDR at 'F3' and its country ceiling at 'BBB-'. "India's authorities look to be tackling the challenges of a continuously large fiscal deficit and rising inflation pressure with greater vigour," Mr Woo said.

The country is, however, likely to overshoot its fiscal deficit target of 4.6% of GDP for 2011-12 on account of rising cost of subsidies. But Fitch does not expect the slippage to be significant. It has estimated that the broader general government budget deficit (which includes the budgets of both central and state governments) should continue to improve, falling to 8% of GDP in 2011-12. Fitch has a concern though.

India's general government debt-to-GDP ratio, which is estimated to be at 66% of GDP, is well above the median for the 'BBB' category of 35.6%. Yet, India's sovereign ratings benefited from the fact that 92% of its debt is in local currency and the economy has access to domestic sources of finances, mainly from the banking system.

The firm also contends with India's current account deficit, to an estimated 2.6% of GDP in 2010-11. It is not a significant risk in light of India's current stage of economic development, it said. It said the Reserve Bank of India is likely to continue with its tightening monetary policy to cool down inflationary pressure, even as the higher policy rates have begun to weigh on the economy, particularly fixed investment activity.

http://economictimes.indiatimes.com/news/economy/indicators/fitch-sees-indias-mid-term-growth-at-over-8-affirms-current-sovereign-status/articleshow/8944241.cms

Overseas Investment

FDI in multi-brand retail to begin with six cities

The government is likely to permit foreign direct investment (FDI) in multi-brand retailing only in the six big metros. The emerging consensus in the government is that the recommendation of the Department of Commerce & Industry to allow such stores in cities with over one million population is premature.

The six metros in which FDI in multi-brand retailing will be permitted are Delhi, Mumbai, Kolkata, Chennai, Bangalore and Hyderabad. The decision in favour of a 'calibrated' liberalisation, keeping other cities out, is on account of political concerns regarding the impact of the opening up of multi-brand retailing to FDI on small retailers.

The 2001 census reported over 35 cities (up from 23 in the 1991 census) with a population of over a million. The number will be higher in the 2011 census. The note prepared by the ministry of commerce for the committee of secretaries on FDI in retail has said the cities will be selected on the basis of the 2011 census.

The one million cut-off would lead to inclusion of cities such as Agra, Nashik, Faridabad, Dhanbad, Indore, Vizag, Kochi, Ludhiana, Rajkot, among others. They account for 11.5 per cent of India's population according to the 2001 census.

While the move would further whittle down the policy, which already has several riders, it would enable a step by step approach to liberalising the sector. While FDI up to 51 per cent is proposed, state governments may get the power to decide if they want to allow foreign retailers to open front-end stores in their cities. The policy also says at least 50 per cent investment should be in back-end infrastructure. The minimum FDI suggested is Rs 450 crore.

Also, 30 per cent manufactured products should be outsourced from small and medium enterprises, it says.

http://businessstandard.com/india/news/fdi-in-multi-brand-retail-to-beginsix-cities/439879/

Outward FDI up 59 pc at USD 3.7 bn in May

Overseas investment by Indian firms increased by about 59 per cent in May to USD 3.7 billion, with Gammon, Tata Steel and Religare among the top investors abroad.

Outward flows in May, 2010, stood at about USD 1.39 billion.

However, the total outward FDI by Indian firms during the April-May, 2011, period - at 5.09 billion - was lower than the USD 5.98 billion achieved in the corresponding period last year, the Reserve Bank said.

Indian overseas investment policies have been progressively liberalised and simplified to meet the changing needs of a growing economy in a globalised environment.

"In the post-2003 period, the policy has enabled corporate entities and registered partnerships to invest in bonafide businesses abroad, currently to the extent of 400 per cent of their net worth, under the automatic route," the central bank said.

Even as Indian firms were bullish on overseas investment, inbound foreign direct investment stood at USD 3.12 billion during the month of April, 2011, as per the latest data from the Industry Ministry, up by about 43 per cent from USD 2.17 billion in the same month last year.

The RBI data further revealed that outward FDI in 2010-11 stood at USD 43.92 billion, a huge jump from USD 17.98 billion in the previous fiscal.

http://economictimes.indiatimes.com/news/economy/finance/outward-fdi-up-59-pc-at-usd-37-bn-in-may/articleshow/8950347.cms

DIPP proposes downstream route to bypass FDI caps

The commerce & industry ministry has come out with a solution to the vexed issue of allowing 49 per cent foreign direct investment (FDI) in multi-brand retail. It has floated a proposal that FDI in multi-brand retail -- besides other restricted sectors such as defence, media and civil aviation -- be allowed in the form of downstream investment by entities having FDI up to 49 per cent, that is, those owned and controlled by Indians.

Under the present rules, downstream investment by an entity owned and controlled by a resident Indian is not considered FDI. Thus, technically, such downstream companies are allowed to “invest in any sector” without restriction, say DIPP officials.

DIPP issued a discussion paper on June 23 that suggested doing away with all FDI caps below 49 per cent. In other words, it said entities with up to 49 per cent FDI should be allowed to invest in any sector provided they were owned and controlled by Indians.

Even though it seems a major change of

policy, it's been on the table since February 2009, when Press Notes 2, 3, 4, which are now part of the Consolidated FDI Policy, were issued.

The question now is why did a joint venture like Bharti-Walmart, controlled by Indians, not foray into multi-brand retail? Experts say the problem is lack of clarity on these rules in the various government departments.

"Industry is aware of this. Many approvals based on this clause are pending. However, there is lack of clarity. DIPP has raised a valid point. The problem arises when there is a question of approval, even though technically these investments are allowed under the automatic route," said Krishan Malhotra, executive director, KPMG.

At present, India allows 100 per cent FDI in cash & carry wholesale trade and 51 per cent in single-brand retail. FDI in multi-brand retail is not allowed.

The proposal to open up the defence sector to 49 per cent FDI has been stuck with the Ministry of Defence over security issues. DIPP says it is important to allow FDI in the sector as defence production in the country is not in a healthy state and too much dependence on imports will cripple the sector. If FDI in defence is allowed, companies such as EADS and Dassault which have strategic interests in India will be able to enter into partnerships with companies owned and controlled by Indians by investing up to 49 per cent in them.

This is also true for the media industry, where FDI is restricted to 26 per cent, and for civil aviation, where FDI is allowed up to 49 per cent depending on the segment (air transport, airports and ground handling).

FDI into the country declined 9 per cent to $6.51 billion during January-April 2011 over the same period last year. In January-April 2010, the country received FDI worth $7.14 billion. In 2010-2011, FDI inflows were $19.42 billion compared to $25.83 billion in 2009-2010.

http://businessstandard.com/india/news/dipp-proposes-downstream-route-to-bypass-fdi-caps/440548/

Trade News

India, Myanmar to discuss trade, infrastructure

Information technology, energy and power, communications and infrastructure will be on the agenda for talks between India and Myanmar's civilian government during the June 20-22 visit of external affairs minister SM Krishna to the country.

Krishna, accompanied by foreign secretary

Nirupama Rao, will meet Myanmar President Thein Sein to discuss measures to increase trade and cooperation in areas such as energy and defence. "The governments will also discuss work on the Kaladan project that will improve transport links across their border," Krishna told before departing for Yangon. India, like China, is investing in ports, railways and oil and gas pipelines in Myanmar.

"Three of the ten rice silos being set up in Myanmar with India's assistance following the devastating Cyclone Nargis that hit the country three years ago would be inaugurated (during the visit). A number of MoUs to further strengthen bilateral cooperation are expected to be inked," the minister said.

The minister is visiting the country on the invitation of his counterpart in Myanmar. "This will be India's first high-level engagement with the civilian government in Myanmar after its assumption of office on March 30, 2011," said Vishnu Prakash, official spokesman of MEA.

Considerable progress has been made in implementing the decisions and agreements inked between the two countries in 2010. Construction has commenced on the Kaladan Multi-Modal Transit Transport Project, while plans are afoot to initiate a few more projects.

Myanmar, situated between India and China, is a resource rich country, with a proven 20 trillion cubic feet (570 billion cubic metres) of natural gas and mines, which are potentially the world's greatest source of high-quality rubies and jadeite jade.

http://www.financialexpress.com/news/india-myanmar-to-discuss-trade-infrastructure/806454/0

El Salvador keen on Indian Investment

The Central American republic of El Salvador is keen on trade and investments from India and strengthen bilateral relations between the two countries.

Speaking at an interactive session fielded by the Indian Chamber of Commerce in Kolkata, the ambassador of El Salvador to India, Dr Ruben Ignacio Zamora Rivas said that the nation can open up the vast markets in Guatemela, Nicaragua, Costa Rica and Panama, besides being an ideal hub for access to the US and European markets.

Dr Rivas said that currently India exports pharmaceuticals, fabrics, textiles, electrical goods and auto parts to El Salvador, but there is ample scope for trade in the areas of IT, agro-chemicals, BPOs and medical services from India. He said advanced countries of the world have realized that the future of global trade and commerce lies in China and India, and given proper importance, the economic hub is sure to move to Asia in the next few decades. Currently, several American airlines are using El Salvador as a maintenance center for their aircraft.

One of the smallest, but densely populated Latin American countries, El Salvador has emerged as a very dynamic country in the region, playing a leading role in integration of Central America. The country offers liberal entry rules for Indian citizens and permits are handled by its diplomatic mission in Delhi set up about four years ago. Dr Ruben is also keen to strengthen cultural relations between the two countries and is in favour of exchange of cultural troupes between the two countries and translation of books authored by eminent writers of both countries.

ICC director general, Dr Rajeev Singh, offered all assistance to Indian entrepreneurs keen to do business in El Salvador and strengthen bilateral economic ties between the two countries. The interactive session was also addressed by the honorary consul of El Salvador in Calcutta, Sharad K. Khaitan.

http://articles.economictimes.indiatimes.com/2011-06-22/news/29689809_1_el-salvador-countries-china-and-india

India to establish foreign trade institute in Uganda

As part of the $5-billion package Prime Minister Manmohan Singh announced for Africa last month, India will support Uganda in building a foreign trade institute at Kampala, the country's capital.

To be named India Africa Institute of Trade, it is slated to function through the aegis of the Indian Institute of Foreign Trade (IIFT) in the initial years. "The idea will be to develop trade capacities in Africa, for international and intra-Africa trade," said K Rangarajan, head, IIFT, Kolkata.

He will head implementation of the project and said the institute will host a pan-Africa campus, the primary purpose of which would be to provide a world-class trade policy research facility to the continent.

The trade institute is slated to begin operations by November this year and will initially be housed in Kampala University. In the beginning, the campus would house 100 students, to be expanded to 1,200 over the next five years, within which time the independent campus would become fully operational.

Besides the trade institute, slated to require $20 million of investment, an information technology institute and a logistics institute would also be established as part of the package.

When Prime Minister Manmohan Singh visited Africa last month, he had announced that India would provide Africa with support worth $5 billion over the next three years under lines of credit. He said the package had been announced to aid Africa in the achievement of development goals, offering

an additional $700 million toward the development of new institutions and training programmes.

In his address to the Ethiopian legislature, Singh had said there was a new world order in place, making globalisation a reality.

“India and Africa have to work together to make global interdependence work for the benefit of all people and particularly for the millions who live in the developing world. This is our next project,” he had stated.

“For India, the establishment of the African institute would mean a networking benefit. IIFT will ultimately benefit Africa by helping in the formulation of a better trade policy regime in the continent,” said Rangarajan.

The institute would function within the framework of the higher education system in Uganda. “The government of Uganda will make amendments to the set laws if needed to facilitate student movement, helping make the institute truly pan-Africa,” Rangarajan said.

According to estimates for the project, the best trade education infrastructure is presently in South Africa, Tanzania, Kenya and Uganda.

http://www.business-standard.com/india/news/india-to-establish-foreign-trade-institute-in-uganda/439903/

India, Canada eye $15 billion trade in next 5 years

As fans in Toronto cheered for Bollywood icons in the run up to the IIFA awards , reflecting the growing popularity of Hindi films in Canada, government and corporates of the two countries warmed up to firmer business ties that could see bilateral trade reaching $15 billion in the next five years.

Canada expects to create new business opportunities and partnerships in sectors such as clean technology, media and entertainment, tourism and higher education. The two countries are already negotiating a Comprehensive Economic Partnership Agreement (CEPA), which would boost two-way trade and investments.

Speaking at the Ficci-IIFA Global Business Forum in Toronto, Stewart Beck, the High Commissioner of Canada to India, said: "The two governments have set a target of growing the trade between the two countries from $5 billion to $15 billion in the next five years."

He added that besides negotiating the free trade agreement, the two countries are also working on other agreements like the audio-video co-production treaty, social security agreement and foreign investment promotion and protection agreements.

Talking about the growing investments by Indian companies in Canada, Harsh Mariwala, president of Ficci, and chairman and

managing director of Marico Industries, said: "Canada not only provides a gateway to the American market but also presents excellent opportunities for Indian businesses to explore." One of the reasons why Indian greenfield and mergers & acquisitions investments in Canada have already outstripped Canadian investments into India.

In a bid to attract the large number of Indians travelling abroad and to ensure better connectivity, Air Canada is soon looking to fly a direct flight linking key Indian destinations. Air capacity for one-stop flights between India and Canada has increased 17.5% in 2008 and 35% in 2009 over the previous years.

http://economictimes.indiatimes.com/news/economy/foreign-trade/india-canada-eye-15-billion-trade-in-next-5-years/articleshow/9007677.cms

'India, US increased cooperation at multilateral level'

India and the US have increased their cooperation and coordination at multilateral level, including G-20 , a top Obama administration official has said.

"The United States is looking for deep sustained engagement with India, commensurate with its role and US role in the world stage and the values that the two countries share," Lael Brainard, US Under Secretary of Treasury for International Affairs, told a group of Indian reporters.

"So we really are stepping up in our engagement in both bilaterally and multilaterally. The United States and India have increasingly been working together at various international platforms including G-20," she said during her interaction with Indian journalists ahead of the next week's second India-US Economic and Financial Partnership meeting.

"In G20 - India has been chairing the Framework Working Group- goals there were very well aligned and they are active member in the Finance Stability Board . So we are engaging more multilaterally as well," she said.

Brainard asserted the US supports India in having a greater role in the international financial institutions such as the World Bank and the International Monetary Fund .

The quota reforms and the capital replenishment that the two nations negotiated at the IMF and the World Bank, respectively, give India a much greater voice in at these institutions, the official said.

"We were supportive of those reforms. I worked closely together to create that greater voice for emerging markets and India benefited from that as it should given its growth and its role in the world economy."

"So we consult with them very closely on the goals that we are pursuing in the G20," Brainard said, adding, India and the US have been relatively aligned - both the nations are large market-based economies, democratic with rich tradition of entrepreneurship, competition and innovation.

http://economictimes.indiatimes.com/news/economy/foreign-trade/india-us-increased-cooperation-at-multilateral-level/articleshow/8989850.cms

India seeks technical cooperation with Poland on coal, lignite

The government said it has sought technical cooperation from the government of Poland in the field of coal and lignite mining and also asked companies from the European country to invest in India.

Coal Minister Sriprakash Jaiswal , who met Poland Deputy Prime Minister Waldemar Pawlak yesterday, also discussed the scope for technical cooperation between both nations, particularly on manufacturing of underground mining machinery, an official statement said today.

"Further, extraction of coalbed methane... environmental issues of coal mining were also discussed. Investments by Polish companies covering the above mentioned areas was desired by the Indian side, for which the Polish side assured participation in the tender process," the statement said.

The delegation, which is in the last leg of its 10-day visit to three European nations, will also visit the underground machinery manufacturing facilities of different firms.

The high-level delegation visiting the Czech Republic, Belarus and Poland also includes Ministry of Coal Special Secretary Alok Perti and Coal India Chairman and Managing Director N C Jha, among others.

http://economictimes.indiatimes.com/news/economy/foreign-trade/india-seeks-technical-cooperation-with-poland-on-coal-lignite/articleshow/8937157.cms

Sectoral News

16-18% IT export target this fiscal achievable: NASSCOM

The momentum for outsourcing services business is positive and the 16-18 per cent growth estimates for IT exports from India in the current fiscal is achievable, industry body NASSCOM said.

"The momentum is positive", President of the National Association of Software and Services Companies (NASSCOM) Som Mittal said.

"There will be all time concerns about deficit financing. Inflation by and large is not impacting this (IT exports) momentum and we continue to keep our guidance of 16-18 per cent", he told.

"I think it is achievable", he added. In January, the Indian IT industry went to the campuses and made about 1,50,000 recruitment offerings, Mittal said, adding that companies would not make such offerings if they were not confident about the business growth.

http://economictimes.indiatimes.com/news/economy/foreign-trade/16-18-it-export-target-this-fiscal-achievable-nasscom/articleshow/8965438.cms

Foreign tourist arrivals jump 11.5% in Jan-May

Foreign tourist arrivals (FTAs) in the country have helped the tourism industry rebound from the recession-hit phase of the last two years.

There has been a 11.5 per cent increase in inbound arrivals for the first five months of this year compared with the same period last year, according to data from the Union Tourism Ministry. FTAs during the period January-May 2011 were 25.23 lakh compared with 22.63 lakhduring January-May 2010.

FTAs during May 2011 were 3.69 lakh compared with 3.45 lakh during May 2010 and 3.05 lakh in May 2009. There has been a growth of 7 per cent in May 2011 over May 2010 compared with a growth of 13 per cent registered in May 2010 over May 2009.

In terms of outbound travel, last year recorded more than 12.5 million departures. Going by the current trend, the industry expects a 25-30 per cent growth.

Local travel

“Close to 450 million Indians travelled within India last year and we feel that this market is also booming.

Among the domestic favourites are Kerala, Goa, the North East, the hills stations, Tamil Nadu and Andhra Pradesh. In terms of international destinations, there are UK, Switzerland, France, Canada and the US in the long haul segment.

In the short haul it is Dubai, Malaysia and Thailand. Macau has recently picked up as well,” Mr Peter Kerkar, Director, Cox and Kings Ltd, told Business Line.

Increasing disposable income of Indian travellers has led to a phenomenal growth in the travel and tourism industry.

“Holidays are now being looked upon as a necessity to de-stress and unwind leading to a rising trend of multiple holidays and weekend getaways. These trends have resulted in considerable increase in outbound tourism

with the industry witnessing a considerable growth rate," said Ms Kashmira Commissariat, Chief Operating Officer, Outbound Division, Kuoni India.

http://www.thehindubusinessline.com/todays-paper/tp-logistics/article2124249.ece

GSM telcos add 9.5 million subscribers in May

More than 9.5 million GSM subscribers were added in May, a body representing service providers using this technology said. The news pushed up stock prices of Bharti Airtel and Idea Cellular.

Cellular Operators' Association of India, or COAI, said that Indian GSM telecom operators added 9.53 million subscribers in May, taking the all-India GSM cellular subscriber base to 590.19 million. The GSM subscriber base stood at 580.66 million at the end of April, 2011. Despite the number being the lowest addition since October 2009, when 10.76 million users were added to the GSM network, the market responded positively.

At the end of the day's trade, Bharti Airtel's scrip was up 2.35%, closing at 389.30 while its listed counterpart in the GSM operators space, Idea, closed at 79.05, up 1.8%.

http://articles.economictimes.indiatimes.com/2011-06-21/news/29683501_1_total-user-base-new-users-subscriber-base

Engineering exports up 119 pc to $7.9 bn in May

India's engineering exports registered robust growth of 119.4 per cent to USD 7.9 billion in May year-on-year, driven mainly by an increase in demand from traditional markets like the US and Europe.

In May last fiscal, engineering exports stood at USD 3.6 billion, according to data released by the Engineering Export Promotion Council (EEPC).

"Besides an increase in demand from the US and Europe, we are getting good number of orders from new markets like Latin America and Africa," an EEPC official said.

During April-May this year, engineering exports grew by 115 per cent to about USD 14.5 billion.

Enthused by the impressive growth in the last fiscal, the council has set up an export target of USD 72 billion for the 2011-12 fiscal.

Engineering exports saw the highest-ever growth of about 85 per cent to USD 60.1 billion in 2010-11 on account of growing demand for the goods from traditional as well as emerging markets.

In the government's strategy to double the country's exports to USD 500 billion by 2013-2014, engineering exports are set to play a major role.

During 2010-11, India's exports grew 37.5 per cent to USD 245.9 billion.

Engineering exports include transport equipment, capital goods, other machinery/ equipment and light engineering products like castings, forgings and fasteners.

http://economictimes.indiatimes.com/news/economy/foreign-trade/engineering-exports-up-119-pc-to-79-bn-in-may/articleshow/8950932.cms

Foodgrain production pegged at 6.4 mn tonnes

Chhattisgarh's foodgrain production for the kharif season, 2011, is estimated to go up by nearly three per cent to 6.4 million tonnes.

"As per the first advance estimates for kharif-2011, foodgrain production is estimated to be 6.4 million tonnes against 6.2 million tonnes for kharif 2010," deputy director in the state's directorate of agriculture RK Chandravanshi said.

The agriculture department has set a target to cover 4.76 million hectares under kharif 2011, a slight increase from last year's 4.74 million hectares. Of this, 3.81 million hectares will be covered under foodgrains, 425,000 hectares under pulse-seeds and 365,000 hectares for oilseeds.

Chandravanshi said the state would receive good monsoon this year and hence the production target would be achieved easily. The government is promoting oilseeds and pulse seeds and hence the production target has also been increased for this kharif season's estimates, he added.

Increasing the target by nearly 11 per cent this year, the state government has estimated a producion of 214,000 tonnes of pulse seeds as against last year's 192,000 tonnes. Likewise, the production target of oilseeds had been increased by nearly five per cent to 314,000 tonnes.

The acreage of paddy in the state known as rice bowl of the country had however come down over previous year.

But this would not affect the production, Chandravanshi said, adding that the government had set a target to produce about 6.05 million tonnes of paddy—an increase of nearly three per cent over last year's 5.85 million tonnes.

The paddy crop would be taken in 3.56 million hectares of area this year as against last year's 3.57 million hectares. Due to high-tech cultivation, the department was hopeful to achieve higher productivity and had set a target to get paddy yield of 1,700 kilogram from a hectare this year as against last year's 1,624 kilogram paddy per hectare.

http://businessstandard.com/india/news/foodgrain-production-pegged-at-64-mn-tonnes/439963/

News Round-Up

India in 'Top 12 League' of wealthy investors: Merrill Lynch-Capgemini World Wealth

Private banks and local wealth management firms will have more affluent clients to serve in the coming years. India's population of HNIs surged 21% to 1,53,000 in 2010, according to the Merrill Lynch-Capgemini World Wealth report.

This is the second straight year in which India's HNI population growth has been among the top gainers, the report said. India pipped Spain to gain entry into the 'top 12 league' of countries which have highest number of rich people. "Indian HNIs continue to benefit from a robust economy and asset classes like equities and real estate," said Atul Singh, managing director and head, Merrill Lynch Global Wealth Management-India.

Relatively high GDP growth rates along with higher market capitalisation helped Indian HNIs to generate more wealth, Mr Singh said. While GDP grew over 9%, market capitalisation surged 24% to reach $1,631.8 billion at the end of 2010. Property prices rose 1.9% during the year.

As per Merrill Lynch-Capgemini report, Asia-Pacific posted the strongest regional rate of HNI population growth in 2010. HNI wealth in Asia-Pacific gained 12.1% to $10.8 trillion, exceeding Europe's HNI wealth of $10.2 trillion in 2010. Asia-Pacific is now the second-largest region for both HNWI wealth and population, second only to North America, the report said.

"Asia-Pacific's continued strong performance cements the region's strategic importance to every wealth management firm with global aspirations," said Pradeep Dokania, chairman, Merrill Lynch Global Wealth. In terms of asset allocation, HNIs have reduced their holdings in deposits and fixed income and switching back to the equities market. Allocation to equity assets have grown 33% in 2010, the report said. Global GDP growth to weaken to 3.2% in 2011 and 2012 due to emerging concerns such as high public debt levels and rising oil prices which are driving global inflation, the report said.

http://articles.economictimes.indiatimes.com/2011-06-24/news/29699190_1_europe-s-hni-hni-wealth-india-s-hni

75% of Indians optimistic about future of economy

Nearly 75% of Indians were optimistic about the future of the economy and 60% wanted to maintain or increase discretionary spending, a survey by global management consultancy The Boston Consulting Group (BCG) said.

Infact, the tendency to trade up was high in

developing economies with China at 38%, India at 34% followed by Brazil (26%) and Russia (22%). This was far higher than mature markets such as US at 17% and the European Union at 15%, BCG's Winning Indian Consumers in 2011 study said.

Indians were keen on trading up for better health or a better brand name although luxuries such as jewellery and eating remained exceptions.

"A de-averaged view indicates that the metros and the middle income groups are driving these downbeat spend intentions. Inflation which impacts daily decisions of consumers is shaping the overall perception of the economy and their attitude towards spending," Abheek Singhi, partner and director in BCG's Mumbai office, said in a statement.

http://economictimes.indiatimes.com/news/economy/indicators/75-of-indians-optimistic-about-future-of-economy/articleshow/8940954.cms

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